

**FY 2025**

**CONGRESSIONAL BUDGET JUSTIFICATION**

**PENSION BENEFIT GUARANTY CORPORATION**

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# PENSION BENEFIT GUARANTY CORPORATION

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# PENSION BENEFIT GUARANTY CORPORATION

## APPROPRIATION LANGUAGE

### 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, 2025, for the Corporation: Provided, That none of the funds available to the Corporation for fiscal year 2025 shall be available for obligations for administrative expenses in excess of \$514,063,000: Provided further, That of the amount made available under this heading, not less than \$8,384,000 shall be for necessary expenses of the Office of Inspector General: 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 2025, an amount not to exceed an additional \$9,200,000 shall be available through September 30, 2029, for obligations for administrative expenses for every 20,000 additional terminated participants: Provided further, That obligations in excess of the amounts provided for administrative expenses in this paragraph may be incurred and shall be available through September 30, 2029 for obligation for unforeseen and extraordinary pre-termination or 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: Provided further, That an additional amount shall be available for obligation through September 30, 2029, 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, not to exceed an additional \$100 per affected individual.*

Note.--A full-year 2024 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, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.

# PENSION BENEFIT GUARANTY CORPORATION

## ANALYSIS OF APPROPRIATION LANGUAGE

### Language Provision

### Explanation

*Provided further, That of the amount appropriated under this heading, not less than \$8,384,000 shall be for the salaries and expenses of the Office of Inspector General:*

Clarifies the specific amount requested for the Office of Inspector General within PBGC's administrative budget, supporting the budgetary and programmatic independence of the Office of Inspector General.

## PENSION BENEFIT GUARANTY CORPORATION

<b>AMOUNTS AVAILABLE FOR OBLIGATION</b>						
(Dollars in Thousands)						
	FY 2023 Enacted		FY 2024 Estimate		FY 2025 Request	
	FTE <sup>1</sup>	Amount	FTE	Amount	FTE	Amount
<b>A. Appropriation</b>						
Consolidated Administrative Activities <sup>2</sup>	955	\$484,720	970	\$512,900	970	\$514,063
Total Administrative Activities	955	\$484,720	970	\$512,900	970	\$514,063
Program Activities						
Investment Management Fees Program	0	\$139,800	0	\$139,800	0	\$139,800
Custodian Bank Fees Program	0	\$0	0	\$0	0	\$4,000
Single-Employer Program Benefit Payments	0	\$8,009,000	0	\$7,419,000	0	\$8,006,000
Multiemployer Program Financial Assistance for Insolvent Plans	0	\$239,000	0	\$197,000	0	\$207,000
Total Program Activities	0	\$8,387,800	0	\$7,755,800	0	\$8,356,800
Total Program and Administrative Activities	955	\$8,872,520	970	\$8,268,700	970	\$8,870,863
American Rescue Plan Act of 2021 (ARP)						
Multiemployer - Special Financial Assistance	0	\$70,000,000	0	\$21,686,000	0	\$3,302,000
Multiemployer - Special Financial Assistance - Admin Expenses	48	\$33,907	54	\$31,805	60	\$15,000
Total ARP Funding	48	\$70,033,907	54	\$21,717,805	60	\$3,317,000
Offsetting Collections:						
Interest on Federal Securities	0	\$1,491,000	0	\$3,240,000	0	\$3,849,000
Premium Receipts	0	\$5,069,000	0	\$5,931,000	0	\$7,751,000
Benefit Payment Reimbursements	0	\$6,371,000	0	\$7,026,000	0	\$6,636,000
Investment Management Fees Program	0	\$139,800	0	\$139,800	0	\$139,800
Trust Fund for Administrative Expenses <sup>3</sup>	0	\$484,200	0	\$499,200	0	\$511,000
Mandatory BA anticipated collection, reimbursable <sup>4</sup>	0	\$250	0	\$250	0	\$250
Loan Repayments - MPRA	0	\$300,000	0	\$0	0	\$0
<i>Subtotal, Offsetting Collections</i>	<i>0</i>	<i>\$13,855,250</i>	<i>0</i>	<i>\$16,836,250</i>	<i>0</i>	<i>\$18,887,050</i>
<b>B. Gross Budget Authority</b>						
Offsetting Collections:						
Interest on Federal Securities	0	-\$1,491,000	0	-\$3,240,000	0	-\$3,849,000
Premium Receipts	0	-\$5,069,000	0	-\$5,931,000	0	-\$7,751,000
Benefits Payment Reimbursements	0	-\$6,371,000	0	-\$7,026,000	0	-\$6,636,000
Investment Management Fees Program	0	-\$139,800	0	-\$139,800	0	-\$139,800
Administrative Expenses	0	-\$484,200	0	-\$499,200	0	-\$511,000
Mandatory BA anticipated collection, reimbursable	0	-\$250	0	-\$250	0	-\$250

## PENSION BENEFIT GUARANTY CORPORATION

Loan Repayments - MPRA	0	-\$300,000	0	\$0	0	\$0
<i>Subtotal, Offsetting Collections</i>	<i>0</i>	<i>-\$13,855,250</i>	<i>0</i>	<i>-\$16,836,250</i>	<i>0</i>	<i>-\$18,887,050</i>
<i>Subtotal, ARP Funding</i>	<i>-48</i>	<i>-\$70,033,907</i>	<i>-54</i>	<i>-\$21,717,805</i>	<i>-60</i>	<i>-\$3,317,000</i>
<b>C. Obligating Authority Before Committee</b>	<b>955</b>	<b>\$484,720</b>	<b>970</b>	<b>\$512,900</b>	<b>970</b>	<b>\$514,063</b>
<b>D. Total Budgetary Resources</b>	<b>1,003</b>	<b>\$78,906,427</b>	<b>1,024</b>	<b>\$29,986,505</b>	<b>1,030</b>	<b>\$12,187,863</b>
FTE Lapse and Unobligated Balances	-44	-\$35,002	0	\$0	0	\$0
<b>E. Total, Estimated Obligations (including ARP)</b>	<b>959</b>	<b>\$78,871,425</b>	<b>1,024</b>	<b>\$29,986,505</b>	<b>1,030</b>	<b>\$12,187,863</b>

<sup>1</sup> FY 2023 reflects FTE authorization and utilization.

<sup>2</sup> FY 2023 reflects sequestration reduction for mandatory accounts pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended.

<sup>3</sup> The single-employer trust fund is the only remaining source of trust fund reimbursements to the revolving fund 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. The multiemployer portion that is not reimbursed represents an outlay from the PBGC's revolving fund.

<sup>4</sup> Anticipated collections represent budgetary resources from a reimbursable interagency agreement with the U.S. Department of the Treasury.



# PENSION BENEFIT GUARANTY CORPORATION

## SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2024 Estimate	FY 2025 Request	Net Change
<b>Obligational Authority</b>			
Program Activities	\$7,755,800	\$8,356,800	+\$601,000
Administrative Activities	\$512,900	\$514,063	+\$1,163
<b>Total</b>	<b>\$8,268,700</b>	<b>\$8,870,863</b>	<b>+\$602,163</b>
<b>Full Time Equivalents</b>			
Program Activities	0	0	0
Administrative Activities	970	970	0
<b>Total</b>	<b>970</b>	<b>970</b>	<b>0</b>

Explanation of Change	FY 2025 Change							
	FY 2024 Base		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	970	\$141,073	0	\$3,233	0	\$0	0	\$3,233
Personnel benefits	0	\$50,002	0	\$1,875	0	\$0	0	\$1,875
One day less of Pay	0	\$0	0	\$0	0	\$0	0	\$0
Benefits for former personnel	0	\$40	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$998	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$22,694	0	\$0	0	\$0	0	\$0
Rental payments to others	0	\$1,505	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$5,111	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$112	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$139,800	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$273,028	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	\$15,000	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$930	0	\$0	0	\$0	0	\$0
Equipment	0	\$2,407	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$7,419,000	0	\$0	0	\$0	0	\$0
Investment and Loans	0	\$197,000	0	\$0	0	\$0	0	\$0
<b>Built-Ins Subtotal</b>	<b>970</b>	<b>+\$8,268,700</b>	<b>0</b>	<b>+\$5,108</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$5,108</b>

# PENSION BENEFIT GUARANTY CORPORATION

Explanation of Change	FY 2025 Change							
	FY 2024 Base		Administrative Activities		Program Activities		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>B. Programs:</b>								
Single-Employer Program Benefit Payments	0	\$0	0	\$0	0	\$587,000	0	\$587,000
Multiemployer Program Financial Assistance for Insolvent Plans Safeguarding Information	0	\$0	0	\$0	0	\$10,000	0	\$10,000
Technology Infrastructure	0	\$0	0	\$4,055	0	\$0	0	\$4,055
Meet Industry Standards for Investment Management Custodian Activities	0	\$0	0	\$0	0	\$4,000	0	\$4,000
Fully Fund Mandated Financial Statement Audit Services	0	\$0	0	\$400	0	\$0	0	\$400
<b>Programs Subtotal</b>			<b>0</b>	<b>+\$4,455</b>	<b>0</b>	<b>+\$601,000</b>	<b>0</b>	<b>+\$605,455</b>
<b>Total Increase</b>	<b>970</b>	<b>+\$8,268,700</b>	<b>0</b>	<b>+\$9,563</b>	<b>0</b>	<b>+\$601,000</b>	<b>0</b>	<b>+\$610,563</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>								
ZTA One-Time Cost Decrease	0	\$0	0	-\$4,400	0	\$0	0	-\$4,400
Meet Industry Standards for Investment Management Custodian Activities	0	\$0	0	-\$4,000	0	\$0	0	-\$4,000
<b>Programs Subtotal</b>			<b>0</b>	<b>-\$8,400</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$8,400</b>
<b>Total Decrease</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$8,400</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$8,400</b>
<b>Total Change</b>	<b>970</b>	<b>+\$8,268,700</b>	<b>0</b>	<b>+\$1,163</b>	<b>0</b>	<b>+\$601,000</b>	<b>0</b>	<b>+\$602,163</b>

## PENSION BENEFIT GUARANTY CORPORATION

<b>SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY</b>								
(Dollars in Thousands)								
	FY 2023 Enacted		FY 2024 Estimate		FY 2025 Request		Diff. FY25 Request/ FY24 Estimate	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Consolidated Administrative Activities</b>	<b>959</b>	<b>484,720</b>	<b>970</b>	<b>512,900</b>	<b>970</b>	<b>514,063</b>	<b>0</b>	<b>1,163</b>
Administrative	959	484,720	970	512,900	970	514,063	0	1,163
<b>Office of Inspector General - Non-Add</b>	<b>21</b>	<b>7,632</b>	<b>25</b>	<b>7,857</b>	<b>25</b>	<b>8,384</b>	<b>0</b>	<b>527</b>
Administrative	21	7,632	25	7,857	25	8,384	0	527
<b>Investment Management Fees Program</b>	<b>0</b>	<b>139,800</b>	<b>0</b>	<b>139,800</b>	<b>0</b>	<b>139,800</b>	<b>0</b>	<b>0</b>
Program	0	139,800	0	139,800	0	139,800	0	0
<b>Single-Employer Program Benefit Payments</b>	<b>0</b>	<b>8,009,000</b>	<b>0</b>	<b>7,419,000</b>	<b>0</b>	<b>8,006,000</b>	<b>0</b>	<b>587,000</b>
Program	0	8,009,000	0	7,419,000	0	8,006,000	0	587,000
<b>Multiemployer Program Financial Assistance</b>	<b>0</b>	<b>239,000</b>	<b>0</b>	<b>197,000</b>	<b>0</b>	<b>207,000</b>	<b>0</b>	<b>10,000</b>
Program	0	239,000	0	197,000	0	207,000	0	10,000
<b>Custodian Bank Fees</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,000</b>	<b>0</b>	<b>4,000</b>
Program	0	0	0	0	0	4,000	0	4,000
<b>Total</b>	<b>959</b>	<b>8,872,520</b>	<b>970</b>	<b>8,268,700</b>	<b>970</b>	<b>8,870,863</b>	<b>0</b>	<b>602,163</b>
<b>Program</b>	<b>0</b>	<b>8,387,800</b>	<b>0</b>	<b>7,755,800</b>	<b>0</b>	<b>8,356,800</b>	<b>0</b>	<b>601,000</b>
<b>Administrative</b>	<b>959</b>	<b>484,720</b>	<b>970</b>	<b>512,900</b>	<b>970</b>	<b>514,063</b>	<b>0</b>	<b>1,163</b>

NOTE: FY 2023 reflects actual FTE.

## PENSION BENEFIT GUARANTY CORPORATION

<b>BUDGET AUTHORITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
	Full-Time Equivalent				
	Full-time Permanent	925	940	940	0
	Other	30	30	30	0
	<b>Total</b>	<b>955</b>	<b>970</b>	<b>970</b>	<b>0</b>
	Average ES Salary	\$203,807	\$214,405	\$218,693	\$4,288
	Average GM/GS Grade	13/8	13/8	13/8	0
	Average GM/GS Salary	\$138,150	\$145,334	\$148,241	\$2,907
11.1	Full-time permanent	127,895	134,610	137,843	3,233
11.3	Other than full-time permanent	2,555	2,554	2,554	0
11.5	Other personnel compensation	3,909	3,909	3,909	0
11.8	Special personal services payments	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>134,359</b>	<b>141,073</b>	<b>144,306</b>	<b>3,233</b>
12.1	Civilian personnel benefits	47,532	50,002	51,877	1,875
13.0	Benefits for former personnel	40	40	40	0
21.0	Travel and transportation of persons	998	998	998	0
22.0	Transportation of things	0	0	0	0
23.0	Rent, Communications, and Utilities	0	0	0	0
23.1	Rental payments to GSA	5,683	22,694	22,694	0
23.2	Rental payments to others	917	1,505	1,505	0
23.3	Communications, utilities, and miscellaneous charges	4,842	5,111	5,111	0
24.0	Printing and reproduction	112	112	112	0
25.1	Advisory and assistance services	139,800	139,800	143,800	4,000
25.2	Other services from non-Federal sources	270,203	273,028	268,683	-4,345
25.3	Other goods and services from Federal sources 1/	15,000	15,000	15,400	400
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	930	930	930	0
31.0	Equipment	4,104	2,407	2,407	0
33.0	Investments and Loans	239,000	197,000	207,000	10,000
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	8,009,000	7,419,000	8,006,000	587,000
	<b>Total</b>	<b>8,872,520</b>	<b>8,268,700</b>	<b>8,870,863</b>	<b>602,163</b>
	1/Other goods and services from Federal sources				
	Services by Other Government Departments	15,000	15,000	15,400	400

# 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
P.L. 113-235	Consolidated and Further Continuing Appropriations Act, 2015 (Divisions O, P, & Q)	128 Stat.	2130		Not Applicable

## PENSION BENEFIT GUARANTY CORPORATION

P.L. 114-74	Bipartisan Budget Act of 2015	129 Stat.	584	Not Applicable
P.L. 117-2	American Rescue Plan Act of 2021 (March 11, 2021)	29 U.S.C.	1305 1431	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>
2015					
Base Appropriation...1/	\$415,394			\$406,425	977
2016					
Base Appropriation...2/	\$431,799	\$431,799	\$431,799	\$423,163	942
2017					
Base Appropriation...3/	\$519,506	\$519,506	\$519,506	\$510,757	964
2018					
Base Appropriation...4/	\$522,917	\$424,417	\$424,417	\$415,823	966
2019					
Base Appropriation...5/	\$445,363	\$445,363	\$445,363	\$437,018	951
2020					
Base Appropriation...6/	\$452,858	\$452,858		\$444,844	968
2021					
Base Appropriation...7/	\$465,289	\$465,289		\$457,563	952
2022					
Base Appropriation...8/	\$472,955	\$472,955		\$465,003	968
2023					
Base Appropriation...9/	\$493,314	\$493,314		\$484,720	955
2024					
Base Appropriation...10/	\$512,900				970
2025					
Base Appropriation	\$514,063				970

1/ FY 2015 appropriation reflects a temporary sequestration reduction.

2/ FY 2016 appropriation reflects a temporary sequestration reduction.

3/ FY 2017 appropriation reflects a temporary sequestration reduction.

4/ FY 2018 appropriation reflects a temporary sequestration reduction.

5/ FY 2019 appropriation reflects a temporary sequestration reduction.

6/ FY 2020 appropriation reflects a temporary sequestration reduction.

7/ FY 2021 appropriation reflects a temporary sequestration reduction.

8/ FY 2022 appropriation reflects a temporary sequestration reduction.

9/ FY 2023 appropriation reflects a temporary sequestration reduction.

10/ The full-year FY 2024 appropriation was not enacted at the time the budget was prepared.

# PENSION BENEFIT GUARANTY CORPORATION

## OVERVIEW

The Pension Benefit Guaranty Corporation (PBGC or the Corporation) is a federal corporation established under the Employee Retirement Income Security Act (ERISA) of 1974, as amended. It guarantees payment of basic pension benefits earned by over 31,000,000 of America's workers and retirees participating in more than 24,500 private-sector defined benefit pension plans. The Single-Employer Program protects about 20,600,000 workers and retirees in about 23,500 pension plans. The Multiemployer Program protects about 11,000,000 workers and retirees in about 1,360 pension plans. By law, the two programs are funded and administered separately, and their financial conditions, results of operations, and cash flows are reported separately. Operations are financed by insurance premiums set by Congress and paid by sponsors of defined benefit plans, investment income, assets from pension plans trusted by PBGC, and recoveries from the companies formerly responsible for the plans.

The American Rescue Plan (ARP) Act of 2021 (Public Law 117-2) — a historic law passed by Congress and signed by President Biden on March 11, 2021 — established the Special Financial Assistance (SFA) Program for certain financially troubled multiemployer pension plans. The SFA program is funded entirely by an appropriation from the General Fund of the U.S. Department of the Treasury (Treasury).

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 Corporation's management, personnel, organization, budget, and investments. PBGC's Board of Directors consists of the Secretaries of Labor (Chair), Commerce, and Treasury.

### **Budget Request Summary**

PBGC is requesting \$514,063,000 in spending authority for administrative purposes in FY 2025 to include the following enhancements:

**Safeguarding Information Technology Infrastructure (\$4,055,000).** Funding will provide the necessary resources to strengthen PBGC's modernization efforts for its Acquisition Management System, support the accuracy and timeliness of mandatory Digital Accountability and Transparency Act of 2014 reporting requirements, and modernize and secure customer call center and cloud software infrastructure to safeguard the Corporation's critical systems. These requests are a recurring cost.

**Providing Mandated Financial Statement Audit Services (\$400,000).** Funding will provide the necessary resources to fund the Office of Inspector General's Financial Statement Audit mandates, ensure PBGC meets statutory Government Corporation Control Act and ERISA requirements, and continue to mitigate any risks that threaten the Corporation's programs. These requests are a recurring cost.

**Cost of Living Adjustment (\$5,108,000).** Built-ins have been included to fund a two percent cost of living adjustment. This request is a recurring cost.

In FY 2024, PBGC estimates awards spending to be approximately 2.5 percent of salary spending for all positions excluding Senior Executive Service, Senior Level, and



## PENSION BENEFIT GUARANTY CORPORATION

Scientific/Professional positions. Awards spending is anticipated to be at the same level in FY 2025 to meet agency objectives and support the recruitment and retention of high performing employees.

### **Meet Industry Standards for Investment Management Custodian Activities (-\$4,000,000).**

This request realigns PBGC's treatment of custodian bank service fees from the administrative expenses budget to the program budget. This is a budget-neutral request as it recategorizes funds from consolidated administrative activities to program activities.

**Zero Trust Architecture Implementation (-\$4,400,000).** Program decrease for one-time hardware and software procurement and development costs to implement Zero Trust Architecture. This is a one-time FY 2025 reduction.

**The budget urgently calls for the immediate repeal of the provision accelerating FY 2026 premiums into FY 2025 to prevent plan sponsors from incurring unnecessary costs and burdens in preparation for making the accelerated premium payments. Congressional action is necessary to repeal this provision before FY 2025.** If not repealed, this provision will create unnecessary confusion and burden on insured plans and employers because they will be forced to pay PBGC premiums early for just one year. The provision will create unnecessary accounting and management costs for both the plans and PBGC given the high likelihood of late or incorrect premium payments, which trigger interest and late payment penalty charges. In addition, the early premium due date disrupts the timing of employer pension contributions for the prior plan year. That is because the acceleration results in premiums and plan contributions being due on the same day and the employer contribution to the plan affects the amount of premium owed to PBGC. It is impractical for plans to receive employer contributions and then calculate, file, pay, and certify PBGC premium payments on the same day.

Most employers that sponsor PBGC-insured plans are small, so repeal of the provision supports the goal of reducing compliance burdens and cost for small businesses. Repealing this provision will be budget neutral, enhance compliance, and avoid unnecessary administrative costs for pension plans and the PBGC.

### **PBGC Mission and Vision**

**Mission:** Enhance retirement security by preserving and encouraging the continuation of private pension plans and protecting the benefits of workers and retirees in traditional pension plans.

**Vision:** A sustainable pension insurance program that supports a robust system of voluntary private plans that provide lifetime retirement income.

### **PBGC Effectively Protects Retirement Security**

PBGC strengthens retirement security by preserving plans and protecting participants' benefits. When companies undertake major transactions that might threaten their ability to pay pensions, PBGC negotiates protections for their pension plans. In FY 2023, PBGC:

## **PENSION BENEFIT GUARANTY CORPORATION**

- Provided \$175,800,000 in traditional financial assistance to 100 multiemployer plans covering 80,421 participants (including beneficiaries) receiving guaranteed benefits
- Protected 32,038 single-employer plan participants by taking action to encourage companies to keep their plans when they emerged from bankruptcy
- Completed 232 standard termination audits to verify plan administrators' calculation of benefits upon plan termination resulting in more than \$2,300,000 in additional benefits distributed to 1,306 participants and beneficiaries in these plans

To pay timely and accurate benefits in FY 2023, the Corporation:

- Paid over \$6,000,000,000 to nearly 920,000 retirees in single-employer plans
- Assumed responsibility for the benefit payments of approximately 4,500 current and future retirees in the 26 single-employer plans that were trustee

To maintain high standards of stewardship and accountability in FY 2023, the Corporation:

- Attained an unmodified audit opinion on the financial statements
- Closed 34 audit recommendations
- Continued providing outstanding service to retirees, as demonstrated by a retiree customer satisfaction score of 87, which is considered an excellent rating according to the American Customer Satisfaction Index

### **Advancing Equity at PBGC**

Pension Benefit Guaranty Corporation values diversity, equity, inclusion, and accessibility (DEIA), and continues to work towards building and maintaining a culture that is consistent with these values. To spearhead this initiative, PBGC has established a DEIA Council and created an Equity Action Plan.

PBGC continues its commitment to having and promoting a diverse and inclusive workforce. A diverse and inclusive workforce enhances individual and organizational performance. It also results in better value to the Corporation's customers and stakeholders. PBGC's leadership collaborated with stakeholders to develop strategies to increase and maintain diversity agencywide, especially among Senior Leader (SL) positions, and GS-15 and GS-14 positions.

PBGC continues to conduct outreach with organizations serving underrepresented populations, such as Historically Black Colleges and Universities and professional associations, to recruit a workforce representing the Nation's diversity. PBGC continues to attend minority serving institutions, internship career fairs, and veterans career fairs to market federal employment opportunities. The Corporation has established eight employee resource groups to expand professional development and upward mobility opportunities. PBGC creates and distributes a bi-monthly newsletter (DEIA Digest) to educate supervisors and managers on pertinent DEIA issues and cutting-edge best practices for advancing equity in recruitment and management. The Office of Equal Employment Opportunity offers courses such as YOUiversity to support employees in robust discussions on the dimensions of identity which have shaped their world view and understanding of others. The Human Resources Department offers courses for our managers and leaders focusing on inclusion (Humanizing Inclusion series) to establish and nurture a sense of belonging, trust, ownership, and higher productivity within our workforce.

## PENSION BENEFIT GUARANTY CORPORATION

Additionally, PBGC's Learning and Development Division offers agency-wide DEIA courses throughout the year.

PBGC actively works to identify its most vulnerable customers. The Corporation has collected data from additional sources across the organization, including our customer contact center Daily Queue Report, internal/external customer surveys, contract data, limited English proficiency data, and stakeholder interviews.

PBGC continues its outreach to customers living outside the United States. PBGC's most recent activities include:

- Assisted participants with forms regarding Non-Resident Alien (NRA) tax withholding applicable to pension payments.
- PBGC processed 2,024 NRA-related letters and 1,265 NRA-related service requests to assist with IRS forms and adjust customers' pension payments. Additionally, PBGC made significant changes to its templates, forms, and processes to address customers' 30 percent withholding to pension payments due to NRA tax withholding.
- PBGC added an enclosure (called "Additional Languages") to trusteeship letter templates as well as other templates. The enclosure verbiage is translated to 25 languages, and it informs customers that PBGC's materials may be requested in other languages. Additionally, PBGC provides translation and interpretation services to internal and external customers. Most common translations include, incoming and outgoing documents translated to and from Spanish (1,557), incoming and outgoing documents translated in other languages (626), and 5,726 minutes of telephone interpretations. Translation services include reviewing and proof-reading documents, PBGC correspondence, web pages, and telephone scripts.
- PBGC has translated large amounts of text files to its systems providing timely benefit calculations in Spanish.

### **Future activities and initiatives to advance equity:**

PBGC uniquely advances equity by improving customer outreach and communication, educating at-risk older retirees and participants, expanding small and disadvantaged business utilization, and cultivating relationships with community colleges.

Numerous agency stakeholders help to accomplish the Corporation Equity Action Plan (Plan). PBGC will continue its efforts to address the Plan's initiatives by:

- Improving Customer Outreach and Communications:
  - Add additional pages in all the languages listed in PBGC's Assistance in Other Languages page to improve customer outreach and communications.  
<https://www.pbgc.gov/about/policies/pg/pbgc-assistance-in-other-languages>

## **PENSION BENEFIT GUARANTY CORPORATION**

- Educating At-Risk Older Retirees and Participants:
  - Expand the My Pension Benefit Access (MyPBA) Pin Mailer Project. This project involves allowing participants who had previously been unable to create a MyPBA account to request a Personal Identification Number (PIN) that would allow them to do so. This resulted in the unsuccessful MyPBA access rate decreasing from 40 percent to less than 10 percent
  - Enhance the prompt feature that allows callers to repeat prompts when calling into the Customer Contact Center
  - Implement a Repeat Caller Program that enables agents to contact participants who had more than 10 interactions within 25 days to resolve any potential issues
  
- Expanding Small and Disadvantaged Business Utilization:
  - Enhance and expand the Office of Small and Disadvantaged Business Utilization (OSDBU) annual small business goals established during FY 2023 including monitoring and updating small business goals, maintaining and updating the OSDBU intranet site, and meeting with small businesses to discuss core capabilities and how to do business with PBGC
  
- Cultivating Relationships with Community Colleges:
  - To reach a more diverse student population, PBGC develops relationships with community colleges to facilitate a pipeline of prospective applicants from underserved communities for the Pathways Programs

### **Enterprise Risk Management**

PBGC's Enterprise Risk Management (ERM) program continues to facilitate risk-based decision making within the agency, leading to allocation of resources to address priorities. For instance, integration of ERM into the Information Technology Portfolio Review Board process remains intact, with the impact of risk associated with IT system upgrades and implementation being considered during IT portfolio prioritization. Risk-based discussions occur about IT programs and IT project funding to ensure that risk-informed decisions are made while assigning resources. Risk information is also incorporated during budget formulation and execution, strategic planning, and organizational performance discussions. In addition, agency-wide risk assessments allow for risk identification and development of mitigation strategies to ensure that safeguards are in place to minimize adverse impacts to mission delivery.

### **Multiemployer Insurance Program**

PBGC's Multiemployer Insurance Program protects about 11,000,000 workers and retirees in about 1,360 pension plans. As of September 30, 2023, the Multiemployer Insurance Program had a positive net position of \$1,453,000,000, up from the prior fiscal year-end of \$1,055,000,000. Under most projection scenarios included in PBGC's FY 2022 Projections Report, the Multiemployer Insurance Program retains a positive net position during the 10-year projection period ending September 30, 2032.

## **PENSION BENEFIT GUARANTY CORPORATION**

The FY 2022 Projections Report shows that the Multiemployer Program is likely to remain solvent for more than 40 years, with a median projected year of insolvency after 2062, the end of the projection period. While these results are consistent with the prior year's projections, PBGC's solvency projections for the Multiemployer Program show a high degree of uncertainty over the long term.

Prior to the enactment of the American Rescue Plan (ARP) Act of 2021 on March 11, 2021, PBGC's Multiemployer Program was projected to become insolvent in FY 2026 and would be unable to deliver the financial assistance needed by failed plans to pay benefits at the statutory guaranteed level.

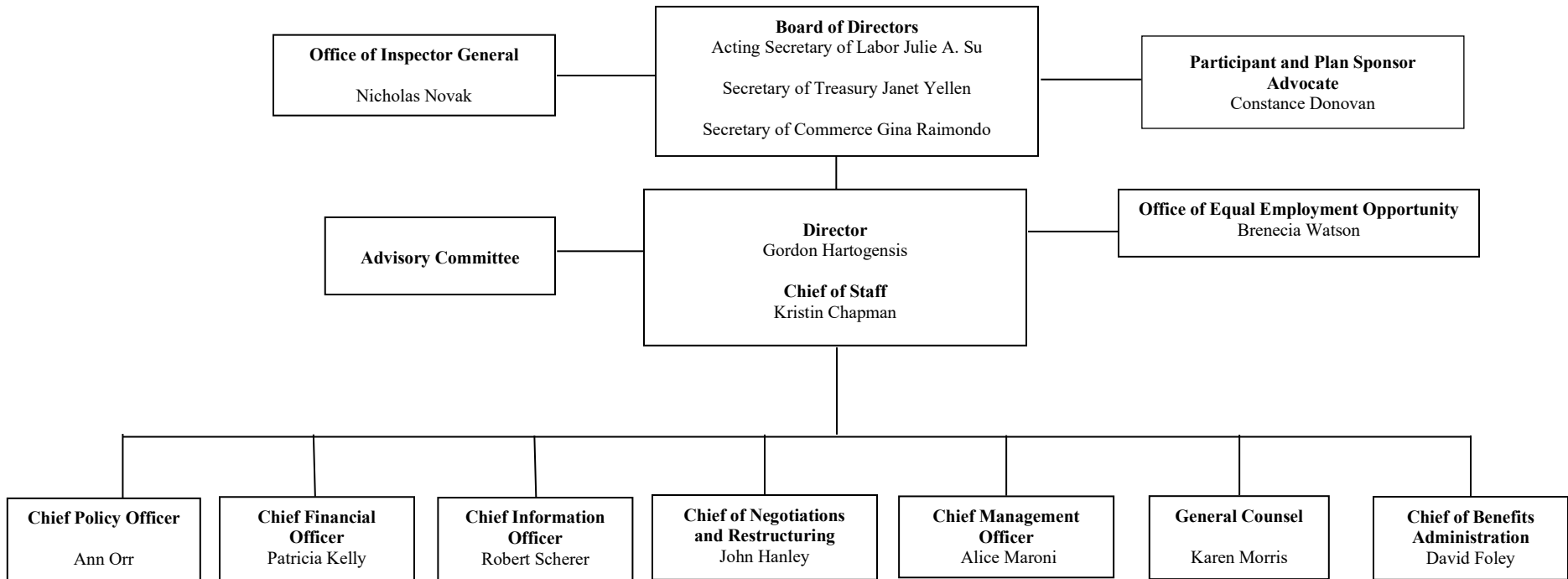
Under ARP, Congress established the Special Financial Assistance (SFA) Program, which provides funding to eligible severely underfunded multiemployer pension plans and ensures that millions of America's workers, retirees, and their families receive the pension benefits they earned through many years of hard work. The program allows PBGC to provide funding assistance to eligible plans so they can pay projected benefits at the plan level through 2051. By providing SFA to the most financially troubled multiemployer plans, ARP significantly extends the solvency of PBGC's Multiemployer Program.

### **Single-Employer Insurance Program**

The Single-Employer Program protects about 20,600,000 workers and retirees in about 23,500 pension plans. The financial condition of the Single-Employer Program showed continuous improvement in recent years and reported a positive net position of \$44,615,000,000 at the end of FY 2023, up from the prior fiscal year-end positive net position of \$36,574,000,000. Estimates from PBGC's FY 2022 Projections Report indicate that the Single-Employer Program is expected to remain strong over the 10-year projection period.

# PENSION BENEFIT GUARANTY CORPORATION

## ORGANIZATION CHART



## CONSOLIDATED ADMINISTRATIVE ACTIVITIES

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
<b>Activity Appropriation</b>	<b>484,720</b>	<b>512,900</b>	<b>514,063</b>	<b>1,163</b>
FTE	959	970	970	0

NOTE: FY 2023 reflects actual FTE. Authorized FTE for FY 2023 was 955.

### **Introduction**

#### ***Consolidated Administrative Activity***

PBGC’s administrative activities support the following areas:

- Preserve plans and protect the pensions of covered workers and retirees
- Pay pension benefits on time and accurately
- Maintain high standards of stewardship and accountability

These operations are conducted by:

The **Office of the Director** (OD) plans, administers, and directs PBGC’s programs in accordance with the requirements of Title IV of ERISA and is subject to the direction of the Chairman of the Board of Directors to implement the policies of the Board of Directors; and provide appropriate advice and assistance to the Chairman and Board of Directors. Within the OD, there is the Equal Employment Opportunity Office, which assists in the eradication of employment discrimination and improves diversity in the workplace and the Risk Management Officer, who oversees enterprise-wide risks, ensuring that risk assessment results are considered in the strategic planning process, and that governance and controls are in place to manage and quantify risks.

The **Office of Policy and External Affairs** (OPEA) oversees and directs outreach to PBGC’s external stakeholders, including the press; interacts with the Congress, Executive Branch agencies, and industry and labor groups on ERISA and PBGC issues; and coordinates analysis, research, and recommendations for the development of policy, regulations, and legislation. OPEA includes the Communications, Outreach and Legislative Affairs (COLA) Department and the Policy, Research, and Analysis Department (PRAD). COLA is responsible for implementing a comprehensive external and internal communications program and PRAD develops policy for PBGC’s insurance programs and conducts related research and modeling, as well as provides legislative and regulatory analysis.

The **Office of the Chief Financial Officer** (OCFO) includes three PBGC departments that plan and oversee the Corporation's financial and internal control and review functions. The Corporate Controls and Reviews Department (CCRD) prepares reports relating to the effectiveness of internal controls and compliance and serves as the agency’s liaison for audits conducted by the Office of Inspector General (OIG) and the Government Accountability Office. The Corporate

## CONSOLIDATED ADMINISTRATIVE ACTIVITIES

Investment Department (CID) provides investment management services for plans trusted by the PBGC and for assets managed by the Corporation. The Financial Operations Department (FOD) establishes and maintains PBGC's financial and accounting systems, financial management policy, and financial operations, as well as premium operations and collections.

The **Office of the Chief Information Officer** (OCIO) is responsible for the Corporation's IT program. The OCIO provides IT and electronic communications services and support to PBGC; plans, directs, and coordinates the allocation of corporate resources for IT services, support, and related activities; delivers IT business solutions driven by customer requirements; operates, maintains, and safeguards PBGC business and infrastructure systems; manages cybersecurity; administers agency IT governance structures; and oversees the acquisition of IT resources for PBGC. To accomplish its functions, the OCIO has four departments: the Business Innovation Services Department (BISD), Enterprise Governance Department (EGD), Information Technology Infrastructure Operations Department (ITIOD), and the Enterprise Cybersecurity Department (ECD).

The **Office of Management and Administration** (OMA) plans and directs the efficiency and effectiveness of the Corporation's management and administrative policies and programs including formulation and execution of the budget, procurement of goods and services for PBGC, recruitment and various human capital initiatives, quality and performance management, strategic planning, customer service, and facility management. OMA includes the Budget Department (BD), Human Resources Department (HRD), Procurement Department (PD), Quality Management Department (QMD), and Workplace Solutions Department (WSD).

The **Office of the General Counsel** (OGC) provides legal advice and counsel for the Director and PBGC departments on all legal issues confronting the Corporation, including ERISA and bankruptcy related legal actions; decides administrative appeals of benefits, coverage, and other determinations; and administers the disclosure and other requirements of the Freedom of Information Act and the Privacy Act. OGC represents PBGC in all state, federal and administrative litigation and manages PBGC's regulatory program. OGC is composed of the Bankruptcy, Litigation, and Terminations Department (BLTD); Bankruptcy, Transactions, and Terminations Department (BTTD); General Law and Operations Department (GLOD); and Program Law and Policy Department (PLPD).

The **Office of Negotiations & Restructuring** (ONR) works with pension plan sponsors of single-employer plans and with trustees and administrators of multiemployer plans to preserve their pension plans by monitoring, conducting financial and actuarial analysis, and negotiating plan protections. When plans cannot be preserved, ONR coordinates termination and collection of liabilities of single-employer plans, and payment of financial assistance to multiemployer plans. ONR reviews all applications for SFA received by eligible multiemployer pension plans under the provisions of ARP and reviews standard terminations of single-employer plans to ensure that participants receive their promised benefits. All ONR operations are supported by actuarial analysis. PBGC's engagement with plan sponsors on single-employer and multiemployer plan transactions, including review of SFA applications, enable PBGC to mitigate risks to both of its insurance programs. ONR includes the Corporate Finance & Restructuring Department (CFRD); the Negotiations & Restructuring Actuarial Department (NRAD); and the Plan Compliance Department (PCD).



## CONSOLIDATED ADMINISTRATIVE ACTIVITIES

The **Office of Benefits Administration (OBA)** performs audit, actuarial and benefit administration work for the Corporation’s Single-Employer Benefits Administration Programs. When a single-employer plan is terminated and trusteed, OBA collects all the data on the plan, takes over the payments for retirees, and adjusts individual benefit payments to an estimated amount, taking into account the legal limits. Next, the Plan Asset and Data Management Department (PADMD) audits all the participant data to correctly determine the plan population and all the data elements required to calculate each participant’s benefits. At the same time, PADMD audits the assets at date of plan termination to provide to the actuaries for calculations. Next, the Actuarial Services and Technology Department (ASTD) will value the total plan liability and calculate each participant’s benefit. Finally, our Participant Services Department (PSD) will provide participants with a final benefit determination letter and make any adjustments to benefits for participants that are already in pay status at an estimated amount. PSD also performs ongoing benefit administration activities for all of PBGC’s trusteed plans. This includes managing customer communications through our call center and online application, providing estimates for future retirees, processing applications, and making payments to retirees and beneficiaries.

The **Office of Inspector General (OIG)** is an independent entity within PBGC. OIG’s mandate is to detect and prevent fraud, waste, abuse, and violations of law, and to promote economy, efficiency, and effectiveness in PBGC programs and operations. As an agent of positive change, the OIG provides management advice and makes recommendations to improve PBGC management and program operations as a result of independently conducted audits, evaluations, and investigations. The OIG reports directly to PBGC’s Board of Directors and Congress regarding major developments associated with audit and investigative missions, including a required semiannual report of accomplishments.

The **Office of the Participant and Plan Sponsor Advocate (OPPSA)**, appointed by the PBGC Board of Directors, acts as a liaison between PBGC, sponsors of defined benefit plans, and participants in plans trusteed by the PBGC. The Advocate helps resolve disputes between PBGC and sponsors or participants, and advocates for the rights of people in plans trusteed by PBGC. The Advocate provides an annual report summarizing issues raised and makes recommendations for legislative and administrative changes.

### Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2020	\$444,844	968
2021	\$457,563	952
2022	\$465,003	968
2023	\$484,720	955
2024	\$512,900	970

NOTE: A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared.

# CONSOLIDATED ADMINISTRATIVE ACTIVITIES

## FY 2025 Performance Goals

- Provide stakeholder education and outreach by holding meetings with participant groups, plan sponsors, practitioner groups, industry associations, and other interested stakeholders. Inform practitioners and other stakeholders of key new regulations through speaking engagements at stakeholder conferences and meetings
- Provide data-driven communications to stakeholders based on the latest pension research, data, and projections
- Protect pensioners by monitoring PBGC's largest exposures for transactions that may pose substantial risks to participants and retirees
- Educate and inform the multiemployer community on the effects of the ARP. Accept receipt of all initial SFA applications from all plans on the SFA waiting list by the end of the calendar year 2025
- Increase leadership understanding of DEIA
- Locate Missing Participants on a regular basis with the goal to increase outreach notification to the percent of Missing Participants with unclaimed benefits
- Approve benefit applications within 45 days 95 percent of the time
- Ensure that the average time in years to issue determinations (time between trusteeship and benefit determination issuance) is 4.5 years
- Provide estimated benefits within 10 percent of the final benefit determination 95 percent of the time
- Achieve targeted customer satisfaction scores in both premium filer and My Plan Administration Account (My PAA) online surveys. Emphasize quality, provide timely responses to pension plan sponsors and practitioners, and provide easy to use, broad self-service features to users
- Achieve or exceed target scores on three PBGC Customer Satisfaction surveys: 90 or higher on the Retiree survey, 65 or higher on MyPBA survey, and 83 or higher on the Participant Caller survey
- Conduct a payment integrity risk assessment on selected payment streams (Contractor Payment program, Multiemployer Regular Financial Assistance program, and Multiemployer SFA) dependent upon outcomes from the FY 2024 Payment Integrity Information Act of 2019 (PIIA) risk assessment
- Attain an unmodified auditor opinion on annual financial statements
- Sustain compliance with the current Investment Policy Statement
- Maintain or exceed "Level 4: Managed and Measurable Rating" or as determined by the Inspector General as effective overall on the Office of the Inspector General Cybersecurity Framework Functions
- Promote DEIA initiatives, recruitment and retention incentive program, and workplace flexibilities
- Obtain GS-15 and SL grade representation more reflective of the agency's total workforce
- Improve the usability, content, and website availability of PBGC.gov
- Implement enterprise risk management requirements by conducting a risk assessment and providing risk-related training to the Risk Management Council (RMC) and department

## CONSOLIDATED ADMINISTRATIVE ACTIVITIES

directors (or their designees) annually. Entity-wide risks identified during the previous fiscal year will be evaluated during the annual risk assessment

- Complete the implementation leading to data migration for the PRISM (Acquisition Management System, AMS) and ensure the system is fully operational. Improve the accuracy of the data collected from the PRISM system, work with Unison (PRISM's Contractor) to develop customized procurement reports, and establish performance metrics to streamline processes and enhance the quality of operations

### **FY 2024 Priorities:**

- Identify, plan, and host educational sessions to engage our stakeholders and policymakers about agency activities
- Continue to embed DEIA principles in PBGC policies and procedures
- Monitor PBGC's largest potential exposures and ensure reportable events are resolved within 30 days
- Deliver guidance to plans that may be eligible for SFA and process plan applications promptly. Strive to ensure information is accessible and responsive to external parties. Review applications for SFA from eligible multiemployer plans and requests for financial assistance from insolvent multiemployer plans
- Work on notifications for the current backlog of Missing Participants with unclaimed benefits of \$1,000 or more, age 65 and over
- Process benefit applications timely. Improve the post application submission communications
- Improve the timeliness, completeness, and accuracy of benefit determinations. Implement new checklist designed to improve the review of actuarial valuations
- Monitor external customer issues and concerns relating to premium filing requirements and instructions, as well as concerns with the My PAA premium filing system's operations and usability. Improve users' online experience to maintain exemplary customer satisfaction ratings
- Continue Benefits Calculation & Valuation (BCV) Modernization. Implement online estimates to improve customer satisfaction
- Produce timely and accurate quarterly and year-end financial statements. Also maintain compliance with the current Investment Policy Statement
- Ensure Corporate oversight and accountability for key business level controls and monitoring status of related improvements
- Comply fully with quarterly and annual Federal Information Security Modernization Act (FISMA) reporting requirements per OMB guidance to maintain awareness of cybersecurity program performance, deficiencies, and continue the FISMA system boundary consolidation. Prioritize Executive Order 14028 initiatives pertaining to Zero Trust Architecture implementation

## CONSOLIDATED ADMINISTRATIVE ACTIVITIES

- Train management on HR initiatives and flexibilities and promote a diverse and inclusive workforce
- Maintain a Model Equal Employment Opportunity (EEO) Program as defined by EEOC
- Identify and implement key improvements based on customer feedback to enhance the usability and content of PBGC.gov. Web team and host vendor ensure PBGC.gov available to the public at least 99 percent of the time
- Prioritize and respond to risks identified during the risk assessment and ensure 100 percent of the RMC and department directors complete annual training
- Focus on completion of data migration testing and record management for PRISM. Work with PRISM's Contractor, Unison, to develop customized reports. Ensure PD operations align throughout implementation across processes, procedures, and technology

### **FY 2023 Accomplishments:**

- Educated and informed the multiemployer community on the effects of ARP. PBGC conducted numerous practitioner outreach events, including webinars, Q&As, and representation at various actuarial and multiemployer trade shows and conferences, as well as numerous informal consultations with plan professionals for plans eligible for SFA
- Supported ongoing implementation of PBGC's SFA Program with education, communications, media engagement, and conference support
- SFA program successfully transitioned (from the priority group period to the non-priority group period) via issuance of additional guidance and implementation of the SFA application waiting list
- Exceeded 225 target and completed 232 standard termination audits which identified \$2.3 million in additional payments due to 1,306 participants
- Completed and posted a DEIA strategic plan and achieved *Top Agency* among small agencies for DEIA in the Federal Employment Viewpoint survey
- Made mandatory the use of the e-filing portal for filing reportable events. This requirement reduced human error associated with checking the e-mail box and improved the CFRD's ability to resolve the events timely
- Implemented new performance goal to unite more Missing Participants with their pensions. Sent annual outreach letters to 64 percent of Missing Participants with unclaimed benefits of \$1,000 or more, age 65 and over, to notify them of their benefits
- Approved 98 percent of applications within 45 days: exceeding the goal of 87 percent
- Notably, shortened the average age of benefit determinations issued from 5.9 years in FY 2021 to 4.4 years in FY 2023, outperforming its target of 4.5 years. Continued progress on case processing for the largest plans. In addition, 96 percent of final benefit determination amounts issued were within 10 percent of the estimated benefit amount

## CONSOLIDATED ADMINISTRATIVE ACTIVITIES

- Third straight year, the Annual Premium Filer survey received a Customer Satisfaction Index (CSI) score of 77 which exceeded the target score of 74. Continued to improve the customer premium filing experience through improvements to My PAA filing features and instructions
- Improvement in FY 2023 scores over (FY 2022) on three PBGC Customer Satisfaction surveys: 87 (86) on the Retiree survey, 54 (45) on MyPBA survey, and 81 (76) on the Participant Caller survey
- Completed payment integrity risk assessment on selected payment streams (Payments to Federal Employees and Multiemployer Regular Financial Assistance program)
- Maintain compliance with current Board approved Investment Policy Statement. Conducted successful due diligence, demonstrating managers handled assets prudently and consistent with their respective investment guidelines
- Achieved unmodified Financial Statement audit for the 31<sup>st</sup> straight year
- Completed all quarterly and annual OMB FY 2023 Annual FISMA reports. All security domains surpassed effective thresholds as well as achieved an overall rating of Effective for the third year in a row
- FY 2023 FISMA audit assessed all 9 FISMA security domains above effective thresholds. The overall results were identical to FY 2022; however, more Level 5 Optimized ratings were obtained across questions in risk management, training, and continuous monitoring
- Successfully hired highly skilled talent (in coordination with the ARP), to support the SFA Program. Promote a strong and diverse pipeline of talent through utilization of the Pathways Internship Program and the Disabled Veterans Affirmative Action Program (DVAAP). Additionally offered 33 DEIA trainings and delivered 13 DEIA awareness and cultural events
- Continued to present YOUiversity Bias Awareness Program and successfully implement PBGC's Model EEO Program that reflected the six essential elements as described in the EEOC Management Directive 715 (MD 715)
- Improved PBGC's customer experience by addressing stakeholder feedback, which included changes to search functionality, multilingual handling of content, informative custom pages for archived content, updates to mobile and web accessibility attributes, and improved suggested search results based on direct user survey feedback
- Implemented multiple improvements to PBGC.gov, including roll-out to enhance the site's SFA content
- Identified risks during the annual risk assessment and responded accordingly. Additionally, all RMC members and department directors completed the annual training
- Implemented a legal review tracker for PBGC procurements that supported the agency's legal review policy
- Streamlined the late procurement package submission process to track, capture, and identify any late procurement trends to develop solutions

## CONSOLIDATED ADMINISTRATIVE ACTIVITIES

### Workload and Performance Narrative

PBGC's implementation of the SFA Program involved significant rulemaking, guidance, and compliance assistance for eligible plans, and extensive PBGC operational changes required to stand up an entirely new, large-scale program. These implementation efforts significantly increased PBGC's resource requirements. Through September 30, 2023, PBGC approved 65 applications from plans totaling \$53,500,000,000 in SFA.

PBGC will continue to require a significant level of resources in order to conduct reviews of current and future plan applications and execute SFA payments following application review. PBGC expects more than 200 plans to apply for SFA through the duration of the program and must complete its reviews in accordance with the application deadline of December 31, 2025 (or December 31, 2026, for a revised application).

PBGC also faces ongoing risks and challenges in its existing insurance programs that reflect those of the defined benefit plans that the Corporation insures. The need for financial and actuarial analysis, along with a combination of skilled litigation and negotiation activities, remain critical to the Corporation's success in preserving and protecting the retirement security of the millions of America's workers, retirees, and their families. The need to closely monitor insured pension plans is rooted in the substantial risks related to plan failure that are borne by PBGC's stakeholders -- plan participants, workers, and employers in the defined benefit pension system, and taxpayers.

The scale of PBGC's future workload remains subject to factors largely beyond its control, but exposure to future losses, coupled with the ongoing implementation mandates under ARP create higher demands on PBGC's policy, legal, operations, accounting and budgeting, and administrative units, particularly in the Multiemployer Program.

## CONSOLIDATED ADMINISTRATIVE ACTIVITIES

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
11.1	Full-time permanent	127,895	134,610	137,843	3,233
11.3	Other than full-time permanent	2,555	2,554	2,554	0
11.5	Other personnel compensation	3,909	3,909	3,909	0
11.9	<b>Total personnel compensation</b>	<b>134,359</b>	<b>141,073</b>	<b>144,306</b>	<b>3,233</b>
12.1	Civilian personnel benefits	47,532	50,002	51,877	1,875
13.0	Benefits for former personnel	40	40	40	0
21.0	Travel and transportation of persons	998	998	998	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	5,683	22,694	22,694	0
23.2	Rental payments to others	917	1,505	1,505	0
23.3	Communications, utilities, and miscellaneous charges	4,842	5,111	5,111	0
24.0	Printing and reproduction	112	112	112	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	270,203	273,028	268,683	-4,345
25.3	Other goods and services from Federal sources 1/	15,000	15,000	15,400	400
26.0	Supplies and materials	930	930	930	0
31.0	Equipment	4,104	2,407	2,407	0
33.0	Investments and Loans	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>484,720</b>	<b>512,900</b>	<b>514,063</b>	<b>1,163</b>
	1/Other goods and services from Federal sources				
	Services by Other Government Departments	15,000	15,000	15,400	400

# CONSOLIDATED ADMINISTRATIVE ACTIVITIES

## CHANGES IN FY 2025

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	\$3,233
Personnel benefits	1,875
One day less of Pay	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
Working Capital Fund	0
Other goods and services from Federal sources	0
Supplies and materials	0
Equipment	0
Insurance claims and indemnities	0
Investment and Loans	0

**Built-Ins Subtotal** **\$5,108**

**Net Program** **-\$3,945**

**Direct FTE** **0**

	Estimate	FTE
<b>Base</b>	<b>\$518,008</b>	<b>970</b>
<b>Program Increase</b>	<b>\$4,455</b>	<b>0</b>
<b>Program Decrease</b>	<b>-\$8,400</b>	<b>0</b>



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<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
Activity Appropriation	7,632	7,857	8,384	527
FTE	21	25	25	0

NOTE: FY 2023 reflects actual FTE. Authorized FTE for FY 2023 was 25.

## **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 and has no programmatic responsibility. The OIG provides objective written work products to the PBGC Board of Directors, agency management, and Congress about PBGC programs and operations. These work products include audits, evaluations, inspections, investigations, reviews, and risk advisories. In addition to conducting statutorily required projects and reports, the OIG responds to Hotline complaints and requests from Members of Congress, and conducts other projects as necessary to address operational, financial, IT, and programmatic risks.

The agency head is the PBGC Board of Directors. The OIG communicates with Board Representatives through regular monthly Teams calls and participates in formal Board meetings usually once per quarter. On a day-to-day basis, the Inspector General (IG) communicates with the PBGC Director, Executive Management Committee members, and department directors about risks, problems, and deficiencies in programs administered by PBGC, and the need for timely corrective action. The OIG keeps Congress informed through the IG’s Semiannual Report to the Congress, audit reporting requirements, meetings and briefings with Members and their staffs, and congressional testimony.

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

- The aggregate request for the operations of the OIG for FY 2025 is \$8,384,000, which includes money for the statutorily-required Financial Statement Audit, Payment Integrity Information Act audit, and Cybersecurity oversight. Of that amount, \$70,000 is requested for training and \$31,430 is requested to support the Council of Inspectors General on Integrity and Efficiency. The budget request also includes money required to support 25 FTEs, 1 ITEP (Student Intern), and 1 IT contractor.
- The IG certifies that \$70,000 will satisfy the training requirements for FY 2025.

## OFFICE OF INSPECTOR GENERAL

<b>BUDGET ACTIVITY COMPONENT BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
11.1	Full-time permanent	3,098	3,268	3,348	80
11.3	Other than full-time permanent	150	150	150	0
11.5	Other personnel compensation	70	70	70	0
11.9	<b>Total personnel compensation</b>	<b>3,318</b>	<b>3,488</b>	<b>3,568</b>	<b>80</b>
12.1	Civilian personnel benefits	1,187	1,248	1,295	47
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	40	40	40	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	697	598	598	0
25.3	Other goods and services from Federal sources 1/	2,350	2,444	2,844	400
26.0	Supplies and materials	7	7	7	0
31.0	Equipment	33	32	32	0
	<b>Total</b>	<b>7,632</b>	<b>7,857</b>	<b>8,384</b>	<b>527</b>
	1/Other goods and services from Federal sources				
	Services by Other Government Departments	2,350	2,444	2,844	400

# OFFICE OF INSPECTOR GENERAL

## FY 2025

### *Planned Activities Include:*

- Conduct statutorily-required audits, including financial statements, Federal Information Security Modernization Act of 2014 (FISMA), and Payment Integrity Information Act of 2019 (PIIA), and to address whistleblower complaints and congressionally-requested work.
- Conduct investigations that are impactful to PBGC's stakeholders, especially in the areas of preventing financial abuse of vulnerable participants, procurement fraud, and employee integrity.
- Potentially initiate engagements related to PBGC's use of negotiated funding agreements, PBGC's plans to modernize critical legacy systems, and/or PBGC's information technology services.

## FY 2024

### *Planned Activities Include:*

- Conduct statutorily-required audits, including financial statements, Federal Information Security Modernization Act of 2014 (FISMA), and Payment Integrity Information Act of 2019 (PIIA), and to address whistleblower complaints and congressionally-requested work.
- Conduct investigations that are impactful to PBGC's stakeholders, especially in the areas of preventing financial abuse of vulnerable participants, procurement fraud, and employee integrity.
- Potentially initiate engagements related to PBGC's intake of small single-employer plans, survey related to contracting operations, and/or PBGC's oversight of plan asset evaluations and participant data reviews.

## FY 2023

The OIG work products focus on the three Top Management Challenges: (1) Information Security, (2) Modernization of PBGC's Key Benefits-Related Technology Systems, and (3) Transparency and Accountability of Professional Services Contracting, as well as other statutorily required and risk-based projects.

### *Notable Accomplishments Include:*

#### **Financial Audits and Evaluations**

- **Audit of the PBGC's Fiscal Year 2022 and 2021 Financial Statements, issued November 15, 2022.** The OIG contracted with the independent public accounting firm, Ernst and Young (EY), and oversaw this audit. EY determined the financial statements presented fairly, in all material respects, the financial position of the Single-Employer and Multiemployer Programs funds and the results of their operations and cash flows for the years then ended, in accordance with accounting principles generally accepted in the U.S. This is the 30<sup>th</sup> consecutive unmodified financial statement audit opinion. Although

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certain internal controls could be improved, PBGC maintained, in all material respects, effective internal control over financial reporting as of September 30, 2022.

- **Audit of PBGC's Limited Purpose Financial Statements for FY 2022 and FY 2021, issued November 15, 2022.** The OIG contracted with EY to perform this audit. EY determined the financial statements were presented fairly, in all material respects, in conformity with accounting principles generally accepted in the U.S. The Supplemental Information was fairly stated, in all material respects, in relation to the financial statements as a whole.
- **PBGC's Implementation of FISMA for FY 2022 (AUD-2023-06), issued January 09, 2023.** The OIG contracted with EY to perform an evaluation of PBGC's information security program as required by FISMA. EY reviewed a sample of six systems and completed fieldwork to address the FY 2022 IG FISMA Core Metrics developed by OMB, DHS, and the Council of the Inspectors General on Integrity and Efficiency. EY noted improvements in Information Security Continuous Monitoring and Supply Chain Risk Management. Weaknesses in Configuration Management and Identity and Access Management domains were identified. However, these domains and PBGC's overall information security program remained effective. PBGC's Information Security Continuous Monitoring function was assessed at *Optimized*, and the remaining four Cybersecurity Framework functions were found to be *Managed and Measurable*. In their report, EY issued four new recommendations related to PBGC's configuration management and identity and access management programs. PBGC agreed with and implemented corrective action on all four recommendations.
- **Fiscal Year 2022 Financial Statement Audit Management Letter Report (AUD-2023-07), issued January 13, 2023.** The OIG contracted with EY, an independent certified public accounting firm, to perform the audit. This management letter summarizes EY's findings and recommendations related to PBGC's internal control deficiencies and other matters. The issues noted in this report are not significant; and, therefore, the deficiencies were not required to be reported in the Independent Auditor's Report (AUD-2023-02) issued on November 15, 2022. In FY 2022, EY had issued nine new recommendations and closed five prior years' recommendations with the total of 16 open recommendations remaining at the end of FY 2022. EY will continue working with PBGC to resolve the remaining recommendations.
- **PBGC FY 2023 Security Assessment Report (SR-2023-12), issued September 27, 2023.** During the financial statement audit, the OIG contracted with EY, an independent certified public accounting firm to assess PBGC's network for technical weaknesses that may allow employees or outsiders to cause harm or otherwise impact PBGC's business processes and information. This report included no formal recommendations as they are consolidated and presented in the FY 2023 FISMA report. OIG determined this report is for official use only and the portion detailing the security assessment was redacted in its entirety because it contained privileged and confidential information.

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## Performance Audits, Reviews, and Related Work

- **Evaluation of Hotline Complaints Regarding a PBGC Contract, issued November 22, 2022.** This evaluation report did not find merit with two hotline allegations related to services that PBGC purchased under subject contract. However, the OIG did find weakness related to the Contracting Officer Representatives' (CORs) review of invoices and recommended that PBGC establish controls to monitor COR reviews of contractor invoices and supporting documents and, in coordination with PD, train CORs to properly review supporting documents before they approve or reject contractor invoices. PBGC concurred with these recommendations.
- **Evaluation of PBGC's Fiscal Year 2022 Compliance with Payment Integrity Information Act (PIIA) of 2019, issued May 18, 2023.** The OIG determined that PBGC complied with the applicable PIIA requirements outlined in M-21-19, Transmittal of Appendix C to Office of Management and Budget (OMB) Circular A-123, Requirements for Payment Integrity Improvement, dated March 5, 2021. However, PBGC did not include a hyperlink to [PaymentAccuracy.gov](https://www.paymentaccuracy.gov) in the Annual Financial Report for access to the accompanying materials. PBGC concurred with one recommendation and has planned corrective action.

## Special Reports

- **PBGC Security Assessment Report, issued November 8, 2022.** During the financial statement audit, the OIG contracted with EY to assess PBGC's network for technical weaknesses that may allow employees or outsiders to cause harm or impact PBGC's business processes and information. This report includes no formal recommendations as they are consolidated and presented in the FY 2022 FISMA report. OIG has determined that this report is for official use only. The report detailing the security assessment has been redacted in its entirety because it contains privileged and confidential information.
- **White Paper: Searching Plan Records for Deceased Participants, issued June 12, 2023.** PBGC is one of ten federal benefit paying agencies granted access to the Social Security Administration's Full Death Master File (DMF), which is the largest, most accurate single repository of deceased records in the United States. Consequently, PBGC has access to a trustworthy tool to assist preventing overpayments in its programs.

## *On-going Work:*

- **Evaluation of PBGC's Oversight of Single-Employer (SE) Pension Insurance Modeling System Modernization (PIMS) and Development Contracts.** This evaluation will determine if PBGC's oversight of the modernization and development contracts for SE PIMS was in conformance with federal and PBGC regulations. This evaluation will also review the CORs' files to determine if records were maintained in accordance with PBGC requirements; if the files include documentation of contact with the contractor; if invoice reviews were performed in accordance with regulations and guidance; and if the COR performed a review of the contractor's staff education and qualifications. Estimated report issuance date is March 15, 2024.

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- **Evaluation of PBGC's Contract Type Justification.** This evaluation will determine if PBGC complied with federal acquisition requirements to justify contract types when awarding other than firm-fixed contracts. This evaluation will include an overview of the typical process for selecting contract pricing type, and review the roles of the program office, Procurement Department, and the Office of General Counsel. Estimated report issuance date is March 31, 2024.
- **Audit of PBGC's Financial Statements for FY 2023 and Related Work.** The OIG is charged with that responsibility under the Chief Financial Officer's Act and the Inspector General Act of 1978. OIG has contracted with an independent public accounting firm, EY, to conduct the financial statements audit on our behalf, subject to OIG oversight. The purpose of this audit is to determine whether PBGC's financial statements present fairly, in all material respects, the financial position of the Single-Employer and Multiemployer Program Funds administered by PBGC at September 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States; whether PBGC maintained, in all material respects, effective internal control over financial reporting at September 30, 2023, based on the Federal Managers' Financial Integrity Act of 1982 criteria; and to provide other relevant conclusions based on the work performed.

### Investigative Activity

The OIG continues to address the integrity of PBGC operations by focusing investigative resources on deceased participant fraud, as well as assisting PBGC participants who contacted the OIG Hotline regarding their pension benefits.

- **Wisconsin Man Plead Guilty and Sentenced for Impersonating PBGC Participant to Steal Pension Benefits.** On October 10, 2022, a 51-year-old Wisconsin man entered a guilty plea, in the Waukesha County Circuit Court, to one felony count of Wisconsin state charges related to identity theft. The plea was a result of a criminal complaint alleging that he stole the identity of his 79-year-old father, who is a PBGC participant. On one occasion, the defendant took possession of his father's PBGC monthly check, identified himself as his father to a financial institution, and negotiated the check for personal financial gain. The defendant was sentenced to 9 months of incarceration at the Waukesha County Huber Facility, and 2 years' probation. Additionally, PBGC was granted restitution in the amount of \$622. This case was prosecuted by the Waukesha County District Attorney's Office. The investigation was initiated based on a PBGC Office of Benefits Administration referral to the PBGC OIG.
- **North Carolina Woman Plead Guilty to Conversion of Government Funds.** On November 2, 2022, a 67-year-old Apex, North Carolina woman pleaded guilty to Theft of Government Funds in the U.S. District Court for the Eastern District of North Carolina. The defendant collected her father's Office of Personal Management (OPM) and PBGC pension benefits after he passed away in December 2005. Neither PBGC nor OPM received notice that her father was deceased. PBGC continued to pay benefits until 2017,

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and OPM benefits were paid until 2020. In totality, the defendant collected and spent approximately \$339,000 in U.S. government benefits she was not entitled to receive. A portion of this money was spent on cruise vacations and a life insurance policy for the defendant. On April 10, 2023, the defendant was sentenced to 3 years' probation, and ordered to pay a \$100 Special Assessment, and \$330,283.02 in restitution to the U.S. government. This case was jointly investigated with the OPM Office of Inspector General.

In 2017, through a PBGC OIG data matching project, the PBGC OIG discovered the death of the PBGC participant. However, due to a minimal monetary loss to PBGC, the matter was referred to OBA for administrative recovery of the errant payments. In 2021, OPM OIG notified our office (PBGC OIG) that OPM was defrauded over \$330,000 by the same person who took possession of the PBGC benefits payments made after the participant's death. Therefore, the PBGC OIG reopened the matter, and jointly investigated the case with the OPM OIG.

- **New Hampshire Woman Charged with Theft of Public Funds and Identity Theft.** On December 1, 2022, a 56-year-old Manchester, New Hampshire woman was charged, via criminal complaint, in the State of Connecticut, Superior Court with Identity Theft, Larceny of Public Funds, and Forgery. An extraditable arrest warrant was issued in conjunction with the complaint, and the defendant was arrested on January 1, 2023, by the Manchester Police Department.

The defendant was a family friend of a PBGC participant who passed away in August 2015. After the participant's death, the defendant allegedly impersonated the participant in an effort to conceal the death from PBGC. The defendant created an email in the participant's name, opened a bank account with the participant's personal information, and forged PBGC official documents. From September 2015 through June 2021, the defendant took possession of approximately \$10,000 in errant PBGC benefits by impersonating the deceased participant.

On September 13, 2023, the defendant was accepted into a State Diversion program with the Connecticut State Court, in lieu of a guilty plea. As part of the conditions of the program, the defendant was ordered to repay \$10,109.71 in restitution to PBGC.

This investigation was conducted by PBGC OIG and the Torrington, Connecticut Police Department, with the assistance of Social Security Administration, Office of Inspector General. The investigation was based on an Office of Benefits Administration referral to the PBGC OIG.

- **Wilkes Barre, Pennsylvania Woman Sentenced for Theft of Government Funds.** On April 4, 2022, a 59-year-old Wilkes Barre, Pennsylvania woman pleaded guilty to a charge of Theft of Government Money in the U.S. District Court for the Middle District of Pennsylvania. The defendant was the caretaker to a PBGC participant who passed away in March 2019. After the participant's death, and continuing through March 2020, the defendant took possession and expended approximately \$9,000 in errant PBGC

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benefits. On February 10, 2023, the defendant was sentenced to two years supervised probation. Additionally, the defendant was ordered to pay full restitution to PBGC, in the amount of \$8,950.68.

- **Philadelphia, Pennsylvania Woman Charged for Conversion of Government Funds**  
On February 14, 2023, a 46-year-old Philadelphia, Pennsylvania woman was formally charged by the Department of Justice with one count of Conversion of Government Funds (in violation of Title 18, United States Code, Section 641). On March 7, 2023, the defendant entered a guilty plea to the charge for fraudulently collecting her deceased father's PBGC pension benefits after he passed away in July 2011.

From at least January 2016 through December 2019, in the Eastern District of Pennsylvania, the defendant converted approximately \$22,000 in PBGC pension benefits for her own use that she knew she was not entitled to. PBGC did not receive notice of the defendant's father's death and continued to pay monthly benefits to the deceased participant until December 2019.

This case was initiated as a result of an internal referral from the PBGC Office of Benefits Administration and was the second defendant identified involving the same deceased participant.

- **Information Security Violations, False Claims, and Falsification.** On July 26, 2023, PBGC OIG received a complaint from the OIT Security Operations that alleged a PBGC contractor, employed with Deloitte, had established a Virtual Private Network (VPN) session to the PBGC network from an Internet Protocol (IP) address that traced back to Cairo, Egypt. During the initial OIT Security Operations investigation, all the contractor's VPN logs were reviewed. OIT found potential irregularities with the length of time the contractor was logged into the PBGC network relative to his labor hours invoiced on the PBGC contract.

OIG's investigation revealed that, on at least one occasion, the contractor connected his PBGC laptop to a Wi-Fi that was utilizing a VPN service that redirected his location to make it appear the IP address was coming from Egypt; this was determined to be a violation of PBGC Information Security Rules of Behavior. The OIG also concluded, due to lack of any laptop/network activity, that the Deloitte contractor billed for hours not worked from November 20, 2022, to January 31, 2023. The Deloitte contractor has since been separated from the company due to the violations identified.

- **Peer Review of the National Archives and Records Administration OIG.** In accordance with the Attorney General's Guidelines for Offices of Inspector General and the requirements under the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Quality Assessment Review (also known as a peer review), OIG conducted a review of the investigative operations for the National Archives and Records Administration, Office of Inspector General (NARA OIG).



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The objective of the CIGIE peer review was to determine whether, for the last three years, the NARA OIG had internal control systems in place and were effectively operated to provide reasonable assurance that the NARA OIG complied with CIGIE's professional investigative standards. A portion of the peer review included an evaluation of a sample of closed investigations. The cases were reviewed against the requirements under the guidelines of the CIGIE Quality Standards for Investigations. Additionally, training documentation, relevant human resources files, and an asset and evidence inventory were evaluated to assess compliance.

This peer review found the system of internal safeguards and management procedures for the investigative function of the NARA OIG were in compliance with the quality standards established by the CIGIE and the Attorney General's Guidelines for Offices of Inspector General. This review took place from January to March 2023.

- **Deceased Participants Program.** The OIG continues efforts under the fraud detection/computer matching initiative to identify deceased participants in the Single-Employer and Multiemployer Programs. In the past, OIG identified improper payments, some of which were also fraudulent payments, relating to deceased participants in the Single-Employer and Multiemployer Programs and referred those cases to PBGC to terminate benefit payments and seek recoupment. As of September 30, 2023, PBGC OIG has identified a cumulative total of \$2,412,214 in improper payments, some of which were also fraudulent payments, relating to deceased participants.
- **OIG Hotline.** The OIG Hotline serves as a tool to report fraud, waste, and abuse, but it also provides a method for participants to report missing benefits, seek assistance with applying for benefits and report mistreatment by a caregiver or family member.

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## CHANGES IN FY 2025

(Dollars in Thousands)

**Activity Changes**

**Built-In**

To Provide For:

Costs of pay adjustments	\$80
Personnel benefits	47
One day less of Pay	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
Supplies and materials	0
Equipment	0

**Built-Ins Subtotal** **\$127**

**Net Program** **\$400**

**Direct FTE** **0**

	Estimate	FTE
<b>Base</b>	<b>\$7,984</b>	<b>25</b>
<b>Program Increase</b>	<b>\$400</b>	<b>0</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>

## INVESTMENT MANAGEMENT FEES PROGRAM

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
<b>Activity Appropriation</b>	<b>139,800</b>	<b>139,800</b>	<b>139,800</b>	<b>0</b>
FTE	0	0	0	0

### Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2020	\$124,300	0
2021	\$129,700	0
2022	\$138,000	0
2023	\$139,800	0
2024	\$139,800	0

NOTE: A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared.

## INVESTMENT MANAGEMENT FEES PROGRAM

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
25.1	Advisory and assistance services	139,800	139,800	139,800	0
	<b>Total</b>	<b>139,800</b>	<b>139,800</b>	<b>139,800</b>	<b>0</b>

# INVESTMENT MANAGEMENT FEES PROGRAM

## CHANGES IN FY 2025

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Advisory and assistance services \$0

**Built-Ins Subtotal \$0**

**Net Program \$0**

**Direct FTE 0**

	Estimate	FTE
<b>Base</b>	<b>\$139,800</b>	<b>0</b>
<b>Program Increase</b>	<b>\$0</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 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
<b>Activity Appropriation</b>	<b>8,009,000</b>	<b>7,419,000</b>	<b>8,006,000</b>	<b>587,000</b>
FTE	0	0	0	0

### Five-Year Budget Activity History

<u><b>Fiscal Year</b></u>	<u><b>Funding</b></u> (Dollars in Thousands)	<u><b>FTE</b></u>
2020	\$6,855,000	0
2021	\$7,289,000	0
2022	\$7,140,000	0
2023	\$8,009,000	0
2024	\$7,419,000	0

NOTE: A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared.

## SINGLE-EMPLOYER PROGRAM BENEFIT PAYMENTS

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
42.0	Insurance claims and indemnities	8,009,000	7,419,000	8,006,000	587,000
	<b>Total</b>	<b>8,009,000</b>	<b>7,419,000</b>	<b>8,006,000</b>	<b>587,000</b>



# SINGLE-EMPLOYER PROGRAM BENEFIT PAYMENTS

## CHANGES IN FY 2025

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Insurance claims and indemnities \$0

Investment and Loans 0

**Built-Ins Subtotal \$0**

**Net Program \$587,000**

**Direct FTE 0**

	Estimate	FTE
<b>Base</b>	<b>\$7,419,000</b>	<b>0</b>
<b>Program Increase</b>	<b>\$587,000</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 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
<b>Activity Appropriation</b>	<b>239,000</b>	<b>197,000</b>	<b>207,000</b>	<b>10,000</b>
FTE	0	0	0	0

### Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2020	\$190,000	0
2021	\$350,000	0
2022	\$270,000	0
2023	\$239,000	0
2024	\$197,000	0

NOTE: A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared.

## MULTIEMPLOYER PROGRAM FINANCIAL ASSISTANCE

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
33.0	Investments and Loans	239,000	197,000	207,000	10,000
	<b>Total</b>	<b>239,000</b>	<b>197,000</b>	<b>207,000</b>	<b>10,000</b>

# MULTIEMPLOYER PROGRAM FINANCIAL ASSISTANCE

## CHANGES IN FY 2025

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Investment and Loans

\$0

#### Built-Ins Subtotal

\$0

#### Net Program

\$10,000

Direct FTE

0

	Estimate	FTE
Base	\$197,000	0
Program Increase	\$10,000	0
Program Decrease	\$0	0



## CUSTODIAN BANK FEES

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
<b>Activity Appropriation</b>	<b>0</b>	<b>0</b>	<b>4,000</b>	<b>4,000</b>
FTE	0	0	0	0

### Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2020	\$0	0
2021	\$0	0
2022	\$0	0
2023	\$0	0
2024	\$0	0

NOTE: A full-year 2024 appropriation for this account was not enacted at the time the budget was prepared.

## CUSTODIAN BANK FEES

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2023 Enacted</b>	<b>FY 2024 Estimate</b>	<b>FY 2025 Request</b>	<b>Diff. FY25 Request / FY24 Estimate</b>
25.1	Advisory and assistance services	0	0	4,000	4,000
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>4,000</b>	<b>4,000</b>



# CUSTODIAN BANK FEES

## CHANGES IN FY 2025

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Advisory and assistance services \$0

Insurance claims and indemnities 0

**Built-Ins Subtotal \$0**

**Net Program \$4,000**

**Direct FTE 0**

	Estimate	FTE
<b>Base</b>	<b>\$0</b>	<b>0</b>
<b>Program Increase</b>	<b>\$4,000</b>	<b>0</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>

## Good Accounting Obligation in Government Act (GAO-IG Act) Report

	<b>Report Number</b>	<b>Report Title</b>	<b>Report Date</b>	<b>Recommendation Number</b>	<b>Recommendation</b>	<b>Proposed Date of Implementation</b>	<b>Justification for Non-Implementation</b>
1	AUD-2021-01	Internal Controls Must Be Strengthened to Promote Procurement Integrity	12/08/2020	2021-01-02	Develop and implement a mechanism in an electronic system to ensure that contract actions that require legal reviews according to PBGC policy receive these reviews and that disagreements with legal sufficiency comments are communicated to the Office of the General Counsel (OGC).	09/30/2025	Management concurs with this recommendation. These requirements will be included in the new procurement system that is currently under development and due for deployment in FY 2025.
2	AUD-2021-02	Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2020 and 2019 Financial Statements	12/09/2020	2021-02-10	Enhance existing monitoring controls to mitigate risks associated with required role assignments that violate separation of duty requirements.	06/30/2024	<p>Management concurs with this recommendation. In FY 2022, PBGC integrated the Segregation of Duties (SoD) framework with GeITAccess so that all new requests for access are automatically evaluated for SoD conflicts. If a conflict is detected either the request will be automatically denied or the approving managers, contracting officer's representatives (COR), and service owners will be alerted that there is a conflict prior to approval, based upon the conflict type. For accepted SoD risks, they must be evaluated if still appropriate at least every six months. If the risk continues to be justified, a new risk acceptance must be signed.</p> <p>PBGC is testing and evaluating methods, including Splunk reporting, to additionally monitor the activities of users who have role assignments that violate SoD rules, but are accepted due to justified business purposes. This</p>

## Good Accounting Obligation in Government Act (GAO-IG Act) Report

	Report Number	Report Title	Report Date	Recommendation Number	Recommendation	Proposed Date of Implementation	Justification for Non-Implementation
							<p>work will include extensive cooperation and coordination with business units to determine what roles, when in conflict, should be subject to additional monitoring, changes to related workflows, and any training that may need to be provided to affected staff.</p> <p>Currently, PBGC is focusing on those systems that have an active risk acceptance in place (Spectrum, ARES, and CFS). Additionally, PBGC plans to update processes and procedures (e.g., the Security Operations Operational Guide) as appropriate to respond to alerts generated by SoD-related monitoring.</p>
3	AUD-2021-06	Fiscal Year 2020 Financial Statement Audit Management Letter Report	02/01/2021	2021-06-01	Conduct experience study over for the spouse age difference for seriatim and phase out liability for unlocatable missing participant assumptions	06/30/2025	<p>Management concurs with this recommendation. During FY23, ASTD completed a study of the deferred participant spouse age difference and marital status assumptions. This study resulted in no changes to either assumption. The study was submitted to EY in the RCF package for FS-2021-06-02 and this recommendation was closed on October 25, 2023. PBGC agrees with the recommendation to conduct an experience study over the phase-out liability for unlocatable missing participants assumption. This assumption is scheduled to be studied during FY25, along with the phase-out liability for unlocatable deferred participants assumption. The results of the sensitivity analysis on the phase-out of liability assumptions, which was conducted during (FY) 2021, show that these assumptions have almost no impact to the overall Integrated Present Value of Future Benefit (IPVFB) liability. These assumptions were assigned a low critical status making them a lower priority compared to other studies that ASTD has been working on.</p>

## Good Accounting Obligation in Government Act (GAO-IG Act) Report

	<b>Report Number</b>	<b>Report Title</b>	<b>Report Date</b>	<b>Recommendation Number</b>	<b>Recommendation</b>	<b>Proposed Date of Implementation</b>	<b>Justification for Non-Implementation</b>
4	EVAL-2023-04	Evaluation of Hotline Complaints Regarding a PBGC Contract	11/22/2022	2023-04-01	Establish controls to monitor COR reviews of contractor invoices and supporting documents	12/29/2023	Management concurs with this recommendation. The Office of Benefits Administration (OBA) is discussing the best practices with other departments to identify gaps. Management will improve oversight, implement controls, and monitor Contracting Officer's Representative (COR) reviews of contractor invoices and supporting documents. OIG is currently reviewing the recommendation closure package which was submitted on December 28, 2023.
5	EVAL-2023-04	Evaluation of Hotline Complaints Regarding a PBGC Contract	11/22/2022	2023-04-02	In coordination with the Procurement Department, train CORs to properly review supporting documents before they approve or reject contractor invoices.	6/30/2023	Management concurs with this recommendation. The Procurement Department (PD) provided a live instructor-led training titled <i>Best Practices for Contract Invoice Reviews</i> . The training slides are posted to PD's COR Resources SharePoint Page and include information specific to the CORs review of supporting documentation. In addition, there is a video course hosted on FedTalent, which is available for new CORs and for a refresher for existing CORs. In addition, PD will work with OBA to provide training to the Plan Asset and Data Management Department (PADMD) on the new controls to monitor PADMD COR reviews of contract invoices and supporting documents..