

FY 2015

CONGRESSIONAL BUDGET JUSTIFICATION

EMPLOYEE BENEFITS SECURITY ADMINISTRATION

EMPLOYEE BENEFITS SECURITY ADMINISTRATION

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EMPLOYEE BENEFITS SECURITY ADMINISTRATION

Appropriation Language

For necessary expenses for the Employee Benefits Security Administration [\$178,500,000]

\$188,447,000 (Department of Labor Appropriations Act)

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AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2013 Enacted		FY 2014 Enacted		FY 2015 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	1,003	\$183,153	985¹	\$178,500	1,017	\$188,447
Reduction Pursuant to P.L. 113-6 for FY 2013	0	-\$366	0	\$0	0	\$0
Reduction Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985	-10	-\$9,214	0	\$0	0	\$0
Subtotal Appropriation						
Adjusted	993	\$173,573	985	\$178,500	1,017	\$188,447
Offsetting Collections From:						
Reimbursements	0	\$8,000	0	\$8,000	0	\$8,000
<i>Subtotal</i>	<i>993</i>	<i>\$181,573</i>	<i>985</i>	<i>\$186,500</i>	<i>1,017</i>	<i>\$196,447</i>
B. Gross Budget Authority	993	\$181,573	985	\$186,500	1,017	\$196,447
Offsetting Collections To:						
Reimbursements	0	-\$8,000	0	-\$8,000	0	-\$8,000
<i>Subtotal</i>	<i>0</i>	<i>-\$8,000</i>	<i>0</i>	<i>-\$8,000</i>	<i>0</i>	<i>-\$8,000</i>
C. Budget Authority Before the Committee	993	\$173,573	985	\$178,500	1,017	\$188,447
Offsetting Collections From:						
Reimbursements	0	\$8,000	0	\$8,000	0	\$8,000
<i>Subtotal</i>	<i>0</i>	<i>\$8,000</i>	<i>0</i>	<i>\$8,000</i>	<i>0</i>	<i>\$8,000</i>
D. Total Budgetary Resources	993	\$181,573	985	\$186,500	1,017	\$196,447
Unobligated Balance Expiring	-16	-\$42	0	\$0	0	\$0
E. Total, Estimated Obligations	977	\$181,531	985	\$186,500	1,017	\$196,447

¹ Reflects the projected FTE based on current on-board staffing levels. The FY 2014 enacted amount provided resources to support 998 FTE. EBSA anticipates hiring sufficient personnel to reach an FTE level of 1,030 in FY 2015.

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SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2014 Enacted	FY 2015 Request	Net Change
Budget Authority			
General Funds	\$178,500	\$188,447	+\$9,947
Total	\$178,500	\$188,447	+\$9,947
Full Time Equivalents			
General Funds	985	1,017	32
Total	985	1,017	32

Explanation of Change	FY 2014 Base		FY 2015 Change					
	FTE	Amount	Trust Funds		General Funds		Total	
			FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	985	\$91,411	0	\$0	0	\$806	0	\$806
Personnel benefits	0	\$27,748	0	\$0	0	\$356	0	\$356
Federal Employees' Compensation Act (FECA)	0	\$0	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$2,659	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$16	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$10,545	0	\$0	0	\$686	0	\$686
Communications, utilities, and miscellaneous charges	0	\$445	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$633	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$930	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$6,916	0	\$0	0	\$401	0	\$401
Working Capital Fund	0	\$13,931	0	\$0	0	\$248	0	\$248
Other Federal sources (DHS Charges)	0	\$670	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$0	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$5,000	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of equipment	0	\$14,991	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$930	0	\$0	0	\$0	0	\$0
Equipment	0	\$1,502	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$0	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	985	+\$178,327	0	\$0	0	+\$2,497	0	+\$2,497

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Explanation of Change	FY 2014 Base		FY 2015 Change					
	FTE	Amount	Trust Funds		General Funds		Total	
			FTE	Amount	FTE	Amount	FTE	Amount
B. Programs:								
Health Care Compliance and Enforcement	857	\$146,527	0	\$0	30	\$3,000	30	\$3,000
TSP Audit Improvement	857	\$146,527	0	\$0	2	\$2,383	2	\$2,383
New York Regional Office Relocation	857	\$146,527	0	\$0	0	\$2,075	0	\$2,075
Programs Subtotal			0	\$0	32	+\$7,458	32	+\$7,458
Total Increase	985	+\$178,327	0	\$0	32	+\$9,955	32	+\$9,955
Decreases:								
A. Built-Ins:								
To Provide For:								
Federal Employees' Compensation Act (FECA)	0	\$173	0	\$0	0	-\$8	0	-\$8
Built-Ins Subtotal	0	+\$173	0	\$0	0	-\$8	0	-\$8
B. Programs:								
Total Decrease	0	+\$173	0	\$0	0	-\$8	0	-\$8
Total Change	985	+\$178,500	0	\$0	32	+\$9,947	32	+\$9,947

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2013 Enacted		FY 2014 Enacted		FY 2015 Request		Diff. FY15 Request / FY14 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Enforcement and Participant Assistance	872	140,965	857	145,000	889	154,520	32	9,520
General Funds	872	140,965	857	145,000	889	154,520	32	9,520
Policy and Compliance Assistance	79	26,009	102	26,901	102	27,224	0	323
General Funds	79	26,009	102	26,901	102	27,224	0	323
Executive Leadership, Program Oversight and Administration	26	6,599	26	6,599	26	6,703	0	104
General Funds	26	6,599	26	6,599	26	6,703	0	104
Total	977	173,573	985	178,500	1,017	188,447	32	9,947
General Funds	977	173,573	985	178,500	1,017	188,447	32	9,947

NOTE: FY 2013 reflects actual FTE.

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BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
	Full-Time Equivalent				
	Full-time Permanent	989	981	1,013	32
	Other	4	4	4	0
	Total	993	985	1,017	32
	Average ES Salary	\$166,655	\$167,649	\$168,322	\$673
	Average GM/GS Grade	12/6	12/6	12/6	0
	Average GM/GS Salary	\$86,658	\$87,120	\$87,991	\$871
	Average Salary of Ungraded Positions	0	0	0	0
11.1	Full-time permanent	90,857	89,015	91,635	2,620
11.3	Other than full-time permanent	881	1,350	1,363	13
11.5	Other personnel compensation	1,015	1,046	1,143	97
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	92,753	91,411	94,141	2,730
12.1	Civilian personnel benefits	25,708	27,921	28,871	950
21.0	Travel and transportation of persons	2,972	2,659	2,999	340
22.0	Transportation of things	106	16	82	66
23.1	Rental payments to GSA	10,699	10,545	11,452	907
23.3	Communications, utilities, and miscellaneous charges	677	445	511	66
24.0	Printing and reproduction	1,099	633	633	0
25.1	Advisory and assistance services	0	930	930	0
25.2	Other services from non-Federal sources	3,768	6,916	10,483	3,567
25.3	Other goods and services from Federal sources 1/	14,827	14,601	14,849	248
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	5,000	5,000	5,000	0
25.7	Operation and maintenance of equipment	14,143	14,991	15,552	561
26.0	Supplies and materials	742	930	1,030	100
31.0	Equipment	1,079	1,502	1,914	412
38.0	Depreciation Expense - Unfunded	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	173,573	178,500	188,447	9,947
	1/Other goods and services from Federal sources				
	Working Capital Fund	14,294	13,931	14,179	248
	DHS Services	533	670	670	0

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SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEES' REPORTS

Senate Report 113-71 – The Committee directs the Department to work with HHS and the Department of Treasury to revise their joint FAQ regarding section 2706 of the Affordable Care Act (ACA), as explained in the HHS title of this report.

Response: The Departments of Labor (DOL), Health and Human Services (HHS), and the Treasury issued a frequently asked question (FAQ) on this topic in April 2013. The FAQ stated that the statutory language of PHS Act section 2706(a) is self-implementing and the Departments do not expect to issue regulations in the near future. The FAQ also stated that, until any further guidance is issued, plans and issuers are expected to implement the requirements of the provision using a good faith, reasonable interpretation of the law. HHS is the lead on this provision and additional direction is contained in their section of the appropriations bill. The Department will continue to work with the Departments of HHS and Treasury to develop regulations and guidance on joint provisions of the ACA.

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AUTHORIZING STATUTES

Public Law / Act	Legislation	Statute No. / US Code	Volume No.	Page No.	Expiration Date
P.L. 93-406	Employee Retirement Income Security Act of 1974	88 Stat. 832/ 29 U.S.C. 1001 et. seq.	88	832	Indefinite
P.L. 99-335	Federal Employees' Retirement System Act of 1986	100 Stat. 514/ 5 U.S.C. 8401 et. seq.	100	514	Indefinite

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APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2005					
Base Appropriation...1/	\$132,345	\$132,345	\$132,345	\$131,213	887
2006					
Base Appropriation...2/	\$137,000	\$137,000	\$134,900	\$133,550	875
2007					
Base Appropriation...3/	\$143,573	\$141,573	\$141,573	\$141,573	855
2008					
Base Appropriation...4/	\$147,425	\$142,925	\$143,262	\$139,313	855
2009					
Base Appropriation...5/6/	\$147,871	\$0	\$139,313	\$143,419	885
2010					
Base Appropriation...7/	\$156,060	\$154,060	\$155,662	\$154,861	960
2011					
Base Appropriation...8/	\$161,995	\$0	\$161,995	\$154,861	910
2012					
Base Appropriation...9/	\$197,528	\$159,363	\$195,528	\$183,153	1,003
2013					
Base Appropriation...10/	\$183,153	\$0	\$0	\$173,573	993
2014					
Base Appropriation...11/	\$179,104	\$0	\$0	\$178,500	985
2015					
Base Appropriation	\$188,447	\$0	\$0	\$0	1,017

¹ Reflects a reduction of \$1,132 pursuant to the enacted rescissions in P.L. 108-447.

² Reflects a reduction of \$1,349 pursuant to the enacted rescission in P.L. 109-148.

³ Reflects amounts provided under FY 2007 full year continuing resolution pursuant to P.L. 110-5 and excludes \$7,000 for the one-time real transfer from Pension Benefit Guaranty Corporation (PBGC) pursuant to the FY 2007 supplemental P.L. 110-28.

⁴ Reflects a reduction of \$2,477 pursuant to the enacted rescissions in P.L. 110-161, the FY 2008 estimate to Congress included \$5,500 for EFAST2 later removed based on funding provided in FY 2007 appropriation.

⁵ Excludes \$9,705 for the Recovery Act through a non-expenditure transfer from the Departmental Management (DM) account pursuant to P.L. 111-5.

⁶ This bill was only reported out of Subcommittee and was not passed by the Full House.

⁷ Excludes \$4,434 emergency transfer pursuant to P.L. 111-17.

⁸ Excludes a non-expenditure transfer of \$4,502 from the Departmental Management (DM) account pursuant to P.L. 112-10.

⁹ Reflects a reduction of \$347 pursuant to the enacted rescission in P.L. 112-74 and does not reflect re-programming levels. Re-programming levels for FY 2012 is reflected in the Summary Budget Authority and FTE by Activity exhibit.

¹⁰ Reflects a reduction of \$366 pursuant to the enacted rescission in P.L. 113-6 and a reduction of \$9,214 pursuant to Section 251A of the Balanced Budget and Emergency Deficit Control Act, as Amended, issued by the President on March 1, 2013.

¹¹ Reflects the full appropriation pursuant to P.L. 113-76 without enacted rescissions.

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OVERVIEW

Introduction

The DOL Strategic Plan creates the roadmap for meeting the workplace and economic challenges we face as a nation. Contained within the plan are the strategies that DOL will use to protect the most vulnerable populations while ensuring broad compliance with the Employee Retirement Income Security Act of 1974 (ERISA) and related laws. In support of the strategic plan and the Secretary's vision of "*Promoting and Protecting Opportunity*," EBSA has a single outcome goal of "improving health benefits and retirement security for all workers." EBSA is charged with protecting more than 141 million workers, retirees and their families which are covered by nearly 684,000 private retirement plans, 2.4 million health plans, and similar numbers of other welfare benefit plans which together hold estimated assets of \$7.8 trillion.

The retirement and health benefits security of workers, retirees, and their families continue to be significant factors in the overall financial security of the American public. EBSA's mission and programs are pivotal in providing benefit security to the public and increasing their confidence that their retirement, health and other benefits will be available when needed. EBSA's mission is carried out in a complex and evolving economic and regulatory environment where the public's needs, demands, and perceptions are influenced by many factors. In order to enhance benefit security and maintain the public confidence in our private sector based benefits system, EBSA administers an integrated program of regulation, compliance assistance and education, civil and criminal enforcement, research and analysis.

Employee Benefits Security Administration Programs

Retirement, health and other workplace related benefits of America's workers and their families are threatened by many factors, including fiduciary misconduct, conflicts of interest, excessive fees and improper denial of benefits. These problems are exacerbated when participants are uninformed about their benefits rights and responsibilities and plan sponsors are uninformed about their legal obligations. Consequently, EBSA utilizes an aggressive outreach, education, and participant assistance program to inform the public of their rights and benefits as well as to educate the regulated community regarding their responsibilities and obligations under the law. As addressed later in the budget justification, EBSA has numerous outreach and educational strategies to achieve this end. At the same time, EBSA's enforcement program seeks to ensure compliance with the law. Our enforcement program utilizes a series of approaches such as national/regional priorities, voluntary compliance programs, civil/criminal litigation, and the Sample Investigation Program (SIP) to accomplish our mission. Finally, EBSA's research program continues to analyze and study the employee benefits' universe in order to identify emerging trends. Given these strong individual program components and the extensive interaction between them, EBSA is able to function as a highly integrated and adaptive organization that is responsive to the complex environment in which it operates, thus enhancing its ability to improve employee health and retirement benefits security.

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In 2015, the Department will focus on implementation and enforcement of health care laws and helping workers transform retirement savings into secure lifetime income and protecting plan participants. EBSA will continue its successful strategy of bringing plan sponsors and their benefit plans into compliance with the law using an integrated approach. As a general matter, this strategy is included in the following programs:

- 1) Vigorous Enforcement;
- 2) Informative Compliance Assistance;
- 3) Proactive Regulation;
- 4) Targeted Research;
- 5) Strong Consumer Outreach and Education; and
- 6) Effective Participant Assistance and Excellent Customer Service

FY 2015 Request

The Secretary's vision of "*Promoting and Protecting Opportunity*," where workers and families are assured retirement and health benefits security, is supported by this budget request of \$188,447,000 and 1,017 FTE. This resource request includes the following program increases:

- **\$3,000,000 and 30 FTE for health care compliance and enforcement.** The budget provides the resources for EBSA to enhance the Health Benefits Security Project (HBSP) that consolidates longstanding health benefits security initiatives and associated regulations, including plan level and service provider investigations, to ensure the provision of promised health benefits. EBSA also seeks to build on the foundation of dedicated resources provided for health care enforcement and compliance. These resources will ensure that EBSA is positioned to take the next step in health care reform and benefits security which will focus on enforcing the law.
- **\$2,383,000 and 2 FTE for expanding the scope of TSP fiduciary audits.** This funding will enable EBSA to reprioritize the oversight approach to focus on the TSP's overall internal control operating environment and perform more in-depth reviews to improve IT security, thereby reducing the risk of security breaches that compromise employee benefits security.
- **\$2,075,000 for and the mandatory relocation of EBSA employees in New York.** Employees will move from existing office space (situated in a flood zone) to federally controlled space in compliance with policy directives.

This request also includes built-in adjustments for inflation totaling \$2,489,000.

Program Activities and Strategies

During FY 2015, EBSA will continue to focus its enforcement program on major cases. The Major Case Enforcement Initiative will concentrate resources on areas that have the greatest impact on the protection of plan assets and participants' benefits (e.g., professional fiduciaries and service providers with responsibility for large amounts of plan assets and benefits). EBSA

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will also continue the Sample Investigation Project (SIP) to evaluate the effectiveness of its enforcement activities. Generally, data collected from SIP investigations will be used to estimate the overall level of compliance with Title I of ERISA. In addition, the collected data will be used to evaluate the effectiveness of enforcement targeting strategies, as well as the impact of investigations on plan compliance.

Health investigations will continue to be a larger part of the investigative mix, and similar to major cases (health enforcement cases involving the systematic denial of health benefits are classified as “Major”), will result in increasing case unit times because they require more resources and take more investigative time to complete. While these cases take more time to successfully complete, EBSA anticipates monetary results for enforcement will increase by 15 percent. With regard to the Multiple Employer Welfare Arrangement (MEWA) registration requirements and health care-related enforcement tools, EBSA will continue to implement compliance related programs to aid in the Agency’s oversight and audit initiatives to combat health care fraud. EBSA will also continue to develop materials and conduct compliance workshops across the country to educate industry professionals about the new MEWA provisions and will enhance the MEWA Registration Form to facilitate targeting entities for investigation that may not have sufficient reserves to pay legitimate health care claims.

Specifically, EBSA estimates that during FY 2015, it will: achieve \$1,376,139,000 in total monetary results (including \$200,500,000 in participant benefit recoveries) by conducting 3,281 civil investigations (including 985 health related civil investigations) and responding to 250,000 participant inquiries; obtain 97 indictments by conducting 332 criminal investigations (including 100 health related criminal investigations); complete 4,330 reporting compliance reviews; conduct 734 rapid response sessions for individuals facing job loss; conduct 200 Congressional office briefings; and complete 10 webcasts and 10 compliance seminars for plan sponsors and participants.

EBSA will continue to develop regulatory projects in order to advance protections and facilitate compliance with Title I of ERISA. It is anticipated that major projects will include guidance to facilitate compliance with the fiduciary, reporting and disclosure requirements of ERISA. Major regulatory projects that will continue to be priorities for EBSA include: (1) finalizing a conflicts of interest rule on fiduciary investment advice; (2) finalizing a regulation on individual pension benefit statements; and (3) publishing a proposed regulation on the fiduciary duties and investment brokerage windows in participant directed individual account pension plans. EBSA will continue to promulgate regulations implementing various health care laws in conjunction with the Departments of Health and Human Services (HHS) and Treasury; continue health benefit studies (including the annual self-insured report to Congress); and implement education, outreach, and assistance programs, as well as implement additional enforcement strategies that support new requirements applied to employer sponsored health plans. EBSA estimates completing a total of 4,767 interpretive and other associated technical assistance projects/plan inquiries; regulatory projects for research, health plan standards, and exemptions; and other targeted technical assistance in FY 2015.

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Prior Year (PY) Selected Workload and Accomplishments

In FY 2013, the appropriation for EBSA was reduced by \$9,214,000 pursuant to Section 251A of the Balanced Budget and Emergency Deficit Control Act, as Amended, issued by the President on March 1, 2013. EBSA achieved production goals and avoided personnel furloughs using the flexibility to re-program resources from research and development contracts to compensation and benefits. Without the re-programming flexibility afforded in P. L. 113-6, it would have been highly unlikely that EBSA would have attained the levels of reported accomplishments and productivity achievements in FY 2013.

To maximize the impact of program resources, EBSA targets its investigative resources towards plans that it believes, based on a variety of factors, and are likely to be in violation of the law. Targeting likely violators, correcting violations, and publicizing our successes will deter bad actors and result in greater compliance with the ERISA. EBSA also entered the third year of the SIP that will lead to measuring overall compliance with ERISA. Since the inception of the program in FY 2011, EBSA processed 1,000 SIP cases (of which 385 cases were opened in FY 2013). Preliminary results of the SIP indicate an overall non-compliance rate of 70.5 percent (margin of error +/- 6 percent at a 95 percent confidence level). Since the non-compliance rate includes any and all violations without regard to seriousness or pervasiveness, a minor or paper violation that caused no injury or loss to plan participants is treated the same as a major fiduciary violation that imperils millions of dollars or thousands of participants. Accordingly, EBSA plans to develop measures that better capture the significance of the ERISA violations detected, as it re-evaluates closed SIP cases. Despite the limitations of the preliminary statistic, the SIP was a major undertaking and represented EBSA's first effort to develop a measure of baseline compliance. With further refinements, the SIP should help provide a better understanding of plans' compliance with ERISA's requirements.

In FY 2013, EBSA processed 26,666 applications received by its two major voluntary compliance programs, the Voluntary Fiduciary Correction Program (VFCP) and the Delinquent Filer Voluntary Compliance Program (DFVCP). The VFCP encourages voluntary compliance by self-correcting violations of the law and helps plan officials understand the law and gives immediate relief from payment of excise taxes under a class exemption. The DFVCP encourages voluntary compliance with ERISA's annual reporting requirements and gives delinquent plan administrators a way to avoid higher civil penalty assessments by satisfying the program's requirements and voluntarily paying a reduced penalty.

In FY 2013, EBSA conducted 909 health care reform outreach activities reaching 30,828 individuals and nearly 374,000 publications were distributed via our toll-free publication hotline and at outreach events. All the publications are available and accessible on line. EBSA's Web site has become the primary means of reaching the public. The Web site hosted over 10.6 million visitors, viewing over 13.5 million pages. Additionally, EBSA's benefits advisors responded to 236,551 inquiries (including 16,543 health care reform related inquiries) and recovered \$281,250,000 for participants through informal dispute resolution.

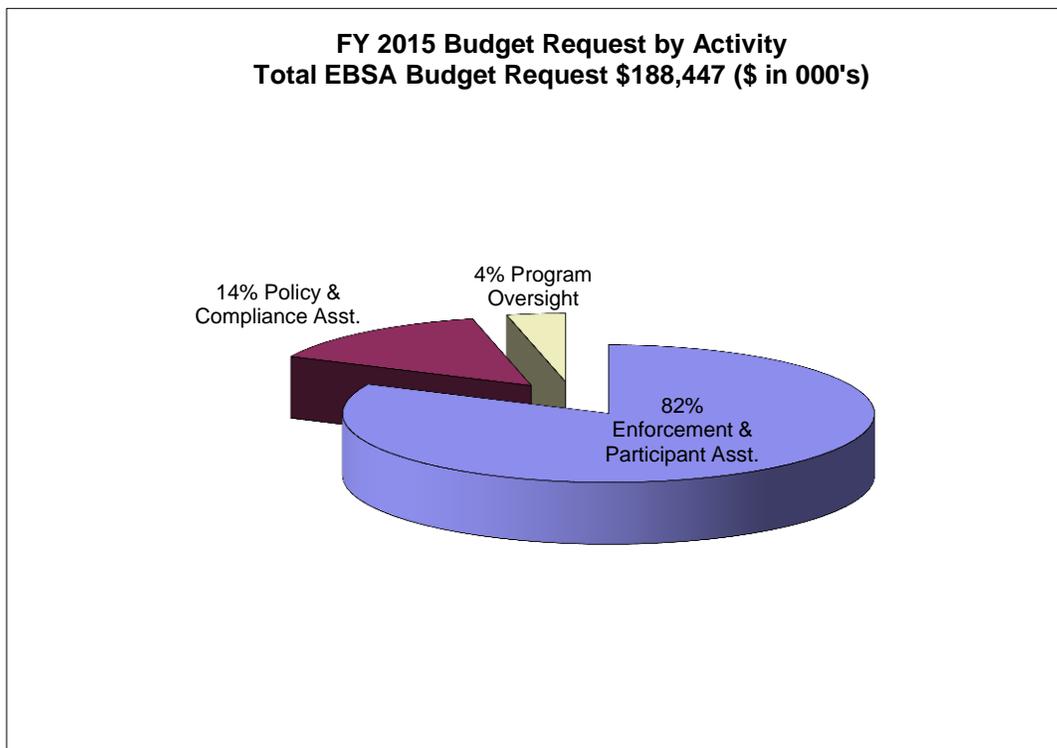
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Cost Model

The FY 2015 budget request for EBSA provides \$188,447,000 and 1,017 FTE. This resource request includes built-in adjustments for inflation totaling \$2,489,000 and program increases for health care compliance and enforcement, expanding the scope of TSP fiduciary audits, and the mandatory relocation of employees totaling \$7,458,000 and 32 FTE. Three program activities encompass the EBSA budget and include the:

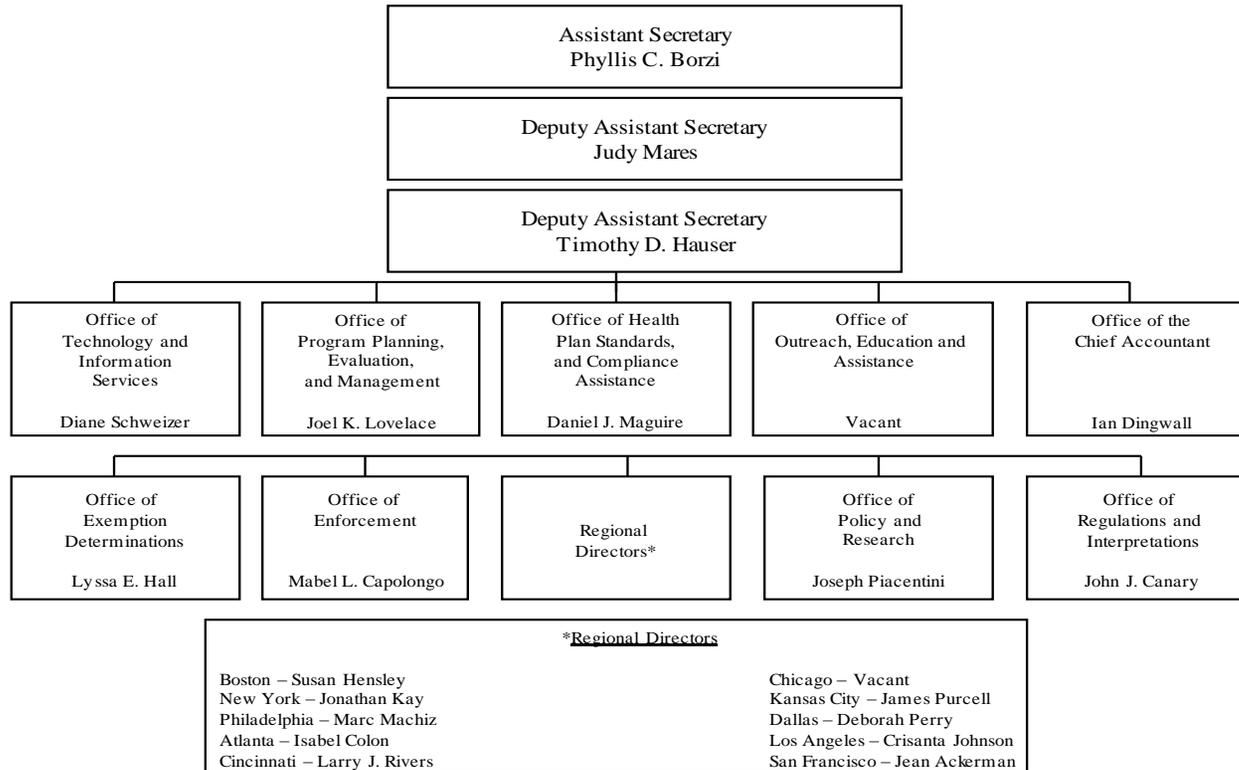
- Enforcement and Participant Assistance budget activity with FY 2015 requested resources of \$154,520,000 and 889 FTE.
- Policy and Compliance Assistance budget activity with FY 2015 requested resources of \$27,224,000 and 102 FTE.
- Executive Leadership, Program Oversight and Administration budget activity with FY 2015 requested resources of \$6,703,000 and 26 FTE.

EBSA resources are devoted to accomplishing DOL Strategic Goal 4: Secure health benefits and, for those not working, provide income security. EBSA program efforts directly support the Department's strategic plan and the Secretary's vision of "*Promoting and Protecting Opportunity*" by improving health benefits and retirement security for all workers.



EMPLOYEE BENEFITS SECURITY ADMINISTRATION

Employee Benefits Security Administration



ENFORCEMENT AND PARTICIPANT ASSISTANCE

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	140,965	145,000	154,520	9,520
FTE	872	857	889	32

NOTE: FY 2013 reflects actual FTE. Authorized FTE for FY 2013 was 865.

Introduction

Within this activity, EBSA develops and implements a comprehensive enforcement program using civil and criminal investigations that target the most egregious and persistent violators, as well as voluntary compliance programs. The enforcement program detects and investigates civil and criminal violations of ERISA and other related criminal laws and, as appropriate, refers them for civil litigation or criminal prosecution; ensures that annual reports are filed on time and accurately; and determines that public accountant audits of employee benefit plans comply with professional standards. To help plan sponsors and fiduciaries comply with ERISA’s complex provisions, this activity administers the Fiduciary Education Campaign that informs plan sponsors and their service providers about their basic fiduciary responsibility under the law.

EBSA implemented two highly successful self-correction programs designed to encourage voluntary compliance in order to better leverage its resources. Our Voluntary Fiduciary Correction Program (VFCP) encourages plan officials to voluntarily comply with ERISA’s fiduciary and prohibited transactions provisions by self-correcting certain specified violations of the law. The Delinquent Filer Voluntary Compliance Program (DFVCP) encourages voluntary compliance with the annual reporting requirements under ERISA. Together, these two programs provide an efficient mechanism for self-identifying and correcting violations which allows investigative resources to focus on other, more complex issues.

Complementing the investigative arm of the enforcement program, EBSA’s participant assistance staff responds to inquiries from the public who are seeking information or have a complaint about their benefits. Our Benefits Advisors are able to assist the public in understanding their rights under their plans and are often able to informally resolve disputes thereby obtaining benefits for these workers and their families. This informal dispute resolution process enables EBSA to answer individuals’ complaints without utilizing the more resource intensive investigative process, allowing EBSA to direct its investigative resources to more egregious and wide-spread violations of ERISA. The participant assistance program is also the source of some of our best investigative leads, producing several hundred cases per year—cases that, in the absence of this program, might not have been discovered.

EBSA helps to inform members of the public with regard to benefits issues, so that they can then monitor their own benefits and hopefully obtain correction before serious financial damage is done. EBSA educates plan participants and officials by conducting outreach and education programs regarding their rights and responsibilities under ERISA. Benefits will be more secure

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if plan officials are more knowledgeable and therefore in a better position to be in compliance. Furthermore, better informed plan participants are more prepared to ensure they receive all the benefits to which they are entitled under their plan and to bring potential violations to the attention of EBSA. The program includes three education campaigns: (1) the Retirement Savings Education Campaign (RSEC); (2) the Health Benefits Education Campaign (HBEC); and, (3) the Fiduciary Education Campaign. These programs target plan sponsors and officials, service providers, and plan participants to inform them of their rights and responsibilities under ERISA. In the outreach and education area, EBSA works cooperatively with private and public sector organizations such as the Financial Accounting Standards Board, the American Institute of Certified Public Accountants, the Financial Planners Board and state commissioners of insurance. In addition to these three campaigns, EBSA also conducts outreach to dislocated workers through rapid response events delivered in conjunction with states and other DOL agencies. Outreach is also conducted via public awareness events such as congressional staff briefings, job fairs and other venues.

Also included in this budget activity is EBSA's program to ensure that the regulated community files its employee benefit plan annual reports (Form 5500) on time and accurately via an electronic filing system. Implemented in January 2010, the electronic filing system created more transparency by publicly disclosing plan information through the Internet, and by providing a free web-based program that plan administrators can use to meet the new electronic filing requirement. Annually, the electronic filing system receives and processes the 1.2 million Form 5500s that are filed with DOL, Internal Revenue Service (IRS) and the Pension Benefit Guaranty Corporation (PBGC). EBSA also operates the ERISA Information System (EIS) that provides plan data for our enforcement, research, and policy development programs. Together these systems support enforcement-related targeting, comprise essential databases for the agency's research and regulatory activities, and are the primary sources of employee benefit plan information to Congress and interested stakeholders, including plan participants and beneficiaries. The electronic filing system is also the primary source of employee benefit plan data for the IRS, the PBGC, the Government Accountability Office (GAO) and others. The benefit plan data provided by the electronic filing system supports IRS oversight of private-sector retirement and health plans and directly impacts the PBGC's ability to manage its risk from underfunded defined benefit plans.

Reimbursable Account

Program Description: A reimbursable account is established in EBSA to receive funds from other Federal agencies to support the electronic filing system and other work involving pension or health care issues performed on their behalf.

FY 2015 Request: The FY 2015 request level of \$8,000,000 for this purpose will allow EBSA to collect and obligate funds for any authorized reimbursable work associated with the electronic filing system and other reimbursable agreements with the IRS and PBGC.

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Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$129,199	796
2011	\$129,250	796
2012	\$142,686	875
2013	\$140,964	865
2014	\$145,000	857

FY 2015

EBSA seeks \$154,520,000 and 889 FTE for the enforcement and participant assistance budget activity. This resource request includes built-in adjustments for inflation totaling \$2,062,000 and program increases totaling \$7,458,000 and 32 FTE for health care compliance and enforcement, expanding the scope of TSP fiduciary audits, and the mandatory relocation of employees in New York. This budget enables EBSA to:

- Enhance the Health Benefits Security Project (HBSP) positioning the agency to consolidate longstanding health benefits security initiatives and associated regulations, including plan level and service provider investigations, to ensure the provision of promised health benefits and take the next step in health care reform and enforcing health benefits security laws;
- Strengthen the TSP audit program enabling EBSA to reprioritize the oversight approach to focus on the TSP’s overall internal control operating environment and perform more in-depth reviews to improve IT security, thereby reducing the risk of security breaches that compromise employee benefits security; and
- Relocate employees in New York from existing office space (situated in a flood zone) to federally controlled space in compliance with policy directives.

Additionally, EBSA will place particular investigative emphasis on: the Contributory Plans Criminal Project (CPCP) that targets the most egregious and persistent violators and protects the most vulnerable populations; the Rapid ERISA Action Team (REACT) that provides an expedited response to protect rights and benefits of plan participants when the plan sponsor faces severe financial hardship or bankruptcy; the Employee Stock Ownership Plans (ESOPs) project, which often involves fiduciary self-dealing and conflicted interests and; the Fiduciary Service Provider Compensation Project (FSPCP) that promotes transparency by service providers of direct and indirect compensation and mitigates fiduciary service provider self-dealing.

During FY 2015, EBSA will continue to focus its enforcement program on major cases that are open significantly longer than non-major cases. Health investigations will continue to be a larger part of the investigative mix, and similar to major cases (health enforcement cases involving the systematic denial of health benefits are classified as “Major”), will result in increasing case unit times because they require more resources and take more investigative time to complete. EBSA

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has developed the “Major Cases” initiative to counter the tendency to focus on smaller, less complex plans. Going forward, we propose to direct the regions to spend a minimum of 10% of their total investigative staff time on Major Cases each quarter - a significant increase from what was devoted in FY 2013. This strategy is not without impact. For example, we know from experience that achieving a result in a Major Case takes longer because enough is at stake for the potential defendant to resist the enforcement effort in a variety of ways up to and including extended (and contested) litigation. Accordingly, EBSA anticipates case production will fall. The “Major Cases” initiative will concentrate enforcement resources on areas that have the greatest impact on the protection of plan assets and participants' benefits (e.g. professional fiduciaries and service providers with responsibility for large amounts of plan assets and the administration of large amounts of plan benefits). Since the Major Case Enforcement Initiative concentrates on areas that have the greatest impact on the protection of plan assets and participants' benefits (e.g., fiduciaries and service providers with responsibility for large amounts of plan assets and benefits), EBSA anticipates a 15 percent increase for enforcement monetary results.

EBSA estimates that during FY 2015, it will: achieve \$1,376,139,000 in total monetary results (including \$200,500,000 in participant benefit recoveries) by conducting 3,281 civil investigations (including 985 health related civil investigations) and responding to approximately 250,000 participant inquiries; obtain 97 indictments by conducting 332 criminal investigations (including 100 health related criminal investigations); complete 4,330 reporting compliance reviews; conduct 734 rapid response sessions held for individuals facing job loss; conduct 200 Congressional office briefings; and complete 10 webcasts and 10 compliance seminars for plan sponsors and participants.

EBSA will continue its three education campaigns: (1) the Retirement Savings Education Campaign (RSEC); (2) the Health Benefits Education Campaign (HBEC); and (3) the Fiduciary Education Campaign. EBSA will update, print and distribute publications which explain participant rights as well as recent changes in employee benefits laws and conduct local seminars and national webcasts for its compliance assistance constituencies. EBSA will continue to participate in rapid response sessions to reach dislocated workers and will continue to update and distribute educational materials with the latest information on managing benefits through job loss.

EBSA will leverage its resources by partnering with numerous organizations such as the Social Security Administration (SSA), AARP, Financial Literacy Education Commission (FLEC), Women Investing for a Secure Retirement (WISER), labor unions, state insurance commissioners, IRS, Department of Health and Human Services (HHS), Services Society of Human Resource Management (SHRM), the American Institute of Certified Public Accountants (AICPA), the Society of Actuaries, and others to reach our targeted audiences. We will also maintain a Web site and utilize webcasts as an efficient way to inform stakeholders about our programs, services and initiatives and to assist the regulated community with compliance. EBSA conducts numerous webcasts which are attended by thousands of stakeholders each year. These sessions are archived on our Web site for future review by other interested parties. EBSA continues to believe that partnering with worker and community-based organizations to educate workers, small business owners, and others about ERISA's requirements is an effective way to

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create broad-based compliance.

FY 2014

During FY 2014, EBSA will continue efforts to implement newly expanded authority provided to the Secretary in health care reform laws. These laws include a number of provisions that will result in an increased number of civil and criminal multiple employer welfare arrangement (MEWA) investigations. A MEWA is an entity that offers or provides coverage for medical care to the employees of two or more employers. New health reform laws include provisions that will require MEWA entities to register with DOL and expands enforcement authority to include ex parte cease and desist and summary seizure orders. Included in the national Health Benefits Security Project, these types of investigations are among the most resource-intensive and will require EBSA to allocate additional resources to effectively enforce the new health care provisions and other ERISA provisions such as fiduciary duties. EBSA will continue to develop materials and conduct compliance workshops across the country to educate industry professionals about the new MEWA provisions and will enhance the MEWA Registration Form to facilitate targeting entities for investigation that may not have sufficient reserves to pay legitimate health care claims. Health and Human Services (HHS) will also identify areas where more enforcement action is necessary and share the information with EBSA for use in enforcement activities.

FY 2013

Enforcement

In FY 2013, EBSA closed 3,677 civil cases and obtained monetary results of nearly \$1,689,000,000. These monetary results were achieved through an aggressive enforcement program integrated with an effective participant assistance program. Participant assistance investigatory leads resulted in the opening of 775 enforcement cases with associated monetary results over \$76,197,000 (a subset of the \$1,689,000,000). In partnership with other Departmental, federal, state, and local authorities, EBSA also closed 320 criminal cases in FY 2013 that resulted in 88 individuals being indicted and 70 cases being closed with guilty pleas and/or convictions. This demonstrates that EBSA's strategies for enforcement targeting and partnering with other law enforcement organizations is effective in finding the most egregious and persistent violators.

In FY 2013, EBSA entered the third year of the Sample Investigation Program (SIP) that will lead to measuring overall compliance with ERISA. Since the inception of the program in FY 2011, EBSA processed 1,000 SIP cases (of which 385 cases were opened in FY 2013). Preliminary results of the SIP indicate an overall non-compliance rate of 70.5 percent (margin of error +/- 6 percent at a 95 percent confidence level). Since the non-compliance rate includes any and all violations without regard to seriousness or pervasiveness, a minor or paper violation that caused no injury or loss to plan participants is treated the same as a major fiduciary violation that imperils millions of dollars or thousands of participants. Accordingly, EBSA plans to develop measures that better capture the significance of the ERISA violations detected, as it re-evaluates closed SIP cases. Despite the limitations of the preliminary statistic, the SIP was a major

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undertaking and represented EBSA's first effort to develop a measure of baseline compliance. With further refinements, the SIP should help provide a better understanding of plans' compliance with ERISA's requirements.

EBSA also actively engaged the regulated community in efforts to identify and remedy violations with two highly successful self-correction programs designed to encourage voluntary compliance. The VFPC and the DFVCP encourage plan officials to identify and remedy certain ERISA violations. In FY 2013, EBSA verified over \$72,144,000 in restored assets by closing 1,635 applications under the VFPC and 25,031 delinquent filers have come into compliance with ERISA's filing requirements under the DFVCP.

Participant Assistance, Outreach and Education

The EBSA Participant Assistance Program assists workers in obtaining promised benefits that have been inappropriately denied and helps workers understand their benefits rights and to make informed decisions about their health and pension benefits. In FY 2013, EBSA's Benefits Advisors responded to 236,551 inquiries (including 1,381 Recovery Act related inquiries) and recovered over \$281,000,000 for participants through informal dispute resolution. EBSA has responded to 16,543 inquiries in FY 2013 resulting from the passage of the health care reform legislation and will continue to do so as mandated regulations implementing new laws become effective.

EBSA conducts education and outreach events for workers, employers, plan officials, service providers and members of Congress and their staffs. In FY 2013, these nationwide activities included assisting dislocated workers who were facing job loss by participating in 849 rapid response sessions, using a train-the-trainer format to inform congressional staff in 458 district offices of EBSA programs for their use in constituent services, providing employees with information concerning their rights under the law, and educating employers and their service providers of their obligations under ERISA. In FY 2013, EBSA conducted 1,870 outreach activities reaching 62,627 individuals, including 12 compliance seminars in coordination with state insurance commissioners, the IRS, HHS, SHRM, AICPA, VETS and Wage and Hour, 10 compliance and consumer webcasts, 254 regional presentations and 52 workshops. Included as part of the FY 2013 outreach program efforts are the 30,828 individuals reached by conducting 909 health benefits security outreach events. EBSA conducted health benefits webcasts (including a webcast for participants in Spanish), and webcasts for fiduciary education, choosing a retirement solution, fees for small business and savings for college seniors. Additionally in FY 2013, EBSA conducted 16 SSA retirement savings workshops, 9 retirement savings workshops in Spanish, 3 health laws workshops in Spanish, and a health laws webcast in Spanish.

As necessary in FY 2013, EBSA updated existing publications to distribute during public outreach and education events. Publications distributed included, but was not limited to: Retirement and Health Care Coverage (Q&A for Dislocated Workers); Savings Fitness; Taking the Mystery Out of Retirement Planning; Life Changes Require Health Choices, and Protecting Retirement and Health Benefits After Job Loss (Dislocated Worker Card). Nearly 374,000 publications were distributed via our toll-free publication hotline and at outreach events in FY

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2013. All the publications are available and accessible on line. EBSA's Web site has become the primary means of reaching the public. In FY 2013, the Web site hosted over 10.6 million visitors who viewed over 13 million pages.

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DETAILED WORKLOAD AND PERFORMANCE					
	FY 2013 Enacted		FY 2014 Enacted	FY 2015 Request	
	Target	Result	Target	Target	
Enforcement and Participant Assistance					
Strategic Goal 4 - Secure retirement, health, and other employee benefits and, for those not working, provide income security					
Strategic Objective 4.2 - Improve health benefits and retirement security for all workers					
Investigations Processed:					
EBSA- 1	Civil Investigations Processed	3,674	3,677	3,674	3,281
EBSA- 1a	Health Related Civil Investigations Processed	--	638	699	985
EBSA- 2	Criminal Investigations Processed	320	320	320	332
EBSA- 2a	Health Related Criminal Investigations Processed	--	81	79	100
Inquiries Answered (Participants)					
	Field Offices	247,800	233,747	250,000	250,000
EBSA- ENF	Delinquent Filer Voluntary Compliance Program Applications Processed	20,500	25,031	20,500	20,500
EBSA- ENF	Indictments	105[e]	88	105[e]	97[e]

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DETAILED WORKLOAD AND PERFORMANCE					
		FY 2013 Enacted		FY 2014 Enacted	FY 2015 Request
		Target	Result	Target	Target
EBSA- ENF	Reporting Compliance Reviews	4,330	4,057	4,330	4,330
EBSA- ENF	CPA Firm Inspections	3	11	5	10
EBSA- OEA	Rapid Response Sessions Held for Individuals Facing Job Loss	734[p]	849	734[p]	734[p]
EBSA- ENF	EFAST Help Desk Inquiries by Contractors	90,000	51,978	90,000	58,000
EBSA- OEA	EFAST Help Desk inquiries referred to EBSA	10,000	5,684	10,000	7,000
EBSA- 10	Percent of Employee Benefit Plans in Compliance with Civil Provisions of ERISA	[base]	29.50%	[base]	TBD
EBSA- ENF	Percentage point difference in compliance rate between employee benefit plans recently investigated and other employee benefit plans	--	--	TBD	TBD
EBSA-3	Total Investigative Staff Time Spent on Major Cases	--	--	10.00%	TBD
EBSA-4	Voluntary Fiduciary Correction Program Applications Processed	2,000[p]	1,635	1,600[p]	1,600[p]
EBSA-7	Percent of EFAST Help Desk Inquiries Referred to EBSA Responded to by End of the Next Business Day	95.00%	97.00%	95.00%	95.00%
EBSA-9	Participant Assistance Program Customer Satisfaction Index	69.00%	71.00%	72.00%	72.00%

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

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Workload Summary

In FY 2015, EBSA will continue the Sample Investigation Project (SIP) to evaluate the effectiveness of its enforcement activities. Generally, data collected from SIP investigations will be used to estimate the overall level of compliance with Title I of ERISA. EBSA will continue to work in collaboration with the DOL Chief Evaluation Officer (CEO) to develop measures that better capture the significance of ERISA violations as it relates to closed SIP cases.

In FY 2015, EBSA estimates it will achieve over \$1,376,000,000 in total monetary results (including \$200,500,000 in participant benefit recoveries) by: conducting 3,281 civil investigations (including 985 health related civil investigations); securing 97 indictments by conducting 332 criminal investigations (including 100 health related criminal investigations); completing 4,330 reporting compliance reviews, responding to 250,000 participant inquiries; conducting 734 rapid response sessions held for individuals facing job loss; conducting 200 Congressional office briefings; and completing 10 webcasts and 10 compliance seminars for plan sponsors and participants. EBSA also estimates responding to approximately 65,000 EFAST2 help-desk inquiries.

EBSA's projects a call volume of 250,000 in FY 2015 and estimates that recoveries obtained through informal, voluntary resolution of benefit disputes between employers, plan officials and participants will be approximately \$170,000,000. The FY 2015 budget request provides the resources to ensure that all workers have access to a secure retirement and to adequate and affordable health coverage, supporting the Secretary's vision of "*Promoting and Protecting Opportunity.*"

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
11.1	Full-time permanent	75,785	75,762	78,264	2,502
11.3	Other than full-time permanent	762	1,204	1,216	12
11.5	Other personnel compensation	843	676	756	80
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	77,390	77,642	80,236	2,594
12.1	Civilian personnel benefits	21,701	23,707	24,597	890
21.0	Travel and transportation of persons	2,712	2,521	2,861	340
22.0	Transportation of things	71	16	82	66
23.1	Rental payments to GSA	8,780	8,647	9,437	790
23.3	Communications, utilities, and miscellaneous charges	431	291	357	66
24.0	Printing and reproduction	878	433	433	0
25.1	Advisory and assistance services	0	930	930	0
25.2	Other services from non-Federal sources	2,944	5,711	9,199	3,488
25.3	Other goods and services from Federal sources 1/	12,237	11,934	12,147	213
25.4	Operation and maintenance of facilities	0	0	0	0
25.7	Operation and maintenance of equipment	12,426	11,447	12,008	561
26.0	Supplies and materials	591	730	830	100
31.0	Equipment	804	991	1,403	412
38.0	Depreciation Expense - Unfunded	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	140,965	145,000	154,520	9,520
	1/Other goods and services from Federal sources				
	Working Capital Fund	11,800	11,387	11,600	213
	DHS Services	437	547	547	0

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CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$670
Personnel benefits	296
Federal Employees' Compensation Act (FECA)	-8
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	569
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	322
Working Capital Fund	213
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Insurance claims and indemnities	0

Built-Ins Subtotal **\$2,062**

Net Program **\$7,458**

Direct FTE **32**

	Estimate	FTE
Base	\$147,062	857
Program Increase	\$7,458	32
Program Decrease	\$0	0

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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	26,009	26,901	27,224	323
FTE	79	102	102	0

NOTE: FY 2013 reflects actual FTE. Authorized FTE for FY 2013 was 102.

Introduction

The Policy and Compliance Assistance activity will directly support the Secretary’s vision of “*Promoting and Protecting Opportunity*” by sustaining health care and regulatory reform programs, strengthening regulatory programs, and supporting efforts to deter and correct worker misclassification as it relates to the denial of health benefits and retirement security. EBSA constantly seeks to improve our policy and regulatory programs. We routinely evaluate and adjust our regulatory activities to achieve Departmental and national priorities. We also provide meaningful compliance assistance and engage the regulated community in designing and implementing compliance assistance tools and materials, a key strategic and organizational principle.

This activity formulates policy, promulgates regulations and provides interpretations and other guidance to the regulated community under Title I of ERISA. EBSA implements a proactive regulatory agenda that includes providing detail and clarity to the law by rulemaking, thereby offering a path to more secure health and retirement benefits. In addition to high priority regulatory activities involving health care reform, EBSA addresses the security of employee benefits through other retirement and health care regulatory activities. This activity will carry out the agency’s interpretive activities concerning the provisions of ERISA and related statutes through the timely issuance of advisory opinions and field assistance bulletins addressing relevant interpretive issues raised by the regulated community or considered significant by the Department.

Through this activity, EBSA will continue its research activities on employer-sponsored pension and health benefit plans. Additionally, EBSA will continue implementing health benefits security initiatives by promulgating regulations, developing compliance assistance tools and materials, and providing technical assistance. With the increase in regulatory activity for both pension and health care benefits, EBSA will continue to strengthen its research program which plays a pivotal role in supporting the regulatory agenda and policy formulation of the agency. EBSA performs three major, non-discretionary research functions:

- *Economic research* – Section 513 of ERISA directs the Secretary of Labor to conduct research and produce statistics on employee benefit programs (health care reform includes many additional specific areas of research);

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- *Regulatory impact analysis* – Agencies must assess their regulations’ economic costs and benefits as required under Executive Order 12866, the Regulatory Flexibility Act and the Paperwork Reduction Act; and
- *Legislative and policy development and analysis* – EBSA is a lead agency for many of the Administration’s employee benefits legislative and policy activities.

Through this activity, EBSA issues individual and class exemptions from the prohibited transaction provisions of ERISA. These exemptions are necessary to facilitate transactions between employee benefit plans and related parties, such as service providers, that would otherwise be prohibited but that are considered beneficial to employee benefit plans. Finally, this activity also provides ongoing compliance and technical assistance to small businesses, plan officials, and the general public to improve their understanding of the complex provisions of ERISA and their compliance with statutory requirements.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$18,994	88
2011	\$18,956	88
2012	\$33,762	102
2013	\$26,009	102
2014	\$26,901	102

FY 2015

EBSA seeks \$27,224,000 and 102 FTE for the Policy and Compliance Assistance budget activity. This resource request includes built-in adjustments for inflation totaling \$323,000 and no program increases or decreases. This budget will enable EBSA to sustain effective implementation of health benefits security initiatives as well as support the Department’s regulatory strategies of *Plan-Prevent-Protect* and *Openness and Transparency*. Fiduciary education, regulations, exemptions, compliance assistance, policy and research, and interpretive guidance have and will continue to substantially contribute to the protection of employee pension and health benefits.

In FY 2015, EBSA will continue the collaboration with the Departments of Health and Human Services (HHS) and Treasury to support and participate in the development of regulations, regulatory impact statements and economic analyses, and guidance needed for implementation of health care reform initiatives. At the resource level proposed for this budget activity, EBSA will: (1) continue to develop regulations to implement health benefits security initiatives within specified timeframes; (2) continue to administer new responsibilities for the registration requirements of and enforcement tools for Multiple Employer Welfare Arrangements; (3) continue to support new and comprehensive compliance assistance programs; (4) continue the implementation of new and expanded enforcement strategies; and (5) support a number of health benefit related research studies.

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In sustaining health care reform, EBSA will continue its commitment to the development of health care related regulations, interpretive guidance and other materials. These materials will both encourage and facilitate compliance with the new law and regulations. For example, EBSA will continue to develop and disseminate compliance assistance tools and materials, including investigative and compliance assistance check sheets that will provide clarifications to group health plans, health insurance issuers, participants, beneficiaries, and other interested stakeholders regarding compliance with health benefits security initiatives. These check sheets will be designed to facilitate broad based compliance among group health plans and health insurance issuers. EBSA will also conduct research into characteristics of employment-based health insurance plans, self-insured plans and wellness programs. EBSA will continue to advance the goals of health care reform by publishing compliance assistance guidance regarding the health plan coverage provisions of ERISA, including the Genetic Information Nondiscrimination Act (GINA) and the Mental Health Parity and Addiction Equity Act (MHPAEA).

This activity will continue to carry out the agency's interpretive work concerning the provisions of ERISA and related statutes through the issuance of advisory opinions and field assistance bulletins addressing relevant interpretive issues raised by the regulated community or considered significant by the Department. With the proposed resources for this activity in FY 2015, EBSA will be positioned to meet the anticipated workload for interpretative and other technical assistance projects. EBSA will complete an estimated 4,500 interpretive and other associated technical assistance projects/plan inquiries and targeted technical assistance. EBSA will also pursue a proactive regulatory agenda that includes completing 267 regulatory projects for the advancement of health care reform and retirement security. These projects include providing guidance, developing regulatory standards, conducting statistical research, policy, regulatory analysis, and issuing ERISA exemptions. It is estimated that over 26 percent of technical assistance to the regulated community and regulatory projects will be devoted to health plan regulations and standards involving health care reform.

It is anticipated that other major projects will include, but will not be limited to (1) proposing a conflict of interest rule that would reduce harmful conflicts by amending the regulatory definition of the term "fiduciary" to more broadly define as fiduciaries to employee benefits plans and individual retirement accounts (IRAs) those persons who render investment advice to plans and IRAs for a fee; (2) developing and implementing a regulation to facilitate compliance with the requirement that retirement plans automatically provide participants and certain beneficiaries with individual pension benefit statements; (3) a proposed amendment to the annuity selection safe harbor primarily focused on the condition in the safe harbor relating to the ability of the annuity provider to make all future payments under the annuity contract; and (4) a regulatory proposal that requires service providers to make certain disclosures to responsible plan fiduciaries in order for contracts or arrangements between the parties to be considered reasonable.

Finally, EBSA will review and process class and individual exemption applications with the ultimate objective of protecting plans and their participants and beneficiaries while facilitating necessary business transactions. Specifically, EBSA has allocated sufficient resources to close,

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propose or grant an estimated 80 individual exemption actions (includes exemption actions that meet requirements for expeditious processing – EXPRO), complete project work on five (5) class exemptions and reduce average exemption processing time to 250 days. Through these programs, we provide guidance and engage the regulated community in achieving compliance while protecting the benefits of workers, retirees and their families.

FY 2014

In FY 2014, EBSA will continue to pursue a proactive regulatory agenda that will include completing 251 regulatory projects for the advancement of health care reform and retirement security. These projects include providing guidance, developing regulatory standards, conducting statistical research, policy, regulatory analysis, and issuing ERISA exemptions. EBSA will also conduct several research projects related to health benefits security initiatives and Mental Health Parity and Addiction Equity Act (MHPAEA), including research leading to the submission to Congress of the annual Self-Insured Group Health Plan Report. EBSA is also positioned to meet the anticipated workload for interpretative and other technical assistance projects. EBSA estimates completing 4,500 interpretive and other associated technical assistance projects/plan inquiries and targeted technical assistance.

EBSA will continue efforts to re-propose an amendment to its 1975 rule that defines when a person becomes an ERISA fiduciary and will continue regulatory impact analysis that explains the methodology used to derive preliminary estimates of the underperformance of IRA owners' investments in domestic equity and bond mutual funds due to financial advisors' conflicts of interest. EBSA will also continue development of target date fund disclosure regulations to improve the information that is disclosed to participants and beneficiaries concerning investments in target date or similar funds. Regulatory efforts will also continue in the development of a proposed pension benefit statement regulation that would require benefit statements to present the accrued pension benefit as an estimated lifetime stream of payments in addition to presenting benefits as a lump sum account balance. Through these regulatory and interpretive efforts, we provide guidance and engage the regulated community in achieving compliance while "*Promoting and Protecting Opportunity*" for America's workers, retirees and their families.

FY 2013

In FY 2013, EBSA pursued a proactive regulatory agenda that included completing 296 regulatory projects for the advancement of health care reform and retirement security. These projects included providing guidance, developing regulatory standards, conducting statistical research, policy, regulatory analysis, and issuing ERISA exemptions. Specifically, 24 percent of regulatory projects (73 of 296 projects) were directly related to the implementation and administration of health care reform initiatives in areas involving health plan standards, MEWA registration, statistical research, policy and legislative analysis, and regulatory analysis. EBSA conducted several research projects related to health benefits security and the Mental Health Parity and Addiction Equity Act (MHPAEA), including research leading to the submission to Congress of the annual Self-Insured Group Health Plan Report and assistance to HHS in the preparation of the Wellness Study.

POLICY AND COMPLIANCE ASSISTANCE

In FY 2013, EBSA devoted resources to make sure that plan fiduciaries and plan participants understood the characteristics of target date funds when offered as investment options. Target date retirement funds, also called target date funds and lifecycle funds, have become an increasingly popular investment option for 401(k) plans and similar employee-directed retirement plans. Additionally, EBSA completed 780 technical and compliance assistance projects involving Part 7 of ERISA by providing technical/compliance assistance to plan sponsors and employers for health plan standards involving health care reform; 1,001 technical and compliance assistance projects for health plan standards involving benefits security; 1,100 interpretive and technical assistance projects; 491 projects involving MHPAEA implementation; and 618 projects involving MEWA registration in FY 2013. In the area of exemptions, EBSA completed 95 individual exemptions, processed five (5) class exemptions and reduced exemption processing time for closed, proposed, and granted exemptions by 23 percent to 229 days from a 300 day processing time estimate. Finally, EBSA completed coordination with HHS and Treasury on the second MHPAEA report to Congress.

POLICY AND COMPLIANCE ASSISTANCE

DETAILED WORKLOAD AND PERFORMANCE				
	FY 2013 Enacted		FY 2014 Enacted	FY 2015 Request
	Target	Result	Target	Target
Policy and Compliance Assistance				
Strategic Goal 4 - Secure retirement, health, and other employee benefits and, for those not working, provide income security				
Strategic Objective 4.2 - Improve health benefits and retirement security for all workers				
Interpretations & Other Technical Assist				
Health Plan Standards	2,800	2,890	2,800	2,800
Regulations & Interpretations	1,700	1,100	1,700	1,700
Participant assistance program customer satisfaction index	69.00%	71.00%	72.00%	72.00%
Percent of employee benefit plans in compliance with civil provisions of ERISA	[base]	29.50%	TBD	TBD
Percentage point difference in compliance rate between employee benefit plans recently investigated and other employee benefit plans	--	--	TBD	TBD
Regulations/Projects	246	296	251	267
Individual Exemptions & Expro (Proposed & Granted)	130[e]	95	130[e]	80[e]
Section 502(l) Waivers	6	3	6	2
Exemption Processing Time (avg #days)	300	229	300	250

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

POLICY AND COMPLIANCE ASSISTANCE

Workload Summary

EBSA will be positioned to effectively complete interpretative and other technical assistance projects. EBSA will complete an estimated 4,500 interpretive and other associated technical assistance projects/plan inquiries and targeted technical assistance. EBSA also estimates completing 267 regulatory projects involving interpretive issues, health plan standards, research statistical projects, policy and legislative analysis projects, regulatory analysis projects, MHPAEA implementation and MEWA registration requirements.

Additionally, EBSA will review and process class and individual exemption applications with the ultimate objective of protecting plans and their participants and beneficiaries while facilitating necessary business transactions. Specifically, EBSA has allocated sufficient resources to close, propose or grant an estimated 80 individual exemption actions (includes EXPRO), complete project work on six (6) class exemptions and reduce exemption processing time to 250 days. Through these programs, we provide guidance and engage the regulated community in achieving compliance while protecting the benefits of workers, retirees and their families.

POLICY AND COMPLIANCE ASSISTANCE

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
11.1	Full-time permanent	11,846	10,123	10,211	88
11.3	Other than full-time permanent	2	130	130	0
11.5	Other personnel compensation	128	255	271	16
11.9	Total personnel compensation	11,976	10,508	10,612	104
12.1	Civilian personnel benefits	3,101	2,831	2,877	46
21.0	Travel and transportation of persons	212	27	27	0
22.0	Transportation of things	32	0	0	0
23.1	Rental payments to GSA	1,467	1,582	1,671	89
23.3	Communications, utilities, and miscellaneous charges	129	110	110	0
24.0	Printing and reproduction	148	200	200	0
25.2	Other services from non-Federal sources	588	739	796	57
25.3	Other goods and services from Federal sources 1/	2,183	1,927	1,954	27
25.5	Research and development contracts	5,000	5,000	5,000	0
25.7	Operation and maintenance of equipment	868	3,521	3,521	0
26.0	Supplies and materials	89	155	155	0
31.0	Equipment	216	301	301	0
	Total	26,009	26,901	27,224	323
	1/Other goods and services from Federal sources				
	Working Capital Fund	2,114	1,837	1,864	27
	DHS Services	69	90	90	0

POLICY AND COMPLIANCE ASSISTANCE

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$104
Personnel benefits	46
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	89
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Other services from non-Federal sources	57
Working Capital Fund	27
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0

Built-Ins Subtotal **\$323**

Net Program **\$0**

Direct FTE **0**

	Estimate	FTE
Base	\$27,224	102
Program Increase	\$0	0
Program Decrease	\$0	0

EXECUTIVE LEADERSHIP, PROGRAM OVERSIGHT AND ADMINISTRATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	6,599	6,599	6,703	104
FTE	26	26	26	0

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

Introduction

The EBSA Executive Leadership, Program Oversight and Administration budget activity provides the overall leadership and direction for the policy, regulatory, enforcement and all other program and administrative activities that support the Secretary’s vision of “*Promoting and Protecting Opportunity.*” This activity supports the strategic vision through our component program offices and will improve pension and health benefits security with increased enforcement, strengthened regulatory programs to effectively implement reform legislation, and improve transparency through public disclosure and helpful participant assistance and outreach programs.

This budget activity is also responsible for the development and implementation of the agency’s administrative policy, strategic planning, and operational guidance by: (a) planning and overseeing human capital management programs to build, sustain, and effectively deploy the skilled, knowledgeable, diverse, and high-performing workforce needed to meet current and emerging needs; (b) providing leadership in the development of the agency’s training goals and delivery mechanisms; (c) providing leadership in the development of long-term and annual performance plans and reports; (d) overseeing the development and implementation of the agency’s Continuity of Operations Plan (COOP) to ensure timely and effective continuation of critical agency operations in the event of a major disruption; (e) planning and directing the analysis, justification, execution and evaluation of the agency budget, and integrating the agency’s strategic performance goals with budget formulation and execution; (f) providing advice and oversight regarding the prudent management and use of resources and compliance with governing laws and regulations; and, (g) planning and coordinating the overall facilities management plan including space, telecommunications, mail, and printing management.

Through this activity, EBSA also carries out its responsibilities under the Debt Collection and Debt Collection Improvement Acts, specifically, those related to debts arising from civil penalties assessed under ERISA sections 502(c), 502(i) and 502(l).

EXECUTIVE LEADERSHIP, PROGRAM OVERSIGHT AND ADMINISTRATION

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$6,668	26
2011	\$6,655	26
2012	\$6,705	26
2013	\$6,600	26
2014	\$6,599	26

FY 2015

EBSA seeks \$6,703,000 and 26 FTE for the Executive Leadership, Program Oversight and Administration budget activity. This resource request includes built-in adjustments for inflation totaling \$104,000 and no program increases or decreases. This budget enables EBSA to continue to provide the leadership and administrative support for all of the agency's programs including enforcement, participant assistance, policy, compliance assistance, and regulatory initiatives. EBSA will utilize human capital, financial and other information systems to provide decision-makers with the timely analysis required to monitor and update strategic plans and to measure the results of program and management initiatives. Additionally through this activity, EBSA will ensure the proper execution of responsibilities to sustain employee benefits security and health care reform.

Through this budget activity, EBSA will ensure effective and consistent employee and labor relations; promote a positive labor management relationship with the employees' exclusive representatives; plan and execute Executive Orders and Departmental special emphasis programs such as those for Historically Black Colleges and Universities, Hispanic Serving Institutions, Tribal Colleges and Universities, Asian American and Pacific Islanders, and individuals with disabilities; develop policy and operational guidance regarding the prudent management and use of resources in compliance with governing laws and regulations; and, oversee the agency's procurement, travel and other financial management activities.

The proposed FY 2015 budget level for the Executive Leadership, Program Oversight and Administration budget activity ensures the execution of functions that include: (a) human capital management programs to build, sustain, and effectively deploy the skilled, knowledgeable, diverse, and high-performing workforce needed to meet current and emerging needs; (b) development of strategic training goals and delivery mechanisms that meet both programmatic and individual needs; (c) development of long term and annual performance plans and reports; (d) development and implementation of the Agency Continuity of Operations Plan for continuation of critical agency operations in the event of a major disruption; (e) formulation, execution and evaluation of the Agency budget; and (f) overall facilities management planning including space, telecommunications, mail, and printing management.

Lastly, during FY 2015, EBSA will continue to effectively administer its responsibilities for the management of debts arising from the assessment of civil penalties under ERISA sections

EXECUTIVE LEADERSHIP, PROGRAM OVERSIGHT AND ADMINISTRATION

502(c)(2), 502(i) and 502(l). This will be accomplished in accordance with the requirements of the Debt Collection and Debt Collection Improvement Acts.

FY 2014

In FY 2014, the Executive Leadership, Program Oversight and Administration budget activity will continue to ensure the execution of functions that include: (a) human capital management programs to build, sustain, and effectively deploy the skilled, knowledgeable, diverse, and high-performing workforce needed to meet current and emerging needs; (b) development of strategic training goals and delivery mechanisms that meet both programmatic and individual needs; (c) development of long term and annual performance plans and reports; (d) development and implementation of the agency Continuity of Operations Plan for continuation of critical agency operations in the event of a major disruption; (e) formulation, execution and evaluation of the agency budget; and (f) overall facilities management planning including space, telecommunications, mail, and printing management.

FY 2013

Extensive discussions of the agency achievements are found in the Overview and other budget activity sections. However, the following are a few of the significant accomplishments in the administrative areas. Effective human capital management requires us to identify and recruit qualified candidates, train and develop them for current positions and prepare them for progressively more responsible positions within EBSA. These positions include occupations such as Investigators, Auditors, Benefits Advisors and Employee Benefits Law Specialists. To identify and recruit qualified, diverse entry-level employees, our recruitment teams conducted on-campus recruiting at local colleges and universities throughout the country. We utilized internship programs at undergraduate, graduate and professional institutions. In FY 2013, a total of 53 employees were hired through recruitment and hiring programs (including 2 employees through the Career Pathways Program and 8 disabled employees). To enhance employee development and succession planning, we utilized intra-agency development assignments, OPM-sponsored management development training, and Graduate School sponsored classes and seminars, and other management development assignments (e.g., developmental details, EBSA management conferences and seminars, annual employee needs assessments). Approximately 137 EBSA employees completed such developmental assignments in FY 2013.

We continued our extensive internal training curriculum to ensure that our employees develop and maintain the technical knowledge needed to successfully meet our strategic and performance goals. The training curriculum consisted of a two-part Basic Training Course, Benefits Advisor Training Course, Criminal Enforcement Training Course, Benefit Plan Accounting Course, and an independent study course for the Introduction to Employee Benefits and Fiduciary Conduct. In FY 2013, EBSA has trained over 325 employees in technical and professional areas, expending more than 15,000 hours on training. These courses are designed to provide a foundation of legal knowledge and an understanding of industry practices required to effectively regulate the employee benefits industry and provide compliance assistance to stakeholders. Additionally, 9 employees completed Federal Law Enforcement Training Center (FLETC)

EXECUTIVE LEADERSHIP, PROGRAM OVERSIGHT AND ADMINISTRATION

courses to enhance their skills in areas unique to conducting criminal employee benefit plan investigations.

Lastly, EBSA effectively administered its responsibilities under the Debt Collection and Debt Collection Improvement Acts resulting in net final assessments of approximately \$33,982,613 and net collections of approximately \$32,876,067 in FY 2013.

**EXECUTIVE LEADERSHIP, PROGRAM OVERSIGHT AND
ADMINISTRATION**

DETAILED WORKLOAD AND PERFORMANCE				
	FY 2013 Enacted		FY 2014 Enacted	FY 2015 Request
	Target	Result	Target	Target
Executive Leadership, Program Oversight and Administration				
Strategic Goal 4 - Secure retirement, health, and other employee benefits and, for those not working, provide income security				
Strategic Objective 4.2 - Improve health benefits and retirement security for all workers				
Participant assistance program customer satisfaction index	69.00%	71.00%	72.00%	72.00%
Percent of employee benefit plans in compliance with civil provisions of ERISA	[base]	29.50%	TBD	TBD
Percentage point difference in compliance rate between employee benefit plans recently investigated and other employee benefit plans	--	--	TBD	TBD

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

EXECUTIVE LEADERSHIP, PROGRAM OVERSIGHT AND ADMINISTRATION

Workload Summary

The Executive Leadership, Program Oversight and Administration budget activity will continue to ensure the execution of functions that include: (a) human capital management programs to build, sustain, and effectively deploy the skilled, knowledgeable, diverse, and high-performing workforce needed to meet current and emerging needs; (b) development of strategic training goals and delivery mechanisms that meet both programmatic and individual needs; (c) development of long term and annual performance plans and reports; (d) development and implementation of the agency Continuity of Operations Plan for continuation of critical agency operations in the event of a major disruption; (e) formulation, execution and evaluation of the agency budget; and (f) overall facilities management planning including space, telecommunications, mail, and printing management.

**EXECUTIVE LEADERSHIP, PROGRAM OVERSIGHT AND
ADMINISTRATION**

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
11.1	Full-time permanent	3,226	3,130	3,160	30
11.3	Other than full-time permanent	117	16	17	1
11.5	Other personnel compensation	44	115	116	1
11.9	Total personnel compensation	3,387	3,261	3,293	32
12.1	Civilian personnel benefits	906	1,383	1,397	14
21.0	Travel and transportation of persons	48	111	111	0
22.0	Transportation of things	3	0	0	0
23.1	Rental payments to GSA	452	316	344	28
23.3	Communications, utilities, and miscellaneous charges	117	44	44	0
24.0	Printing and reproduction	73	0	0	0
25.2	Other services from non-Federal sources	236	466	488	22
25.3	Other goods and services from Federal sources 1/	407	740	748	8
25.7	Operation and maintenance of equipment	849	23	23	0
26.0	Supplies and materials	62	45	45	0
31.0	Equipment	59	210	210	0
	Total	6,599	6,599	6,703	104
	1/Other goods and services from Federal sources				
	Working Capital Fund	380	707	715	8
	DHS Services	27	33	33	0

EXECUTIVE LEADERSHIP, PROGRAM OVERSIGHT AND ADMINISTRATION

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$32
Personnel benefits	14
Federal Employees' Compensation Act (FECA)	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	28
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Other services from non-Federal sources	22
Working Capital Fund	8
Other Federal sources (DHS Charges)	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0

Built-Ins Subtotal **\$104**

Net Program **\$0**

Direct FTE **0**

	Estimate	FTE
Base	\$6,703	26
Program Increase	\$0	0
Program Decrease	\$0	0