



Highlights of [GAO-08-1062](#), a report to the Chairman, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

The Pension Benefit Guaranty Corporation (PBGC) insures the pension benefits of 44 million private sector workers and retirees in over 30,000 employer-sponsored pension plans. In July 2007, GAO reported that PBGC's governance structure needed improvements, and asked Congress to consider expanding the board of directors to include additional members. GAO also recommended that the board develop policies and mechanisms consistent with corporate governance practices, and develop formal guidelines to clarify the roles and responsibilities of the board chair, members, their representatives, and the director. On the basis of that work, this report addresses (1) the steps PBGC has taken to improve policy direction and oversight and (2) how Congress applies oversight to PBGC and what other oversight mechanisms exist for government corporations.

GAO reviewed PBGC's new corporate bylaws and the structure and reporting requirements of selected government corporations. GAO also interviewed PBGC and Department of Labor officials.

What GAO Recommends

GAO recommends that PBGC provide Office of Inspector General and GAO reports on the corporation's management and financial challenges to the newly appointed board members, board representatives, and director. In response, PBGC agreed to provide such reports to new appointees.

To view the full product, including the scope and methodology, click on [GAO-08-1062](#). For more information, contact Barbara Bovbjerg at (202) 512-7215 or bovbjerg@gao.gov.

PENSION BENEFIT GUARANTY CORPORATION

Need for Improved Oversight Persists

What GAO Found

Although PBGC's board has strengthened the corporation's governing bylaws, the three-member board of directors is still limited in its ability to provide policy direction and oversight to PBGC. In implementing our earlier recommendation, the board revised the corporation's bylaws to more clearly define the roles and responsibilities of PBGC's board members, representatives, director, and senior management. PBGC also contracted with a consulting firm to provide a background report to assist the board in its review of alternative corporate governance structures, including restructuring the board of directors as GAO suggested in 2007. However, because of its small size, the board has not been able to develop procedures and mechanisms to monitor PBGC's operations, such as standing committees, which are mechanisms used by other government corporations. PBGC may also be exposed to challenges as the board, its representatives, and the director will likely change with the upcoming presidential transition in January 2009. While PBGC management has experienced a partial leadership change in recent years and provides operational and financial information to those newly appointed, PBGC Inspector General and GAO reports have recently identified additional financial and operational challenges facing the corporation. This additional information could help the new board members better understand the vulnerabilities and challenges facing the corporation.

PBGC is subject to routine congressional oversight, but certain other government corporations have other types of reporting requirements in place—such as congressional notifications and reporting protocols for their advisory committees—to ensure effective communication exist between the corporations and Congress. Congressional oversight of PBGC in recent years has ranged from formal committee hearings to investigations and studies conducted by its congressional support agencies. For example, since 2002, PBGC officials have testified 19 times before several different committees on issues such as the status of its financial condition. Further, GAO, the Congressional Budget Office, and the Congressional Research Service have issued a variety of reports and testimonies on PBGC financial and operational matters. However, PBGC does not have reporting requirements applied to other government corporations for providing additional information to Congress. For example, the Millennium Challenge Corporation and the Commodity Credit Corporation are required to notify Congress prior to conducting certain financial transactions. The advisory committee of the Federal Deposit Insurance Corporation formally reports to its board of directors, while the Export-Import Bank of the United States' advisory committee formally reports to its board and Congress each year on matters related to their respective organizations. In addition, the advisory boards of other government entities with retirement-related responsibilities—such as the Social Security Administration, the Railroad Retirement Board, and the Federal Retirement Thrift Investment Board—provide reports to their overseeing bodies.