

SALARIES AND EXPENSES—Continued
Employment Summary

Identification code 016-1700-0-1-601	2016 actual	2017 est.	2018 est.
1001 Direct civilian full-time equivalent employment	946	925	908

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, 2018, for the Corporation: Provided, That none of the funds available to the Corporation for fiscal year 2018 shall be available for obligations for administrative expenses in excess of \$424,417,000: Provided further, That an amount not to exceed an additional \$98,500,000 shall be available through September 30, 2022, for costs associated with the acquisition, occupancy, and related costs of headquarters space: 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 2018, an amount not to exceed an additional \$9,200,000 shall be available through September 30, 2019, 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 pre-termination 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 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114-254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.

Program and Financing (in millions of dollars)

Identification code 016-4204-0-3-601	2016 actual	2017 est.	2018 est.
Obligations by program activity:			
0801 Single-employer benefit payment	5,593	6,376	6,708
0802 Multiemployer financial assistance	113	149	169
0803 Pension insurance activities	76	.....	.....
0804 Pension plan termination	162	.....	.....
0805 Operational support	166	.....	.....
0806 Administrative Expenses .....	.....	432	523
0807 Investment Management Fees	100	113	111
0900 Total new obligations, unexpired accounts	6,210	7,070	7,511
Budgetary resources:			
Unobligated balance:			
1000 Unobligated balance brought forward, Oct 1	18,003	23,205	25,999
Budget authority:			
Spending authority from offsetting collections, mandatory:			
1800 Collected	11,412	9,864	12,960
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)	11,412	9,864	12,960
1930 Total budgetary resources available	29,415	33,069	38,959
Memorandum (non-add) entries:			
1941 Unexpired unobligated balance, end of year	23,205	25,999	31,448
Change in obligated balance:			
Unpaid obligations:			
3000 Unpaid obligations, brought forward, Oct 1	216	239	338
3010 New obligations, unexpired accounts	6,210	7,070	7,511
3020 Outlays (gross)	-6,187	-6,971	-7,510
3050 Unpaid obligations, end of year	239	338	339
Memorandum (non-add) entries:			
3100 Obligated balance, start of year	216	239	338
3200 Obligated balance, end of year	239	338	339

Budget authority and outlays, net:

Mandatory:			
4090 Budget authority, gross	11,412	9,864	12,960
Outlays, gross:			
4100 Outlays from new mandatory authority	6,020	6,732	7,510
4101 Outlays from mandatory balances	167	239	.....
4110 Outlays, gross (total)	6,187	6,971	7,510
Offsets against gross budget authority and outlays:			
Offsetting collections (collected) from:			
4121 Cash Investment Receipts	-903	995	-962
4123 Non-Federal sources	-10,509	-10,859	-11,998
4130 Offsets against gross budget authority and outlays (total)	-11,412	-9,864	-12,960
4170 Outlays, net (mandatory)	-5,225	-2,893	-5,450
4180 Budget authority, net (total) .....	.....	.....	.....
4190 Outlays, net (total)	-5,225	-2,893	-5,450
Memorandum (non-add) entries:			
5000 Total investments, SOY: Federal securities: Par value	18,492	23,697	26,590
5001 Total investments, EOY: Federal securities: Par value	23,697	26,590	32,039
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)

	2016 actual	2017 est.	2018 est.
Enacted/requested:			
Outlays	-5,225	-2,893	-5,450
Legislative proposal, subject to PAYGO:			
Outlays .....	.....	.....	-1,224
Total:			
Outlays	-5,225	-2,893	-6,674

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 40,000,000 American workers in two separate insurance programs. The single-employer program protects about 30,000,000 workers and retirees in over 22,000 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 companies that sponsor defined benefit pension plans, investment income, and assets from terminated plans. PBGC is requesting \$522,917,000 in spending authority for administrative purposes in 2018. The request includes costs for increased cybersecurity and a repeat of the 2017 request for funds available over five years to support the acquisition of a new PBGC headquarters lease as a full-year appropriation had not been enacted at the time the budget was produced.

Protecting Multiemployer Participants.—The Budget will include proposed changes to PBGC's premiums that would raise \$21,248,000,000 over the budget window.

Specifically, the Budget proposes to create 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- as is done in the single-employer program. An exit premium assessed on employers that withdraw from a plan would compensate the insurance program for the additional risk imposed on it when employers exit. Premium rate changes would be phased-in over the ten year Budget window. PBGC would have limited authority to design waivers for some or all of the variable rate premium 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 25% of anticipated total multiemployer variable rate premiums for all plans.

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. The Budget will instead accelerate premium payments in both the single and multiemployer programs from fiscal year 2028 into fiscal year 2027.

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 2016, PBGC:

—Helped to protect 55,000 people by encouraging companies to keep their plans when they emerged from bankruptcy;

—Negotiated almost \$3,000,000,000 in financial assurance to protect more than 367,000 people in plans at risk; and

—Conducted reviews of plan sponsor calculations for plans that end through standard terminations, resulting in almost 940 participants receiving corrected benefit amounts totaling \$4,500,000.

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 nearly 4,800 failed plans. In 2016, PBGC:

—Paid \$5,700,000,000 to almost 840,000 retirees in more than 4,700 failed single-employer plans;

—Provided \$113,000,000 in financial assistance to 65 multiemployer pension plans covering the benefits of 59,000 participants (an additional 27,000 workers in these multiemployer plans will receive guaranteed benefits when they retire) over the past year; and

—Assumed responsibility for more than 46,000 people in 76 trustee single-employer plans

Single-employer benefit payments.—The single-employer program protects about 30,000,000 workers and retirees in about 22,000 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 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 (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 determined 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
- 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, fin-

ancial management, human resources, facilities management, communications, legal support, and information technology infrastructure. These funds support the operations of the Pension and Plan Sponsor Advocate as well as the Inspector General and funding to support the required functions and efforts of that office, 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	2016 actual	2017 est.	2018 est.
Reimbursable obligations:			
Personnel compensation:			
11.1 Full-time permanent	106	113	116
11.3 Other than full-time permanent	2	1	2
11.5 Other personnel compensation	2	3	4
11.9 Total personnel compensation	110	117	122
12.1 Civilian personnel benefits	35	38	39
21.0 Travel and transportation of persons	1	2	2
23.2 Rental payments to others	27	75	45
23.3 Communications, utilities, and miscellaneous charges	5	5	6
24.0 Printing and reproduction	1		
25.1 Advisory and assistance services	95	113	111
25.2 Other services from non-Federal sources	220	273	236
25.3 Other goods and services from Federal sources	5	4	4
26.0 Supplies and materials	2	3	3
31.0 Equipment	3	3	4
33.0 Investments and loans	113	149	169
42.0 Insurance claims and indemnities	5,593	6,288	6,770
99.9 Total new obligations, unexpired accounts	6,210	7,070	7,511

Employment Summary

Identification code 016-4204-0-3-601	2016 actual	2017 est.	2018 est.
2001 Reimbursable civilian full-time equivalent employment	946	964	966

PENSION BENEFIT GUARANTY CORPORATION FUND

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 016-4204-4-3-601	2016 actual	2017 est.	2018 est.
Obligations by program activity:			
0802 Multiemployer Financial Assistance			28
0900 Total new obligations (object class 33.0)			28
Budgetary resources:			
Budget authority:			
Spending authority from offsetting collections, mandatory:			
1800 Collected			1,252
1930 Total budgetary resources available			1,252
Memorandum (non-add) entries:			
1941 Unexpired unobligated balance, end of year			1,224
Change in obligated balance:			
Unpaid obligations:			
3010 New obligations, unexpired accounts			28
3020 Outlays (gross)			-28
Budget authority and outlays, net:			
Mandatory:			
4090 Budget authority, gross			1,252
Outlays, gross:			
4100 Outlays from new mandatory authority			28
Offsets against gross budget authority and outlays:			
Offsetting collections (collected) from:			
4121 Interest on Federal securities:			-28
4123 Non-Federal sources:			-1,224
4130 Offsets against gross budget authority and outlays (total) ...			-1,252
4170 Outlays, net (mandatory)			-1,224
4180 Budget authority, net (total)			
4190 Outlays, net (total)			-1,224
Memorandum (non-add) entries:			
5001 Total investments, EOY: Federal securities: Par value			-1,252