

FY 2021

CONGRESSIONAL BUDGET JUSTIFICATION

PENSION BENEFIT GUARANTY CORPORATION

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PENSION BENEFIT GUARANTY CORPORATION

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PENSION BENEFIT GUARANTY CORPORATION

PENSION BENEFIT GUARANTY CORPORATION

Federal Funds

PENSION BENEFIT GUARANTY CORPORATION FUND

The Pension Benefit Guaranty Corporation (“Corporation”) is authorized to make such expenditures, including financial assistance authorized by subtitle E of title IV of the Employee Retirement Income Security Act of 1974, within limits of funds and borrowing authority available to the Corporation, and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations, as provided by 31 U.S.C. 9104, as may be necessary in carrying out the program, including associated administrative expenses, through September 30, [2020] 2021, for the Corporation: *Provided*, That none of the funds available to the Corporation for fiscal year [2020] 2021 shall be available for obligations for administrative expenses in excess of [\$452,858,000] \$465,289,000: *Provided further*, That to the extent that the number of new plan participants in plans terminated by the Corporation exceeds 100,000 in fiscal year [2020] 2021, an amount not to exceed an additional \$9,200,000 shall be available through September 30, [2024] 2025, 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, [2024] 2025 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, [2024] 2025, to the extent the Corporation’s [costs] *expenses* 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.

(Department of Labor Appropriations Act, 2020.)

PENSION BENEFIT GUARANTY CORPORATION

AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2019 Enacted		FY 2020 Enacted		FY 2021 Request	
	FTE¹	Amount	FTE	Amount	FTE	Amount
A. Appropriation						
Consolidated Administrative Activities ²	951	\$437,018	968	\$444,844	968	\$465,289
Total Administrative Activities	951	\$437,018	968	\$444,844	968	\$465,289
Program Activities	0	\$0	0	\$0	0	\$0
Investment Management Fees Program	0	\$117,400	0	\$124,300	0	\$129,700
Single-Employer Program Benefit Payments	0	\$6,974,000	0	\$6,855,000	0	\$7,289,000
Multiemployer Program Financial Assistance	0	\$189,000	0	\$190,000	0	\$350,000
Total Program Activities	0	\$7,280,400	0	\$7,169,300	0	\$7,768,700
Total Program and Administrative Activities	951	\$7,717,418	968	\$7,614,144	968	\$8,233,989
Offsetting Collections From:	0	\$0	0	\$0	0	\$0
Interest on Federal Securities	0	\$1,170,000	0	\$1,007,000	0	\$1,146,000
Premium Receipts	0	\$5,628,000	0	\$7,433,000	0	\$8,309,000
Benefit Payment Reimbursements	0	\$4,711,000	0	\$4,571,000	0	\$5,304,000
Investment Management Fees Program	0	\$117,400	0	\$124,300	0	\$129,700
Trust Fund for Administrative Expenses ³	0	\$400,600	0	\$407,700	0	\$420,300
Discretionary BA anticipated collection, reimbursable ⁴	0	\$1,000	0	\$1,000	0	\$1,000
<i>Subtotal, Offsetting Collections From</i>	<i>0</i>	<i>\$12,028,000</i>	<i>0</i>	<i>\$13,544,000</i>	<i>0</i>	<i>\$15,311,000</i>
B. Gross Budget Authority						
	951	\$19,745,418	968	\$21,182,144	968	\$23,560,989
Offsetting Collections To:	0	\$0	0	\$0	0	\$0
Interest on Federal Securities	0	-\$1,170,000	0	-\$1,007,000	0	-\$1,146,000
Premium Receipts	0	-\$5,628,000	0	-\$7,433,000	0	-\$8,309,000
Benefits Payment Reimbursements	0	-\$4,711,000	0	-\$4,571,000	0	-\$5,304,000
Investment Management Fees Program	0	-\$117,400	0	-\$124,300	0	-\$129,700
Administrative Expenses	0	-\$400,600	0	-\$407,700	0	-\$420,300
Discretionary BA anticipated collection, reimbursable	0	-\$1,000	0	-\$1,000	0	-\$1,000
<i>Subtotal, Offsetting Collections To</i>	<i>0</i>	<i>\$12,028,000</i>	<i>0</i>	<i>-\$13,544,000</i>	<i>0</i>	<i>-\$15,311,000</i>
C. Obligating Authority Before Committee						
	951	\$437,018	968	\$444,844	968	\$465,289
D. Total Budgetary Resource						
	951	\$7,717,418	968	\$7,614,144	968	\$8,233,989
Unobligated Balance Expiring	0	\$0	0	\$0	0	\$0
Direct BA and FTE	951	\$7,717,418	968	\$7,614,144	968	\$8,233,989
Reimbursable BA and FTE	0	\$0	0	\$0	0	\$0

PENSION BENEFIT GUARANTY CORPORATION

Total Lapse ⁵	-26	-\$8,612	0	\$0	0	\$0
E. Total, Estimated Obligations	925	\$7,708,806	968	\$7,614,144	968	\$8,233,989

¹ FY 2019 reflects FTE authorization and utilization.

² FY 2019 and FY 2020 reflect sequestration reductions for mandatory accounts pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended.

³ The single-employer trust funds are the only remaining source of trust fund reimbursements to the revolving funds to cover administrative expenses. The single-employer and multiemployer insurance programs are, by law, operated and financed separately. The assets from one program cannot be used to support the other. The multiemployer portion that is not reimbursed represents an outlay in the Federal Budget. The methodology for determining expenses allocated to the Multiemployer insurance program was revised in FY 2015 to ensure we are capturing all such expenses that are solely benefiting the Multiemployer insurance program.

⁴ Anticipated collection represents budgetary resources from a reimbursable interagency agreement with the U.S. Department of the Treasury.

⁵ Total lapse in FY 2019 applies only to administrative funds.

PENSION BENEFIT GUARANTY CORPORATION

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2020 Enacted	FY 2021 Request	Net Change
Obligational Authority			
Program Activities	\$7,169,300	\$7,768,700	+\$599,400
Administrative Activities	\$444,844	\$465,289	+\$20,445
Total	\$7,614,144	\$8,233,989	+\$619,845

Full Time Equivalents

Program Activities	0	0	0
Administrative Activities	968	968	0
Total	968	968	0

FY 2021 Change

Explanation of Change	FY 2020 Base		Administrative Activities		Program Activities		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	968	\$116,691	0	\$986	0	\$0	0	\$986
Personnel benefits	0	\$37,960	0	\$461	0	\$0	0	\$461
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	\$1,264	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to others	0	\$27,438	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$4,632	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$193	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$124,300	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$241,389	0	\$596	0	\$0	0	\$596
Other goods and services from Federal sources	0	\$8,315	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$2,348	0	\$0	0	\$0	0	\$0
Equipment	0	\$4,574	0	\$13	0	\$0	0	\$13
Insurance claims and indemnities	0	\$6,855,000	0	\$0	0	\$0	0	\$0
Investment and Loans	0	\$190,000	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	968	+\$7,614,144	0	+\$2,056	0	\$0	0	+\$2,056
B. Programs:								
Single-Employer Benefit Payments	0	\$6,855,000	0	\$0	0	\$434,000	0	\$434,000
Multiemployer Financial Assistance	0	\$190,000	0	\$0	0	\$160,000	0	\$160,000
Processing of Mandatory Workload	0	\$0	0	\$8,014	0	\$0	0	\$8,014
Investment Management Fees	0	\$124,300	0	\$0	0	\$5,400	0	\$5,400

PENSION BENEFIT GUARANTY CORPORATION

Explanation of Change	FY 2021 Change							
	FY 2020 Base		Administrative Activities		Program Activities		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
PIMS Transformation	0	\$2,162	0	\$5,000	0	\$0	0	\$5,000
Mission Critical Personnel Compensation and Benefits Funding	968	\$154,691	0	\$3,684	0	\$0	0	\$3,684
eBusiness Suite Upgrade	0	\$4,744	0	\$2,000	0	\$0	0	\$2,000
OIG Financial Statement Audit, Strengthening Cybersecurity and CIGIE	0	\$2,149	0	\$300	0	\$0	0	\$300
Programs Subtotal			0	+\$18,998	0	+\$599,400	0	+\$618,398
Total Increase	968	+\$7,614,144	0	+\$21,054	0	+\$599,400	0	+\$620,454
Decreases:								
A. Built-Ins:								
To Provide For:								
One day less of Pay	0	\$0	0	-\$609	0	\$0	0	-\$609
Built-Ins Subtotal	0	\$0	0	-\$609	0	\$0	0	-\$609
B. Programs:								
Total Decrease	0	\$0	0	-\$609	0	\$0	0	-\$609
Total Change	968	+\$7,614,144	0	+\$20,445	0	+\$599,400	0	+\$619,845

PENSION BENEFIT GUARANTY CORPORATION

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2019 Enacted		FY 2020 Enacted		FY 2021 Request		Diff. FY21 Request / FY20 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Consolidated Administrative Activities	925	437,018	968	444,844	968	465,289	0	20,445
Administrative	925	437,018	968	444,844	968	465,289	0	20,445
Office of Inspector General - Non-Add	22	6,802	25	6,917	25	7,287	0	370
Administrative	22	6,802	25	6,917	25	7,287	0	370
Investment Management Fees Program	0	117,400	0	124,300	0	129,700	0	5,400
Program	0	117,400	0	124,300	0	129,700	0	5,400
Single-Employer Program Benefit Payments	0	6,974,000	0	6,855,000	0	7,289,000	0	434,000
Program	0	6,974,000	0	6,855,000	0	7,289,000	0	434,000
Multiemployer Program Financial Assistance	0	189,000	0	190,000	0	350,000	0	160,000
Program	0	189,000	0	190,000	0	350,000	0	160,000
Total	925	7,717,418	968	7,614,144	968	8,233,989	0	619,845
Program	0	7,280,400	0	7,169,300	0	7,768,700	0	599,400
Administrative	925	437,018	968	444,844	968	465,289	0	20,445

NOTE: 2019 reflects actual FTE.

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BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
	Full-Time Equivalent				
	Full-time Permanent	921	938	938	0
	Other	30	30	30	0
	Total	951	968	968	0
	Average ES Salary	\$181,006	\$187,377	\$189,251	\$1,874
	Average GM/GS Grade	13/8	13/8	13/8	0
	Average GM/GS Salary	\$122,310	\$126,620	\$127,886	\$1,266
11.1	Full-time permanent	114,749	112,355	114,958	2,603
11.3	Other than full-time permanent	1,525	1,450	1,474	24
11.5	Other personnel compensation	2,886	2,886	3,749	863
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	119,160	116,691	120,181	3,490
12.1	Civilian personnel benefits	38,401	37,960	39,855	1,895
13.0	Benefits for former personnel	40	40	40	0
21.0	Travel and transportation of persons	1,264	1,264	1,264	0
22.0	Transportation of things	1	0	0	0
23.0	Rent, Communications, and Utilities	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	30,128	27,438	29,265	1,827
23.3	Communications, utilities, and miscellaneous charges	4,631	4,632	4,632	0
24.0	Printing and reproduction	193	193	193	0
25.1	Advisory and assistance services	117,400	124,300	129,700	5,400
25.2	Other services from non-Federal sources	229,065	241,389	254,447	13,058
25.3	Other goods and services from Federal sources 1/	7,200	8,315	8,477	162
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	0	0	0	0
26.0	Supplies and materials	2,348	2,348	2,348	0
31.0	Equipment	4,587	4,574	4,587	13
33.0	Investments and Loans	189,000	190,000	350,000	160,000
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	6,974,000	6,855,000	7,289,000	434,000
	Total	7,717,418	7,614,144	8,233,989	619,845
	1/Other goods and services from Federal sources				
	Services by Other Government Departments	7,200	8,315	8,477	162

PENSION BENEFIT GUARANTY CORPORATION

AUTHORIZING STATUTES

Public Law / Act	Legislation	Statute No. / US Code	Volume No.	Page No.	Expiration Date
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

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P.L. 114-74

Bipartisan Budget Act
of 2015

129 Stat.

584

Not Applicable

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APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2011					
Base Appropriation...1/	\$466,301			\$464,066	941
2012					
Base Appropriation...2/	\$476,901	\$476,901	\$476,901	\$476,901	999
2013					
Base Appropriation...3/	\$479,013			\$470,906	1,017
2014					
Base Appropriation...4/	\$505,441			\$496,634	956
2015					
Base Appropriation...5/	\$415,394			\$406,425	977
2016					
Base Appropriation...6/	\$431,799	\$431,799	\$431,799	\$423,163	942
2017					
Base Appropriation...7/	\$519,506	\$519,506	\$519,506	\$510,757	964
2018					
Base Appropriation...8/	\$522,917	\$424,417	\$424,417	\$415,823	966
2019					
Base Appropriation...9/	\$445,363	\$445,363	\$445,363	\$437,018	951
2020					
Base Appropriation...10/	\$452,858	\$452,858		\$452,858	968
2021					
Base Appropriation	\$465,289				968

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

2/ FY 2012 reflects authorized FTE.

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

4/ FY 2014 appropriation reflects a temporary sequestration reduction.

5/ FY 2015 appropriation reflects a temporary sequestration reduction.

6/ FY 2016 appropriation reflects a temporary sequestration reduction.

7/ FY 2017 appropriation reflects a temporary sequestration reduction.

8/ FY 2018 appropriation reflects a temporary sequestration reduction.

9/ FY 2019 appropriation reflects a temporary sequestration reduction.

10/ This bill was passed by the House. It was not taken up by the Senate Appropriations Subcommittee or full Appropriations Committee. FY 2020 appropriation reflects a temporary sequestration reduction.

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 35,000,000 of America's workers and retirees participating in over 25,000 private-sector defined benefit pension plans. The Single-Employer Program protects about 24,700,000 workers and retirees in about 24,000 pension plans. The Multiemployer Program protects about 10,800,000 workers and retirees in about 1,400 pension plans. By law, the two programs are financially and operationally separate. The Corporation receives no funds from general tax revenues. 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 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 the Treasury.

Budget Request Summary

PBGC is requesting \$465,289,000 in spending authority for administrative purposes in FY 2021. The request includes an increase for PIMS transformation, eBusiness Suite upgrades, mission critical and mandatory personnel compensation and benefits funding, and an increase for the Office of the Inspector General (OIG). The significant areas in which PBGC is seeking program increases are as follows:

PIMS Transformation and Budget Forecasting Tool - \$5,000,000: The requested increase will provide funding to implement a new Pension Insurance Modeling System (PIMS), along with a budget forecasting tool. This request is a recurring cost.

eBusiness Suite Upgrades - \$2,000,000: This funding will upgrade Oracle's Federal Financial eBusiness Suite applications (Consolidated Financial System (CFS) and Premium and Practitioner System (PPS)) to the latest version available to ensure a supportable financial management system. This is a one-time cost.

Mission Critical Personnel Compensation and Benefits Funding and Mandatory Increases - \$5,061,000: This request will fund mission critical responsibilities and mandatory cost increases in support of PBGC's core mission to protect the retirement incomes of American workers. This request is a recurring cost.

Office of the Inspector General (OIG) - \$370,000: The OIG is requesting resources to fully fund the increase in cost to perform the mandated annual financial statement audit, strengthen the OIG's cybersecurity posture, fund mandatory PC&B cost increases and fully fund the Council of the Inspectors General on Integrity and Efficiency (CIGIE) fee. This request is a recurring cost.

General Provisions: PBGC is seeking reception and representation authority up to \$5,000.

PENSION BENEFIT GUARANTY CORPORATION

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.

Values:

- **Excellence is Our Commitment.** We seek results that embody integrity, professionalism, transparency, and accountability.
- **Customer Service is Our Passion.** We strive to provide information that is timely and accurate to workers and retirees, stakeholders, and partners.
- **People are Our Priority.** Our success depends on the diversity, collaboration, and commitment of our workforce.
- **Integrity is Our Touchstone.** We perform our duties honestly, ethically, and with a commitment to protecting personal privacy.
- **Innovation Guides Our Work.** We work diligently to improve our technological operations, work products, and processes.

Reverse the Acceleration of 2026 Premiums

The Budget calls for the repeal of the provision accelerating fiscal year 2026 premiums into fiscal year 2025. This provision creates unnecessary confusion and burden on insured plans because they are forced to pay premiums early for just one year. The provision will also create additional accounting and management costs for both the plans and PBGC given the high likelihood of late payments. Repealing this provision now will be budget neutral, enhance compliance, and will avoid unnecessary administrative costs for pension plans and PBGC.

Reverse Noninterest-Bearing Provision

The Budget calls for the repeal of the provision requiring certain multiemployer premium revenues to be held in a noninterest-bearing account. Reversing this provision will enable better PBGC stewardship of its limited multiemployer program resources and avoid the administrative and accounting tasks of maintaining a noninterest-bearing account.

Insolvency of the Multiemployer Insurance Program

PBGC's most recent Projections Report (August 2019) shows that the Multiemployer Insurance Program continues on the path to running out of money. PBGC's insurance program for multiemployer pensions covers over 10,000,000 people.

Absent changes in law, the financial condition of the Multiemployer Insurance Program will continue to worsen over the next 10 years. About 125 multiemployer plans covering 1,400,000 people are expected to run out of money over the next 20 years. More and larger claims on the

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Multiemployer Program over the next few years will deplete program assets and lead to the program's insolvency.

If the Multiemployer Program were to run out of money, current law requires PBGC to decrease guarantees to the amount that can be sustained by multiemployer premium income. This would result in reducing guarantees to a fraction of current values. PBGC's guarantee is the amount of retirement benefits that PBGC insures for each participant, which is capped by law, e.g., \$12,870 per year for a participant with 30 years of service.

The multiemployer pension crisis poses a threat to the promised retirement income of millions of American workers and retirees and their families. Legislation is needed to address the looming insolvency of PBGC's Multiemployer Program and make the PBGC guarantee something American workers and retirees and their families can count on. As more time passes, the crisis will grow larger, more plans will deplete their assets, more retirees will lose benefits, and the cost of any fix will grow.

Protecting Workers' Retirement Security

PBGC acts as a backstop to protect pension payments for workers and retirees whose plans have failed. By law, PBGC operates two financially separate insurance programs. PBGC's Single-Employer Program covers plans that are sponsored by an individual company; the Multiemployer Program covers plans maintained pursuant to one or more collective bargaining agreements involving more than one employer. The 2021 Budget includes proposed changes to premiums for both of PBGC's programs.

PBGC's Multiemployer Program is severely underfunded with liabilities of \$65,200,000,000 far exceeding its assets of \$2,900,000,000. PBGC receives no taxpayer funds and multiemployer premiums, which are set by Congress, are much lower than what a private financial institution would charge for insuring the same risk.

The Budget proposes to reform multiemployer premiums and improve the solvency of the program by creating a variable-rate premium (VRP) and an exit premium that together would raise approximately \$26,000,000,000 over the budget window. A multiemployer VRP would require plans to pay additional premiums based on their level of underfunding, up to a cap, as is done in the Single-Employer Program. An exit premium, equal to ten times the variable-rate premium cap, would be assessed on employers that withdraw from a multiemployer plan to compensate the Multiemployer Program for the additional risk imposed on it when employers exit and cease making plan contributions. Employers that withdraw from a multiemployer plan owe withdrawal liability to the plan for the employer's share of the plan's unfunded liabilities, but plans are often unable to collect the full amount of these liabilities.

PBGC would have limited authority to design waivers for some or all of the multiemployer VRP assessed to terminated or ongoing plans that are in critical status, if there is a substantial risk that the payment of premiums will accelerate plan insolvency and financial assistance to the plan. Aggregate waivers for a year would be limited to 20 percent of anticipated total multiemployer

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variable-rate premiums for all plans. The multiemployer premiums proposed in the Budget are expected to be sufficient to fund the Multiemployer Program for the next 20 years.

The Budget also calls for the repeal of provisions accelerating fiscal year 2026 premiums into fiscal year 2025 and repeals the requirement for certain multiemployer premium revenues to be held in a non-interest-bearing account. The need for additional reforms of the multiemployer system is urgent, and the Administration stands ready to work with Congress on a long-term solution that appropriately balances the interests of all those affected by the multiemployer pension system — retirees, workers, employers, unions, and taxpayers. The solution should simultaneously accomplish several goals: protect retirees and prevent the collapse of the multiemployer pension system, limit the burden on taxpayers, save the federal backstop, and prevent a future crisis.

In contrast, the financial condition of the Single-Employer Program has improved in recent years, reflecting numerous premium increases enacted by Congress, a strong economy, and very few large claims. In fiscal year 2018, the program emerged from a deficit position and continued to improve in fiscal year 2019, although significant potential risk remains. In light of these developments, the Budget proposes to rebalance premiums in this program by pausing the indexation of single-employer premium rates for three years and increasing the cap on the VRP, currently \$561 in 2020, to \$900 in 2021 and indexed thereafter. This targets higher premiums on plans that present a greater exposure to PBGC and strengthens the incentive to improve plan funding. On net, combined with the premium changes in the recently enacted fiscal year 2020 appropriations legislation (P.L. 116-94, Further Consolidated Appropriations Act, 2020), this proposal will be approximately budget neutral.

PENSION BENEFIT GUARANTY CORPORATION

FY 2021 PBGC Proposed Annual Performance Plan

PBGC's current FY 2018-2022 Strategic Plan provides the framework for this annual performance plan. PBGC conducts regular data-driven performance reviews and strategic reviews. Agency leaders review performance data and status reports on a quarterly basis. The continuous evaluation of performance data and customer feedback helps agency leadership to monitor what is working well and what may need to be adjusted. These performance reviews allow agency leaders to realign or adjust human capital and other resources to influence progress on agency goals and priorities.

PBGC's business operations, information technology programs, investment portfolios, budgets and finances are managed and supported by a multidisciplinary team of professionals and administrative staff. The current workforce consists of just under 1,000 federal employees, who are supported by contractors. Every federal employee has a performance plan with objectives tied to the agency's strategic goals. Employees review their performance objectives and performance outcomes with their supervisor of record every 120 days. These highly skilled professionals, who are committed to the work of PBGC's mission include:

- Accountants
- Actuaries
- Attorneys
- Auditors
- Benefits Specialists
- Analysts
- IT and Cybersecurity Experts

Each PBGC employee has an important role in the Corporation's mission of protecting America's pensions. We publish an annual performance report of the agency's accomplishments. This framework is consistent with requirements outlined in Government Performance and Results Modernization Act of 2010.

For the full FY 2018-2022 PBGC Strategic Plan, please visit:

<https://www.pbgc.gov/about/budget-performance-and-planning>

For the FY 2019 PBGC Annual Performance Report (APR), please visit:

<https://www.pbgc.gov/sites/default/files/pbgc-fy-2019-annual-report.pdf>

PENSION BENEFIT GUARANTY CORPORATION

Strategic Goal 1	
Preserve Plans and Protect the Pensions of Covered Workers and Retirees	
Strategic Objectives	Performance Strategies
1. Encourage the continuation and maintenance of pension plans	<ul style="list-style-type: none"> • Engage with employers, workers, and pension practitioners to encourage pension plan continuation and strengthen retirement security • Provide timely, concrete and practical guidance to plans on the implementation of mergers, partitions and alternate withdrawal liability proposals to reduce employer risk, while preserving plans and benefits • Maintain a regulatory environment that serves the interests of stakeholders and minimizes the burdens of sponsoring a plan
2. Protect workers and retirees when plans are at risk	<ul style="list-style-type: none"> • Preserve plans during bankruptcy and other corporate transactions • Protect the retirement security of workers and retirees and the interest of premium payers in federal courts • Provide technical assistance, analysis, and options to policy makers and Congress to improve the financial stability of the Multiemployer Program • Continue to provide financial assistance to insolvent multiemployer plans
3. Assist policy makers in addressing the impending insolvency crisis in the multiemployer insurance program	<ul style="list-style-type: none"> • Research and forecast insurance program activities
4. Reduce the number of Missing Participants	<ul style="list-style-type: none"> • Reunite plan participants with their lost pensions
Goal Leaders: Chief of Negotiations and Restructuring / Chief Policy Officer / General Counsel	

Performance Area (\$ in thousands)		FY 2019	FY 2020	FY 2021
Pension Insurance	Total Funding	83,539	83,457	88,878
	Total FTE	209	230	230

Communications and Outreach activities support Strategic Objective 1 (Encourage the continuation and maintenance of pension plans) by providing exceptional customer service and strengthening transparency, disclosure and communication in order to encourage the continuation and maintenance of pension plans. Results are measured through the following Performance Goals, Strategies and Measures.	
<p>Performance Goal(s):</p> <ul style="list-style-type: none"> • Maximize stakeholder input • Provide technical assistance and practical guidance to plan sponsors on the implementation of proposed options to reduce employer risks, while preserving plans and benefits • Perform rigorous cost-benefit analysis • Prioritize simplification and transparency • Achieve a score of 78 or higher on PBGC’s website customer satisfaction survey by FY 2022 • Research and implement improvements each year to PBGC’s communications (including PBGC.gov) in response to customer feedback and key performance indicators 	<p>Performance Strategy:</p> <ul style="list-style-type: none"> • Engage with employers, workers and pension practitioners to encourage pension plan continuation and strengthen retirement security • Maintain a regulatory environment that serves stakeholders and minimizes the burdens of sponsoring a plan • Maintain exemplary customer satisfaction ratings • Provide effective and timely communication with plan participants and other stakeholders • Inform stakeholders about provisions of key regulatory proposals and enacted legislative changes • Engage with employers, workers, and pension practitioners to encourage pension plan continuation and strengthen retirement security

PENSION BENEFIT GUARANTY CORPORATION

<ul style="list-style-type: none"> • Maximize stakeholder education and outreach by holding frequent meetings with participant groups, plan sponsors, practitioner groups, industry associations, and other interested stakeholders • Provide data-driven communications to stakeholders based on the latest pension research, data and projections • Inform practitioners and other stakeholders of key new regulations through speaking engagements at stakeholder conferences and meetings 	<ul style="list-style-type: none"> • Support Congressional and Executive Branch policymakers in analyzing proposals and implementing solutions to the solvency issues facing multiemployer plans and PBGC's Multiemployer Insurance Program • Work with stakeholders to promote understanding of major program risks and possible mitigation strategies • Serve as a resource for pension policy analysis and pension research products, education and guidance • Deliver an annual projections report on the future status of the Single-Employer and Multiemployer Programs • Deliver pension insurance data tables annually to educate stakeholders on the facts of the single-employer and multiemployer programs • Educate and inform the multiemployer community (participants, plan sponsors, and other stakeholders) on the effects of the insolvency • Maximize stakeholder education and outreach through frequent and regular meetings with participant groups, plan sponsors, practitioner groups, industry associations, and other stakeholders • Provide data-driven communications to stakeholders based on the latest pension research data • Inform practitioners and other stakeholders of key new regulations through speaking engagements at stakeholder conferences and meetings
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<p>Pension Plan Monitoring and Audit activities support Strategic Objective 2 (Protect workers and retirees when plans are at risk) by reducing liability and exposure to the agency, preserving participants' pension benefits and completing audits to ensure accurate benefit distribution. Results are measured through the following Performance Goals, Strategies and Measures.</p>	
<p>Performance Goal:</p> <ul style="list-style-type: none"> • Protect pensioners by proactively monitoring PBGC's largest exposures for transactions that may pose substantial risks to participants and retirees • Conduct a statistically significant number of audits of plans ending in standard terminations to ensure that participants receive their full retirement benefits • Represent PBGC's interests in all bankruptcy cases involving defined benefit pension plans 	<p>Performance Strategy:</p> <ul style="list-style-type: none"> • Preserve plans during bankruptcy when plan sponsors undertake transactions which may impair their ability to maintain their pension plan(s) • Complete accurate and auditable compliance reviews of standard terminations • Protect the retirement security of workers and retirees and the interests of premium payers in federal courts

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Performance Measure & Targets	FY 2017 Result (Target)	FY 2018 Result (Target)	FY 2019 (Target)	FY 2020 (Target)	FY 2021 (Target)
Reportable events resolved within 30 days	N/A New Measure	N/A New Measure	N/A New Measure	(95%)	(95%)
Percent of termination recommendations approved by senior Agency officials	N/A New Measure	N/A New Measure	N/A New Measure	(90%)	(90%)
Standard termination audits completed	N/A New Measure	N/A New Measure	N/A New Measure	(300)	(300)
What actions will you take in FY 2021 to achieve the targets described above? <ul style="list-style-type: none"> • Ensure adequate staffing and cross-training • Fulfill hiring goals 					

Multiemployer Technical Assistance activities support Strategic Objective 3 (Assist policy makers in addressing the impending insolvency crisis in the multiemployer insurance program) by delivering technical assistance to Congress. Results are measured through the following Performance Goals, Strategies and Measures.	
Performance Goal(s): <ul style="list-style-type: none"> • Deliver an annual projections report on the future status of the Single-Employer and Multiemployer Programs • Deliver informal guidance to assist plans that are considering requesting early financial assistance from PBGC and process plan applications promptly • Publish annual pension data to educate stakeholders on the Single-Employer and Multiemployer Programs • Educate and inform the multiemployer community on the effects of the insolvency of the multiemployer program • Monitor all multiemployer plans that receive financial assistance and maintain rigorous audit standards to ensure accurate benefit payments to plan participants, efficient management of any remaining assets and compliance with laws and regulations 	Performance Strategy: <ul style="list-style-type: none"> • Research and forecast insurance program activities • Provide timely, concrete and practical guidance to plans on the implementation of mergers, partitions and alternate withdrawal liability proposals to reduce employer risk, while preserving plans and benefits • Provide technical assistance, analysis, and options to policy makers and Congress to improve the financial stability of the Multiemployer Program • Continue to provide financial assistance to insolvent multiemployer plans • Deliver confidential technical assistance, data tables, and the Projections Report to Congress and stakeholders • Maximize stakeholder education and outreach through frequent and regular meetings with stakeholders • Provide data-driven communications to stakeholders based on the latest pension research data • Inform practitioners and other stakeholders of key new regulations through speaking engagements at stakeholder conferences and meetings

PENSION BENEFIT GUARANTY CORPORATION

Strategic Goal 2 Pay Pension Benefits on Time and Accurately

Strategic Objectives	Performance Strategies
5. Promote exceptional customer service to pensioners	<ul style="list-style-type: none"> Maintain exemplary customer satisfaction ratings
6. Ensure regular monthly benefit payments continue without interruption	<ul style="list-style-type: none"> Continue uninterrupted benefit payments in newly trusteed plans
7. Provide accurate and timely benefit calculations	<ul style="list-style-type: none"> Process benefit applications timely Improve the accuracy, timeliness, and completeness of benefit determinations Provide a timely and efficient appeals process for PBGC benefit determinations
Goal Leader: Chief of Benefits Administration / General Counsel	

Performance Area (\$ in thousands)		FY 2019	FY 2020	FY 2021
Pension Plan Termination	Total Funding	188,353	204,518	208,629
	Total FTE	322	328	328

Customer Service activities support Strategic Objective 5 (Promote exceptional customer service to pensioners) by operating a call center and web portal to respond to requests for assistance and provide useful information for pension plan participants. Results are measured through the following Performance Goals, Strategies and Measures.

Performance Goal: <ul style="list-style-type: none"> Achieve a score of 90 or higher on PBGC's retiree and beneficiary customer satisfaction survey 	Performance Strategy: <ul style="list-style-type: none"> Maintain exemplary customer satisfaction ratings 				
Performance Measure & Targets	FY 2017 Result (Target)	FY 2018 Result (Target)	FY 2019 Result (Target)	FY 2020 (Target)	FY 2021 (Target)
Customer satisfaction rating for retirees and beneficiaries receiving benefits	91 (90)	89 (90)	91 (90)	(90)	(90)
What actions will you take in FY 2021 to achieve the targets described above?					
<ul style="list-style-type: none"> N/A 					

Benefit Administration activities support Strategic Objective 6 (Ensure regular monthly benefit payments continue without interruption) by processing benefit applications as they are received. Results are measured through the following Performance Goals, Strategies and Measures.

Performance Goal: <ul style="list-style-type: none"> Approve benefit applications within 45 days 87% of the time 	Performance Strategy: <ul style="list-style-type: none"> Process benefit applications timely 				
Performance Measure & Targets	FY 2017 Result (Target)	FY 2018 Result (Target)	FY 2019 Result (Target)	FY 2020 (Target)	FY 2021 (Target)
Benefit applications approved within 45 days	87% (87%)	91% (87%)	90% (87%)	(87%)	(87%)
What actions will you take in FY 2021 to achieve the targets described above?					

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- Regular monitoring of applications in process

Final Benefit Determination activities support Strategic Objective 7 (Provide accurate and timely benefit calculations) by estimating initial benefit amounts when pension plans are trustee as well as reviewing pension plan records to determine the final benefit and issuing a Benefit Determination Letter. Results are measured through the following Performance Goals, Strategies and Measures.

Performance Goal:		Performance Strategy:			
<ul style="list-style-type: none"> • Ensure that the average time in years to issue a benefit determination (time between trusteeship and benefit determination issuance) is 4.5 years 		<ul style="list-style-type: none"> • Improve the timeliness and completeness of benefit determinations 			
Performance Measure & Targets	FY 2017 Result (Target)	FY 2018 Result (Target)	FY 2019 Result (Target)	FY 2020 (Target)	FY 2021 (Target)
Average time (years waiting) to issue benefit determinations (between trusteeship and benefit determination issuance)	6.2 (6.5)	6.1 (6.0)	5.6 (5.5)	(5.5)	(5.0)
What actions will you take in FY 2021 to achieve the targets described above?					
<ul style="list-style-type: none"> • Prioritize plans based on age and size, assign resources and monitor the progress 					

Initial Benefit Estimation activities support Strategic Objective 7 (Provide accurate and timely benefit calculations) by estimating initial benefit amounts when pension plans are trustee as well as reviewing pension plan records to determine the final benefit and issuing a Benefit Determination Letter. Results are measured through the following Performance Goals, Strategies and Measures.

Performance Goal:		Performance Strategy:			
<ul style="list-style-type: none"> • Provide estimated benefits within 10 percent of the final benefit determination 95% of the time 		<ul style="list-style-type: none"> • Improve the accuracy of benefit determinations 			
Performance Measure & Targets	FY 2017 Result (Target)	FY 2018 Result (Target)	FY 2019 Result (Target)	FY 2020 (Target)	FY 2021 (Target)
Estimated benefits within 10 percent of final benefit determination	93% (95%)	93% (95%)	96% (95%)	(95%)	(95%)
What actions will you take in FY 2021 to achieve the targets described above?					
<ul style="list-style-type: none"> • Traditionally, benefit estimates have been close to the target of 95%. Continue to monitor estimated benefits to assure accuracy 					

The Appeals Program supports Strategic Objective 7 (Provide accurate and timely benefit calculations) by providing Appeals Board decisions on appeals and written explanations on all other inquiries that do not qualify as appeals. Results are measured through the following Performance Goals, Strategies and Measures.

Performance Goal:		Performance Strategy:			
<ul style="list-style-type: none"> • Resolve appeals quickly and fairly 		<ul style="list-style-type: none"> • Provide a timely and efficient appeals process for PBGC benefit determinations 			
Performance Measure & Targets	FY 2017 Result (Target)	FY 2018 Result (Target)	FY 2019 Result (Target)	FY 2020 (Target)	FY 2021 (Target)
Percentage of appeals resolved within 365 days	N/A	N/A	98%	(90%)	TBD based on end of FY 2020 Inventory

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What actions will you take in FY 2021 to achieve the targets described above?

- The Appeals Division has a fixed staff with a fluctuating workload. In any given year, if the number of appeals on-hand as of October 1st is high, then so will be the number of incoming appeals over the course of the new fiscal year. Based on current inventory and expected FY 2020 incoming appeals, the FY 2020 target of closing 90% of all appeals in 365 days is achievable. The FY 2021 target must remain TBD until at least the 3rd quarter of FY 2020

Strategic Goal 3

Maintain High Standards of Stewardship and Accountability

Strategic Objectives	Performance Strategies
8. Provide exceptional customer service	<ul style="list-style-type: none"> Maintain exemplary customer satisfaction ratings
9. Meet or exceed the financial and ethical standards that apply to PBGC as a major financial and government institution, and monitor cash flows	<ul style="list-style-type: none"> Manage investments prudently consistent with investment policy Collect insurance premiums due Continue to monitor the efficient use of PBGC's cash flows
10. Maintain effective IT Security	<ul style="list-style-type: none"> Maintain adequate IT security posture based on FISMA guidance and as measured by FISMA metrics
11. Maintain a high performing workforce	<ul style="list-style-type: none"> Retain and train a highly skilled multidisciplinary workforce Foster a diverse, high-performing workforce Support supervisors and managers on managing employee performance
12. Encourage and support a diverse and inclusive work environment that encourages employee engagement	<ul style="list-style-type: none"> Foster a culture of inclusion that encourages collaboration, flexibility and fairness
13. Strengthen enterprise risk management	<ul style="list-style-type: none"> Implement enterprise risk management strategies
14. Strengthen transparency, disclosure and communication	<ul style="list-style-type: none"> Provide effective and timely communication with plan participants and other stakeholders Inform stakeholders about provisions of key regulatory proposals and enacted legislative changes
15. Strengthen contractor oversight to reduce enterprise-wide risks	<ul style="list-style-type: none"> Implement an enterprise-wide plan to improve contract oversight

Goal Leaders: Chief Management Officer / Chief Financial Officer / Chief Information Officer / General Counsel / Chief Policy Officer

Performance Area (\$ in thousands)		FY 2019	FY 2020	FY 2021
Operational Support	Total Funding	165,126	156,869	167,782
	Total FTE	420	410	410

Customer Service measurement activities support Strategic Objective 8 (Provide exceptional customer service) by responding to requests for service and information from pension plan sponsors as well as providing online tools for plan sponsors. Results are measured through the following Performance Goals, Strategies and Measures.

Performance Goal(s):	Performance Strategy: <ul style="list-style-type: none"> Maintain exemplary customer satisfaction ratings
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<ul style="list-style-type: none"> Achieve 80 or higher customer satisfaction score on PBGC's online premium filing tool, MyPAA, by FY 2022 Achieve 74 or higher on PBGC's premium filer customer satisfaction survey by FY 2022 					
Performance Measures & Targets	FY 2017 Result (Target)	FY 2018 Result (Target)	FY 2019 Result (Target)	FY 2020 (Target)	FY 2021 (Target)
PBGC's actions result in satisfaction scores which meet or exceed targets for MyPAA online survey	85 (79)	84 (80)	79 (80)	(80)	(80)
PBGC's actions result in satisfaction scores which meet or exceed targets for Premium Filer survey	77 (73)	76 (74)	74 (74)	(74)	(74)
What actions will you take in FY 2021 to achieve the targets described above?					
<ul style="list-style-type: none"> Continue use of existing customer service best practices. 					

Customer Service Response activities supports Strategic Objective 8 (Provide exceptional customer service) by responding to requests for service and information from pension plan participants as well as providing online tools for plan participants. Results are measured through the following Performance Goals, Strategies and Measures.					
Performance Goal(s): <ul style="list-style-type: none"> Achieve 83 or higher on PBGC's Customer Satisfaction survey by FY 2022 Achieve 77 or higher on PBGC's MyPBA customer satisfaction survey by FY 2022 Achieve 83 or higher on PBGC's participant caller customer satisfaction survey by FY 2022 			Performance Strategy: <ul style="list-style-type: none"> Maintain exemplary customer satisfaction ratings 		
Performance Measure & Targets	FY 2017 Result (Target)	FY 2018 Result (Target)	FY 2019 Result (Target)	FY 2020 (Target)	FY 2021 (Target)
PBGC's actions result in satisfaction scores which meet or exceed targets for Customer Satisfaction Survey	71	70	73 (80)	(TBD)	(TBD)
PBGC's actions result in satisfaction scores which meet or exceed targets for MyPBA Customer Satisfaction Survey	76 (77)	77 (77)	77 (77)	(77)	(77)
PBGC's actions result in satisfaction scores which meet or exceed targets Participant Caller survey	83 (83)	84 (85)	84 (85)	(85)	(85)
What actions will you take in FY 2021 to achieve the targets described above?					
<ul style="list-style-type: none"> Regular monitoring of customer service delivery 					

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Financial Operations activities support Strategic Objective 9 (Meet or exceed the financial and ethical standards that apply to PBGC as a major financial and government institution and monitor cash flows) by producing financial statements. Results are measured through the following Performance Goals, Strategies and Measures.						
Performance Goal:		Performance Strategy:				
<ul style="list-style-type: none"> Attain an unmodified audit opinion on annual financial statements 		<ul style="list-style-type: none"> Collect insurance premiums due Continue to monitor the efficient use of PBGC's cash flows 				
Performance Measures & Targets		FY 2017 Result (Target)	FY 2018 Result (Target)	FY 2019 Result (Target)	FY 2020 (Target)	FY 2021 (Target)
PBGC's actions will result in an unmodified Financial Statement Audit		Yes	Yes	Yes (Yes)	(Yes)	(Yes)
What actions will you take in FY 2021 to achieve the targets described above?						
<ul style="list-style-type: none"> N/A 						

Corporate Controls and Review activities support Strategic Objective 9 (Meet or exceed the financial and ethical standards that apply to PBGC as a major financial and government institution and monitor cash flows) by providing a written report on results of Improper Payment Risk Assessment for selected payment streams. Results are measured through the following Performance Goals, Strategies and Measures.							
Performance Goal:			Performance Strategy:				
<ul style="list-style-type: none"> Comply with the Improper Payments Elimination and Recovery Act of 2010, to prevent, detect and recover improper payments 			<ul style="list-style-type: none"> Maintain a robust control environment that will prevent, detect and recover improper payments 				
Performance Measure & Targets			FY 2017 Result (Target)	FY 2018 Result (Target)	FY 2019 Result (Target)	FY 2020 (Target)	FY 2021 (Target)
PBGC's actions result in compliance with Improper Payments Elimination and Recovery Act			N/A	N/A	Compliance with Improper Payments Elimination and Recovery Act of 2010	(Compliance with Improper Payments Elimination and Recovery Act of 2010)	(Compliance with Improper Payments Elimination and Recovery Act of 2010)
What actions will you take in FY 2021 to achieve the targets described above?							
<ul style="list-style-type: none"> Conduct improper payments risk assessment on selected payment streams 							

Corporate Investment activities support Strategic Objective 9 (Meet or exceed the financial and ethical standards that apply to PBGC as a major financial and government institution and monitor cash flows) by providing investment management services for plans trusted by the PBGC and for assets managed by the Corporation. Results are measured through the following Performance Goals, Strategies and Measures.					
Performance Goal:			Performance Strategy:		
<ul style="list-style-type: none"> Comply with the asset allocation set forth in the Investment Policy Statement Conduct quality due diligence on the PBGC investment portfolios 			<ul style="list-style-type: none"> Manage investments prudently and consistent with investment policy 		

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Performance Measure & Targets	FY 2017 Result (Target)	FY 2018 Result (Target)	FY 2019 Result (Target)	FY 2020 (Target)	FY 2021 (Target)
PBGC's actions result in compliance with asset allocation listed in current Investment Policy Statement	N/A	Yes (Yes)	Yes (Yes)	(Yes)	(Yes)
What actions will you take in FY 2021 to achieve the targets described above? <ul style="list-style-type: none"> • N/A 					

Information Technology Security activities support Strategic Objective 10 (Maintain effective IT Security) by producing Annual and quarterly FISMA reports, "Managing Risk" ratings for Cybersecurity Framework (CSF) functions (Identify, protect, detect, respond and recover), operationalizing an insider-threat program and automating ICAM functions. Results are measured through the following Performance Goals, Strategies and Measures.					
Performance Goal: <ul style="list-style-type: none"> • Achieve "Managing Risk" on OMB's Annual FISMA Report Cybersecurity Risk Management Assessment (RMA) • Achieve 90% or higher overall average on the Cybersecurity Cross-Agency Priority (CAP) goals • Maintain or exceed "Level 3: Consistently Implemented Rating" on the OIG Cybersecurity Framework Functions 			Performance Strategy: <ul style="list-style-type: none"> • Maintain adequate IT security posture based on NIST guidance and as measured by FISMA metrics • Ensure on-going authorization of all FISMA reportable system by overseeing information security continuous monitoring (ISCM) • Implement, identify, and credential access management (ICAM) solutions 		
Performance Measure & Targets	FY 2017 Result (Target)	FY 2018 Result (Target)	FY 2019 Result (Target)	FY 2020 (Target)	FY 2021 (Target)
OMB Risk Management Assessment (RMA)	N/A	Yes (Yes)	Managing Risk (Yes)	(Managing Risk)	(Managing Risk)
What actions will you take in FY 2021 to achieve the targets described above? <ul style="list-style-type: none"> • Establish a contingency plan • Conduct independent control assessment of the established ISCM/Core-controls 					

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Human Resources activities support Strategic Objective 11 (Maintain a high performing workforce) through recruitment and retention of a highly skilled and diverse workforce; train leaders who can properly address employee performance and misconduct and operate a comprehensive Work Life and Wellness Program. Results are measured through the following Performance Goals, Strategies and Measures.

<p>Performance Goal(s):</p> <ul style="list-style-type: none"> • Recruit a diverse workforce • Train supervisors and managers on managing employee performance and conduct • Ensure employee relations specialists are proficient in the Performance Management and Employee and Labor Relations Programs • Maintain a robust Management and Leadership Training Program • Increase participation in Work Life and Wellness Programs • Achieve a diverse and inclusive work environment 	<p>Performance Strategy:</p> <ul style="list-style-type: none"> • Attend job fairs and visit colleges and universities • Support supervisors and managers on managing employee performance and conduct • Provide managers with necessary leadership tools and training • Promote and encourage Work Life and Wellness activities • Foster a culture of inclusion that encourages collaboration, flexibility, and fairness
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Performance Measures & Targets	FY 2017 Result (Target)	FY 2018 Result (Target)	FY 2019 Result (Target)	FY 2020 (Target)	FY 2021 (Target)
Conduct a minimum of two performance and employee conduct trainings	N/A	2 (2)	8 (2)	(2)	(2)
Participate in a minimum of two targeted job fairs	N/A	2 (2)	2 (2)	(2)	(2)
Provide work life balance and wellness events	N/A	26 (20)	42 (20)	(25)	(25)

What actions will you take in FY 2021 to achieve the targets described above?

- Increase marketing and training on the Telework Program
- Automate management training on addressing employee performance and conduct
- Continue participating in outreach recruitment activities

Equal Employment Opportunity activities support Strategic Objective 12 (Encourage and support a diverse and inclusive work environment that encourages employee engagement) by assisting in the eradication of employment discrimination, improving diversity in the workplace, and creating an environment where all PBGC employees are valued, respected, and free to develop and perform to their fullest potential. Results are measured through the following Performance Goals, Strategies and Measures.

<p>Performance Goal:</p> <ul style="list-style-type: none"> • Achieve an increase in Persons with Disabilities and Targeted Disabilities, Asian, Black and Hispanic Representation in GS-15 and SL positions by 1- 2% within 3 years for each category, per the EEOC’s benchmark of having grade representation more reflective of the representation in the agency’s total workforce 	<ul style="list-style-type: none"> • Continue to conduct YOUiversity Bias Training to create opportunities for individuals to investigate their bias and to understand bias’s impact on equal employment opportunity • Foster a culture of inclusion that encourages understanding, collaboration, fairness, and equal opportunity • Continue to develop programs and trainings that will provide PBGC’s workforce with information that will assist with career development
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Performance Measure & Targets	FY 2017 Result (Target)	FY 2018 Result (Target)	FY 2019 Result (Target)	FY 2020 (Target)	FY 2021 (Target)
Increase gradually – ½% each year until grade representation for these groups increase in GS-15 and SL	Yes (Yes)	Yes (Yes)	Yes (Yes)	(Yes)	(Yes)
What actions will you take in FY 2021 to achieve the targets described above? <ul style="list-style-type: none"> • Continue to conduct barrier analysis to identify potential barriers to equal employment opportunity • Continue to leverage affirmative employment committees to develop programs that support professional development of diverse groups • Continue to be proactive in mitigating complaints by providing EEO trainings that inform and educate 					

Enterprise Risk Management activities support Strategic Objective 13 (Strengthen enterprise risk management) by maintaining an Entity-wide Risk Profile, an Entity-wide Risk Register, a Key Risk Indicators Dashboard and promoting ERM Integration with budget, organizational performance and strategic planning. Results are measured through the following Performance Goals, Strategies and Measures.					
Performance Goal(s): <ul style="list-style-type: none"> • Implement OMB A-123 enterprise risk management requirements 			Performance Strategy: <ul style="list-style-type: none"> • Implement enterprise risk management strategies 		
Performance Measures & Targets	FY 2017 Result (Target)	FY 2018 Result (Target)	FY 2019 Result (Target)	FY 2020 (Target)	FY 2021 (Target)
Identification of emerging entity-wide risks in a timely manner	N/A	N/A	N/A	(Increased identification of emerging entity-wide risks in a timely manner)	(Increased identification of emerging entity-wide risks in a timely manner)
Continued knowledge sharing related to risks	N/A	N/A	N/A	(Increase in risk-informed decision-making)	(Increase in risk-informed decision-making)
Constant vigilance to foster risk culture	N/A	N/A	N/A	(Continued communication regarding ERM)	(Continued communication regarding ERM)
What actions will you take in FY 2021 to achieve the targets described above? <ul style="list-style-type: none"> • Conduct entity-wide risk assessment • Work with business owners to identify and review key risk indicators and emerging risks • Include risks as key input for strategic planning and organizational performance processes • Include risks as a consideration and decision criteria for budget decisions 					

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External Corporate Internet Program activities support Strategic Objective 14 (Strengthen transparency, disclosure and communication) by providing online tools for plan participants and plan sponsors and continuing to enhance the website experience for the general public, plan participants and sponsors. Results are measured through the following Performance Goals, Strategies and Measures.						
Performance Goal(s):		Performance Strategy:				
<ul style="list-style-type: none"> Achieve a score of 78 or higher on PBGC's website customer satisfaction survey by FY 2022 Research and implement improvements each year to PBGC's communications (including PBGC.gov) in response to customer feedback and key performance indicators (surveys, etc.) 		<ul style="list-style-type: none"> Engage with employers, workers and pension practitioners to encourage pension plan continuation and strengthen retirement security Maintain exemplary customer satisfaction ratings Provide effective and timely communication with plan participants and other stakeholders 				
Performance Measures & Targets		FY 2017 Result (Target)	FY 2018 Result (Target)	FY 2019 Result (Target)	FY 2020 (Target)	FY 2021 (Target)
A target level number of improvements to the usability and content of PBGC.gov per year		N/A	N/A	N/A New Measure	(6)	(8)
PBGC's actions result in satisfaction scores which meet or exceed targets website customer satisfaction online survey		72 (75)	75 (75)	75 (75)	(75)	(75)
What actions will you take in FY 2021 to achieve the targets described above?						
<ul style="list-style-type: none"> Research and implement at least eight targeted improvements per year to agency communications (including in response to customer feedback and key performance indicators (surveys, etc.)) 						

Procurement and Acquisition activities support Strategic Objective 15 (Strengthen contractor oversight to reduce enterprise-wide risks) by providing resources for the PBGC acquisition community to strengthen contractor oversight. Results are measured through the following Performance Goals, Strategies and Measures.						
Performance Goal:		Performance Strategy:				
<ul style="list-style-type: none"> Implement an enterprise-wide plan to improve contract oversight 		<ul style="list-style-type: none"> Implement ongoing activities and training to streamline and improve contractor oversight 				
Performance Measure & Targets		FY 2017 Result (Target)	FY 2018 Result (Target)	FY 2019 Result (Target)	FY 2020 (Target)	FY 2021 (Target)
Number of activities and streamlined guidance implemented		N/A	5 (5)	16 (5)	(5)	(5)
What actions will you take in FY 2021 to achieve the targets described above?						
<ul style="list-style-type: none"> Provide continuous training and communication for and between Contract Officers (COs) and Contract Officers Representatives (CORs) 						

PENSION BENEFIT GUARANTY CORPORATION

OPERATIONS IN BRIEF

FY 2019 OPERATIONS IN BRIEF			
	Target	2019	2018
GOAL 1: Preserve Plans and Protect Pensions			
Participants Protected in Single-Employer Plans Sponsored by Employers Emerging from Bankruptcy		12,000	52,000
Standard Termination Audits of Single-Employer Plans: Additional Payments		\$5.1 M paid to 993 people	\$12.2 M paid to 4,157 people
Single-Employer Participants Receiving Benefits		932,000	861,000
Single-Employer Participants to Receive Benefits in the Future		591,000	532,000
Multiemployer Participants Receiving Benefits		66,900	62,300
Multiemployer Participants to Receive Benefits in the Future		27,300	27,800
GOAL 2: Pay Timely and Accurate Benefits			
Estimated Benefits Within 10% of Final Calculation	95%	96%	93%
Average Time to Provide Benefit Determinations (Years)	5.5	5.6	6.1
Improper Payment Rates Within OMB Threshold⁶	<1.5%	Yes	Yes
Applications Processed in 45 Days	87%	90%	91%
GOAL 3: Maintain High Standards of Stewardship and Accountability			
Retiree Satisfaction – ACSI⁷ Score	90	91	89
Caller Satisfaction – ACSI Score	85	84	84
Premium Filer Satisfaction – ACSI Score	74	74	76
Overall Customer Satisfaction⁸ Score	80	73	77
Financial Net Position – Single-Employer		\$8.7B	\$2.4B
Financial Net Position – Multiemployer		(\$65.2B)	(\$53.9B)
Unmodified Financial Statement Audit Opinion	Yes	Yes	Yes

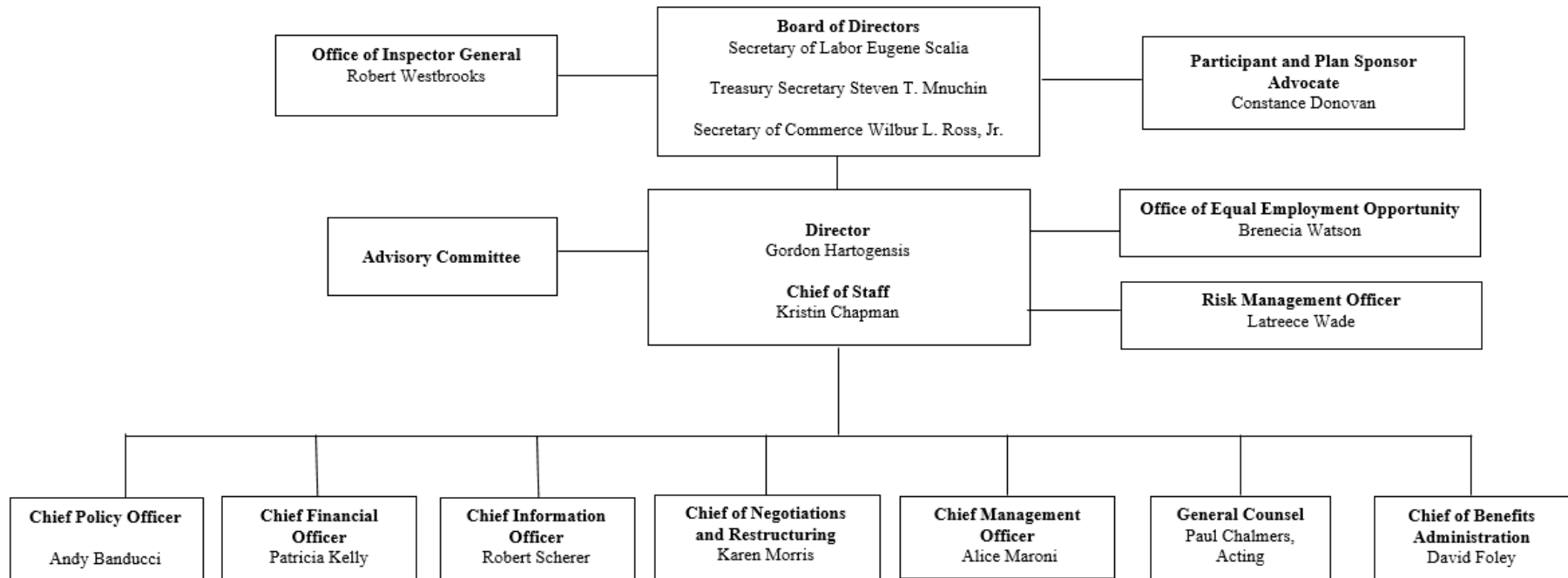
⁶ The OMB threshold for significant improper payment reporting is as follows: amounts that exceed (1) both 1.5 percent and \$10 million in improper payments, or (2) \$100 million in improper payments.

⁷ The American Customer Satisfaction Index (ACSI) uses a 0-100 scale; 80 or above is considered excellent.

⁸ This measures customer satisfaction with information and services provided by the Corporation.

PENSION BENEFIT GUARANTY CORPORATION

ORGANIZATION CHART



CONSOLIDATED ADMINISTRATIVE ACTIVITIES

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
Activity Appropriation	437,018	444,844	465,289	20,445
FTE	925	968	968	0

NOTE: FY 2019 reflects actual FTE. Authorized FTE for FY 2019 was 951.

Introduction

Consolidated Administrative Activity

PBGC’s administrative activities support the following areas:

- Preserve plans and protect pensioners
- 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 the Employee Retirement Income Security Act of 1974 and is subject to the direction of the Board of Directors to implement the policies of the Board of Directors; and provides appropriate advice and assistance to the 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.

The **Office of Policy and External Affairs** (OPEA) oversees and directs outreach to and interactions with Congress and Executive Branch agencies, the press, stakeholder groups, and the public. It also manages the development, analysis, and review of legislative and policy proposals. OPEA includes two departments, Communications Outreach and Legislative Affairs (COLA) and 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, modeling, and 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 Contracts and Controls Review 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 OIG and the Government Accountability Office. The Corporate 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

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

maintains PBGC's financial and accounting systems, financial management policy, and financial operations.

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 three departments and one division: Business Innovation Services Department (BISD), Enterprise Governance Department (EGD), Information Technology Infrastructure Operations Department (ITIOD), and the Enterprise Cybersecurity Division (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 all goods and services for the Agency, 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 the Corporation on all legal issues confronting the Corporation, including ERISA and/or bankruptcy related legal actions, decides administrative appeals of benefit coverage and other determinations, and administers the disclosure and other requirements of the Freedom of Information Act (FOIA) and the Privacy Act. OGC is comprised of the Bankruptcy, Litigation and Terminations Department; Bankruptcy, Transactions, and Terminations Department; General Law and Operations Department and Program Law and Policy Department.

The **Office of Negotiations & Restructuring** (ONR) works with companies, both in and out of bankruptcy, to preserve their pension plans by monitoring, conducting financial, legal, and actuarial analysis, and negotiating plan protections. When plans cannot be preserved, ONR pursues claims to recover additional assets that help PBGC pay benefits. ONR's responsibilities also include PBGC's review of standard terminations to ensure that participants receive their promised benefits, and management of the Multiemployer Insurance Program, which includes providing financial assistance to insolvent multiemployer plans and actuarial analysis of single-employer and multiemployer plan transactions to enable PBGC to mitigate risks to both of its insurance programs. The Corporate Finance & Restructuring Department (CFRD) monitors the events and transactions of corporations with defined benefit pension plans and helps mitigate risks to PBGC by improving plan funding levels and maximizing recoveries from plans that terminate.

The **Office of Benefits Administration** (OBA) plans and directs the operations of the Corporation's Single-Employer Benefits Administration Programs relating to insured ongoing pension plans, plan termination and benefit administration as well as guides the review and interpretation of the impact of new policies, procedures, regulations and statutes on program operations, and ensures that resources are properly employed to meet their requirements. OBA includes the Actuarial Services and Technology Department (ASTD), which provides expertise

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

supporting PBGC benefit calculation and actuarial oversight; Participant Services Department (PSD), which provides benefit administration services for trustee plans and settlement agreements; and Plan Asset and Data Management Department (PADMD), which administers OBA plan asset evaluations, participant data, and records management.

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 **Participant and Plan Sponsor Advocate** (PPSA), appointed by the PBGC Board of Directors acts as a liaison between PBGC, sponsors of defined benefit plans and participants in plans trustee by the PBGC. The Advocate helps resolve disputes between PBGC and sponsors or participants, and advocates for the rights of people in plans trustee 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>
2016	\$423,163	942
2017	\$510,757	964
2018	\$415,823	966
2019	\$437,018	951
2020	\$444,844	968

FY 2021 Goals:

- Provide accurate and timely pension payments to an estimated 1,000,000 Americans.
- Provide technical assistance and practical guidance to plan sponsors on the implementation of proposed options to reduce employer risks, while preserving plans and benefits
- Prioritize simplification and clarity in regulations, guidance, and compliance assistance activity
- Maximize stakeholder education and outreach by holding meetings with stakeholders and to promote understanding of major program risks and possible mitigation strategies
- Inform practitioners and other stakeholders of key new regulations through speaking engagements at stakeholder conferences and meetings
- Protect pensioners by proactively monitoring PBGC's largest exposures for transactions that may pose substantial risks to participants and retirees

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

- Conduct a statistically significant number of audits of plans ending in standard terminations to ensure that participants receive their full retirement benefits and represent PBGC's interests in all bankruptcy cases involving defined benefit pension plans
- Monitor all multiemployer plans that receive financial assistance and maintain rigorous audit standards to ensure accurate benefit payments to plan participants, efficient management of any remaining assets and compliance with laws and regulations
- Attain an unmodified audit opinion on annual financial statements

FY 2020 Priorities:

- Continue to provide ongoing technical support to policymakers, stakeholders, and plan sponsors to help preserve plans and protect participants and their families
- Provide analysis and technical assistance to Congress and executive branch policymakers in implementing a long-term, sustainable reform of the multiemployer plan system that appropriately balances the interests of all those affected—retirees, workers, employers, unions, and taxpayers.
- Modernize the existing IT system to improve customer service and productivity, and better handle any future legislative changes
- Continue to provide financial assistance and auditing obligations under the multiemployer insurance program
- Rebalance Investment Portfolio with assets being re-allocated within the overall portfolio
- Provide oversight in the conduct of contracted work associated with the information technology vulnerability assessment and penetration testing
- Provide technical assistance that supports legislative and regulatory changes to preserve multiemployer plans and enables the plans to maintain current employer and attract new ones
- Conduct investigations that are impactful to our stakeholders, especially in the areas of preventing financial abuse of vulnerable participants, procurement fraud, and employee integrity
- Continue to provide financial assistance and auditing obligations under the multiemployer insurance program
- Complete the implementation of Enterprise Risk Management
- Enhance production quality and reduce the inventory of unissued Benefit Determination Letters (BDL)
- Implement a 2-tier Performance Management System for all employees
- Increase proactive interactions and engagement with the participant and plan sponsor communities to increase awareness of OPPSA's functions
- Pursue bankruptcy litigation and other legal claims to secure assets for the benefit of terminated pension plans and, by extension, the beneficiaries of those plans
- Perform risk identification and mitigation efforts under the single-employer plan insurance program
- Continue conducting background investigations and meet the updated 5 CFR 1400 deadlines
- Pursue quantitative research initiatives and other larger projects, such as a pension plan registry project and a comprehensive review and impact analysis of potential changes to the multiemployer pension system

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

- Encourage continuation and maintenance of voluntary private pension plans for the benefit of their participants
- Continue to improve the internal control environment
- Address workforce challenges to prevent an impact on the Corporation's ability to carry out its mission
- Maximize stakeholder input by holding meetings and/or events with stakeholders
- Continue meetings and/or events to educate and inform the multiemployer community (participants, plan sponsors, and stakeholders) on the impact of the projected insolvency of the multiemployer insurance program

FY 2019 PBGC Accomplishments:

- Paid \$6,020,000,000 to more than 932,000 retirees from almost 5,000 failed single-employer plans
- Helped to protect about 11,950 people by taking action in three bankruptcy cases to encourage companies to keep their plans when they emerged from bankruptcy
- Conducted compliance reviews of plan sponsor calculations for plans that ended through standard terminations, resulting in almost 1,000 participants receiving corrected benefit amounts with an approximate value of \$5,100,000
- Assumed responsibility for 51 trusteed single-employer plans covering more than 103,000 people
- Started paying benefits to more than 15,000 retirees in single-employer plans
- Achieved an unmodified financial statement audit opinion and an unmodified opinion on internal controls
- Closed 28 audit recommendations, including six related to three significant deficiencies
- Continued providing outstanding service to retirees, as demonstrated by a retiree customer satisfaction score of 91, which is among the best in the public and private sectors, according to the American Customer Satisfaction Index.
- Assisted with the resolution of individual plan sponsor and participant matters and larger systemic issues that arose from dealings with the Corporation's timely submission of the Advocate's statutorily required Annual Report to the Congressional Committees of Jurisdiction, providing interim updates when requested
- Developed and drafted regulations and other guidance stemming from statutory, regulatory, and policy initiatives, improving PBGC's regulatory process for its stakeholders
- Maintained system and application availability
- Continued to modify the Multiemployer (ME PIMS) stochastic forecasting model to improve alternative premium structures
- Deployed and migrated to new storage infrastructure that enables encryption for PBGC's most sensitive data. Established a cross-departmental working group to update policies, procedures, and technology to protect data from inadvertent or intentional loss or misuse.
- Provided high quality customer service to PBGC staff and contractors for IT Service Desk interactions
- Provided technical assistance and analysis to Congressional staff throughout FY 2019 and continues to allocate a large portion of its resources to the multiemployer program
- Issued dozens of notices, policies, proposed and final regulations

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

- Awarded Agile PMO contract which balances the necessity of being compliant with existing policy and processes
- Completed and issued the Fiscal Year 2019 Annual Report on or before November 18, 2019
- Sustained outreach and interactions with participant and plan sponsor communities
- Completed an estimated 90 plan asset reconciliations for the purposes of developing BDL's for retirees of trustee plans
- PBGC earned 80% for the 2019 Federal Employee Viewpoint Survey Employee Engagement Index, as compared to the government-wide score of 68
- Increased awareness of Agency Incentive Programs and developed marketing tools, management training, and onboarding tools
- Implemented or proposed improvements to the Multiemployer Program by working in concert with other ERISA agencies and by supporting policy development, research, and technical assistance requests, as demonstrated by reports to the Board and conformance to required deadlines
- Implemented or proposed improvements to the Single-Employer Program to decrease burden on plan sponsors as demonstrated by timely implementation of regulatory and programmatic changes
- Continued to rank among the top small federal agencies for a second consecutive year as measured by the Federal Employee Viewpoint Survey (FEVS) employee engagement scores.⁹
- Develop a protocol for tracking the lifecycle of contractors from onboarding to separation

⁹ The Partnership for Public Service ranked PBGC in the top five best places to work among small federal agencies for a second year in a row. PBGC earned a 79.6 employee engagement score on a 100-point scale, as compared to the government-wide score of 61.7

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

Workload Summary

PBGC faces significant risks and challenges that reflect those of the defined benefit plans we insure. The need for financial and actuarial analysis, along with a combination of skilled litigation and negotiation activities, remains critical to the Corporation's success in preserving and protecting America's defined benefit pension plans. The need to closely monitor insured pension plans is rooted in the evolving risks of plan failure, especially among large troubled multiemployer and single-employer plans.

The scale of our future workload changes remains subject to factors largely beyond the Corporation's control, but significant exposure to future losses suggest the potential for increasing risks to the insurance programs and higher demands on PBGC, particularly in the Multiemployer Program.

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
11.1	Full-time permanent	114,749	112,355	114,958	2,603
11.3	Other than full-time permanent	1,525	1,450	1,474	24
11.5	Other personnel compensation	2,886	2,886	3,749	863
11.9	Total personnel compensation	119,160	116,691	120,181	3,490
12.1	Civilian personnel benefits	38,401	37,960	39,855	1,895
13.0	Benefits for former personnel	40	40	40	0
21.0	Travel and transportation of persons	1,264	1,264	1,264	0
22.0	Transportation of things	1	0	0	0
23.2	Rental payments to others	30,128	27,438	29,265	1,827
23.3	Communications, utilities, and miscellaneous charges	4,631	4,632	4,632	0
24.0	Printing and reproduction	193	193	193	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	229,065	241,389	254,447	13,058
25.3	Other goods and services from Federal sources 1/	7,200	8,315	8,477	162
26.0	Supplies and materials	2,348	2,348	2,348	0
31.0	Equipment	4,587	4,574	4,587	13
33.0	Investments and Loans	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	437,018	444,844	465,289	20,445
	1/Other goods and services from Federal sources				
	Services by Other Government Departments	7,200	8,315	8,477	162

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

CHANGES IN FY 2021

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$986
Personnel benefits	461
One day less of Pay	-609
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	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	596
Other goods and services from Federal sources	0
Supplies and materials	0
Equipment	13
Insurance claims and indemnities	0
Investment and Loans	0

Built-Ins Subtotal **\$1,447**

Net Program **\$18,998**

Direct FTE **0**

	Estimate	FTE
Base	\$446,291	968
Program Increase	\$18,998	0
Program Decrease	\$0	0

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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
Activity Appropriation	6,802	6,917	7,287	370
FTE	22	25	25	0

NOTE: FY 2019 reflects actual FTE. Authorized FTE for FY 2019 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, Information Technology (IT), and programmatic risks.

Under the IG Act, the agency head is the PBGC Board of Directors. The OIG communicates with Board Representatives through regular monthly conference calls and participates in formal Board meetings usually once per quarter. On a day-to-day basis, the Inspector General 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 Inspector General Act of 1978, as amended, 5 U.S.C. App. 3, the Inspector General provides the following information:

- The aggregate request for the operations of the OIG for FY 2021 is \$7,287,000, which includes a request for additional funds to complete the Financial Statement Audit and provide Cybersecurity oversight. Of that amount, \$50,558 is requested for training, and \$24,434 is requested to support the Council of Inspectors General on Integrity and Efficiency.
- I certify that \$50,558 will satisfy the training requirements for FY 2021.

FY 2019

Notable OIG Accomplishments Include:

OIG work products with a focus on the three Top Management Challenges include: (1) Information Technology, (2) Transparency and Accountability of Professional Services

OFFICE OF INSPECTOR GENERAL

Contracting, and (3) Modernization of PBGC's Key Benefits-Related Technology Systems and other statutorily- required and risk-based projects.

Financial Audits and Evaluations

- **Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2019 and 2018 Financial Statements, issued November 15, 2019.** The Office of Inspector General issued the audit report of the financial statements of the Single-Employer and Multiemployer Program Funds administered by PBGC as of and for the years ended September 30, 2019 and 2018, including the 27th consecutive unqualified opinion on the financial statements.

The Auditors stated that the financial statements present fairly, in all material respects, the financial position of the Single-Employer and Multiemployer Program Funds and the results of their operations and cash flows for the years then ended. PBGC maintained, in all material respects, effective internal control over financial reporting as of September 30, 2019:

- PBGC continued to develop and execute corrective actions to remediate previously identified control deficiencies. PBGC management continues to implement certain corrective actions to enhance the valuation tool used to calculate its single largest liability and implement IT solutions to mitigate system weaknesses.
 - PBGC had two significant deficiencies: (1) Controls over the Actuarial Estimates and (2) Access Controls and Configuration Management.
- **Audit of PBGC's FY 2019 Compliance with the Federal Information Security Modernization Act of 2014.** We contracted with CLA, an independent public accounting firm, to perform an evaluation of PBGC's information security program as required by the Federal Information Security Modernization Act (FISMA). Our independent public accountants concluded PBGC's security program, as in the prior year, fell below the specified threshold of effectiveness, Managed and Measurable (Level 4). PBGC's information security program achieved an overall Consistently Implemented (Level 3) maturity level. However, CLA did note areas of improvement in the Security Training and Information Security Continuous Monitoring domains – each moving up one level. In addition, two functional areas, Detect and Respond, were found to meet the Managed and Measurable (Level 4) maturity level. CLA also concluded that PBGC's implementation of a subset of selected controls for selected information systems was not fully effective to ensure the confidentiality, integrity, and availability of the Corporation's information and information systems, potentially exposing them to unauthorized access, use, disclosure, disruption, modification, or destruction. Consequently, CLA noted weaknesses in 5 of the 8 Inspector General FISMA Metric Domains and have made a total of 8 new, and 20 repeated recommendations to assist PBGC in strengthening its information security program. Two were issued in the Financial Statements audit report and six were issued in a subsequent report. PBGC agreed with all eight new recommendations.

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- **Vulnerability Assessment and Penetration Testing Report Fiscal Year 2019.** During the financial statement audit, OIG’s contracted independent public accountant, CLA, assessed PBGC’s network for technical weaknesses in PBGC’s computer systems that may allow employees or outsiders to cause harm to, and/or impact, PBGC’s business processes and information. This testing noted improvements in the effectiveness of the vulnerability management program but identified weaknesses in the areas of patch management, configuration management, and unsupported software. The report included five repeat recommendations. The Office of Inspector General has determined that this report is for official use only. The report detailing the vulnerability assessment has been redacted in its entirety because it contains privileged and confidential information.
- **Evaluation of PBGC’s Fiscal Year 2018 Compliance with Improper Payments Elimination and Recovery Act Requirements (IPERA).** In accordance with the Improper Payment Information Act (IPIA) (P.L. 107-300), as amended, we reviewed PBGC's compliance with the IPIA’s requirements. PBGC has taken actions to comply with all applicable requirements established in OMB Circular A-123, Appendix C. For FY 2018, PBGC assessed Benefit Payments and Premium Refunds and determined both payment streams were not susceptible to significant improper payments. We determined that PBGC is compliant with the improper payment requirements.
- **Special Report: Summary and Analysis of IT Audit Recommendations and the Corporation’s Federal Information Security Modernization Act (FISMA) Performance.** The OIG prepared this information-only report to provide a summary and analysis of the PBGC’s progress in remediating IT audit recommendations, as well as its FISMA performance in general and its FISMA performance in comparison to other federal agencies. The OIG found that PBGC has made progress in IT security in the past five years. In FISMA performance, PBGC ranks as average among small agencies in one comparison and above average in another.

Performance Audits and Related Work

- **PBGC’s Compliance with the Digital Accountability and Transparency Act.** We found PBGC generally complied with the requirements for completeness, timeliness, quality, and accuracy of the data, and implementation and use of the government-wide financial data standards established by OMB and the Department of the Treasury. Overall, we rated PBGC data to be of “higher” quality based on established standards. However, we observed some inconsistencies, variances and errors that might have impacted PBGC’s reporting of reliable and consistent federal spending data for public use. The report recommended that PBGC develop and implement procedures to ensure a quality control review before each quarterly data submission and review the Broker’s Warning reports for indications of errors and incompleteness. PBGC management agreed with the recommendations.

Reviews and Special Reports

- **Risk Advisory on Protecting Sensitive Participant Data from Insider Threats.**

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The OIG urged PBGC management to consider additional safeguards to protect sensitive participant data from insider threats based on recent OIG findings and long-standing concerns. Due to the sensitive nature of the subject matter, we provided management with a separate non-public version of this Risk Advisory to share the details regarding these additional safeguards.

- **Risk Advisory: Data Protection Considerations for the Field Office Support Services.** The OIG found that, although PBGC had policies and procedures pertaining to data protection in place, firmly embedding and integrating the desired privacy practices within the planned field office support services procurement is essential. PBGC may want to consider more explicit contract terms governing training, security, program management, performance requirements, and quality assurance. Management should additionally consider enforcement of requirements to secure participant plan documents in locked areas, maintenance of security cameras, facility access restrictions, and adherence to scanned document disposal schedules.
- **Special Report - FY 2018 Purchase Card Risk Assessment.** Generally, the OIG found that PBGC has policies and procedures in place to address the requirements in the Government Charge Card Abuse Prevention Act of 2012 and has internal controls to assist in the monitoring of this program. Based on this review, the OIG determined that the risk of illegal, improper, or erroneous purchases in PBGC's Purchase Card program is low. An OIG audit of this program was not warranted.
- **PBGC's Property Management Program.** We determined PBGC could reduce the risk of property loss or theft by strengthening its internal controls. PBGC does not ensure that bar-coded inventory labels are consistently affixed to newly received property within a reasonable time and does not ensure accountable property is entered into the property management system in a timely manner after property is received. PBGC does not require any follow-up to locate accountable property not found during the annual inventory process. Such property is simply written off after two or three years. We made two recommendations related to receiving new inventory and follow-up on items not located during the annual inventory. PBGC management agreed with the recommendations.

Investigative Activity. OIG focused investigative attention on pension theft and deceased participant fraud issues.

- **Former PBGC Contractor Sentenced for Stealing PBGC Pension Benefits.** On August 2, the former Miami PBGC contractor who misused sensitive participant data and stole pension benefits in early 2018 was sentenced to 15 months in prison and ordered to pay approximately \$45,000 in restitution. This individual attempted to divert over \$107,000, but swift action by the OIG and management prevented additional financial losses. As a result, only 21 accounts were compromised, and temporary financial losses were limited to 10 participants.
- **Ohio Man Sentenced for Stealing PBGC and SSA Benefits.** As part of the Investigative Division's fraud detection/computer matching initiative, we investigated

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a Canton, Ohio man for theft of government funds. The investigation revealed that since his mother's death in December 2015, the defendant continued to collect more than \$29,000 in benefits from SSA and PBGC. The defendant pled guilty to two counts of theft of government property in U.S. District Court for the Northern District of Ohio. In November 2018, he was sentenced to one year of probation, restitution of approximately \$29,000, and a special assessment of \$200. We worked this case jointly with the Social Security Administration Office of the Inspector General.

- **Former PBGC Contractor Arrested for Theft of Pension Benefits.** We identified a Miami, Florida female, who previously worked as a PBGC contractor at the Miami Field Benefit Administration office, for theft of pension benefits. In November 2018, the defendant contacted the PBGC call center, falsely represented herself to be a PBGC participant, and requested PBGC update the participant's direct deposit bank information to a bank account she controlled. The defendant then unlawfully received a PBGC direct deposit in the amount of \$4,763.75. The defendant also used the participant's personally identifiable information to apply for and obtain lines of credit in the defendant's name, then obtained funds from the lines of credit. In August 2019, the defendant was arrested based on a federal indictment charging her with three counts of wire fraud and three counts of aggravated identity theft.
- **Florida Man Pleads Nolo Contendere to Theft of PBGC and SSA Payments.** In November 2018, the State Attorney's Office in Daytona Beach, Florida filed an information, charging a Port Orange, Florida man with two counts of organized fraud and two counts of grand theft. After a PBGC participant died in October 2015, the defendant continued to receive and use funds deposited into the deceased participant's bank account by PBGC and SSA. The defendant was arrested by the Port Orange Police Department in Volusia County in December 2018. On June 18, 2019, the defendant entered a plea of nolo contendere to one count of grand theft. The defendant was sentenced to one day imprisonment and received credit for time served. He also received a withhold of adjudication. The defendant provided a cashier's check for \$1,328.25 payable to PBGC. The loss amount for SSA was approximately \$11,000. This case was a result of the computer matching initiative.
- **Deceased Participants Program.** We continued our efforts under the fraud detection/computer matching initiative to identify deceased participants in the single-employer program. In addition, we expanded this initiative to include the multiemployer program. During this reporting period, we identified 88 deceased participant cases, which we referred to management for termination of benefits and recoupment. To date, we have identified 178 instances of improper payment or fraud relating to deceased participants in the single-employer and multiemployer programs and referred those cases to PBGC for coordination to terminate benefit payments and seek recoupment.

In instances where another federal agency, such as the Social Security Administration, may have also made payments to the deceased PBGC participant's account, we contact the appropriate agency to conduct a joint investigation or initiate an administrative recovery. For instance, we identified a PBGC participant in Illinois

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who died in May 2016 and, as a result of our referral to the Social Security Administration's OIG, that office recovered approximately \$20,460 from the deceased participant's bank account.

On-Going OIG Work Includes:

- **Incurred Cost Audit.** We are conducting this engagement to determine whether the costs claimed for contract PBGC01-D-15-0001 from February 1, 2015 through July 31, 2018 were allowable, allocable and reasonable in accordance with the terms of the contract, applicable cost principles, laws, and regulations.
- While conducting the Incurred Cost Audit of contract PBGC01-DO-15-0001 (see above mentioned audit), we became aware that, in Fiscal Years 2017 and 2018, PBGC contracted out close-out services on 32 contracts completed between September 2011 and October 2015. We are initiating a separate evaluation of the contractor's deliverables under the contract and PBGC efforts related to these agreed-upon procedures.
- **Inspection of PBGC's Annual Performance Report.** We are conducting this engagement to determine: (1) whether the facts and figures reported in the Annual Performance Report are accurate, and (2) whether there are controls in place for ensuring the completeness, reliability, and quality of performance data reported in the Annual Performance Report.
- **Review of Actuarial Support Services Contract.** We are conducting a review of OBA's Actuarial Support Services Contract to determine: (1) whether PBGC is in compliance with applicable Federal Acquisition Regulations and PBGC policies, and (2) did PBGC's acquisition planning ensure the contract met PBGC's needs in an effective, economical, and timely manner.

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Planned OIG Activities Include:

- Conduct statutorily-required audits, including financial statements, FISMA, IPERA, and DATA Act and to address whistleblower complaints and congressionally-requested work.
- Conduct investigations that are impactful to our stakeholders, especially in the areas of preventing financial abuse of vulnerable participants, procurement fraud and employee integrity.
- Provide oversight in the conduct of contracted work associated with the information technology vulnerability assessment and penetration testing.
- Survey ongoing IT modernization projects and determine time and cost schedule status.
- Conduct periodic assessment of PBGC's compliance with the Government Charge Card Abuse Prevention Act of 2012.

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BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
11.1	Full-time permanent	3,003	3,012	3,033	21
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	36	36	60	24
11.9	Total personnel compensation	3,039	3,048	3,093	45
12.1	Civilian personnel benefits	1,051	1,055	1,067	12
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	48	48	48	0
22.0	Transportation of things	0	0	0	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	1	1	1	0
24.0	Printing and reproduction	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	433	433	571	138
25.3	Other goods and services from Federal sources 1/	2,185	2,300	2,462	162
26.0	Supplies and materials	12	12	12	0
31.0	Equipment	33	20	33	13
	Total	6,802	6,917	7,287	370
	1/Other goods and services from Federal sources				
	Services by Other Government Departments	2,185	2,300	2,462	0

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CHANGES IN FY 2021

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$30
Personnel benefits	11
One day less of Pay	-13
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	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	13

Built-Ins Subtotal **\$41**

Net Program **\$329**

Direct FTE **0**

	Estimate	FTE
Base	\$6,958	25
Program Increase	\$329	0
Program Decrease	\$0	0

INVESTMENT MANAGEMENT FEES PROGRAM

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
Activity Appropriation	117,400	124,300	129,700	5,400
FTE	0	0	0	0

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2016	\$103,906	0
2017	\$113,484	0
2018	\$110,630	0
2019	\$117,400	0
2020	\$124,300	0

INVESTMENT MANAGEMENT FEES PROGRAM

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
25.1	Advisory and assistance services	117,400	124,300	129,700	5,400
	Total	117,400	124,300	129,700	5,400

INVESTMENT MANAGEMENT FEES PROGRAM

CHANGES IN FY 2021

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Advisory and assistance services \$0

Built-Ins Subtotal \$0

Net Program \$5,400

Direct FTE 0

	Estimate	FTE
Base	\$124,300	0
Program Increase	\$5,400	0
Program Decrease	\$0	0

SINGLE-EMPLOYER PROGRAM BENEFIT PAYMENTS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
Activity Appropriation	6,974,000	6,855,000	7,289,000	434,000
FTE	0	0	0	0

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2016	\$6,280,000	0
2017	\$6,287,590	0
2018	\$6,576,000	0
2019	\$6,974,000	0
2020	\$6,855,000	0

SINGLE-EMPLOYER PROGRAM BENEFIT PAYMENTS

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
42.0	Insurance claims and indemnities	6,974,000	6,855,000	7,289,000	434,000
	Total	6,974,000	6,855,000	7,289,000	434,000

SINGLE-EMPLOYER PROGRAM BENEFIT PAYMENTS

CHANGES IN FY 2021

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Insurance claims and indemnities

\$0

Built-Ins Subtotal

\$0

Net Program

\$434,000

Direct FTE

0

	Estimate	FTE
Base	\$6,855,000	0
Program Increase	\$434,000	0
Program Decrease	\$0	0

MULTIEMPLOYER PROGRAM FINANCIAL ASSISTANCE

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
Activity Appropriation	189,000	190,000	350,000	160,000

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2016	\$250,000	0
2017	\$148,600	0
2018	\$167,000	0
2019	\$189,000	0
2020	\$190,000	0

MULTIEMPLOYER PROGRAM FINANCIAL ASSISTANCE

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Diff. FY21 Request / FY20 Enacted
33.0	Investments and Loans	189,000	190,000	350,000	160,000
	Total	189,000	190,000	350,000	160,000

MULTIEMPLOYER PROGRAM FINANCIAL ASSISTANCE

CHANGES IN FY 2021

(Dollars in Thousands)

Activity Changes	
Built-In	
To Provide For:	
Investment and Loans	\$0
Built-Ins Subtotal	\$0
Net Program	\$160,000
Direct FTE	0

	Estimate	FTE
Base	\$190,000	0
Program Increase	\$160,000	0
Program Decrease	\$0	0