PENSION BENEFIT GUARANTY CORPORATION

Federal Funds

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, 2019, for the Corporation: Provided, That none of the funds available to the Corporation for fiscal year 2019 shall be available for obligations for administrative expenses in excess of $445,363,000: Provided further, That an additional amount shall be available for obligation through September 30, 2020 to the extent the Corporation's costs exceed $250,000 for the provision of credit or identity monitoring to affected individuals upon suffering a security incident or privacy breach: 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 2019, an amount not to exceed an additional $9,200,000 shall be available through September 30, 2020, for obligation for administrative expenses for every 20,000 additional terminated participants: 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.

Note.—A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2018 (Division D of P.L. 115–56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 016–4204–0–3–601		2017 actual	2018 est.	2019 est.
	Obligations by program activity:			
0801	Single-employer benefit payment	5,664	6,576	7,212
0802	Multiemployer financial assistance	141	167	204
0806	Administrative Expenses	448	428	457
0807	Investment Management Fees	108	111	117
0900	Total new obligations, unexpired accounts	6,361	7,282	7,990
	Budgetary resources:			
	Unobligated balance:			
1000	Unobligated balance brought forward, Oct 1	23,206	27,916	32,816
	Budget authority:			
	Spending authority from offsetting collections, mandatory:			
1800	Collected	11,071	12,182	13,014
1802	Offsetting collections (previously unavailable)	9	9	
1823	New and/or unobligated balance of spending authority from offsetting collections temporarily reduced	–9	–9	
1850	Spending auth from offsetting collections, mand (total)	11,071	12,182	13,014
1930	Total budgetary resources available	34,277	40,098	45,830
	Memorandum (non-add) entries:			
1941	Unexpired unobligated balance, end of year	27,916	32,816	37,840
	Change in obligated balance:			
	Unpaid obligations:			
3000	Unpaid obligations, brought forward, Oct 1	239	295	286
3010	New obligations, unexpired accounts	6,361	7,282	7,990
3020	Outlays (gross)	–6,305	–7,291	–7,990
3050	Unpaid obligations, end of year	295	286	286
	Memorandum (non-add) entries:			
3100	Obligated balance, start of year	239	295	286
3200	Obligated balance, end of year	295	286	286
	Budget authority and outlays, net:			
	Mandatory:			
4090	Budget authority, gross	11,071	12,182	13,014
	Outlays, gross:			
4100	Outlays from new mandatory authority	6,118	6,996	7,990
4101	Outlays from mandatory balances	187	295	
4110	Outlays, gross (total)	6,305	7,291	7,990
	Offsets against gross budget authority and outlays:			
	Offsetting collections (collected) from:			
4121	Cash Investment Receipts	–234	–828	–946
4123	Non-Federal sources	–10,837	–11,354	–12,068
4130	Offsets against gross budget authority and outlays (total)	–11,071	–12,182	–13,014
4170	Outlays, net (mandatory)	–4,766	–4,891	–5,024
4180	Budget authority, net (total)			
4190	Outlays, net (total)	–4,766	–4,891	–5,024
	Memorandum (non-add) entries:			
5000	Total investments, SOY: Federal securities: Par value	23,697	28,442	33,342
5001	Total investments, EOY: Federal securities: Par value	28,442	33,342	38,366
5090	Unexpired unavailable balance, SOY: Offsetting collections	9	9	9
5092	Unexpired unavailable balance, EOY: Offsetting collections	9	9	9

Summary of Budget Authority and Outlays (in millions of dollars)

	2017 actual	2018 est.	2019 est.
Enacted/requested:			
Outlays	–4,766	–4,891	–5,024
Legislative proposal, subject to PAYGO:			
Outlays		32	75
Total:			
Outlays	–4,766	–4,859	–4,949

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 about 40,000,000 American workers and retirees in two separate insurance programs. The Single-Employer Program protects about 30,000,000 workers and retirees in over 22,500 pension plans. The Multiemployer Program protects over 10,000,000 workers and retirees in about 1,400 pension plans. The Corporation receives no funds from general tax revenues. Operations are financed by insurance premiums paid by plans or the companies that sponsor them, investment income, and, in the Single-Employer Program, assets from terminated plans and recoveries of plan underfunding in sponsor bankruptcies. PBGC is requesting $445,363,000 in spending authority for administrative purposes in fiscal year 2019.

Protecting Multiemployer Participants.—The Budget will include proposed changes to PBGC's Multiemployer Program premiums that would raise about $16,000,000,000 over the budget window.

The Budget proposes that these revenues would be raised by creating a variable-rate premium (VRP) and an exit premium in the Multiemployer Program. A multiemployer VRP would require plans to pay additional premiums based on their level of underfunding, up to a cap, as is done in the Single-Employer Program. An exit premium, equal to ten times the variable-rate premium cap, would be assessed on employers that withdraw from a multiemployer plan to compensate the Multiemployer program for the additional risk imposed on it when employers exit. PBGC would have limited authority to design waivers for some or all of the variable rate premiums assessed to terminated plans or ongoing plans that are in critical status, if there is a substantial risk that the payment of premiums will accelerate plan insolvency resulting in earlier financial assistance to the plan. Aggregate waivers for a year would be limited to 20% of anticipated total multiemployer variable rate premiums for all plans. This level of premiums is expected to be sufficient to fund the Multiemployer Program for the next 20 years.

The Budget also calls for the repeal of provisions accelerating fiscal year 2026 premiums into fiscal year 2025 and repeals the requirement for certain multiemployer premium revenues to be held in non-interest bearing investments.

Plan Preservation Efforts.—PBGC works 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 worked with dozens of companies, both in bankruptcy and otherwise, to preserve their plans that were at risk. In 2017, PBGC:

—Helped to protect more than 26,700 people by taking action in bankruptcy cases to encourage companies to keep their plans when they emerged from bankruptcy; and

— Paid $141 million in financial assistance to 72 insolvent multiemployer plans.

Stepping in to Insure Pensions When Plans Fail.—When plans do fail, PBGC steps in to ensure that basic benefits continue to be paid. Over the years, PBGC has become responsible for almost 1,500,000 people in over 4,800 failed plans. In 2017, PBGC:

—Paid $5,700,000,000 to almost 840,000 retirees from 4,845 failed single-employer plans;

—Assumed responsibility for 23,000 people in 82 trusteed single-employer plans; and

—Started paying benefits to nearly 14,000 retirees in single-employer plans.

Single-employer benefit payments.—The single-employer program protects about 30,000,000 workers and retirees in over 22,500 pension plans. Under this program, a company may voluntarily seek to terminate its plan, or PBGC 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.

Multiemployer financial assistance.—The multiemployer insurance program protects over 10,000,000 workers and retirees in about 1,400 pension plans. Multiemployer pension plans are maintained under collective bargaining agreements involving unrelated employers, generally in 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 (a loan to the plan) to continue paying guaranteed benefits.

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 driven by the amount of assets under management. They are a direct, programmatic expense required to maintain the Trust Fund which supports single-employer benefit payments.

Consolidated Administrative Budget.—PBGC's administrative budget comprises all expenditures and operations that support:

—Benefit payments to pension plan participants;

—Financial assistance to distressed multiemployer pension plans; and

—Stewardship and accountability.

These operations include premium collections, pre-trusteeship work, efforts to preserve pension plans, recovery of assets from former plan sponsors, and pension insurance program protection activities. This area also covers the expenditures that support activities related to trusteeship; plan asset management (excluding investment management fees) and trust accounting; as well as benefit payments and administration services. Finally, this area includes the administrative functions covering procurement, financial management, human resources, facilities management, communications, legal support, and information technology infrastructure. These funds support the operations of the Participant and Plan Sponsor Advocate. They also support the required functions and efforts of the Office of the Inspector General, including training and participation in Council of the Inspector Generals on Integrity and Efficiency (CIGIE) activities.

Object Classification (in millions of dollars)

Identification code 016–4204–0–3–601		2017 actual	2018 est.	2019 est.
	Reimbursable obligations:			
	Personnel compensation:			
11.1	Full-time permanent	110	111	112
11.3	Other than full-time permanent	2	2	2
11.5	Other personnel compensation	3	4	4
11.9	Total personnel compensation	115	117	118
12.1	Civilian personnel benefits	37	36	37
21.0	Travel and transportation of persons	1	1	1
23.2	Rental payments to others	50	32	31
23.3	Communications, utilities, and miscellaneous charges	4	4	4
24.0	Printing and reproduction	1		
25.1	Advisory and assistance services	108	111	117
25.2	Other services from non-Federal sources	179	225	253
25.3	Other goods and services from Federal sources	53	5	5
26.0	Supplies and materials	2	2	2
31.0	Equipment	6	6	6
33.0	Investments and loans	141	167	204
42.0	Insurance claims and indemnities	5,664	6,576	7,212
99.9	Total new obligations, unexpired accounts	6,361	7,282	7,990

Employment Summary

Identification code 016–4204–0–3–601		2017 actual	2018 est.	2019 est.
2001	Reimbursable civilian full-time equivalent employment	968	964	968

Pension Benefit Guaranty Corporation Fund

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 016–4204–4–3–601		2017 actual	2018 est.	2019 est.
	Obligations by program activity:			
0802	Multiemployer Financial Assistance		32	74
0900	Total new obligations (object class 33.0)		32	74
	Budgetary resources:			
	Unobligated balance:			
1000	Unobligated balance brought forward, Oct 1			–32
	Budget authority:			
	Spending authority from offsetting collections, mandatory:			
1800	Collected			–1
1930	Total budgetary resources available			–33
	Memorandum (non-add) entries:			
1941	Unexpired unobligated balance, end of year		–32	–107
	Change in obligated balance:			
	Unpaid obligations:			
3010	New obligations, unexpired accounts		32	74
3020	Outlays (gross)		–32	–74
	Budget authority and outlays, net:			
	Mandatory:			
4090	Budget authority, gross			–1
	Outlays, gross:			
4101	Outlays from mandatory balances		32	74
	Offsets against gross budget authority and outlays:			
	Offsetting collections (collected) from:			
4121	Interest on Federal securities:			1
4180	Budget authority, net (total)			
4190	Outlays, net (total)		32	75
	Memorandum (non-add) entries:			
5000	Total investments, SOY: Federal securities: Par value			–32
5001	Total investments, EOY: Federal securities: Par value		–32	–107

The Budget proposes to create a new variable rate premium (VRP) and an exit premium in the Multiemployer Program, estimated to raise an additional $16 billion in premium revenue over the budget window. This level of additional Multiemployer premium revenue is expected to be sufficient to fund the Multiemployer Program for the next 20 years.

OFFICE OF WORKERS' COMPENSATION PROGRAMS

Federal Funds

Salaries and Expenses

For necessary expenses for the Office of Workers' Compensation Programs, $113,109,000, together with $2,173,000 which may be expended from the Special Fund in accordance with sections 39(c), 44(d), and 44(i) of the Longshore and Harbor Workers' Compensation Act.

Note.—A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing