

Outcome Goal 2.2 – Protect Worker Benefits

DOL increases the economic security of America's working families by protecting the benefits earned and promised to workers. Three DOL agencies and one government corporation chaired by the Secretary of Labor – the Employment and Training Administration (ETA), the Employment Standards Administration (ESA), the Employee Benefits Security Administration (EBSA), and the Pension Benefit Guaranty Corporation (PBGC) – administer payment of temporary benefits for the unemployed; protect Federal workers from the economic effects of work-related injuries and illness; protect employee benefits plans against fraud and abuse; and insure pension payments.

ETA temporarily replaces the wages of the unemployed through the Unemployment Insurance (UI) program, which provides grants to State-operated programs and manages the Unemployment Trust Fund. ETA ensures that States' programs are administered efficiently according to Federal standards and requirements, and manages the trust fund to provide a buffer to volatile cycles in tax revenues and benefit claims.

ESA protects Federal and certain other workers from the economic effects of work-related injuries and illnesses through the Office of Workers' Compensation Programs' (OWCP) four disability compensation programs. OWCP provides wage replacement and cash benefits, medical treatment, vocational rehabilitation, and other benefits to covered workers, their dependents and survivors.

EBSA protects private employee pension plans, health plans and other benefits plans against fraud and abuse by enforcing Title I of the Employee Retirement Income Security Act of 1974, as amended (ERISA); through compliance assistance, and through education. Where there has been malfeasance, EBSA restores benefits and assets by bringing civil and criminal cases.

PBGC protects the pension benefits of participants in defined benefit plans that have been terminated, usually due to the sponsoring employer's bankruptcy, by serving as both insurer and administrator. As an insurer, PBGC collects insurance premiums from employers that sponsor insured pension plans. As an administrator, PBGC pays monthly retirement benefits to the participants in terminated plans.

Goal (Agency) and Statement	Performance Summary	FY 2005 Costs (millions)
05-2.2A (ETA) Make timely and accurate benefit payments to unemployed workers, facilitate the reemployment of Unemployment Insurance claimants, and set up Unemployment tax accounts promptly for new employers.	Goal substantially achieved. Three targets reached, one substantially reached.	\$34,243
05-2.2B (ESA) Minimize the impact of work-related injuries.	Goal substantially achieved. Nine targets reached, one not reached.	6131
05-2.2C (EBSA) Enhance pension and health benefit security.	Goal achieved. All four targets reached.	160
05-2.2D (PBGC)²¹ Improve service to pension plan customers.	Goal not achieved. One target reached and one not reached.	–

Results Summary

FY 2005 results were very good; 16 of 18 targets in this outcome goal were reached or substantially reached. Generally, measured results were close to targets, with a few exceptions:

- ESA/OWCP's Energy Program Part B Final Decisions processing timeliness was 96 percent vs. a target of 80 percent.
- EBSA's civil corrected to closed case ratio was 76 percent vs. a 66 percent target.
- EBSA received 10,325 applications for its Voluntary Compliance programs against a target of 8340.
- PBGC's customer service score for practitioner callers was 68, compared to a target of 72.

²¹ PBGC is not included in the Consolidated Statement of Net Costs, hence the costs of its programs are not reflected here.

While the PBGC practitioner score is one point lower than in FY 2004 and four points below the target, it is worth noting that PBGC scored higher than other Federal agencies that collect payments. PBGC is considering whether to adjust the target in future years.



When Lera of Flatwoods, Kentucky, was presented a \$125,000 check in recognition of her husband’s contribution to our country’s security, she became the first recipient of compensation under the new Part E program of the Energy Employees Occupational Illness Compensation Program Act, which was amended in October 2004. The amendment pays compensation and medical benefits to Department of Energy contractor and subcontractor employees (or eligible survivors) who were harmed by exposure to toxic substances at certain Department of Energy facilities. Lera’s husband worked at the Paducah Gaseous Diffusion Plant between 1952 -77 and died in 1986 of a lung disease. His widow, Lera is among hundreds of beneficiaries who have been compensated under the new program, administered by OWCP. Kentucky Senator Jim Bunning presented Lera with her check in December 2004, accompanied by OWCP Cleveland District Director Annette Prindle, Lera’s son, James, his wife Kay and Sandra (left to right).

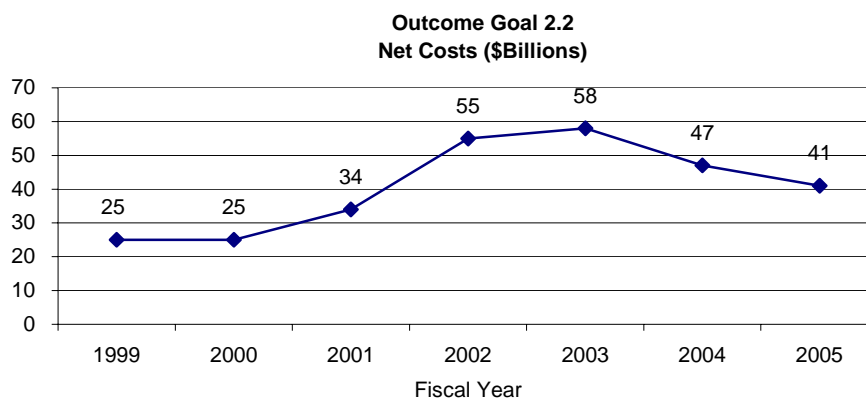
Photo Credit: DOL ESA

Net Cost of Programs

FY 2005 program costs of \$40.534 billion supported ETA's unemployment insurance programs, ESA programs to reduce the consequences of work-related injuries and EBSA efforts to ensure that individuals receive promised benefits. PBGC is not included in the Consolidated Statement of Net Costs, hence the cost of its programs is not reflected here.

FY 2005 program costs decreased by approximately \$6 billion, or 13 percent, from FY 2004. Unemployment Insurance program costs, which account for \$34.243 billion (84 percent) of FY 2005 costs for this outcome goal, dropped due to a decrease in benefits paid – from \$41.424 billion in FY 2004 to an estimated \$31.761 billion in FY 2005. UI Program costs are largely driven by average weekly insured unemployment (AWIU) – the average number of people filing claims for continuing UI benefits each week. The AWIU figure decreased from 3.167 million in FY 2004 to an estimated 2.722 million in FY 2005.

Workers’ compensation costs, which account for most of the remaining costs of this goal (\$6.131 billion, or 15 percent), rose from FY 2004 because DOL assumed Part E of the Energy Employees Occupational Illness Compensation program from the Department of Energy in FY 2005. With this responsibility came a one-time increase in actuarial liability of \$3.5 billion.



Future Challenges

To improve financial integrity of the (very large) UI system, DOL is concentrating resources on reduction of overpayments and reemployment of claimants via additional Reemployment and Eligibility Assessments (REA) grants to assess UI beneficiaries’ need for reemployment services and their continued eligibility for benefits, and to assure that beneficiaries understand that they must stop claiming benefits upon their return to work. ESA’s OWCP has just taken over Department of Energy contract employees’ claims processing; the agency is hiring staff and

creating systems and procedures to expedite assessment and payment of a backlog of 25,000 claims. PBGC is concerned about adequate funding of existing pension plans, and DOL included in the President's FY 2006 Budget to Congress a proposal to strengthen plan funding rules, improve transparency, and reform the premium structure for defined benefit plans.

Pay Unemployment Insurance Claims Accurately and Promptly

Performance Goal 05-2.2A (ETA) – FY 2005

Make timely and accurate benefit payments to unemployed workers, facilitate the reemployment of Unemployment Insurance (UI) claimants, and set up unemployment tax accounts promptly for new employers.

Indicators, Targets and Results	FY 2004 Result	FY 2005 Target	FY 2005 Result	Target Reached*
Percent of all intrastate first payments made within 21 days	88.7%	89.9%	90%**	Y
Percent of the amount of estimated detectable/recoverable overpayments that the States establish for recovery	57.4%	59.5%	59%**	S
Percent of new employer liability determinations made within 90 days of the end of the first quarter in which liability occurred	83.6%	82.4%	83%**	Y
Efficiency: Quality-weighted base initial claims per \$1,000 of inflation-adjusted base grant funds	N/A	8.55	8.60**	Y
FY 2005 Costs	\$34,243 Million			

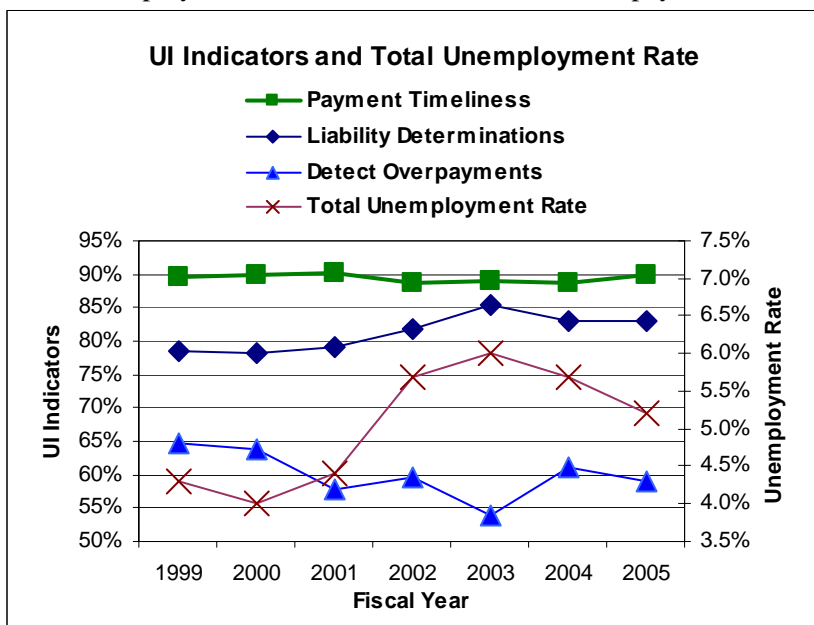
*Indicator target reached (Y), substantially reached (S) or not reached (N)
 ** Estimated.

Goal Substantially Achieved

Program Perspective

The Federal-State Unemployment Insurance (UI) system ameliorates personal financial hardship due to unemployment by temporarily replacing part of lost wages. UI also stabilizes the economy during economic downturns. For both workers and employers, the program’s success depends upon: timely payment of benefits, prevention or prompt detection of erroneous payments, quickly establishing new employers’ tax accounts to ensure workers’ wages are reported and tax payments to fund benefits are made, and promoting and facilitating benefit recipients’ return to suitable work. States operate their own programs under State laws which must conform to Federal law. As the Federal partner, DOL provides program leadership, allocates administrative funds, provides technical assistance, exercises performance oversight, and ensures that States meet requirements of Federal UI laws and regulations. Measuring efficiency and effectiveness of States’ administrative operations is an important aspect of program management.

Economic conditions and the resulting program workloads affect many aspects of UI performance. For example, when unemployment rises, more claims are filed; UI payment timeliness generally declines; and efficiency tends to decrease. On the other hand, slower creation of new businesses reduces the number of new employer tax accounts, and the timeliness of tax liability determinations generally goes up. In addition, external factors such as natural disasters could have a negative affect on UI performance. Performance targets are based on the Administration’s current economic assumptions.



Analysis and Future Plans

The UI system performed extremely well, aided by improving economic conditions. Over the year, the number of beneficiaries declined by about 10 percent to 7.9 million. States improved first payment timeliness to the targeted level, maintained new employer status determinations timeliness at above the

targeted level, and improved detection of overpayments. The effects of the Florida hurricanes in early FY 2004 are estimated to have reduced aggregate first payment timeliness by 0.2 percentage points.

DOL continues to improve UI payment integrity by providing funds for States to implement data exchanges with the Social Security Administration (SSA) to identify false and stolen numbers; access data from other State agencies to verify personally identifying information; and gain access to the National Directory of New Hires, an additional tool for swiftly detecting and preventing payments to claimants who have returned to work. For FY 2006, targets for all indicators will be raised. The UI Program continues to demonstrate improved efficiency as evidenced by the result exceeding the FY 2005 target. The Department promoted efficiency through competitive grants for automation and remote systems (e.g., telephone and Internet claims-taking). To date, lack of data has precluded measuring the extent that the UI system is meeting the goal of facilitating UI claimants' reemployment. In 2006, States will begin gathering data for a UI reemployment indicator and a performance target will be set.

Texas Workforce Commission (TWC) toughened work verification of its Unemployment Insurance (UI) claimants. Texas is a national leader in UI work search requirements, insisting on a minimum of three work search contacts per week. Since February 2004, TWC has required 1,000 randomly selected claimants per week to submit their work search logs for the commission's verification. UI-funded employees throughout the agency, including the TWC Executive Director, make weekly calls to employers to verify claimants' work search activity. In addition, TWC's Division of Program Integrity conducts investigations and provides local law enforcement agencies with information to prosecute fraudulent claims. TWC also works with the Texas Office of Attorney General comparing data from its New Hire Cross-match system to identify claimants who have returned to work. These initiatives have significantly reduced UI overpayments in Texas.

Photo Credit: Larry Temple, Brooks Myers and James Johnson



Management Issues

The Office of Inspector General (OIG) expressed concern that the UI overpayment data collected by the Benefit Accuracy Measurement (BAM) unit reflected little improvement in the UI overpayment rates over the past several years. In FY 2004, the OIG listed reducing improper payments and improving the integrity and solvency of the UI program among DOL's top management challenges. In addition to funding identity theft prevention activities and New Hires crossmatches, the Department has promulgated a State-level detection of overpayments core measure with a performance criterion, giving States an added incentive to prevent and detect overpayments. One roadblock to the effectiveness of these tools is the lack of trained State staff to investigate all potential overpayments. The 2006 budget contains a legislative proposal – the Integrity Act – designed to give States the means to obtain funding for integrity activities, including staff, to enhance recovery and prevent overpayments.

To reduce overpayments and facilitate reemployment, DOL awarded Reemployment and Eligibility Assessments (REA) grants to 21 States during FY 2005. The grants have been used to conduct in-person claimant interviews in One-Stop Career Centers to assess UI beneficiaries' need for reemployment services and their continued eligibility for benefits, and to ensure that beneficiaries understand that they must stop claiming benefits upon their return to work. The FY 2006 budget request includes funding to continue this effort and to combat identity theft.

In recent years, UI trust fund solvency has been another major management challenge. Borrowing from the UI trust fund by States has declined since last year, and significant portions of previously borrowed amounts have been repaid. Due in part to improved economic conditions, most States' trust fund accounts had a positive cash flow over the last 12 months, and overall, the funds are more solvent than last year. DOL requested that the OIG review Internal Revenue Service administration charges because of past overcharges.

The Government Accountability Office (GAO) released *Better Data Needed to Assess Reemployment Services to Claimants* in June 2005 (Study 18 in Appendix 2). The report recommended that DOL collect more comprehensive information on reemployment services used by UI claimants and their outcomes. DOL will be collecting additional data that, combined with currently collected data, provide adequate information to guide policies promoting the reemployment of UI beneficiaries.

The GAO issued another report, *Unemployment Insurance Information on Benefit Receipt* (Study 19 in Appendix 2), in March 2005. GAO analyzed the data and information on UI benefits and UI recipients in the past two decades, but offered no recommendations.

The Program Assessment Rating Tool review of the UI program rated it Moderately Effective. Recommendations, which included simplifying performance measures, funding New Hire crossmatch and focusing resources on reemployment through REA's, have been implemented.

Reduce the Consequences of Work-Related Injuries

Performance Goal 05-2.2B (ESA) – FY 2005*Minimize impact of work-related injuries*

Indicators, Targets and Results	FY 2004 Result	FY 2005 Target	FY 2005 Result	Target Reached*
Lost production days rate (LPD per 100 employees) for Federal Employees' Compensation Act (FECA) cases of the United States Postal Service	147.2	148	135	Y
Lost production days rate (LPD per 100 employees) for FECA cases of All Other Government Agencies	61.9	61	56	Y
Produce compensation benefit savings in the FECA program through the use of Periodic Roll Management	\$24.4 million	\$17 million	\$21 million	Y
The rate of change in the indexed cost per case of FECA cases receiving medical treatment remains below the nationwide health care cost trend	+2.4% vs +8.8%	Trend +8.1%	+2.8%	Y
Targets for five communications performance areas	4 targets	3 targets	3 targets	Y
Average time required to resolve disputed issues in Longshore and Harbor Worker's Compensation Program contested cases	247	245	254	N
Average percent of Black Lung benefit claims for which, following an eligibility decision by the district director, there are no requests for further action pending one year after the claim is filed	82.2%	76.5%	80.6%	Y
Percent of initial claims for benefits in the Part B Energy Program processed within standard timeframes	92%	80%	80%	Y
Percent of Final Decisions in the Part B Energy Program processed within standard timeframes	99%	80%	94.7%	Y
Pay compensation benefits to 1200 claimants under Part E by the end of the Fiscal Year	N/A	1200	1525	Y
FY 2005 Costs			\$6131 Million	
*Indicator target reached (Y), substantially reached (S) or not reached (N)			Goal Substantially Achieved	

Program Perspective

DOL protects Federal and certain other workers, their dependents and survivors from the economic effects of work-related injuries and illnesses by providing wage replacement and cash benefits, medical treatment, vocational rehabilitation and other benefits through four disability compensation programs:

- Federal Employees' Compensation for civilian Federal workers;
- Longshore and Harbor Workers' Compensation for private-sector maritime workers;
- Black Lung Benefits program for coal miners;
- Energy Employees Occupational Illness Compensation (EEOIC) for nuclear weapons employees of the Department of Energy or its contractors.

The Office of Workers' Compensation Programs (OWCP) adjudicates claims; mediates disputes; makes benefit payments; helps with injury recovery and return to work; controls costs; and offers technical and customer services. Program results are influenced by how effectively resources are deployed to these activities. Ten indicators reflect the outcome objectives of OWCP's key mission strategies. Quality Case Management success in FECA is measured

as reductions in lost production days (LPD) rates. Communications goals seek to improve customer access to program information and raise service responsiveness and quality levels. Ensuring claims processing efficiency is central to the objectives of the EEOIC program. Effective mediation of disputes and improved decision quality are measured in the Black Lung and Longshore programs. Financial integrity of the FECA Compensation Fund is the objective of beneficiary roll reviews and medical benefit cost control.

OWCP program goals are impacted by several external factors. FECA and EEOIC are continually challenged by large numbers of cases. Economic and workplace trends change the nature of new injuries and job availability for workers ready to return to duty. For the Longshore program, the potential for greater security threats on American facilities and an increasing volume of War Hazard Act claims require additional planning and resource investment. Medical costs continue to push higher as technology expands and the use of medicines and treatment procedures increase. While business practices become increasingly automated and customer demands for information and assistance grow more sophisticated and accelerated, OWCP capabilities remain limited, and communications are costly.

Analysis and Future Plans

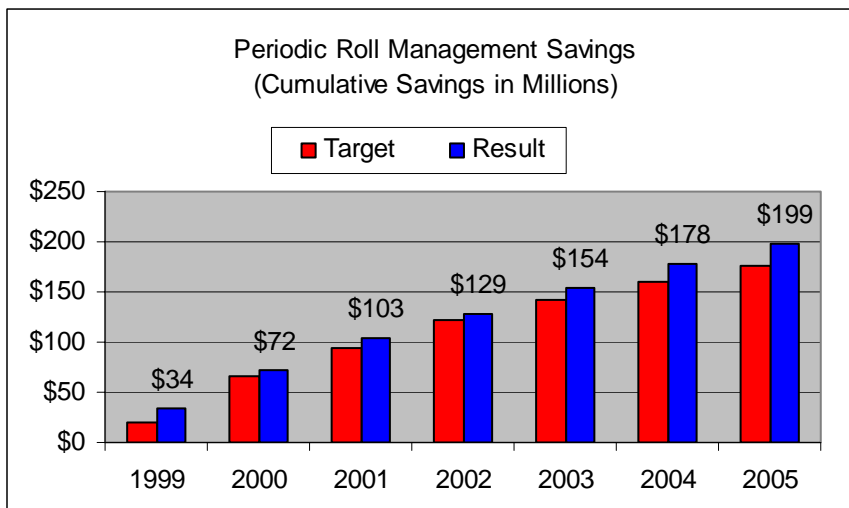
Fulfilling DOL’s commitment to injured workers is measured by the ten indicators. The results discussion is organized into three categories: Return-to-Work, Reducing Program Expenses and Customer Service.

Returning Injured Employees to Work

Return-to-work outcomes are expressed as reductions in average Lost Production Days. The FY 2005 results for the USPS and All Other Government LPD rates show significant reductions due primarily to fewer FECA wage-loss disability days paid this year. Overall new FECA cases created were down by nearly 8 percent, which is consistent with a reduction in wage-loss paid. However, the results may also reflect the implementation of FECA’s new automated claims system (beginning January 2005) that temporarily slowed receipt and processing of wage-loss claims and may have depressed the number of lost production days counted for these measures. A major strategy supporting DOL’s LPD goals continued to be Quality Case Management in the FECA program which has saved approximately \$50,000,000 in compensation costs annually. DOL also continued its leadership of the OWCP/OSHA Safety, Health and Return-to-Employment (SHARE) initiative, in its second of three years in FY 2005. Under SHARE, Federal agencies have set individual goals to reduce on-the-job injury rates, speed notification of injuries to DOL, and reduce lost production day rates. The initiative challenges DOL to assist the agencies in those efforts.

Reducing Program Expenses

DOL workers’ compensation outcomes can also be measured in financial terms, as these outcomes reflect the efficiency and quality of our benefit payment activities, the impact of case management and benefit services, and the utilization of administrative resources to produce those outcomes.



Periodic Roll Management (PRM) generates benefit cost savings through careful review of cases to determine if continued disability status is warranted, and to determine the reemployment potential of those currently receiving compensation. Through PRM, DOL has saved over \$1 billion since FY 1999, and DOL intends to continue this goal into the future. DOL reached its target by producing \$21 million in savings in FY 2005.

DOL also reached its target of keeping the inflation of Federal Employees’ Compensation Act (FECA) medical costs

below the national rate of health care inflation, as measured by the Milliman USA Health Cost Index. In the past year, the rate of increase in average FECA medical benefit payments rose by only 2.8 percent – well below the national average as reported by Milliman for this year and all recent years. This success results from several

administrative steps DOL has taken in recent years (centralized bill processing, strengthened review of treatment authorization requests, fee schedules and stronger automated edits and other controls). In the long term, the rate of growth in average FECA medical case costs has consistently remained below the growth rate in nationwide costs as measured by the Milliman USA, Health Cost Index. Against that index, FECA has saved nearly \$40 million annually in medical treatment costs since FY 2000.

Customer Service

OWCP met its Communications goal by reaching three of the five sub-targets, including increased use of electronic services, reducing average caller wait times, and meeting call handling quality standards. OWCP did not reach its target to reduce the time required to resolve disputed issues in Longshore and Harbor Workers' Program contested cases. Disputed issues were resolved, on average, in 254 days against a target of 245 days. There are several reasons for this. First, a higher proportion of disputed cases required referral to the Office of Administrative Law Judges for formal hearings, which increases overall processing time. Second, a correction of coding inconsistencies in some district offices resulted in a slight increase in the average days to resolve disputes at the district office level. In FY 2006, DOL will re-baseline this indicator, add two new disputed case categories (attorney fees and successive employer liability), and revise the target level, while continuing to emphasize swift resolution of Longshore case disputes.

OWCP reached its target to reduce requests for further action following Black Lung benefit eligibility decisions (for claims subject to revised regulations). Performance for this indicator was 80.6 percent, against a target 76.5 percent. The revised regulations for Black Lung benefit claims were designed to produce faster and fairer final benefit determinations without changing eligibility requirements. The result has been an increase in the number of stakeholders who accept the district director's initial decision and decide not to pursue the claim further. Out-year workload projections for the next ten years are also being reviewed in a program evaluation recommended during Black Lung's PART assessment. In addition, the Program is completing a two-year review of all Part B Claims; the first systematic review these claims have received since initial approval by Social Security Administration.

DOL reached its targets for processing timeliness in the Energy Part B program. This program processed 80 percent of initial claims and 94.7 percent of final decisions within standard time frames, against targets of 80 percent for both indicators. DOL also exceeded its target to make 1,200 payments under the new Part E program during FY 2005. In FY 2006, DOL plans to incorporate the processing of new Part E claims in the timeliness indicators and to add a new indicator to significantly reduce the unadjudicated inventory of claims transferred from the DOE under Part E.

Roxann's career as a correctional officer for a Colorado Federal prison came to a violent end in 1999 when she was attacked by an inmate. But her working life didn't end there. With the help of an Office of Worker Compensation Programs' rehabilitation counselor, regular contacts with a rehabilitation specialist and the oversight of a claims examiner, Roxann eventually earned an associate's degree in graphic design and a 3.9 grade point to go with it. She even won a competition sponsored by the Pueblo Colorado Housing Authority, which adopted her graphic design as its official logo. OWCP next helped Roxann identify potential employers and coached her on interview skills. Their teamwork paid off. Through an OWCP reemployment initiative which reimburses new employers 50 percent of rehabilitated workers' initial wages, Roxann found a place to hang her diploma at an area sign shop, where she continues working today.

Photo Credit: Elsie Sandoval



Management Issues

Performance data are extracted from OWCP's automated case management and benefit payment systems, internal managerial audits or other reviews. OWCP maintains strict oversight of data entry, with regular on-site review by district directors and periodic reviews that assess data quality. The OIG has identified the Black Lung Disability Trust

Fund indebtedness as a major management challenge for the Department, and DOL is seeking Congressional sponsorship of a legislative proposal to eliminate the debt. In addition, DOL has developed a legislative proposal which would build return-to-work incentives into the Federal Employees' Compensation Act.

OWCP and OSHA are in the second year of the SHARE initiative, directed at improving Federal agency performance in returning their injured employees to work. SHARE has generated intense interest among the agencies and their progress is being noted in SHARE reports.

In October 2004 Congress transferred benefit coverage to DOL from the Department of Energy for DOE contract employees who became ill from exposure to toxic substances. This component of the program is referred to as "Part E." DOL has moved quickly to hire new staff and process more than 25,000 DOE claims.

Participation with audits of the Department's Office of Inspector General and other outside auditing agencies is a significant activity for OWCP. These studies generally examine OWCP compliance with legal and administrative requirements; impact of new program mandates; management effectiveness; program performance and results; data integrity and systems compliance; legislative and Governmental administrative impacts; and comparison to and OWCP impact on other programs.

Two GAO audits were completed in FY 2005: *Limited Information is Available on the Number of Civilians Exposed in Vietnam and Their Workers' Compensation Claims*; and *Defense Base Act Insurance: Review Needed of Cost and Implementation Issues* (see Studies 20 and 21 in Appendix 2).

The FECA and Black Lung Programs have received PART ratings of Moderately Effective and both continue to implement PART recommendations.

Provide for Secure Pension and Health Plans

Performance Goal 05-2.2C(EBSA) – FY 2005

Enhance Pension and Health Benefit Security

Indicators, Targets and Results	FY 2004 Result	FY 2005 Target	FY 2005 Result	Target Reached*
Ratio of closed civil cases with corrected violations to civil cases closed	69%	66%	76%	Y
Ratio of criminal cases referred for prosecution to total criminal cases	45%	37.7%	45%	Y
Customer Satisfaction Index for participants and beneficiaries who have contacted EBSA for assistance	62	63	67	Y
Voluntary Compliance Programs (Applications)	NA	8,340	14,082	Y
FY 2005 Costs				\$160 Million
*Indicator target reached (Y), substantially reached (S) or not reached (N)				Goal Achieved

Program Perspective

EBSA is responsible for enforcing the Employee Retirement Income Security Act (ERISA), and the main challenge is to maintain trust and confidence in the employee benefits system. By achieving successful civil and criminal case closure and referral rates, DOL shows its success in targeting wrongdoers. DOL also combines an aggressive outreach and education program with a highly motivated and trained staff of customer assistance experts in the field of pension and health laws. By directly assisting plan participants and beneficiaries in understanding their rights and protecting their benefits, we help workers monitor their own benefit rights.

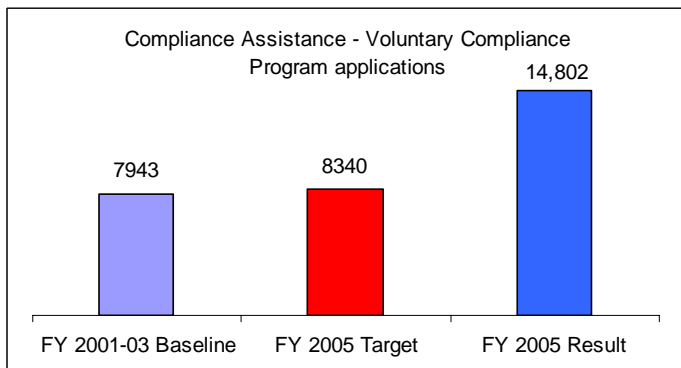
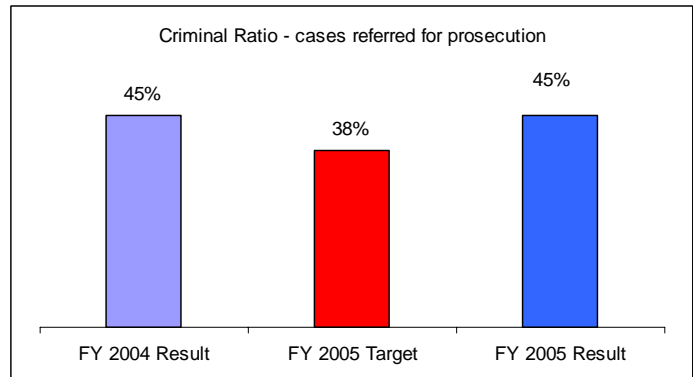
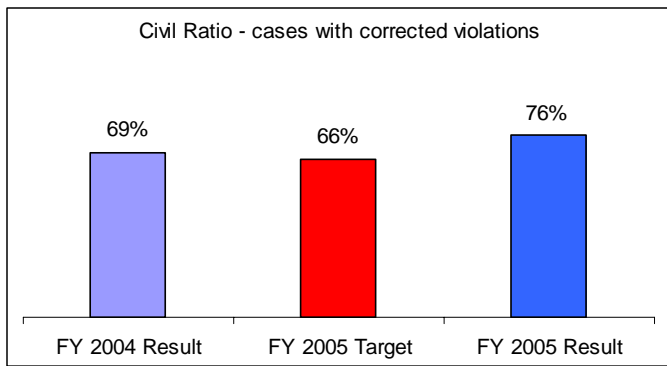
EBSA oversees benefit security for nearly seven million plans, 150 million participants and beneficiaries, and in excess of \$4.5 trillion in assets with a relatively modest budget of \$131 million dollars and approximately 880 FTE to achieve its performance goal of enhancing pension and health benefit security. Externalities, such as the economy and tax policy, have a significant impact on whether employers opt to offer benefits, and whether employees choose to participate and to what extent.

An Edison, New Jersey company filed for bankruptcy protection and terminated approximately 950 employees. As a result, the company began liquidating its assets. However, after months of waiting, the workers never received their 401(k) plan distributions. The Department investigated a complaint and the company admitted it had not distributed the benefits. After the Department’s intervention, the company began distributing benefits which ultimately totaled in excess of \$3.7 million.

Analysis and Future Plans

DOL achieved its goal to Enhance Pension and Health Benefit Security. In addition to meeting its criminal case, civil case, customer service and voluntary compliance targets, DOL obtained monetary results of over \$1.6 billion – the second highest in agency history. Monetary results are a product of EBSA’s investigative and participant assistance activities. DOL investigated a number of high profile, resource intensive cases with far reaching effects on the participant benefits community. Benefit Advisors responded to over 99 percent of all written inquiries within 30 days of receipt and responded to over 99 percent of telephone inquiries by the close of the next business day.





In addition to long-term targets for civil and criminal ratios, we have added annual targets to reflect success with respect to national enforcement initiatives, which may change from year-to-year based on strategic priorities. EBSA worked with The Gallup Organization (Gallup) to refine the long-term target for their customer service satisfaction index consistent with other industry standards and experience. EBSA also added an internal compliance assistance measure that will demonstrate success in voluntary compliance programs such as the Voluntary Fiduciary Correction Program and their Delinquent Filer Voluntary Compliance Program.

Over a four-year period, an employee of an Atlanta-area investment adviser, entrusted with safeguarding the investment and management of employee benefit plans, is alleged to have stolen in excess of \$5.4 million from numerous employee benefit plans. The stolen funds were allegedly used to take personal vacations, acquire vacation real estate, and to purchase extensive collections of wine, art, jewelry and other expensive home furnishings. To conceal her alleged theft, she occasionally used assets stolen from one plan to temporarily fund another plan and then prepared and distributed false account information to plan trustees and participants. As a result of an EBSA investigation, the employee was indicted with various wire fraud, theft, money laundering and embezzlement charges.

Management Issues

EBSA’s Enforcement Management System (EMS) provides the data used to measure the enforcement ratios. EMS and EBSA continually receive high marks for data integrity and quality. EBSA’s quality assurance processes require that individuals not directly involved with the investigation at hand approve all case openings. Cases with monetary results receive several levels of scrutiny including national office oversight and review. Additionally, EBSA uses a peer review method to conduct quality assurance reviews on randomly selected closed cases. In the participant assistance area, Gallup performed the evaluation and provided the customer satisfaction score. The voluntary correction program data is maintained in the EMS and the Delinquent Filer Voluntary Compliance tracking system.

EBSA has acted on recommendations from its PART assessments in FY 2004 and FY 2005 by conducting evaluations and regulatory reviews. DOL contracted with Gallup to evaluate EBSA’s participant assistance program (Study 22 in Appendix 2). EBSA was provided detailed performance information that helped improve their customer satisfaction score. In addition, with Gallup’s assistance, EBSA conducted targeted training to address employee weaknesses and share best practices. Finally, field offices developed plans to continue improving their customer satisfaction scores. In FY 2006, Gallup will perform a follow-up study of EBSA’s participant assistance program. As noted in Appendix 2, GAO published a report in June 2005, *Government Actions Could Improve the Timeliness and Content of Form 5500 Pension Information* (Study 24 in Appendix 2). EBSA and PBGC are working with IRS to collect pension plan information more efficiently through electronic filing. EBSA has established a regulatory review program that sets forth a process for identifying initiatives for review; provides for cost and benefit evaluation of identified regulations and exemptions; and explores modifying or eliminating those rules for which costs and administrative burdens outweigh benefits. In *EBSA Should Mandate Electronic Filing Of the Form 5500 to Improve Data Accuracy* (Study 23 in Appendix 2), the Office of Inspector General (OIG) recommends that mandating electronic filing will improve the collection of employee benefit plan information. EBSA concurs with OIG’s recommendation and has issued a Notice of Proposed Regulation in the Federal Register to require electronic filing.

Provide Timely and Responsive Services to Customers

Performance Goal 05-2.2D (PBGC) – FY 2005

Improve service to pension plan customers.

Indicators, Targets and Results	FY 2004 Result	FY 2005 Target	FY 2005 Result	Target Reached*
Customer Satisfaction score for practitioner callers	69	72	68	N
Customer Satisfaction score for responding to trustee plan participants' inquiries	78	78	79	Y
FY 2005 Costs ²²			–	

*Indicator target reached (Y), substantially reached (S) or not reached (N)

Goal Not Achieved

Program Perspective

The Secretary of Labor chairs the Pension Benefit Guaranty Corporation's Board of Directors, and PBGC protects the retirement incomes of 44.4 million American workers in 31,200 defined benefit pension plans. As insurer, PBGC monitors the financial health of defined benefit plans, minimizing risk of loss to the insurance program, to pension plans and to participants. When underfunded plans terminate, PBGC must trustee them and assume responsibility for paying benefits. PBGC is currently monitoring some 4,152 active plans with underfunding approaching \$74.3 billion.

PBGC is now the trustee of nearly 3,500 defined benefit plans that have failed since 1974, and provides timely and uninterrupted payment of pension benefits to over 600,000 participants. In 2005, PBGC assumed responsibility for an additional 270,000 plan participants, increasing the total number of participants for which PBGC is responsible for current and future pension benefits to over 1.5 million. A large influx of customers with service demands puts a strain on their ability to handle the workload and improve service. Providing exceptional service is an important part of PBGC's mission.

PBGC's efforts are measured by the American Customer Satisfaction Index (ACSI), from which PBGC receives useful information about its customers' expectations and needs. PBGC improves processes and adjusts performance targets to achieve or exceed benchmark results and meet growing customer expectations.

As a customer-focused agency, PBGC allocates resources to provide exceptional service to customers and stakeholders. Approximately seventy-eight percent of funds are allocated to serving participants, while twenty-two percent are used to provide services to plan sponsors and pension practitioners. PBGC chose the practitioner and participant performance indicators to help identify areas for improving quality of service provided to customers. To assess its effectiveness, PBGC uses the ACSI survey methodology, which provides comparisons to both private businesses and the federal government.

Analysis and Future Plans

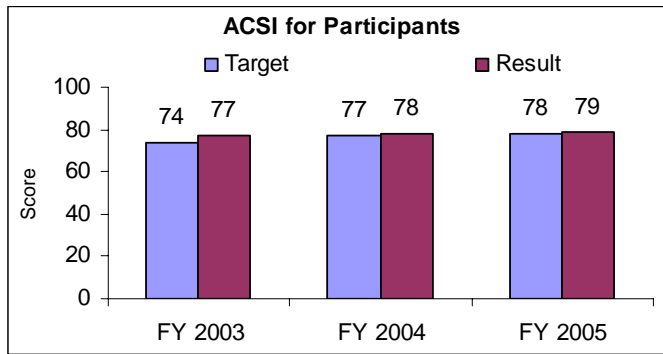
Practitioner Performance Indicator

PBGC did not achieve the target for practitioner callers. PBGC has made substantial improvements in services to this customer group that should be reflected in higher customer service figures. For example, PBGC now offers online filing of premium payments through its self-service system called My Plan Administration Account (My PAA), which enables improved data accuracy and easier filing preparation. In addition, practitioners can now file financial information electronically through PBGC's e-4010 application. PBGC has also released a redesigned Web site in 2005, www.pbgc.gov, which significantly improved site navigation enabling pension practitioners and the media to quickly find information and guidance. While the overall rating for practitioners dropped one point to 68, it remains higher than other Federal agencies with similar financial collection responsibilities. Notable customer service improvements include increased scores in both ease of reaching the right person and making premium

²² PBGC is not included in the Consolidated Statement of Net Costs, hence the costs of its programs are not reflected here.

refunds timely and accurate. PBGC continues to examine ways to improve customer service and increase efficiency. Efforts are already underway to overhaul the premium accounting system, further empowering customers to interact electronically with the PBGC.

Participant Performance Indicator



PBGC achieved an ACSI score of 79 for participants in trustee plans, exceeding the target of 78. This is one point higher than its 2004 score of 78 and seven points higher than the 2004 national ACSI of 72 for the Federal government. By using the ACSI, PBGC can identify the service elements that have a greater impact on customer satisfaction. For example, PBGC experienced a significant increase in *accuracy of resolution* in 2005 over the previous three years, due to a continued focus on resolving customers' concerns quickly and accurately.

In 2005, PBGC expanded online business transactions for participants. In addition to making address changes and requesting electronic funds deposit, participants who access their benefit accounts electronically through the Web-based My Pension Benefit Account (My PBA) can now apply for benefits, designate a beneficiary and submit a request for a benefit estimate.

Management Issues

PBGC achieved a score of 79 and was evaluated as Moderately Effective through the PART. To respond to PART recommendations, PBGC doubled its efforts to work closely with DOL, Treasury and other executive branch agencies to develop a comprehensive pension reform proposal. The proposal focuses on strengthening plan funding rules, improving transparency, and reforming the premium structure for defined benefit plans. Pension reform was included in the President's FY 2006 Budget to Congress. As noted in Appendix 2, GAO published a report in June 2005, *Government Actions Could Improve the Timeliness and Content of Form 5500 Pension Information* (Study 24 in Appendix 2). PBGC and EBSA are working with IRS to collect pension plan information more efficiently through electronic filing.

In 2005, PBGC restructured its organization to focus more on managing risks and minimizing losses for the insurance program. Newly created offices will increase PBGC's effectiveness in identifying troubled plans and assisting their sponsors in complying with funding requirements. A steady workload increase resulting from newly terminated plans with large numbers of participants continues to present PBGC with challenges. Despite that, providing exceptional service to customers remains a key goal at PBGC. Constant upgrades to technology will enable PBGC to provide better and faster service to participants. For example, PBGC began implementing a customer relationship management system to track customer interactions from the telephone, e-mail, fax, incoming and outgoing correspondence, and Web-based transactions. All these efforts are expected to yield positive results over the next cycles of improvement and evaluation.