

FY 2018

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, 2018, for the Corporation: Provided, That none of the funds available to the Corporation for fiscal year 2018 shall be available for obligations for administrative expenses in excess of \$424,417,000: Provided further, That an amount not to exceed an additional \$98,500,000 shall be available through September 30, 2022, for costs associated with the acquisition, occupancy, and related costs of headquarters space: Provided further, That to the extent that the number of new plan participants in plans terminated by the Corporation exceeds 100,000 in fiscal year 2018, an amount not to exceed an additional \$9,200,000 shall be available through September 30, 2019, for obligation for administrative expenses for every 20,000 additional terminated participants: Provided further, That obligations in excess of the amounts provided in this paragraph may be incurred for unforeseen and extraordinary pre-termination expenses or extraordinary multiemployer program related expenses after approval by the Office of Management and Budget and notification of the Committees on Appropriations of the House of Representatives and the Senate.

Note.—A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114-254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution.

PENSION BENEFIT GUARANTY CORPORATION

ANALYSIS OF APPROPRIATION LANGUAGE

LANGUAGE PROVISION

Provided further, an amount not to exceed an additional \$98,500,000 shall be available through September 30, 2022, for costs associated with the acquisition, occupancy, and related costs of headquarters space:

EXPLANATION

PBGC current Headquarters leases expire in December 2018. As such, funds are required to design, build out, and lease a consolidated Headquarters space through GSA. Availability of the funds should be for five years as this effort will take several years. As the FY 2017 Budget has not been enacted at the time the budget was prepared, this repeats the FY 2017 request.

PENSION BENEFIT GUARANTY CORPORATION

AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2016 Enacted		FY 2017 Full Year C.R.		FY 2018 Request	
	FTE¹	Amount	FTE	Amount	FTE	Amount
A. Appropriation						
Administrative Activities						
Consolidated Administrative Activities	942	\$423,163	964	\$423,050	966	\$522,917
Total Administrative Activities ²	942	\$423,163	964	\$423,050	966	\$522,917
Program Activities						
Investment Management Fees Program	0	\$103,906	0	\$113,484	0	\$110,630
Single-Employer Program Benefit Payments	0	\$6,280,000	0	\$6,287,590	0	\$6,770,000
Multiemployer Program Financial Assistance	0	\$250,000	0	\$148,600	0	\$169,000
Total Program Activities	0	\$6,633,906	0	\$6,549,674	0	\$7,049,630
Total Program and Administrative Activities	942	\$7,057,069	964	\$6,972,724	966	\$7,572,547
Offsetting Collections From:						
Interest on Federal Securities	0	\$647,000	0	-\$995,000 ³	0	\$962,000
Premium Receipts	0	\$5,472,000	0	\$6,850,000	0	\$7,113,000
Benefit Payment Reimbursements	0	\$5,012,000	0	\$3,523,000	0	\$4,357,000
Investment Management Fees Program	0	\$103,906	0	\$113,484	0	\$110,630
Trust Fund for Administrative Expenses ⁴	0	\$396,094	0	\$381,516	0	\$474,370
<i>Subtotal, Offsetting Collections From</i>	<i>0</i>	<i>\$11,631,000</i>	<i>0</i>	<i>\$9,873,000</i>	<i>0</i>	<i>\$13,017,000</i>
B. Gross Budget Authority	942	\$18,688,069	964	\$16,845,724	966	\$20,589,547
Offsetting Collections To:						
Interest on Federal Securities	0	-\$647,000	0	\$995,000	0	-\$962,000
Premium Receipts	0	-\$5,472,000	0	-\$6,850,000	0	-\$7,113,000
Benefits Payment Reimbursements	0	-\$5,012,000	0	-\$3,523,000	0	-\$4,357,000
Investment Management Fees Program	0	-\$103,906	0	-\$113,484	0	-\$110,630
Administrative Expenses	0	-\$396,094	0	-\$381,516	0	-\$474,370

¹ FY 2016 reflects FTE authorization and utilization.

² FY 2016 Enacted reflect sequestration reductions to mandatory accounts pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended. FY 2017 reflects sequestration reduction as required by the OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2017 (February 9, 2016) pursuant to the Budget Control Act of 2011 (P.L. 112-25).

³ The change in market value pricing for bonds based on the PIMS model.

⁴ 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.

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<i>Subtotal, Offsetting Collections To</i>	0	-\$11,631,000	0	-\$9,873,000	0	-\$13,017,000
C. Obligating Authority Before Committee	942	\$423,163	964	\$423,050	966	\$522,917
D. Total Budgetary Resource	942	\$7,057,069	964	\$6,972,724	966	\$7,572,547
Unobligated Balance Expiring	0	\$0	0	\$0	0	\$0
Direct BA and FTE	942	\$7,057,069	964	\$6,972,724	966	\$7,572,547
Reimbursable BA and FTE	0	\$0	0	\$0	0	\$0
Total Lapse ⁵	4	-\$2,966	0	\$0	0	\$0
E. Total, Estimated Obligations⁶	946	\$7,054,103	964	\$6,972,724	966	\$7,572,547

⁵ Total lapse in FY 2016 applies only to administrative funds.

⁶ Figures shown for FY 2017 reflect the Full-Year Continuing Resolution level, as a full-year appropriation had not been enacted at the time the budget was produced.

PENSION BENEFIT GUARANTY CORPORATION

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2017 Full Year C.R.	FY 2018 Request	Net Change
Obligational Authority			
Program Activities	\$6,549,674	\$7,049,630	+\$499,956
Administrative Activities	\$423,050	\$522,917	+\$99,867
Total	\$6,972,724	\$7,572,547	+\$599,823
 Full Time Equivalents			
Program Activities	0	0	0
Administrative Activities	964	966	2
Total	964	966	2

Explanation of Change	FY 2018 Change							
	FY 2017 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	964	\$116,120	0	\$2,121	0	\$0	0	\$2,121
Personnel benefits	0	\$37,377	0	\$679	0	\$0	0	\$679
Two days less of Pay	0	\$548	0	\$0	0	\$0	0	\$0
Benefits for former personnel	0	\$39	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$1,163	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$1	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to others	0	\$54,598	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$5,207	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$178	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$113,484	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$198,352	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$4,250	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$0	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	\$0	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$2,515	0	\$0	0	\$0	0	\$0
Equipment	0	\$2,702	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$6,287,590	0	\$0	0	\$0	0	\$0
Investment and Loans	0	\$148,600	0	\$0	0	\$0	0	\$0

PENSION BENEFIT GUARANTY CORPORATION

FY 2018 Change

Explanation of Change	FY 2017 Base		Administrative Activities		Program Activities		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Built-Ins Subtotal	964	+\$6,972,724	0	+\$2,800	0	\$0	0	+\$2,800
B. Programs:								
Single Employer Program Benefit Payments	0	\$6,287,590	0	\$0	0	\$482,410	0	\$482,410
Lease Requirements	0	\$0	0	\$98,500	0	\$0	0	\$98,500
Multiemployer Program Financial Assistance	0	\$148,600	0	\$0	0	\$20,400	0	\$20,400
Restoration of 2017 sequestration reduction	0	\$0	0	\$8,749	0	\$0	0	\$8,749
Mandated Requirements for Cybersecurity	0	\$20,545	0	\$2,300	0	\$0	0	\$2,300
Personnel Costs for the Participant and Plan Sponsor Advocate	2	\$393	2	\$280	0	\$0	2	\$280
Statement Audit and Support Contract	0	\$2,178	0	\$103	0	\$0	0	\$103
Programs Subtotal			2	+\$109,932	0	+\$502,810	2	+\$612,742
Total Increase	964	+\$6,972,724	2	+\$112,732	0	+\$502,810	2	+\$615,542
Decreases:								
A. Built-Ins:								
To Provide For:								
Built-Ins Subtotal	0	\$0	0	\$0	0	\$0	0	\$0
B. Programs:								
Reduction of one-time requests	0	\$0	0	-\$12,865	0	\$0	0	-\$12,865
Investment Management Fees Program	0	\$113,484	0	\$0	0	-\$2,854	0	-\$2,854
Programs Subtotal			0	-\$12,865	0	-\$2,854	0	-\$15,719
Total Decrease	0	\$0	0	-\$12,865	0	-\$2,854	0	-\$15,719
Total Change	964	+\$6,972,724	2	+\$99,867	0	+\$499,956	2	+\$599,823

PENSION BENEFIT GUARANTY CORPORATION

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2016 Enacted		FY 2017 Full Year C.R.		FY 2018 Request		Diff. FY18 Request / FY17 Full Year C.R.	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Consolidated Administrative Activities	946	423,163	964	423,050	966	522,917	2	99,867
Administrative	946	423,163	964	423,050	966	522,917	2	99,867
Office of Inspector General - Non-Add	0	6,377	25	6,430	25	6,606	0	176
Administrative	0	6,377	25	6,430	25	6,606	0	176
Investment Management Fees Program	0	103,906	0	113,484	0	110,630	0	-2,854
Program	0	103,906	0	113,484	0	110,630	0	-2,854
Single-employer Program Benefit Payments	0	6,280,000	0	6,287,590	0	6,770,000	0	482,410
Program	0	6,280,000	0	6,287,590	0	6,770,000	0	482,410
Multiemployer Program Financial Assistance	0	250,000	0	148,600	0	169,000	0	20,400
Program	0	250,000	0	148,600	0	169,000	0	20,400
Total	946	7,057,069	964	6,972,724	966	7,572,547	2	599,823
Program	0	6,633,906	0	6,549,674	0	7,049,630	0	499,956
Administrative	946	423,163	964	423,050	966	522,917	2	99,867

NOTE: 2016 reflects actual FTE.

PENSION BENEFIT GUARANTY CORPORATION

BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2016 Enacted	FY 2017 Full Year C.R.	FY 2018 Request	Diff. FY18 Request / FY17 Full Year C.R.
	Full-Time Equivalent				
	Full-time Permanent	912	934	936	2
	Other	30	30	30	0
	Total	942	964	966	2
	Average ES Salary	\$171,193	\$176,123	\$179,470	\$3,347
	Average GM/GS Grade	12	12	12	0
	Average GM/GS Salary	\$98,288	\$101,119	\$103,040	\$1,921
11.1	Full-time permanent	108,875	110,966	113,283	2,317
11.3	Other than full-time permanent	1,564	1,555	1,555	0
11.5	Other personnel compensation	4,005	4,005	4,005	0
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	114,444	116,526	118,843	2,317
12.1	Civilian personnel benefits	30,863	37,519	38,282	763
13.0	Benefits for former personnel	0	39	39	0
21.0	Travel and transportation of persons	1,759	1,163	1,163	0
22.0	Transportation of things	1	1	1	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	29,552	54,598	30,128	-24,470
23.3	Communications, utilities, and miscellaneous charges	5,795	5,207	5,207	0
24.0	Printing and reproduction	302	178	178	0
25.1	Advisory and assistance services	103,906	113,484	110,630	-2,854
25.2	Other services from non-Federal sources	229,594	198,352	319,609	121,257
25.3	Other goods and services from Federal sources 1/	4,100	4,250	4,250	0
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	2,718	2,515	2,515	0
31.0	Equipment	4,035	2,702	2,702	0
33.0	Investments and Loans	250,000	148,600	169,000	20,400
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	6,280,000	6,287,590	6,770,000	482,410
	Total⁷	7,057,069	6,972,724	7,572,547	599,823
	1/Other goods and services from Federal sources				
	Services by Other Government Departments	4,100	4,250	4,250	0

⁷ The FY 2018 request reflects a repeat of the FY 2017 new Headquarters lease request.

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)	Not Yet Codified	N/A		Not Applicable

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P.L. 114-74	Bipartisan Budget Act of 2015	129 Stat.	584	Not Applicable
P.L. 114-113	Consolidated Appropriations Act, 2016	TBD	TBD	Not Applicable

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APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2009					
Base Appropriation...1/	\$444,722	\$444,722	\$444,722	\$444,722	928
2010					
Base Appropriation	\$464,067	\$464,067	\$464,067	\$464,067	941
2011					
Base Appropriation...2/	\$466,301	\$0	\$0	\$464,066	941
2012					
Base Appropriation...3/	\$476,901	\$476,901	\$476,901	\$476,901	999
2013					
Base Appropriation...4/	\$479,013	\$0	\$0	\$470,906	1,017
2014					
Base Appropriation...5/	\$505,441	\$0	\$0	\$496,634	956
2015					
Base Appropriation...6/	\$415,394	\$0	\$0	\$406,425	977
2016					
Base Appropriation...7/	\$431,799	\$0	\$0	\$423,163	942
2017					
Base Appropriation...	\$519,506	\$0	\$0	\$0	0
2018					
Base Appropriation	\$522,917	\$0	\$0	\$0	966

1/ FY 2009 was only reported out of Subcommittee and was not passed by the Full House.

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

3/ FY 2012 reflects authorized FTE.

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

5/ FY 2014 appropriation reflects a temporary sequestration reduction.

6/ FY 2015 appropriation reflects a temporary sequestration reduction.

7/ FY 2016 appropriation reflects a temporary sequestration reduction.

PENSION BENEFIT GUARANTY CORPORATION

Overview

The Pension Benefit Guaranty Corporation (PBGC) is a federal corporation, established under the Employee Retirement Income Security Act of 1974, as amended. It guarantees payment of basic pension benefits earned by about 40,000,000 American workers and retirees in two separate insurance programs. The single-employer program protects about 29,000,000 workers and retirees in over 22,000 pension plans. The multiemployer program protects over 10,000,000 workers and retirees in about 1,400 pension plans. The Corporation receives no funds from general tax revenues. Operations are financed by insurance premiums paid by plans or the companies that sponsor them, investment income, and, in the single-employer program, assets from terminated plans and recoveries of plan underfunding in sponsor bankruptcies.

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 Agency'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 \$522,917,000 in spending authority for administrative purposes in 2018. The request includes costs for enhancing and meeting cybersecurity requirements and the build-out and design for a Headquarters lease through GSA (repeat from FY 2017). The significant areas in which PBGC is seeking changes are as follows:

- A baseline increase of \$2,300,000 for federally-mandated requirements for cybersecurity;
- A one-time increase of \$98,500,000 with five year availability for a Headquarters lease (because a full-year appropriation had not been enacted at the time the budget was prepared, this is a repeat of the FY 2017 request);
- An increase of \$2,800,000 to reflect inflation adjustments for personnel compensation and benefits;
- A baseline increase of \$280,000 to support the additional personnel in the Office of the Participant and Plan Sponsor Advocate (OPPSA);
- A baseline increase of \$103,000 to support an Office of Inspector General request for additional Financial Statement Audit funding (because a full-year appropriation had not been enacted at the time the budget was prepared, this is a repeat of the FY 2017 request);
- Restoration of FY 2017 sequestration in the amount of \$8,749,000; and
- A reduction of (\$12,865,000) for one-time FY 2016 funding for improvements to our IT delivery and security, and correcting long-standing IT related material weaknesses.

The Budget also includes a legislative proposal aimed at improving the solvency of PBGC's multiemployer program and protecting workers' retirement security.

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PBGC Mission and Vision

Mission: PBGC enhances retirement security by preserving plans and protecting pensioners' benefits.

Vision: A sustainable pension insurance agency committed to serving its customers and expanding retirement security opportunities.

Values: We measure our performance by how we work and how we serve our customers. We are committed to excellence.

- **Professionalism** and **Integrity** in protecting pensions and the expenditure of resources for our operations
- **Quality** and **Timeliness** in the information and services provided to our customers
- **Teamwork** that taps the diverse talent and disciplines needed to achieve the desired results
- **Investment** in our people and technology
- **Benchmarking** our services across government by comparing our performance with other benefit paying agencies

PBGC Effectively Protects Retirement Security

Plan Preservation Efforts: PBGC tries, first, to preserve plans and keep pension promises in the hands of the employers who make them. When companies undertake major transactions that might threaten their ability to pay pensions, PBGC negotiates protections for their pension plans. Last year PBGC negotiated with dozens of companies, both in bankruptcy and otherwise, to preserve their plans. In 2016, PBGC:

- Helped to protect over 55,000 people by encouraging companies to keep their plans when they emerged from bankruptcy;
- Negotiated almost \$3,000,000,000 in financial assurance to protect more than 367,000 people in plans at risk;
- Conducted reviews of plan sponsor calculations for plans that end through standard terminations, resulting in almost 940 participants receiving corrected benefit amounts totaling \$4,500,000.

Stepping in to Insure Pensions When Plans Fail: When plans do fail, PBGC steps in to ensure that a portion of benefits continue to be paid. Over the years, PBGC has become responsible for more than 1,500,000 people from over 4,800 failed plans. In 2016, PBGC:

- Paid \$5,700,000,000 to almost 840,000 retirees in more than 4,700 failed single-employer plans;
- Provided \$113,000,000 in financial assistance to 65 multiemployer pension plans covering the benefits of 59,000 participants (an additional 27,000 workers in these

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multiemployer plans will receive guaranteed benefits when they retire) over the past year; and

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

Currently, PBGC pays nearly 840,000 retirees and beneficiaries, and almost 560,000 workers are scheduled to receive benefits from PBGC when they retire. We are committed to getting timely and accurate payments to these people each month. Preserving plans and protecting pensioners are two of our highest priorities.

We also strive to engage and collaborate with the stakeholder community, including participants, plan sponsors and service providers, to listen to their concerns and continue to work on ways to make it easier for plan sponsors to maintain traditional pension plans. This year, for example, PBGC issued a final rule that cuts penalties for late payment of premiums in half, which reduces the regulatory and financial burdens of sponsoring a pension plan. Additionally, PBGC is looking to expand our Missing Participants Program to include terminating plans that are not covered by the existing program. We reached out to the community to see what was needed and received input on practical ways to do it. We are working to issue final regulations based on comments received in response to the proposed rule issued in September 2016.

PBGC's work on implementing the Multiemployer Pension Reform Act of 2014 is ongoing. We issued a proposed rule on facilitated mergers, a tool targeted to help troubled multiemployer plans improve their long-term health and are working to issue final regulations based on the comments we received. PBGC continues to work with the Departments of Labor and Treasury to carry out the law.

PBGC continues to collaborate with stakeholders in the multiemployer system to find solutions to resolve its financial difficulties. At the same time, we must protect the benefits of those left behind in the existing defined benefit system, even as new plan models emerge. We are working to remedy the financial troubles of PBGC's Multiemployer Program, which is expected to run out of money in the near future. It is in all stakeholders' interests -- workers, retirees, and plan sponsors -- that the PBGC is financially sound.

We continue to work with others in the administration on ways to improve the financial condition of the multiemployer program. There is still much work to be done to protect the retirement incomes of those who rely on us.

Providing excellent customer service is among our top priorities. We are proud that the retirees we serve have given us a score of 90 on the American Customer Satisfaction Index. This score is among the best in the public and private sectors.

Protecting Workers' Retirement Security

PBGC acts as a backstop to insure pension payments for workers whose companies or plans have failed. 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

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collective bargaining agreements involving more than one unrelated employer. The Budget will include proposed changes to PBGC's premiums that would raise about \$21,000,000,000 over the budget window.

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 in the multiemployer program. A multiemployer VRP would require plans to pay additional premiums based on their level of underfunding, up to a cap, as is done in the single-employer program. Premiums would be indexed to inflation, with additional rate increases imposed in 2022 and 2027.

An exit premium, equal to ten times the flat-rate premium, would be assessed on employers that withdraw from a plan to compensate the insurance program for the additional risk imposed on it when employers leave the system and cease making plan contributions. Employers who withdraw from a multiemployer plan pay a withdrawal liability to the plan but this payment is typically insufficient to cover the employer's share of the plan's unfunded liabilities. PBGC would have limited authority to design waivers for some or all of the variable rate premium assessed to terminated plans or ongoing plans that are in critical status, if there is a substantial risk that the payment of premiums will accelerate plan insolvency resulting in earlier financial assistance to the plan. Aggregate waivers for a year would be limited to 25% of the anticipated total multiemployer variable rate premiums for all plans. This level of premiums is expected to be sufficient to fund the multiemployer program for the next 20 years.

The Budget also calls for the repeal of provisions accelerating fiscal year 2026 premiums into fiscal year 2025 and repeals the requirement for certain multiemployer premium revenues to be held in non-interest bearing investments. The Budget will instead accelerate premium payments in both the single-employer and multiemployer programs from fiscal year 2028 into fiscal year 2027.

PBGC Headquarters Replacement Lease

The FY 2017 Budget requested \$98,500,000 for costs associated with the consolidation of PBGC's three headquarters leases into a single replacement lease. As a full-year appropriation had not been enacted at the time the budget was prepared, the FY 2018 budget assumes the 2017 CR (which did not include this funding) and repeats the FY 2017 lease request. This funding will not be needed if funds are provided in FY 2017.

PBGC is currently working with the General Services Administration (GSA) to obtain a replacement lease which will maximize competition, reduce our federal footprint, and maximize workplace flexibility. GSA has released a Request for Proposals and is evaluating proposals. PBGC expects GSA to request a Reimbursable Work Authorization to finalize the lease plans upon authorization and availability of funds. Additionally, in FY 2017 PBGC is renegotiating its leases to adhere to the GSA schedule and fund the leases appropriately.

PENSION BENEFIT GUARANTY CORPORATION

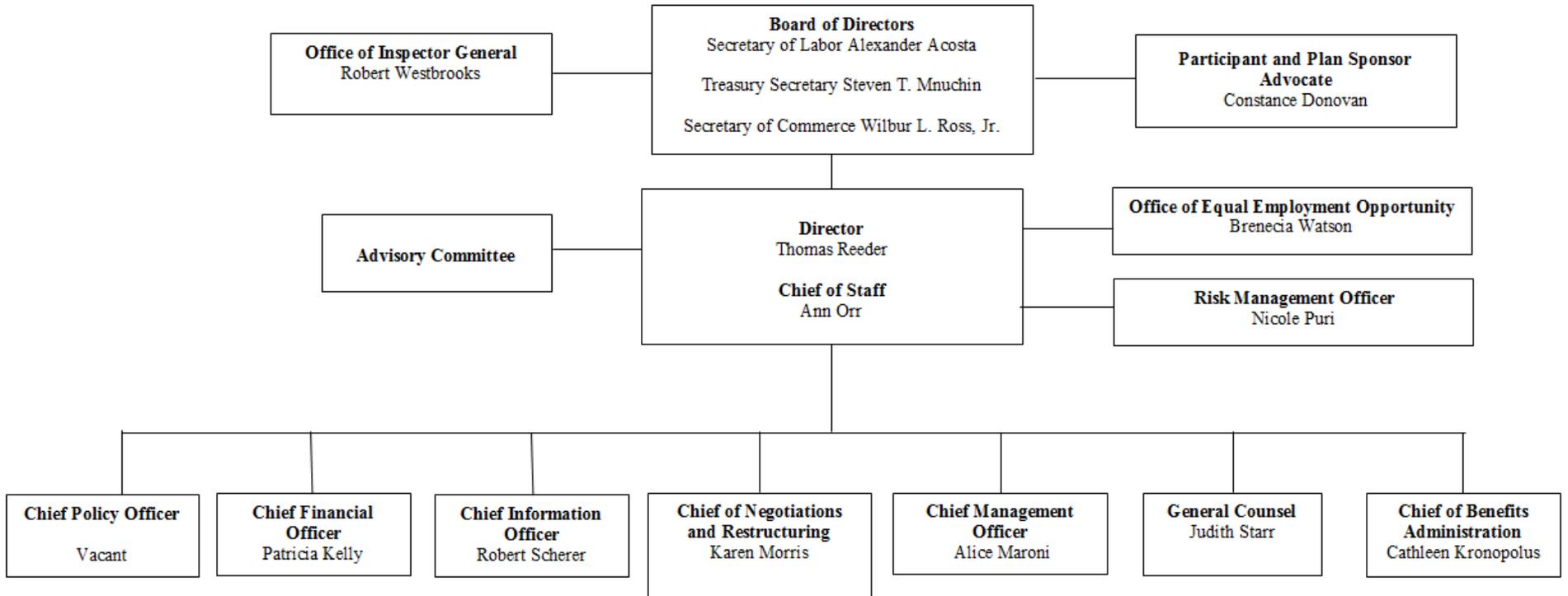
PBGC Use of Evidence in Decision Making

PBGC continuously monitors how well the corporation does its job and serves customers using a wide range of performance measures. Among them are how quickly and seamlessly the corporation pays retirees, how accurately PBGC calculates their benefits, and how well the corporation invests assets. PBGC conducts surveys to help improve the coordination and cooperation essential to meet customer service goals.

Each quarter, PBGC leaders participate in data-driven discussions covering the corporation's progress in pre- and post-trusteeship operations, stewardship and accountability, customer satisfaction, and building and maintaining a model workplace. The strategic use of performance data better informs planning and execution of operations, as well as corporate and program area decision-making.

PENSION BENEFIT GUARANTY CORPORATION

ORGANIZATION CHART



PENSION BENEFIT GUARANTY CORPORATION

PBGC Annual Performance Plan

PBGC's current FY 2014-2018 Strategic plan provides a framework for annual performance plans. 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.

The agency has a multidisciplinary professional workforce of about 980 federal employees and a comparable number of contractors, who are committed to the work of PBGC's mission. Every 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 our mission, include:

- Accountants
- Actuaries
- Attorneys
- Auditors
- Cybersecurity Experts
- Financial Analysts
- And a host of professionals and other administrative staff who support business operations, manage information technology programs, oversee the investment portfolio, and manage the agency's budget and finances

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 2014-2018 PBGC Strategic Plan, please visit:

<http://www.pbgc.gov/Documents/PBGC-Strategic-Plan-2014-2018.pdf>

For the FY 2016 PBGC Annual Performance Report, please visit:

<http://www.pbgc.gov/about/reports/ar2016.html>

The table that follows is a summary of the FY 2014-2018 PBGC Strategic Plan.

PENSION BENEFIT GUARANTY CORPORATION

PBGC Strategic Plan					
Strategic Goal 1: Preserve Plans and Protect Pensioners					
Strategic Objectives		Performance Goals			
<ul style="list-style-type: none"> • Preserve plans during bankruptcy and other corporate transactions • Encourage flexibility to preserve plans through changes in legislation and regulations 		<ul style="list-style-type: none"> • Work with plan sponsors to preserve plans in a way they can afford using PBGC's existing tools and by encouraging creation of additional options • Encourage legislative and regulatory changes that preserve multiemployer plans and enable them to attract new employers and to keep the ones they have 			
Goal Leaders: Chief of Negotiations and Restructuring, Chief Policy Officer and General Counsel					
Performance Measures & Targets					
Goal 1 Performance Measures & Targets	FY 2014 Result	FY 2015 Result	FY 2016 Result	FY 2017 Target	FY 2018 Target
Participants protected as a result of our actions in bankruptcy cases where plan sponsors emerge from bankruptcy with plans ongoing and in early warning settlements	163,000	16,000	55,000	These activities are not amenable to targets	
Additional payments resulting from standard termination enforcement actions	\$6.5M to 938 people	\$5.8M to 1,456 people	\$4.5 to 940 people	These activities are not amenable to targets	
Performance Area (Dollars in thousands)			FY 2016	FY 2017	FY 2018
Pension Insurance	Total Funding (Dollars in thousands)		\$78,653	\$78,480	\$79,455
	Total FTE		202	207	207

FY 2018 plan to achieve Goal 1 Performance Objectives:

1. Respond to major statutory changes enacted by MPRA and address the resulting expected increase in the number of partitioned and merger plan requests for financial assistance
2. Provide actuarial analysis in response to Department of the Treasury's request for review of MPRA benefit suspension applications
3. Reduce Administrative and regulatory burdens on plan sponsors
4. Audit a statistically significant number of plans terminating through standard termination, including all plans with more than 300 participants, to ensure pension plan participants receive the correct pension benefits

PENSION BENEFIT GUARANTY CORPORATION

PBGC Strategic Plan					
Strategic Goal 2: Pay Pension Benefits on Time and Accurately					
Strategic Objectives	Performance Goals				
<ul style="list-style-type: none"> • Promote exceptional customer service to pensioners • Ensure regular monthly benefit payments continue without interruption • Provide accurate and timely benefit calculations 	<ul style="list-style-type: none"> • Maintain exemplary customer satisfaction ratings • Continue uninterrupted benefit payments in newly trusteeed plans • Approve benefit applications within 45 days • Improve the accuracy, timeliness, and completeness of benefit determinations 				
Goal Leaders: Chief of Benefits Administration					
Performance Measures & Targets					
Goal 2 Performance Measures & Targets	FY 2014 Result (Target)	FY 2015 Result (Target)	FY 2016 Result (Target)	FY 2017 Target	FY 2018 Target
Customer satisfaction ratings:					
• Customer Contact Center calls	85% (81%)	83% (85%)	84% (85%)	85%	85%
• Retirees and beneficiaries receiving benefits	90% (85%)	91% (85%)	90% (85%)	85%	90%
• Users of MyPBA	77% (81%)	77% (81%)	76% (77%)	81%	79%
New Retiree On-Time Payment	100%	100%	100%	100%	100%
Benefit applications approved within 45 days	75% (87%)	80% (87%)	87% (87%)	87%	100%
Average time (years waiting) to issue benefit determinations (between trusteeship and benefit determination issuance)	4.3 (4.3)	4.8 (4.3)	6.3 (4.3)	4.3	4.3
Estimated benefits within 10 percent of final benefit determination	97% (95%)	96% (95%)	96% (95%)	95%	95%
Performance Area (Dollars in thousands)			FY 2016	FY 2017	FY 2018
Pension Plan Termination	Total Funding (Dollars in thousands)		\$180,231	\$168,849	\$180,068
	Total FTE		329	336	336

FY 2018 plan to achieve Goal 2 Performance Objectives:

1. Reduce the number of unissued Benefit Determination Letters (BDLs) by completing 80 participant data reviews, 90 asset evaluations and 100 actuarial valuations;
2. Modernize and consolidate field office operations.

PENSION BENEFIT GUARANTY CORPORATION

Strategic Goal 3: Maintain High Standards of Stewardship and Accountability					
Strategic Objectives	Performance Goals				
<ul style="list-style-type: none"> • Provide exceptional customer service to plan sponsors and premium filers • Restore PBGC's finances • Meet or exceed the financial and ethical standards that apply to PBGC as a major financial and government agency • Maintain secure, flexible, and scalable technology to support effective and efficient business operations • Maintain a high performing workforce 	<ul style="list-style-type: none"> • Maintain exemplary customer satisfaction ratings • Pursue legislation that allows premiums to adequately finance PBGC's activities • Manage investments consistent with prudence and the investment policy • Collect insurance premiums due • Recruit, train, and retain high-quality multidisciplinary workforce • Achieve an unmodified audit opinion on PBGC's financial statements; eliminate material weaknesses and significant deficiency; and continue compliance with the Appendix C to OMB Circular No. A-123, Requirements for Effective Estimation and Remediation of Improper Payments to prevent, detect, and recover improper payments • Implement a coherent strategy to upgrade information technology • Meet security requirements 				
Goal Leaders: Chief Management Officer, Chief Financial Officer and General Counsel					
Performance Measures & Targets					
Goal 3 Performance Measures & Targets	FY 2014 Result (Target)	FY 2015 Result (Target)	FY 2016 Result (Target)	FY 2017 Target	FY 2018 Target
Customer satisfaction ratings: <ul style="list-style-type: none"> • Plan sponsors and premium filers • MyPAA • Overall Customer Satisfaction • PBGC.gov Web site 	73% (72%)	76% (72%)	79% (73%)	73%	74%
	81% (78%)	80% (78%)	83% (79%)	79%	80%
	76% (75%)	75% (80%)	73% (80%)	80%	80%
	73% (73%)	74% (74%)	74% (74%)	74%	74%
Financial statement audit	Unmodified	Unmodified	Unmodified	Unmodified	Unmodified
Compliance with Improper Payments Elimination and Recovery Act	Yes	Yes	Yes	Yes	Yes
Material weaknesses and significant deficiency	Progress	Progress	Progress	Reduce	Reduce
FedView Employee Engagement Index	65%	69%	67%	69%	69%
Compliance with EEOC MD 715 model work environment	Yes	Yes	Yes	Yes	Yes
Performance Area (Dollars in thousands)			FY 2016	FY 2017	FY 2018
Operational Support	Total Funding (Dollars in thousands)		\$164,278	\$178,721	\$263,394
	Total FTE		411	421	423

PENSION BENEFIT GUARANTY CORPORATION

FY 2018 plan to achieve Goal 3 Performance Objectives:

1. Collect pension insurance premiums due
2. Implement year one of expanded missing participants regulations
3. Continue to develop and implement risk management frameworks with continuous monitoring to ensure compliance with OMB circular A-123 to mitigate, reduce or accept identified risks
4. Continue to develop a Cybersecurity Policy Framework
5. Continuously improve enterprise information system continuous monitoring program
6. Insure legal and regulatory compliance through implementation of appropriate policies, procedures, standards and guidance to achieve an unmodified audit opinion
7. Adhere to GSA guidelines to acquire new office space
8. Engage with stakeholders in at least 6 meetings to discuss policy, progress and implementation
9. Provide ethics training to at least 98% of new employees within 90 days of hiring
10. Provide new employees and contractors with privacy training before badging or network access 99% of the time

PENSION BENEFIT GUARANTY CORPORATION

TABLE 1: SUMMARY OF PBGC MEASURES AND ACTIVITIES

	Target	2016	2015
Preserve Plan and Protect Pensioners			
People Protected in Plans Emerging From Bankruptcy		55,000	16,000
Standard Termination Audits: Additional Payments		\$4.5 M to 940 people	\$5.8 M to 1,456 people
Pay Timely and Accurate Benefits			
People Receiving Benefits – Single-employer		840,000	826,000
People to Receive Benefits in Future – Single-employer		559,000	560,000
People Receiving Benefits in Plans Receiving Financial Assistance – Multiemployer		59,000	54,000
People to Receive Benefits in Future in Plans Receiving Financial Assistance – Multiemployer		27,000	25,000
New Retiree On-time Payments	100%	100%	100%
Estimated Benefits Within 10 percent of Final Calculation	95%	96%	96%
Average Time to Provide Benefit Determinations (years)	4.3	6.3	4.8
Improper Payment Rates within OMB Threshold ⁸	<1.5%	Yes	Yes
Applications Processed in 45 Days	87%	87%	80%
Maintain High Standards of Stewardship and Accountability			
Retiree Satisfaction – ACSI ⁹	90	90	91
Caller Satisfaction – ACSI	83	84	83
Premium Filer Satisfaction – ACSI	73	79	76
Overall Customer Satisfaction ¹⁰	80	73	75
Contract Awards Fully Competed		75%	92%
Financial Surplus (Deficit) – Single-employer		(\$20.6B)	(\$24.1B)
Financial Surplus (Deficit) – Multiemployer		(\$58.8B)	(\$52.3B)
Unmodified Audit Opinion	Yes	Yes	Yes
Compliance with EEOC Management Directive 715	Yes	Yes	Yes

⁸ 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.

⁹ The American Customer Satisfaction Index (ACSI) uses a 0-100 scale; 80 or above is considered excellent.

¹⁰ Measures customer satisfaction with information and services provided by the corporation.

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2016 Enacted	FY 2017 Full Year C.R.	FY 2018 Request	Diff. FY18 Request / FY17 Full Year C.R.
Activity Appropriation	423,163	423,050	522,917	99,867
FTE	946	964	966	2

NOTE: FY 2016 reflects actual FTE. Authorized FTE for FY 2016 was 942.

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 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 and regulations. OPEA includes two departments:

- **Communications Outreach and Legislative Affairs** (COLA) - is responsible for organizing, directing, and implementing a comprehensive external and internal communications program to enhance the knowledge and understanding of the PBGC mission, programs and services by the various customers it serves. COLA coordinates PBGC's interactions with the press and various stakeholders, including organizations that represent pension plan participants, pension practitioners/administrators, plan sponsors, and Congress.
- **Policy, Research and Analysis Department** (PRAD) - develops policy for PBGC's insurance programs and conducts related research and modeling. Policy activity encompasses legislative and regulatory analysis and proposal development related to benefit guarantees, employer liability, and premiums. Research addresses actuarial and financial issues to support policy development and involves modeling for forecasting purposes.

The **Office of the Chief Financial Officer** (CFO) includes three PBGC departments that plan and oversee the Corporation's financial and internal control and review functions:

- **Financial Operations Department** (FOD) - establishes and maintains the Corporation's financial and accounting systems, financial management policy, financial procedures,

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

accounting operations, financial reporting and account analysis activities, the investment management program, the premium income program and the debt collection program.

- **Corporate Investment Department (CID)** - provides investment management services for plans trusted by the PBGC and for assets managed by the Corporation.
- **Contracts and Controls Review Department (CCRD)** - prepares reports regarding: (1) the effectiveness of PBGC internal controls, systems, and programs; (2) whether ongoing defined benefit pension plans are in compliance with PBGC regulations regarding premiums and funds advanced to multiemployer plans; and (3) whether contractors performing services for PBGC are in compliance with PBGC's acquisition policies and contractual requirements. CCRD also serves as the agency liaison for audits conducted by PBGC's Office of Inspector General and the Government Accountability Office and is responsible for administering PBGC's Management Controls Program.

The **Office of Information Technology (OIT)** is responsible for the Corporation's information technology program. OIT provides Information Technology (IT) and electronic communications services and support to PBGC; plans for, 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; and oversees the acquisition of IT resources for PBGC.

The **Office of Management and Administration (OMA)** provides advice and services to other PBGC offices and staff in the management support areas of human resources, employee development, personnel and physical security, facility services, emergency preparedness, records management, library services, telework, procurement, budget, process improvement, strategic planning and information technology. The Office of Management and Administration (OMA) includes five PBGC components:

- **Workplace Solutions Department (WSD)** - plans and administers PBGC's facility management, including its lease administration and space utilization programs; administration and office support; building safety and security, Continuity of Operations (COOP), and disaster preparedness and recovery programs; records management program; and PBGC's telework program. WSD also manages the Corporate library and coordinates reference and research resources within PBGC.
- **Procurement Department (PD)** - is responsible for the acquisition of all goods and services used by the PBGC to accomplish its mission. The PD, which follows the procedures established in the Federal Acquisition Regulations in awarding and administering its contracts, ensures that the contracts are performed in accordance with the terms and conditions established during the award process.
- **Budget Department (BD)** - plans, administers, and reports on the Corporation's budget. BD represents PBGC across the executive and legislative branches on budget and manages the formulation and execution of the PBGC budget.
- **Human Resources Department (HRD)** - provides PBGC managers with a team of leaders and professionals, who can learn, contribute and grow to their fullest potential in support of the Corporation's mission. HRD plans and administers the Corporation's human resource management programs, including staffing, employee development and

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

assistance, employee and labor relations, personnel policy activities, and Special Emphasis and Diversity Programs.

- **Quality Management Department (QMD)** - develops Agency strategic and annual plans, assesses work processes and customer feedback to identify improvements, uses performance data to inform corporate decisions, and employs business analytics to support continuous process improvement.

The **Office of the General Counsel (OGC)** is the chief legal officer of the Corporation and oversees all legal activities. OGC provides legal advice and counsel for the Board on request, as well as the PBGC Director and departments on the full range of legal matters. OGC also decides administrative appeals of Agency decisions concerning benefit coverage and other determinations and administers the disclosure and other requirements of the Freedom of Information and Privacy Acts.

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 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 and management of the multiemployer insurance program and actuarial analysis of single-employer and multiemployer plan transactions to enable PBGC to mitigate risks to both of its insurance programs.

- The **Office of the Chief Counsel (OCC)** - provides comprehensive legal services relating to PBGC's ERISA programs involving ongoing and terminated pension plans. The office represents PBGC in litigation in all courts relating to ERISA functions, represents PBGC in bankruptcy or insolvency proceedings, provides legal advice and services to support negotiations and settlements, and makes recommendations concerning the initiation of litigation.
- The **Corporate Finance & Restructuring Department (CFRD)** - monitors the corporate events and transactions of defined benefit pension plan sponsors and provides financial analysis to enable PBGC to mitigate risks to the insurance program, increase overall plan funding levels, and maximize recoveries for plans that terminate. In coordination with the Office of Chief Counsel, CFRD determines and pursues recoveries of employer liability and unpaid employer contributions, makes recommendations concerning the filing of liens, and makes recommendations to the Internal Revenue Service concerning conditions for granting waivers of minimum funding standards.

The **Office of Benefits Administration (OBA)** plans and directs the efficiency and effectiveness of the Corporation's single-employer benefits administration programs through the implementation and completion of program operations relating to insured on-going 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.

- The **Operating Policy and Case Management Department (OPCMD)** - ensures that cases are processed timely and efficiently in accordance with the law, regulations and operational needs which provides oversight for case management activities and policy development and determines operational impact; coordination with departments internal

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

and external to OBA and PBGC on case processing activities and policy; forecasts results to inform senior leadership decisions; and facilitates the resolution of issues affecting case processing or policy.

- The **Plan Asset and Data Management Department (PADMD)** - administers the OBA plan asset evaluations, participant data and records management programs by using auditor judgement and other analytical procedures; and oversees the preservation of evidence supporting individual participant calculations and financial reporting. PADMD oversees the evaluation of trusted plan assets and non-actuarial liabilities; identifies potential instances of plan fraud and fiduciary breach activities; directs trusted plans data management program; oversees the collection and review of financial data and evaluation of internal controls; and administers and monitors the Records Management and IRS/SSA Safeguard Programs for OBA.
- The **Actuarial Services and Technology Department (ASTD)** - provides actuarial oversight and expertise supporting PBGC benefit calculation, valuation, and administration; and provides programmatic management, technical support, and quality assurance for the OBA systems. ASTD provides actuarial expertise and support in the development, operation and evaluation of PBGC insurance programs; develops actuarial principles, policy, and techniques to calculate and value Termination Benefits under Title IV of ERISA and determine post-termination and probable plan reserve calculations of plan liabilities; provides actuarial expertise in training; conducts quarterly valuations for PBGC financial statement purposes and conducts experience studies of the PBGC's actuarial assumptions; provides oversight for the OBA systems (Actuarial, Benefit Administration, and other systems); provides technical services that support OBA plan processing; oversees the planning, organizing and coordinating of OBA's security strategy risk management plan and management of security system assets; and supports other divisions and departments of PBGC.
- The **Participant Services Department (PSD)** - provides benefit administration services for trusted plans, settlement agreements and assigned non-trusted plans in accordance with OBA standards for quality and timeliness. PSD oversees the delivery of tier one customer support; field offices and headquarters staff engaged in benefit administration for both estimated and final plans and tier two customer support; the delivery of foreign language services for oral and written communications with customers; the post-approval processes associated with the disbursement of benefit payments and the aftermath; the prevention, recoupment, and recovery of benefit overpayments; outgoing mail processing associated with benefit administration; the unclaimed pension list and the associated location and payment setup and approval for lost pensioners; PSD ensures the delivery of services satisfy OBA standards for quality and timeliness; oversees commercial contracts and inter-agency agreements associated with the delivery of the above services provides post-approval benefit payment services for trusted plans; and oversees settlement agreements.

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

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

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 trusted by the PBGC. The advocate helps resolve disputes between PBGC and sponsors or participants, and advocates for the rights of people in plans trusted 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> ¹¹ (Dollars in Thousands)	<u>FTE</u>
2013	\$470,906	1017
2014	\$496,634	956
2015	\$406,425	977
2016	\$423,163	942
2017 ¹²	\$0	0

FY 2018 PBGC priorities include:

- Implement effective changes to the multiemployer program 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
- Implement effective changes to the single-employer program to decrease burden on plan sponsors as demonstrated by timely implementation of regulatory and programmatic changes
- Enhance the quality of OBA production and reduce the plan inventory as demonstrated by Quarterly Performance Reports
- Improve the internal control environment, including IT Security, with progress on clearing significant deficiencies and IG findings

¹¹ In FY 2015 and prior years, the PBGC administrative budget included three activities: Pension Insurance, Pension Plan Termination and Benefits Administration and Operational Support. Investment Management Fees were included in the administrative budget in FY 2013 and FY 2014; beginning in FY 2015, Investment Management Fees are treated as a separate program activity and are not included in the FY 2015 through FY 2017 funding column.

¹² A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared.

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

- Improve employee morale and trust levels through more effective and frequent communication as measured by the Federal Employee Viewpoint Survey (FEVS) employee engagement scores that exceed the government average
- Enhance PBGC's enterprise and fraud risk management as demonstrated by achievement of milestones in an Enterprise Risk Management Plan
- Enhance customer service as measured by customer satisfaction scores
- Collect revised premium rates for the multiemployer programs

FY 2017 PBGC accomplishments include:

- Continue responding to major statutory changes enacted by MPRA and address the resulting expected increase in the number of partitioned and merger plan requests for financial assistance
- Continue to provide actuarial analysis in response to Department of the Treasury's request for review of MPRA benefit suspension applications
- Continue efforts to reduce inventory of terminated single-employer plans awaiting final benefit determinations through elevated production levels of Plan Asset Evaluations
- Continue the modernization of the Integrated Present Value of Future Benefits system and the Benefit Calculation and Valuation system
- Continue to focus on employee engagement through internal departmental customer satisfaction surveys
- Continue planning and coordinating the HQ lease replacement
- Enhance the peer review of the (Single-employer and Multiemployer) Pension Insurance Modeling System (PIMS)
- Reduced the remaining two material weaknesses down to significant deficiencies and as a result achieved a unmodified audit opinion of internal control over financial reporting for the first time, continue to address the three significant deficiencies and other IG findings
- Develop and implement an enterprise and fraud risk management strategy as demonstrated by achievement of milestones in an Enterprise Risk Management Plan

FY 2016 PBGC accomplishments include:

- Continued to focus on completing the benefit determination work in our oldest plans
- Continued to process the large influx of plans, which were trusted in prior years, many of which are large complex plans
- Continued to implement recommendations from the strategic review of the benefits administration and payment function
- Initiated vigorous bankruptcy interventions, negotiations and litigation efforts

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

- Explored, developed, and implemented incentives/settlements to prevent plan sponsor initiated terminations and maximize recoveries
- Promulgated regulations that are understandable, flexible, relevant, and not unduly burdensome
- Commenced development of mechanisms to track and report items required for compliance with the Digital Accountability and Transparency Act of 2014 (Data Act)
- Continued IT Development, Modernization and Enhancement (DME) on several efforts across the Corporation that were initiated in prior years
- Initiated IT Alternative Analyses to evaluate future continued maintenance and/or modernization
- Implemented IT information security improvements necessary to support corrective action planned to address material weaknesses in PBGC systems
- Continued to implement Homeland Security Policy Directive 12 (HSPD-12) to enhance physical security and support logical access usage for issued PIV cards
- Updated the Corporate Human Capital Strategic Plan and conduct outreach on Human Capital Strategic Planning (including workforce planning and succession planning)
- Continued improvement of the Privacy program
- Developed and drafted regulations and other guidance stemming from statutory, regulatory, and policy initiatives, improving PBGC's regulatory process for its stakeholders
- Continued work on implementing corporate governance improvement as required by Section 40231 of P.L. 112-141, the Moving Ahead for Progress in the 21st Century Act (MAP-21)
- Analyzed investment and actuarial risks to the pension insurance programs and improved risk models to quantify and measure the impact of these risks to the insurance programs

Workload Summary

The general trends and challenges facing PBGC are those that face the Defined Benefit (DB) Pension Plan community as a whole. The need for financial and actuarial analysis, coupled with a skilled combination of litigation and negotiation activities, remains critical to the Corporation's success in preserving America's defined benefit pension plans. The continuing need to carefully monitor insured pension plans reflects the conditions in industries with a high concentration of large multiemployer plans (e.g., transportation and construction) and single-employer plans (e.g., autos, manufacturing, transportation, newspapers, healthcare, and retail).

The scale of our future workload changes remains subject to factors largely beyond the Corporation's control but the continuing DB plan decline in the U.S., current deficits, and significant exposure to future losses suggest 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 2016 Enacted	FY 2017 Full Year C.R.	FY 2018 Request	Diff. FY18 Request / FY17 Full Year C.R.
11.1	Full-time permanent	108,875	110,966	113,283	2,317
11.3	Other than full-time permanent	1,564	1,555	1,555	0
11.5	Other personnel compensation	4,005	4,005	4,005	0
11.9	Total personnel compensation	114,444	116,526	118,843	2,317
12.1	Civilian personnel benefits	30,863	37,519	38,282	763
13.0	Benefits for former personnel	0	39	39	0
21.0	Travel and transportation of persons	1,759	1,163	1,163	0
22.0	Transportation of things	1	1	1	0
23.2	Rental payments to others	29,552	54,598	30,128	-24,470
23.3	Communications, utilities, and miscellaneous charges	5,795	5,207	5,207	0
24.0	Printing and reproduction	302	178	178	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	229,594	198,352	319,609	121,257
25.3	Other goods and services from Federal sources 1/	4,100	4,250	4,250	0
26.0	Supplies and materials	2,718	2,515	2,515	0
31.0	Equipment	4,035	2,702	2,702	0
33.0	Investments and Loans	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	423,163	423,050	522,917	99,867
	1/Other goods and services from Federal sources				
	Services by Other Government Departments	4,100	4,250	4,250	0

CONSOLIDATED ADMINISTRATIVE ACTIVITIES

CHANGES IN FY 2018

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$2,121
Personnel benefits	679
Two days less of Pay	0
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	0
Insurance claims and indemnities	0
Investment and Loans	0

Built-Ins Subtotal **\$2,800**

Net Program **\$97,067**

Direct FTE **2**

	Estimate	FTE
Base	\$425,850	964
Program Increase	\$109,932	2
Program Decrease	-\$12,865	0

OFFICE OF INSPECTOR GENERAL

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2016 Enacted	FY 2017 Full Year C.R.	FY 2018 Request	Diff. FY18 Request / FY17 Full Year C.R.
Activity Appropriation	6,377	6,430	6,606	176
FTE	20	25	25	0

NOTE: FY 2016 reflects actual FTE. Authorized FTE for FY 2016 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 that has no programmatic responsibility so that the OIG can provide the agency and Congress information from independent audits, evaluations, inspections, investigations and reviews related to the agency's programs and operations.

Under the IG Act, the agency head is the PBGC Board of Directors. OIG communicates with Board Representatives through regular monthly conference calls and participates in formal Board meetings. On a day-to-day basis, the Inspector General communicates with the PBGC Director and the Executive Management Committee members about the work the OIG conducts to identify problems and deficiencies in programs administered by PBGC, and recommendations for timely corrective action. OIG keeps Congress informed through meetings and briefings with Members and their staffs, congressional testimony, audit and other reports, and the IG's Semiannual Report to the Congress.

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 is \$6,606,000 an increase of \$176,000 to fully fund the Financial Statement Audit and some personnel costs.
- Of that amount,
 - \$74,724 is requested for training
 - \$17,434 is requested for support of the Council of Inspectors General on Integrity and Efficiency
- The Inspector General certifies that \$74,724 will satisfy the training requirements for FY 2018

In addition, an increase of \$6,500 for the OIG budget reflects a reallocation from Consolidated Administrative Activities for the workplace accommodation of OIG employees with disabilities, which can be effectively managed by OIG Human Resources. Examples of reasonable accommodations include specially designed or reconfigured furniture, sign language interpreters for deaf or hard of hearing employees, and written materials in alternative formats (e.g., Braille or large print).

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FY 2018

Planned OIG Activities Include:

- Conduct statutorily-required audits, including financial statements, FISMA, IPERA, and Data Accountability and Transparency (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 cybersecurity vulnerability assessment and penetration testing.
- Review of ethics program controls to identify holdings and trade restrictions in the Office of Negotiations and Restructuring (ONR).
- Evaluate effectiveness of PBGC's early warning pension plan monitoring program.
- Evaluate controls of the Pension Insurance Modeling System (PIMS).
- Conduct periodic assessment of PBGC's compliance with the Government Charge Card Abuse Prevention Act of 2012.

FY 2017

Planned/ongoing OIG Activities Include:

- Conduct statutorily-required audits, including financial statements, FISMA, IPERA, and DATA Act, and 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.
- Perform an inspection of PBGC's Field Benefit Administration contractor compliance.
- Perform a review of the fraud prevention controls surrounding My Pension Benefit Account (MyPBA).
- Perform and audit of the Standard Termination Compliance Division's review and examination of premium coverage determination.
- Conduct a review of the Spectrum System 4.0 and 4.1 development.
- Provide oversight in the conduct of contracted work associated with the cybersecurity vulnerability assessment and penetration testing.
- Evaluate effectiveness of PBGC's early warning pension plan monitoring program.
- Conduct periodic assessment of PBGC's compliance with the Government Charge Card Abuse Prevention Act of 2012.

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FYs 2016/2017

Notable OIG Accomplishments Includes:

Audits, evaluations, investigations, inspections and reviews with a focus on the three Top Management Challenges, (1) Information Technology, (2) Modernization of PBGC's Key Benefits-Related Technology Systems, and (3) Transparency and Accountability of Professional Services Contracting.

- **Financial statement audit.** OIG issued several reports related to the audit of PBGC's financial statements for the year ending September 30, 2016 and 2015, including the 24th consecutive unqualified opinion on the financial statements. It reported that PBGC maintained in all material respects, effective internal control over financial reporting. OIG noted four Significant Deficiencies. PBGC made notable progress in completing corrective actions that resulted in closure of 16 prior year recommendations. OIG issued 9 new recommendations, resulting in 14 open management letter audit recommendations.
- **Information security weaknesses.** OIG filed the FISMA template report with OMB, assessing PBGC's information security posture and detailed on-going IT security weaknesses in the financial statement internal control report. It issued a narrative FISMA report and a report on vulnerability assessment and penetration testing; each described additional significant vulnerabilities that will require corrective action on the part of PBGC. As a result of these reports, OIG made 20 recommendations.
- **Audit of the Effectiveness of PBGC's Governance of Internal Control.** OIG audited the effectiveness of PBGC's governance of internal control, with an emphasis on the entity-wide risk assessment and resulting impact on PBGC's internal control testing according to applicable laws, regulations, and guidance. OIG's work found information and communication within PBGC's internal control framework could be improved if the Internal Control Committee's responsibilities were clarified and fulfilled. OIG further found that opportunities exist to improve PBGC's process for conducting risk assessments and using the results. Finally, opportunities exist to improve PBGC's processes regarding the preparation of the annual assurance statements over internal control. PBGC agreed to take action on the recommendations by November 2017.
- **Audit of PBGC's FY 2015 Compliance with Improper Payments Information Act (IPIA) Requirements.** On May 13, 2016 OIG issued its final report on PBGC's compliance with the requirements of the Improper Payments Information Act, as amended. OIG found PBGC was in compliance with IPIA requirements and concurred with PBGC's assessment that payments from two payment streams, Benefit Payments and Premium Refunds, were not susceptible to significant improper payments. In addition, during the course of its audit, OIG identified an opportunity for PBGC to improve its payment recapture audit program, and communicated this information to management.
- **Congressional Request.** OIG responded to a request from Congressman Michael Turner to review the timing and completeness of PBGC's asset evaluation and benefit

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determinations for the Delphi Salaried Plan. OIG found opportunities for improved communications with plan participants. OBA promptly addressed the issues through changes to the Delphi section of PBGC's website and the initiation of new procedures to respond more timely to participants' requests for detailed benefit determination worksheets.

- **Risk Advisory Multiemployer Expert Consultant Contracts.** OIG reported its observations relating to management's oversight of two multiemployer expert consultant contracts; part of OIG's on-going review of the multiemployer program. The two multiemployer expert consultants are both former PBGC employees who returned as contractors. They play a significant role in performing Plan Data Analysis (PDA) to prepare the contingency list of "probable" and "reasonably possible" insolvent plans used to estimate PBGC's liability, among other important activities. Knowledgeable PBGC staff stated that PBGC "relies heavily" on the judgments of these contractors. OIG brought to management's attention three risks associated with oversight of these contracts.
- **Risk Advisory - Bundled Administrative Expenses in Multiemployer Plan Financial Assistance Requests.** OIG reported on its assessment of the reasonableness of administrative expenses incurred and charged to a plan that received financial assistance under PBGC's multiemployer pension insurance program. OIG found the third-party administrator of the plan could not adequately support costs associated with a bundled expense agreement for fiduciary and administrative services. As a result, PBGC paid expenses as part of the bundled administrative service agreement that were unreasonable, unnecessary, and unsupported. OIG suggested PBGC further examine this agreement and similar bundled agreements to ensure proper payment of administrative expenses, reduce the risk of waste, fraud, and abuse of financial assistance and enhance program performance.
- **Fiscal Year 2015 Cybersecurity Act Evaluation** As part of the Consolidated Appropriations Act of 2016 Congress passed the Cybersecurity Act of 2015 requiring OIG to conduct an evaluation and submit a report on "covered" computer systems to the appropriate committees of jurisdiction in Congress by August 14, 2016. OIG evaluated aspects of PBGC computer systems that provide access to personally identifiable information. The scope of its work was limited to obtaining and analyzing PBGC's information security policies, practices, and procedures governing computer systems that provide access to PII. OIG did not test the Corporation's internal controls or compliance with the policies and procedures provided in this report. Information on whether the Corporation followed the appropriate standards was based on OIG open recommendations and the Corporation's Plan of Actions and Milestones. No recommendations were made.
- **Special Report - Review of Office of Participant and Plan Sponsor Advocate - Safeguards to Prevent and Detect Conflicts of Interest** OIG conducted this review based on a confidential hotline contact regarding the implementation of the role of the Participant and Plan Sponsor Advocate and the potential for conflicts of interest or other

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ethical violations. OIG determined common safeguards are in place to detect conflicts of interest or other ethical conduct violations by the Advocate. Notwithstanding these safeguards, OIG suggested the Board consider a resolution establishing a policy explicitly binding the Advocate to PBGC ethics policies and procedures and encouraging the Advocate to proactively identify potential conflicts of interest and otherwise consult with PBGC ethics officials. OIG also reported on the ambiguity in the statute creating the position regarding “advocating” on behalf of plan sponsors, and noted the practices of comparable offices at the Internal Revenue Service, Securities and Exchange Commission, and the Federal Reserve in maintaining impartiality.

- **Special Report - Alleged Whistleblower Reprisal Report** OIG received a complaint from a former pension benefits supervisor of a PBGC contractor who claimed she was terminated in October 2014 in retaliation for making protected disclosures of certain information, in violation of 41 U.S.C. § 4712 (Pilot Program for Enhancement of Contractor Protection from Reprisal for Disclosure of Certain Information [Whistleblower Protection Act]). The contractor operates one of PBGC’s Field Benefit Administration offices, which provide participant and benefit processing services and assistance. OIG found that the complainant made six separate disclosures. OIG concluded that four of her disclosures were not “protected” as defined by the Whistleblower Protection Act, but two disclosures about the Contractor’s alleged failure to pay her overtime could reasonably be considered protected. However, we were unable to show that the Chief Executive Officer (CEO) of the Contractor, who terminated her, knew of these disclosures. Even if the evidence were to show that the Complainant’s disclosures were a contributing factor in her termination, OIG found there are reasonable grounds to conclude that the CEO would have terminated her on other grounds absent her disclosures. In sum, it concluded there is insufficient evidence to substantiate the Complainant’s allegation that the Contractor subjected her to a reprisal for whistleblowing.
- **Inspection – PBGC’s Employee Mass Transit Benefit Program.** OIG conducted this inspection of PBGC’s Employee Mass Transit Benefit Program implementation to assess whether there were adequate internal controls in place, and to determine compliance with PBGC policies for the program. During the course of its inspection, OIG identified several opportunities for improvement. Based on its findings OIG issued two recommendations.
- **Special Report – OIG Risk Advisory – Required Disclosures by Technical Evaluation Panel.** OIG issued this Risk Advisory to report its observations related to a Technical Evaluation Panel (TEP) member’s failure to disclose information of a potential lack of impartiality, or the appearance thereof, in performing his duties. To mitigate the risk OIG suggested that the Procurement Department modify the Conflict of Interest Certification form to require disclosure of prior employment and provide future TEP members with the example during training sessions. Though the suggestion did not require a management response, management did respond, agreed with the suggestion, and made changes to the disclosure form and future training.

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- **Investigative Activity** The overarching categories of investigations conducted include allegations of financial fraud against vulnerable participants, non-receipt of pension payments, improper conduct by PBGC management, and other fraud schemes. OIG investigated:
 - A New York woman who pleaded guilty and was sentenced to 10 months of prison and ordered to pay \$30,000 in restitution to PBGC for her theft of more than \$37,000 in PBGC pension payments by assuming the identity of her deceased mother.
 - OIG provided assistance in the investigation of a former PBGC employee who pleaded guilty to charges of attempted threats to do bodily harm after the employee allegedly made threatening phone calls to several current PBGC employees. Based on this work, OIG issued a Risk Advisory to management, after which they implemented additional building security measures.
 - An Essex County, NJ man was sentenced to 2 years of probation for fraudulently obtaining \$8,032.50 in PBGC pension benefits after his father's death. The court also sentenced him to 1 year of home detention and ordered him to pay \$139,230.44 in restitution to PBGC and SSA. The defendant had pleaded guilty, admitting to theft from PBGC and SSA. As part of the plea agreement, the man agreed to make full restitution to PBGC.
 - The State of Iowa filed felony theft charges against a Bolivar, MO woman in connection with her alleged theft of \$12,543 in Social Security and PBGC benefits from her father-in-law, a vulnerable PBGC participant. The participant, who suffers from cognitive issues, was abandoned at a nursing home. OIG discovered that the woman endorsed and cashed her father-in-law's pension checks and kept the funds for herself. Further, she did not pay any of her father-in-law's expenses at the nursing home.

Anti-deficiency Act Violation Report. On April 7, 2016, OIG reported a possible \$19,000 ADA violation by a senior level PBGC department director who obtained the services of an independent subcontractor under an existing PBGC contract. Funding for the independent subcontractor's work was exhausted after May 4, 2015. The prime contractor formally processed the individual's termination from its contract and advised him to cease working after May 4. Nonetheless, at the department director's behest, the independent subcontractor continued performing work for PBGC after his contract funding expired, until June 1, when he became a PBGC employee. According to the required ADA letters that the PBGC Director sent on August 23, 2016 (to the President, OMB, Congress, and GAO), PBGC has concluded that the responsible party had no knowing and willful intent to violate the ADA. Management is considering the appropriate discipline for the responsible party, and on September 21 and 22, 2016, PBGC held a two-day ADA training course for managers and others involved in the acquisition process to reduce the risk of future violations.

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DETAILED WORKLOAD AND PERFORMANCE							
		FY 2015	FY 2016	FY 2016	FY 2017	FY 2018	Diff. FY17 Agency Target/ FY18
		Result	Target	Result	Target	Target	Target
Consolidated Administrative Activities							
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							
OIG-1	Percentage of OIG professional staff direct time dedicated to critical, high risk, or high-impact activities	100%	85%	92.5%	85% [e]	90% [e]	+5.00%
OIG-2	Percentage of audits and evaluations where findings and recommendations are presented to auditee within established timeframes	73%	85%	70%	85% [e]	80% [r]	-5.00%
OIG-3	Percentage of complaint/allegation inquiries converted to investigations or closed within 60 days	68%	80%	97%	80% [e]	85% [e]	+5.00%

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

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Workload Summary

OIG provides this context for our FY 2016 performance results:

- OIG strives to conduct audits and investigations that address critical, high risk or high-impact PBGC activities; OIG exceeded its target, yielding 92.5 percent of our auditors' and investigators' direct time on such activities. OIG increased its target to 90, based on our recent experience but also recognizing that occasionally investigations and audit work must be done that may not be critical or high risk.
- OIG missed our target of 85 percent by 15 points for the performance goal of timely presenting audit/evaluation findings and recommendations to PBGC. In FY 2016, its audit work resulted in 10 products; however, 3 were not timely. OIG's audit staffing level remained low through the first half of the year, which is when two of the three late reports were issued. It was not until the second half of the year when OIG was nearly up to its full complement of staff, many of whom were new (including the entire audit leadership team) and learning the agency and its ongoing work. Though OIG were able to bring its audit team nearly up to its full FTE complement, this was the second year in a row that it was not able to meet this metric. As such, OIG is adjusting the metric downward to a goal of 80 percent for FY 2018.
- OIG exceeded our timeliness goal, achieving 97 percent of complaints were closed or converted to investigations within 60 days. Of the 113 complaints we received, 109 were adjudicated within 60 days.

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BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2016 Enacted	FY 2017 Full Year C.R.	FY 2018 Request	Diff. FY18 Request / FY17 Full Year C.R.
11.1	Full-time permanent	2,995	2,835	2,995	160
11.3	Other than full-time permanent	31	0	0	0
11.5	Other personnel compensation	36	36	36	0
11.9	Total personnel compensation	3,062	2,871	3,031	160
12.1	Civilian personnel benefits	757	994	1,048	54
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	2,453	2,310	2,272	-38
25.3	Other goods and services from Federal sources 1/	0	150	150	0
26.0	Supplies and materials	25	25	12	-13
31.0	Equipment	31	31	44	13
	Total	6,377	6,430	6,606	176
	1/Other goods and services from Federal sources				
	Services by Other Government Departments	0	150	150	0

OFFICE OF INSPECTOR GENERAL

CHANGES IN FY 2018

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$53
Personnel benefits	19
Two days less of Pay	0
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	0

Built-Ins Subtotal **\$72**

Net Program **\$103**

Direct FTE **0**

	Estimate	FTE
Base	\$6,502	25
Program Increase	\$103	0
Program Decrease	\$0	0

INVESTMENT MANAGEMENT FEES PROGRAM

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2016 Enacted	FY 2017 Full Year C.R.	FY 2018 Request	Diff. FY18 Request / FY17 Full Year C.R.
Activity Appropriation	103,906	113,484	110,630	-2,854
FTE	0	0	0	0

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2013	\$0	0
2014	\$0	0
2015 ¹³	\$96,384	0
2016	\$103,906	0
2017	\$0	0

NOTE: A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared.

¹³ NOTE: Prior to FY 2015, Investment Management Fees were included in the administrative budget.

INVESTMENT MANAGEMENT FEES PROGRAM

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2016 Enacted	FY 2017 Full Year C.R.	FY 2018 Request	Diff. FY18 Request / FY17 Full Year C.R.
25.1	Advisory and assistance services	103,906	113,484	110,630	-2,854
42.0	Insurance claims and indemnities	0	0	0	0
	Total	103,906	113,484	110,630	-2,854

INVESTMENT MANAGEMENT FEES PROGRAM

CHANGES IN FY 2018

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Advisory and assistance services \$0

Insurance claims and indemnities 0

Built-Ins Subtotal \$0

Net Program -\$2,854

Direct FTE 0

	Estimate	FTE
Base	\$113,484	0
Program Increase	\$0	0
Program Decrease	-\$2,854	0

SINGLE-EMPLOYER PROGRAM BENEFIT PAYMENTS

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2016 Enacted	FY 2017 Full Year C.R.	FY 2018 Request	Diff. FY18 Request / FY17 Full Year C.R.
Activity Appropriation	6,280,000	6,287,590	6,770,000	482,410
FTE	0	0	0	0

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2013	\$5,800,000	0
2014	\$5,827,000	0
2015	\$5,818,000	0
2016	\$6,280,000	0
2017	\$0	0

NOTE: A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared.

SINGLE-EMPLOYER PROGRAM BENEFIT PAYMENTS

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2016 Enacted	FY 2017 Full Year C.R.	FY 2018 Request	Diff. FY18 Request / FY17 Full Year C.R.
11.1	Full-time permanent	0	0	0	0
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	0	0	0	0
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
12.1	Civilian personnel benefits	0	0	0	0
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	0	0	0	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	0	0	0	0
24.0	Printing and reproduction	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	0	0	0	0
25.3	Other goods and services from Federal sources 1/	0	0	0	0
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	0	0	0	0
31.0	Equipment	0	0	0	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	6,280,000	6,287,590	6,770,000	482,410
	Total	6,280,000	6,287,590	6,770,000	482,410
	1/Other goods and services from Federal sources				

SINGLE-EMPLOYER PROGRAM BENEFIT PAYMENTS

CHANGES IN FY 2018

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	0
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

Built-Ins Subtotal **\$0**

Net Program **\$482,410**
Direct FTE **0**

	Estimate	FTE
Base	\$6,287,590	0
Program Increase	\$482,410	0
Program Decrease	\$0	0

MULTIEMPLOYER PROGRAM FINANCIAL ASSISTANCE

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2016 Enacted	FY 2017 Full Year C.R.	FY 2018 Request	Diff. FY18 Request / FY17 Full Year C.R.
Activity Appropriation	250,000	148,600	169,000	20,400
FTE	0	0	0	0

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2013	\$118,000	0
2014	\$112,000	0
2015	\$152,000	0
2016	\$250,000	0
2017	\$0	0

NOTE: A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared.

MULTIEMPLOYER PROGRAM FINANCIAL ASSISTANCE

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2016 Enacted	FY 2017 Full Year C.R.	FY 2018 Request	Diff. FY18 Request / FY17 Full Year C.R.
11.1	Full-time permanent	0	0	0	0
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	0	0	0	0
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	0	0	0	0
12.1	Civilian personnel benefits	0	0	0	0
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	0	0	0	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	0	0	0	0
24.0	Printing and reproduction	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	0	0	0	0
25.3	Other goods and services from Federal sources 1/	0	0	0	0
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	0	0	0	0
31.0	Equipment	0	0	0	0
33.0	Investments and Loans	250,000	148,600	169,000	20,400
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	250,000	148,600	169,000	20,400
	1/Other goods and services from Federal sources				

MULTIEMPLOYER PROGRAM FINANCIAL ASSISTANCE

CHANGES IN FY 2018

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	0
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0
Investment and Loans	0

Built-Ins Subtotal \$0

Net Program \$20,400

Direct FTE 0

	Estimate	FTE
Base	\$148,600	0
Program Increase	\$20,400	0
Program Decrease	\$0	0