



Pension Benefit Guaranty Corporation
Office of Inspector General
Evaluation Report

**Evaluation of the Field Benefits
Administration Concept**

APRIL 30, 2004



Pension Benefit Guaranty Corporation
Office of Inspector General
1200 K Street, N.W., Washington, D.C. 20005-4026

April 30, 2004

MEMORANDUM

TO: John Seal
Chief Management Officer

Joseph Grant
Chief Operating Officer

FROM: Robert L. Emmons
Inspector General

SUBJECT: Evaluation Report of the Field Benefits Administration Concept

At your request, the OIG evaluated the concept for operating Field Benefit Administrator (FBA) offices. Attached please find the Final Evaluation Report on the Field Benefits Administration Concept.

We would like to thank everyone in the Corporation for their cooperation on this report.

Please don't hesitate to call me at 3437 or Della Whorton at 3661 if you have any questions, concerns, or need additional information.

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RESULTS IN BRIEF

The following section outlines the work performed:

Introduction

In July 2003, the Chief Operating Officer (COO) and the Chief Management Officer (CMO) requested that the Office of Inspector General (OIG) evaluate the concept for operating Field Benefit Administrator (FBA) offices. To accomplish the requested work, the OIG engaged a team from the accounting firms of Regis & Associates, PC and Clifton Gunderson LLP. The overall objective of this evaluation was to determine if the current FBA concept optimizes customer service at the lowest possible cost. Working with management, the review team identified five key issues that are central to the evaluation: the FBA concept, contracting, processes, metrics, and best practices. The scope and methodology for this study are contained in Appendix I.

Conclusion

The review team concluded that the Pension Benefit Guaranty Corporation (PBGC) has an opportunity to improve customer service and lower operating costs by revising the concept for operating FBAs. The current FBA concept is functional, allowing PBGC to complete its work effectively with some flexibility for volume fluctuations. This has allowed PBGC to deal with a dramatically increasing workload in recent years. Based on the evaluation, however, the review team identified opportunities to modify the current FBA concept that will increase efficiency and decrease cost, while maintaining customer service standards.

In the following paragraphs, we will answer the specific questions posed by management. The review team has included at the end of this section a matrix of findings. Details supporting each finding are provided in subsequent sections that identify options for management consideration and our suggestions for future action.

Evaluation Questions

1. *Can the original concept for operating FBAs be changed to improve economy and efficiency?*

The review team concluded that the current FBA concept limits PBGC's ability to consider alternative operational models that might increase efficiency and decrease cost, while maintaining customer service standards. PBGC has the opportunity to improve economy and efficiency by contracting out specialized functions, such as records gathering and scanning. Additional efficiencies might be achieved by streamlining the FBA/Trusteeship Processing Division (TPD) relationships and having FBAs process all plans (which would have the added benefit of allowing TPD managers to focus more on performance management, rather than production). These options are discussed in detail in **Section 2: FBA Concept**.

2. *Does the existing contracting approach (Labor-Hour Agreement) provide PBGC with best value, or would another contract type provide better value?*

The review team concluded that PBGC should consider alternative contracting approaches to provide better value, encourage competition, and promote innovation by vendors. Currently, PBGC uses Labor-Hour contracts to engage FBA contractors. Due to the structure of the contracts, in which PBGC pays for facilities, telecommunications, and various other costs, it is not feasible for firms that have developed their own systems and possess their own facilities to bid on these contracts without submitting a significantly higher bid. This, in turn, makes it difficult for PBGC to accurately assess the cost differential between the status quo and other possible vendor options. There is a potential, however, that other contracting models could provide better cost-value and improve performance. Options that management should consider are discussed in detail in **Section 3: FBA Contracting**.

3. *Does the existing process routinely evaluate performance and encourage customer service at the lowest possible cost?*

The review team concluded that there are opportunities for PBGC to achieve greater efficiencies while sustaining or even increasing its customer satisfaction levels. PBGC has effectively tailored current processes to achieve a high level of customer satisfaction, which is reflected in consistently high overall American Customer Satisfaction Index (ACSI) scores. By documenting and further integrating strategic decision processes and by developing outcome-based performance metrics and outcome-related work process review systems, PBGC would encourage, reward, and facilitate improved performance. Options that management should consider are discussed in detail in **Section 4: Processes and Performance**.

4. *Do the existing performance metrics accurately measure contractor performance?*

The review team concluded that the existing performance metrics do not accurately measure contractor performance. PBGC has been highly rated for strategic planning and measuring customer satisfaction, but the current performance measurement system is not closely tied to performance at the FBA level. Existing metrics do not measure the labor-hour effort or the total cost to process a plan from pre-trusteeship to on-going administration. The review team noted that PBGC does not use outcome-based performance measures for FBAs at key points in plan processing. Options that management should consider are discussed in detail in **Section 5: Performance Measurement**.

5. *Are there identifiable best practices at one FBA that can be implemented at other FBAs to reduce cost or improve customer service? Are there external benchmarks that would benefit the organization?*

The review team concluded that there are a number of industry best practices that could be implemented in benefit processing to achieve improved efficiency and economy without compromising customer service quality. PBGC should develop a process for performing periodic reviews to determine how, when, and where innovative practices can be implemented in benefits processing. This would include benchmarking from internal sources (FBAs) and external sources (other private-sector providers of defined benefit outsourcing services). Our evaluation examined a number of external vendors that could assist PBGC. Options that management should consider are discussed in detail in **Section 6: Best Practices Analysis**.

In addition to the five study questions, the review team was asked to evaluate PBGC's Customer Contact Center. Since all telephone calls are directed into the contact center, its operation is a significant part of the plan processing workflow. From there, 55 percent are transferred into the FBAs for resolution. In order to consider the efficacy of the call handling function as a whole, the review team analyzed the operation of the contact center, as well as the further handling of the calls by the FBAs.

6. *Are there ways in which the Customer Contact Center operations and outcomes could be improved? Are there specific operational efficiencies that can be identified and installed, or cost savings that could be realized?*

The review team concluded that identifiable operational efficiencies and potential cost savings could be realized through alternative approaches. Higher skilled Customer Contact Center employees, supported by enhanced technology and access to plan and benefit information, would be better able to handle many, if not most, calls to resolution at the first point of contact. Our evaluation examined a number of approaches to achieve this. A preferred option is strategic

outsourcing. This and additional options for management to consider are discussed in detail in Section 7: **Customer Contact Center Options and Analysis.**

7. How can the types and levels of employees in the FBAs and the Contact Center be deployed to achieve greater effectiveness and efficiency while maintaining or improving customer service?

PBGC has identified a workforce structure for the FBAs that provides a logical progression of work from entry-level to full performance for individual employees, as well as well-defined supervisory and project manager positions. The qualifications for these positions are defined in PBGC's contract with the FBAs. The quality control matrix also includes the requirement that Contracting Officer's Technical Representatives (COTRs) review FBA hires to ensure that they meet the qualifications specified in the contract. This methodology helps assure a degree of consistency in the quality of FBA work and staff.

During our discussions with FBAs and COTRs, it became clear that COTRs vary in their practices regarding the review of FBA staff qualifications. Assuming that PBGC continues its current contracting approach with FBAs, PBGC may want to review this quality control methodology to assure that it is being applied evenly and appropriately.

Two of the most important considerations in looking at the Customer Contact Center are the backgrounds and skill sets of the employees hired and the technology available to support the employees. "Upgraded" employees supported by enhanced technology (and access to plan and benefit information), would be able to handle many, if not most, calls to resolution at the first point of contact.

In addition to answering the specific question posed in the statement of work, the review team also identified the following three significant issues:

1. While most of the personnel interviewed appear knowledgeable in their job areas, the review team noted multiple instances where key individuals had little appreciation for how their jobs support the mission, goals, and objectives of PBGC. In today's business environment, cross training and cross functional capability is increasingly important as organizations strive to maximize productivity without expanding resource utilization. At PBGC, it is also important that employees develop an understanding of how their responsibilities link to corporate goals and objectives. Without this perspective, it becomes more difficult to take a strategic approach to the work.
2. The review team found that FBAs tend to be over administered and under managed. FBAs are given very detailed criteria for staff recruiting and requirements for work processes and workflow. There is, however, little

analysis and oversight of resource allocation and level of effort in interim work steps. Instead, PBGC focuses its attention on major milestones, such as BDL output.

3. Measuring performance in a way that links individual accomplishment to the organization's strategic goals and objectives is consistent with the business model utilized by many of today's successful private sector organizations. Making these linkages is difficult. However, this approach allows organizations to move from assessing performance to managing performance, hence developing a culture based on results.

Please note the above issues are addressed in more detail in Section 4 of the report, "Processes and Performance." Other human resource issues are integrated, as appropriate, throughout the report.

Findings Matrix

	Findings	Issues	Support
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">THE FBA CONCEPT (SEE SECTION 2)</p>	<p>FINDING 1:</p> <p>The current concept involves contracting out a significant portion of the benefits estimation and plan administration work exclusively using PBGC systems, facilities, and staff definitions. This model does not allow for approaches other than those prescribed by PBGC, and therefore limits competition.</p>	<ol style="list-style-type: none"> 1. The current contracting methodology defines the workflow and approaches to plan processing. Alternate processing, staffing, and workflow approaches are not considered. 2. Because the current process is functioning, PBGC has not been proactive in considering alternatives that may reflect marketplace innovation, in the face of current and projected workload. 3. The current solicitation process does not enable prospective bidders to propose alternatives that may reflect innovative approaches. 	<ol style="list-style-type: none"> 1. Site visits and understanding of FBA/PBGC relationship as is. 2. Previous requests for proposal (RFP). 3. Perspective of benchmarked benefit administration companies that did not respond to recent procurement solicitation.
	<p>FINDING 2:</p> <p>The current size configuration allows the FBAs to address workload demands and PBGC has been able to scale-up to meet workload growth. Questions exist related to the benefit of continuing to expand the current configuration to meet future growth and the economy and efficiency of these structures as opposed to alternative configurations.</p>	<ol style="list-style-type: none"> 1. With large projected workload increases, additional resources are needed. 2. New work is assigned on a noncompetitive basis. Contractor capacity and growth decisions made by PBGC 3. Alternatives not properly explored. 4. Cost of growth not fully measured. 	<ol style="list-style-type: none"> 1. Current production and growth projections. 2. Follow-up on U.S. General Accounting Office (GAO) report recommendation.

Findings		Issues	Support
THE FBA CONCEPT (SEE SECTION 2)	<p>FINDING 3:</p> <p>The current use of technology, coupled with an aggressive participant meeting process, has largely reduced the need for the current geographic spread of contractors.</p>	<p>1. Current geographic dispersion is no longer necessary for effective customer service.</p>	<p>1. Documented costs associated with FBA operations.</p> <p>2. FBA interviews indicate few walk-ins. The observation of work processes and interviews with FBA personnel indicate that telecommunications and Web-based tools are effective at providing participant support.</p>
	<p>FINDING 4:</p> <p>Every FBA is responsible to and communicates with every TPD. In essence, every FBA reports to eight different managers.</p>	<p>1. There is a lack of standardization across TPDs in how functions are performed. FBAs have indicated they must meet eight different sets of requirements.</p>	<p>1. Site visits and FBA interviews.</p>
CONTRACTING (SEE SECTION 3)	<p>FINDING 5:</p> <p>The FBA contracting approach has generally not attracted new bidders.</p>	<p>1. The current contracting methodology defines the required workflow and approaches to plan processing. Alternate processing, staffing, and workflow approaches that may be more cost effective are not being considered.</p> <p>2. Very few new vendors responded to the most recent round of solicitations.</p> <p>3. There is little cross-bidding among the existing pool of contractors.</p> <p>4. There is little outreach to potential new bidders.</p>	<p>1. RFP Structure.</p> <p>2. Response to RFPs.</p> <p>3. Historical record of cross bidding.</p> <p>4. Lack of documentation on any prior innovative outreach efforts.</p>

Findings		Issues	Support
CONTRACTING (SEE SECTION 3)	<p>FINDING 6:</p> <p>Full operational costs (facilities, telecommunications, IT, etc.) are not used in making FBA contracting decisions.</p>	<ol style="list-style-type: none"> 1. Total cost data is not routinely consolidated. 2. Overhead costs are not factored into operational cost calculations. 3. Total costs are not used in comparing FBAs. 4. Alternate pricing models are not currently considered. 5. Lack of total cost data hampers comparison efforts. 	<ol style="list-style-type: none"> 1. Lack of available, consolidated, documentation on full cost. 2. Computed average costs of FBA operations (estimated annually at over \$2 million per FBA). 3. Guidance on the bid evaluation process. 4. Analysis of the cost to operate 11 sites with approximately 429 contract staff.
	<p>FINDING 7:</p> <p>COTR responsibilities are secondary to other job duties.</p>	<ol style="list-style-type: none"> 1. TPD personnel with other primary responsibilities perform COTR functions. 2. Within TPDs, operational work takes precedence over COTR functions. 3. Multiple contract representatives across various TPDs dilute responsibility and authority for managing contractor performance. 	<ol style="list-style-type: none"> 1. Headquarters interviews with COTRs. 2. FBA visits and interviews.

Findings		Issues	Support
PROCESSES AND PERFORMANCE (SEE SECTION 4)	<p>FINDING 8:</p> <p>Current processes are tailored to maintain a high level of customer satisfaction, but may not maximize efficiency.</p>	<ol style="list-style-type: none"> 1. Aggregate costs are not effectively used in analyzing program functionality and growth. 2. Budgeting for FBAs is not tied directly into projected workload. 3. There is a high cost for call resolution. 4. TPD bottlenecks affect processing time and cost. 5. While PBGC is making a significant effort to improve its technology, inefficiencies still exist. 6. Concurrent technological initiatives have affected productivity. 	<ol style="list-style-type: none"> 1. Financial analysis – multiple sources to determine operating cost. 2. FY 2003 budget document. 3. Imputed Customer Contact Center cost. 4. Process analysis (noted that approximately half of all BDLs produced by FBAs are in the fourth quarter). 5. Process walkthroughs (Automated Letter Generator, database building, Customer Communication Network etc.). 6. Headquarters and FBA interviews.
PERFORMANCE METRICS (SEE SECTION 5)	<p>FINDING 9:</p> <p>The labor-hour effort to complete key activities is not analyzed.</p>	<ol style="list-style-type: none"> 1. Workload and workforce decisions are made based on intuitive feel for contractor capacity. 2. Unit cost of productivity is unknown. 3. Relative contractor strengths are not fully analyzed. 4. Understanding the level of effort required to perform various functions is key to developing effective performance metrics. 	<ol style="list-style-type: none"> 1. Performance analysis – examination of major processing steps and time per major processing area. 2. Plan analysis – size, complexity, and record type. 3. Output analysis – hours per plan, participants per staff, and participants per year. 4. Contractor interviews and process walkthroughs.

	Findings	Issues	Support
PERFORMANCE METRICS (SEE SECTION 5)	<p>FINDING 10:</p> <p>There are no specified outcome measures at key steps in the FBA process. BDLs are currently the primary measure of quantitative and qualitative performance.</p>	<ol style="list-style-type: none"> 1. Current performance measurement criteria are based on compliance with meeting target dates related to applicants being placed into pay. 2. There is a need for outcome measures at the FBA level that reveal efficiency, effectiveness, and quality of service in addition to outputs. 3. Approximately half of all BDLs produced by FBAs are sent out in the fourth quarter. 	<ol style="list-style-type: none"> 1. COTR site visit program. 2. Compliance review types summary.
	<p>FINDING 11:</p> <p>While PBGC has a robust workforce and succession planning program in place, there is a need to develop a comprehensive document that outlines critical decision making processes related to FBAs, such as caseload and workload projections.</p>	<ol style="list-style-type: none"> 1. Fifty percent of federal executives are expected to retire in the next five years. 2. With an aging executive and senior management workforce, core succession plans should be complemented by documented programmatic procedures. 3. Policies and procedures manuals describe key processes in detail, but they do not describe the decision protocol. 	<ol style="list-style-type: none"> 1. Review of IOD Online Manual policies and procedures. 2. Interviews with key headquarter personnel.

Findings		Issues	Support
BEST PRACTICES (SEE SECTION 6)	FINDING 12: External best practices are not fully considered.	<ol style="list-style-type: none"> 1. PBGC trusteeed approximately 152 plans with 206,082 participants in Fiscal Year (FY) 2003. Current workload projections show that the number of plans/participants will continue to increase significantly in coming years. 2. PBGC's operational model for the FBAs has remained virtually unchanged since the early 1980s. 3. Other large, private sector firms provide a broad range of defined benefit outsourcing services similar in nature to PBGC's work processes. These firms tend to be well established (in some cases having administered defined benefit plans for upwards of 80 years) and serve millions of participants. 	<ol style="list-style-type: none"> 1. PBGC Web site and 2003 Annual Report. 2. Research and interviews with other private sector defined benefit outsourcing service providers.
	FINDING 13: Internal best practices not communicated.	<ol style="list-style-type: none"> 1. Some of the FBAs have developed "best practices" that could benefit the other FBAs. 2. FBA best practices are not routinely shared. 3. PBGC is in the process of implementing a new Communities of Practice (COPS) that will facilitate sharing of innovative ideas and best practices. 	<ol style="list-style-type: none"> 1. FBA interviews. 2. PBGC interviews.

THE FBA CONCEPT

Questions: Is the original concept still valid? Can the original concept be improved to increase efficiency and economy?

Statement of Position

The current FBA concept is functional, allowing PBGC to complete work effectively, with some flexibility for volume fluctuations. PBGC should be commended for handling the increases in workload in recent years. Our analysis, however, has found that the current FBA concept limits the flexibility of PBGC to consider alternative operational models that might increase efficiency and decrease cost, while maintaining customer service standards. To achieve the goals set forth in the President's Management Agenda (which calls for improved strategic management of human capital, competitive sourcing, and financial performance) and OMB Circular No. A-76 (which calls for government agencies to focus their efforts on inherently governmental functions) the review team suggests that PBGC consider alternate operational models that may result in cost savings and improved customer service outcomes.

Findings

1. Use of PBGC Resources

FBA contractors perform the vast majority of benefits estimation and plan administration processing, using PBGC's systems and facilities exclusively. This arrangement has one major operational drawback: vendors believe that their strength is in their proprietary information technology (IT) or processing approaches, and they do not bid because the nature of the contract eliminates their ability to use their own systems.

FBA work under the close supervision of PBGC and use prescribed work methods and staff definitions to complete assigned functions. While this structure has allowed PBGC to maintain a great deal of flexibility and control in adjusting resources for workload fluctuations, it does not allow innovation to consider alternate models that might add efficiencies to the overall process. Furthermore, because the current model is functional, there has been little impetus to consider any significant changes. With 834,000 participants in 2003, the estimated per-participant cost for IOD was approximately \$138 (See Appendix II). A large

portion of this figure represents support services and complementary processing inherent in the current plan processing structure. The evaluation team's analysis has found other viable options exist that may allow PBGC to expend less resources in managing processes and refocus its efforts on managing outcomes. Outcomes in this case might be time to complete processing, cost of processing, processing error rates, and levels of customer service.

2. Size and Scalability

The current FBA configuration allows PBGC to address spikes in workload by being able to scale up to meet the continuous workload growth of the last three years. While this structure has worked thus far, the current contractor arrangements raise some questions regarding the effects of scaling down if workload declines.

With the vast majority of FBA contractors working exclusively for PBGC, reductions in workload would result in direct contractions in their business. Major work reductions could result in contractor withdrawals, and as a consequence, the loss of specialized FBA resources and processing capability. This raises the question of whether or not there are alternate contracting methods that would allow PBGC to maintain processing readiness in such situations, yet retain greater overall flexibility for dealing with workload changes.

3. Geographic Spread

FBA's have historically been situated geographically close to the sites of failed defined benefit plans. This positioning of contractors was considered to be a key element of effective customer service, with offices being accessible to plan participants who would often stop in with questions and concerns.

Today, this is no longer a critical concern. In recent years, walk-in traffic has been reduced to a trickle, and the vast majority of customer support is handled by telephone. Increased utilization of technology would also suggest that e-mail and use of the Internet might soon be a strong secondary mechanism for plan participants to communicate with PBGC. Taking that into consideration, the cost-benefit of contracting with 11 organizations because they are located near a plan's participant base is no longer favorable.

4. Lines of Authority

Every FBA currently reports to every TPD, with authority and communication linked directly to assigned plans. Plans are assigned to TPDs and FBA's simultaneously, based on a number of criteria including availability, capacity, and plan size. Evidence suggests there is a lack of standardization across TPDs regarding how plan processing functions are performed. The review team found

that FBAs must comply with eight different sets of expectations to satisfy the requirements of each TPD.

5. Inherently Governmental Functions

As part of the interview process, the review team asked a number of PBGC management officials, "What are PBGC's inherently governmental functions?" The response to this question revealed there was some variation in position. Therefore, we suggest PBGC examine this question and determine the Corporation's inherently governmental functions. To assist in this examination, the review team further suggests that PBGC consider the report issued by the Commercial activities panel, titled "Improving the Sourcing Decisions of the Government" and issued in April 2002. The "Commercial Activities Panel" link on GAO's Web site (www.gao.gov) contains the executive summary and full-text file of this report.

Options

Considered Options & Position	Pros	Cons
<p>STATUS QUO – MAINTAIN EXISTING STRUCTURE</p> <p>There is a need for change. The current operational model does not provide clear separation between PBGC and its contractors.</p>	<ol style="list-style-type: none"> 1. Proven level of acceptable performance (the work gets done). 2. Contractor familiarity with process and management structure. 3. No change in infrastructure - change is difficult and can temporarily impact workflow and production. 4. No risk of decrease in customer service quality as a result of change in infrastructure. 5. Flexibility to deal with workload fluctuations. 	<ol style="list-style-type: none"> 1. Current structure precludes extensive process innovation from contractors. 2. Large number of sites may not capitalize on economies of scale. 3. Every FBA works with every TPD, creating a complex organizational and communication structure. 4. Current model may restrict procedural flexibility by locking FBA into doing work in a specific way.

Considered Options & Position	Pros	Cons
<p>IN-HOUSE – GOVERNMENT PERFORMS ALL TASKS</p> <p>Because of the inflexibility in adjusting staffing levels downward as work tapers off, this is not a good option for PBGC. Given the fluctuations in workload and workflow related to PBGC's operations, there is the ongoing need to be flexible and adjust resources as the workload changes.</p>	<ol style="list-style-type: none"> 1. Greater control of human capital. 2. Ability to retain institutional knowledge. 3. Predictable and stable operational costs. 	<ol style="list-style-type: none"> 1. Inconsistent with the President's Management Agenda. 2. Greater personnel costs. 3. Difficulty of obtaining large number of FTE slots. 4. Limited ability to adjust staffing to workload fluctuations. 5. Less flexibility in addressing performance issues.
<p>FEWER, LARGER FBAs</p> <p>Technical savings, reduced financial risk, and other benefits derived from economies-of-scale make this a viable option.</p>	<ol style="list-style-type: none"> 1. Potential economies of scale. 2. Reduces oversight costs and administrative burden. 3. Streamlined ability to make changes. 	<ol style="list-style-type: none"> 1. Disruptions in a single FBA would have a greater impact on overall production. 2. Potentially less competition. 3. Potential loss of localized skill.
<p>SINGLE VENDOR</p> <p>There are significant risks associated with using a single vendor, the most dramatic being the translation into a single point of failure in the event of some form of disruption. The review team, however, found there are large vendors that have the requisite expertise and capacity to handle all of PBGC's workload and with whom PBGC would likely benefit from continuous process improvement. The organization should examine these vendors and explore opportunities to engage them.</p>	<ol style="list-style-type: none"> 1. Potential economies of scale. 2. Minimizes oversight costs and administrative burden. 3. Increases standardization. 4. Streamlined ability to make changes. 5. Vendor staffing flexibility. 	<ol style="list-style-type: none"> 1. Single-point dependency – solvency, option-to-renew, management changes, and disruption could all impact production. 2. Limited competition – limited number of providers would have capacity to meet the contract requirements.

Considered Options & Position	Pros	Cons
<p>NEW FBA CONFIGURATION BY SPECIALIZED FUNCTION</p> <p>Some of the routine administrative functions lend themselves well to specialization. For example, law firms routinely outsource retrieval and scanning of records in circumstances where authenticity is paramount. The review team suggests that PBGC examine carefully the potential to outsource some of these functions to specialty contractors.</p>	<ol style="list-style-type: none"> 1. Process experts could achieve greater efficiency in certain functions. 2. Potential lower cost per transaction. 3. Greater accuracy through more experience. 4. Lower training costs because of function centralization. 	<ol style="list-style-type: none"> 1. Narrower options in the event of performance failure or operational interruption. 3. Potential bottlenecks delaying interdependent work processes. 4. Reduced feeling of FBA ownership of full plan process.
<p>NEW STREAMLINED FBA/TPD CONFIGURATION</p> <p>PBGC should consider the realignment of resources to maximize efficiencies and lessen complications associated with multiple managers overseeing multiple organizations simultaneously.</p>	<ol style="list-style-type: none"> 1. Clear lines of management, communication, and reporting. 2. Greater accountability regarding performance variances. 3. More in-depth knowledge of contractor's style of operation, requirements, and other unique variables related to geography, and operational peculiarities. 	<ol style="list-style-type: none"> 1. Reduce flexibility in balancing workload.
<p>ALL PLANS PROCESSED BY FBAs</p> <p>This would allow PBGC to focus its efforts on quality control and management of outsourced resources.</p>	<ol style="list-style-type: none"> 1. Clearer focus on management. 2. Ability to improve performance management. 	<ol style="list-style-type: none"> 1. Potential loss of institutional knowledge.

Suggested Actions

Management may wish to appoint evaluation groups to consider the implications of revising the original FBA concept to include:

1. Specialization in records gathering and scanning, and ongoing administration.

PBGC should consider segmenting out document collection, organization, and scanning. These functions are arguably different in character from much of the remaining processing and could be more efficiently performed by a specialist. One method to achieve cost savings in this area would be to contract with a specialized vendor, possibly on a fixed-price basis.

Costs

Current procedures would have to be modified and new techniques developed to have the document collection and scanning function interface with multiple processing units. A transition plan and process would be necessary to ensure that participants coming into pay status would be processed expeditiously. Implementing the new procedure will require some upfront costs.

Benefits

It should be possible to contract on a fixed price basis at a lower cost and realize increased efficiency in operations. This would also have the benefit of giving potential bidders access to a complete set of scanned, microfilmed or paper records for pre-bid analysis.

2. Explore the feasibility of developing a new FBA operational model that allows for greater innovation and flexibility (e.g., alternative work processes, technology, staffing, etc.) and conduct a pilot-study to compare the new model with the current one. An effective examination of alternatives may entail a three to five year pilot study of the new model while leaving the current FBA infrastructure in place. The proposed pilot would involve 10,000 to 50,000 participants from multiple plans. During the project term, PBGC would compare key evaluation criteria, such as customer satisfaction, accuracy, timeliness, and costs of the two models and determine which model best meets the PBGC's future needs (i.e. meeting the year processing objective). Appendix IV, Concept Paper – Pilot New Operational Model, discusses this suggested action in greater detail.

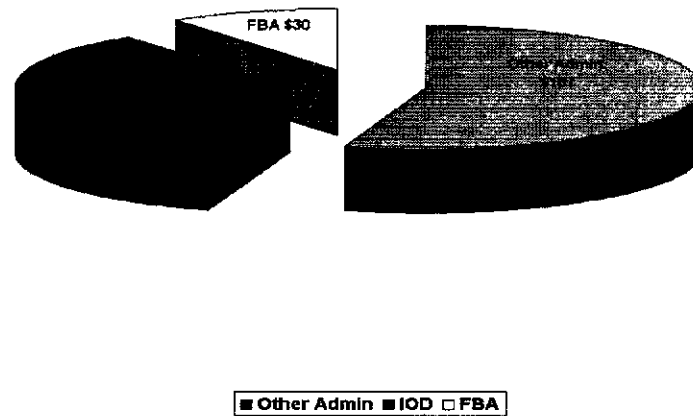
Costs

Benchmarked industry vendors provided estimates ranging from \$60-100 per participant for pre-trusteeship activities through estimated benefits, and \$25 to \$60 per participant per year for ongoing administration. These organizations indicated that because of the upfront investment in technology, training, and resource allocation, these prices are based on a three to five year contract.

The diagram below shows the current distribution of per participant cost for FY 2003. The total cost per participant of \$305 reflects the aggregate effort required to effectively deliver service, which includes IOD oversight, direct FBA cost, and other administration. It is also important to note the \$30 per participant estimate for FBA cost does not include several cost items that are

involved with service delivery, but which are not directly attributable to FBAs in the current cost model. The majority of these costs, however, are directly attributable to IOD. The combined per participant cost for IOD and the FBAs is \$138 – well over the upper limit of benchmarked vendors (See Appendix II).

Exhibit 1: Distributed Per Participant Cost



Benefits

While this evaluation focused on FBAs, the operational structure between all functional areas is sufficiently intertwined so that other operational models would likely result in cost adjustments across each area. Given that benchmarked organizations have indicated an ability to use cutting edge technology in plan processing, there may be opportunities for future savings derived from re-engineering processes and re-aligning resources. In addition, attributing some portion of development or systems cost directly to the FBAs would allow PBGC to more accurately calculate the FBA operational costs.

3. Explore contracting with an industry leader.

Consider contracting with a defined pension benefit administrator with a proven track record of administering large, complex, and diverse plans. This pilot contract might be for one sizeable plan or a group of smaller plans with varying levels of complexity. This could be done either on a parallel or outsourced basis.

Costs

Given the above estimates, a five-year pilot contract with a defined benefit outsourcing vendor would likely involve additional PBGC costs for software

customization, training, and other interface costs. Additionally, this model would require a redefinition of oversight processes.

Benefits

There is potential for expedited plan processing cycles by capitalizing on the innovative workflows and technologies utilized by industry leaders. For example, one vendor indicated that they could complete the full benefit determination cycle within 9 months. With PBGC's interest in decreasing the processing timeframe, such a significant decrease in plan processing time would be a tremendous achievement.

4. Realign FBA and TPD resources by assigning FBAs to specific TPDs. This would improve the ability of PBGC to manage its contractors efficiently.

Costs

This would result in fewer FBA/TPD combinations. There are currently 88 potential combinations of TPD/FBA matches. Realignment will reduce the combinations. Implementation of this suggestion will require some shifting of resources and workload.

Benefits

Realignment would improve communication and reduce the administrative burden associated with having multiple reporting relationships. This would facilitate more effective performance management and encourage competition, especially if coupled with performance incentives.

5. FBAs process plans of all sizes.

While maintaining institutional knowledge is critical, TPD functions should be recast to focus on inherently governmental functions (e.g., plan valuations and asset audits) and outcome management, and less on benefit processing. This could be accomplished by limiting the number of plans assigned to TPDs annually.

Costs

This would likely result in the need for increased staffing at FBAs. There would also be a need to retrain TPD personnel to ensure they possess the competencies appropriate to the new work requirements.

Benefits

This structure would facilitate increased operational efficiency and would support moving toward an outcome-based organization. TPD personnel would be well positioned to apply performance measures defined by management.

6. Customer Contact Center strategically outsourced.

While the Customer Contact Center is now functionally outsourced, it is not contracted on a "solutions" basis. The current contractor is only required to provide staffing. Under the strategic outsourcing scenario, PBGC would contract with a specialized firm to provide call handling for a fee, based on number of calls handled or some other performance metric. The contractor would then be responsible for both staffing and for performance and outcomes. In fact, the greater responsibility would lay in providing high-level performance and outcomes.

Costs

There would be some cost associated with the transition to a new scenario, including technology interface and expense of PBGC staff working on the transition team.

Benefits

Potentially improved customer service could be achieved, since many of the large call centers would likely have their representatives handle most of PBGC's call types to resolution without a call transfer. Lower costs are also likely; greater efficiency should result from the scale of the operation; more specialized technology support; and from lower labor costs and turnover in the parts of the country where these centers are usually located. A further benefit is that it would help tremendously in handling workload fluctuations, since more staff would be available to "jump" on the phones during volume peaks.

FBA CONTRACTING

Question: Does the existing contracting approach provide PBGC with best value, or would another approach provide better value?

Statement of Position

While PBGC has made attempts to open the contracting process to new competition, the current contracting approach has not been effective in engaging significant interest from new potential bidders or encouraging sufficient competition for contracts that are being re-bid. Very few new vendors responded to the most recent round of solicitations, and there has been little cross-bidding among the existing pool of contractors. There are proactive steps that PBGC can take to attract new bidders.

In considering the question of whether competitions save money, it is useful to look at the experiences other agencies have had under the A-76 program (public-private competitions). While A-76 outsourcing differs from FAR contracting, it provides a good example of how the introduction of competition can save the government money. For example, the CNA Corporation (a nonprofit research and analysis organization in Alexandria, Virginia that studies competitive sourcing) found that these competitions have saved substantial amounts of money. CNA testified before a Senate subcommittee in July 2003 that in the 1980s, over 2,000 competitions saved the U.S. Department of Defense (DOD) an average of 30 percent; since 1995, several hundred competitions at DOD have saved, on average, 40 percent. The General Services Administration (GSA) also experienced 30 percent savings in the 1980s, and state and local competitions have achieved savings ranging from 20 to 60 percent.

In addition to potentially saving money and attracting new vendors who may be able to perform the processing work more expeditiously, these outreach efforts would provide valuable ideas on some of the innovations implemented in industry practice. This evaluation examined five vendors that provide defined benefit outsourcing services. These types of organizations are driven by competition, the need to attract new business, and to stay abreast of and implement the latest developments in technology, staffing, and service provision. Some of these vendors have developed alternate ways of completing defined pension benefit processing with increased efficiency. Indeed, this is the basis of

their ability to sell their services. PBGC would benefit from having this type of vendor among its pool of bidders.

Findings

1. Solicitation and Outreach

Although solicitations are currently published on FedBizOpps, FBA solicitations have generally not attracted new bidders. This is evidenced by the fact that there were very few non-incumbent bidders in the most recent round of solicitations. While there are a number of potential reasons for the lack of interest, a key inhibitor appears to be the fact that the current contracting methodology defines the required workflow and approaches to plan processing, as well as requiring the use of PBGC systems. Prescribing the method by which the contractors must process the plans presents a barrier to potential bidders who have developed their own methodologies for plan processing.

Aside from publishing these opportunities on FedBizOpps, there does not appear to be any additional outreach to potential vendors. There are opportunities to perform additional outreach, such as general outreach sessions, requests for comment and/or information, pre-bid conferences, and one-on-one meetings with industry representatives. Increased vendor interest in these outreach sessions could be generated by placing notices in appropriate trade publications.

General Outreach Sessions

These sessions would provide potential bidders with background about PBGC, including its mission, goals, objectives, operational needs, and provide its current processing model. PBGC could also solicit input from bidders on how to draft a solicitation that would assure that PBGC's needs would be met while allowing the range of bidders to propose their own processing models. These would be done on a routine basis to make the industry aware of PBGC, its needs, and the work it accomplishes.

Requests for Comment or Information

Requests for Comment would provide a draft solicitation to potential bidders for input and feedback. Similar to the above approach, this would allow bidders to tell PBGC how to alter or improve the solicitation to attract their interest.

Requests for Information merely ask all potential bidders who can perform the work to submit their information to PBGC.

Pre-bid Conferences

Though similar to a general outreach session, pre-bid conferences are linked to specific solicitations. They are also more focused, typically providing attendees with the solicitation, highlighting the key needs requirements, and ending with a question and answer session.

One-on-One Sessions

The Federal Emergency Management Agency (FEMA) has found that it is far more effective to meet with industry representatives individually rather than in a group. FEMA found that in group meetings, potential contractors were less likely to ask questions and were reluctant to share information. In one-on-one meetings, industry representatives were far more willing to share information (although FEMA reserves the right to use any ideas or information received in these sessions). FEMA gained a great deal of useful input from its one-on-one discussions and stressed the importance of being open and honest with industry to gain the most value from the interaction.

2. Cost Analysis

The current contracting model utilizes a labor-hour approach, with facilities, telecommunications, IT, and other support costs paid for directly by PBGC. The basis for this operational structure appears to revolve around two concerns:

Control of Facilities

By providing facilities, PBGC is able to impose government standards on the expansion of facilities and ensure that they consistently provide the requisite level of security over plan records. PBGC also maintains the control necessary to enter facilities and remove the physical records, if necessary.

Integrated Systems and Security

With the current approach, FBAs have real-time access to PBGC's systems during the contract period, providing PBGC with current information and all transaction data as processing takes place. In the event of a contractor failure, PBGC already possesses the electronic records, and could make alternate arrangements for completion of the plan processing. Furthermore, there is a reasonable concern about the implications of private and confidential participant information being in the hands of a third-party.

Though these are all reasonable concerns, this approach has a number of drawbacks:

- Total cost data is not routinely consolidated – While PBGC has the information necessary to calculate the total cost of FBA operations, including contractor labor-hours, facilities and utilities costs, IT costs, oversight and overhead costs, this data is not used to calculate the true cost of operating under this model.
- Overhead cost is not factored into operational cost calculations.
- Lack of availability of total cost data hampers comparison efforts – If the true cost of operating FBAs were known, that information could then be

used to compare the cost of each FBA, which would be useful in determining cost-efficiency across the range of contractors.

- Alternate pricing models are not currently considered – In fact, alternate pricing models cannot be considered, because the true cost of operating the FBAs has not been formally measured and computed. In order to examine these other models, the true cost must be known to provide a cost-comparison between the status quo and any alternate methods developed.

3. COTR Functions

PBGC is in the process of improving the definition of COTR responsibilities. The COTR Coordinator has arranged more frequent COTR site visits with more clear-cut objectives. In addition, a comprehensive COTR guidebook is being developed for use in managing contractor performance. This guidebook will identify the roles, responsibilities, and procedures for the COTRs.

IOD is also developing a website to centrally compile and monitor essential field office performance data. This will strengthen PBGC's ability to manage the contractors and evaluate their performance. Phase I is the monthly reporting of activities and workflow. All requirements for this phase have been completed and tested. Phase I is scheduled for roll-out in 2004. Phase II will start with requirements definition for the work plan module. Phase III is the budgetary model.

One concern, however, is that COTR responsibilities as they relate to the FBAs, appear to be secondary to the COTR's other job duties. Both operational and administrative work is performed within the TPDs and, as is the case in most operational environments, operational work tends to take precedence over other functions. Another concern is the potential for undue influence over a COTR, given that they or their supervisors are TPD managers who also manage the operational work of the FBAs. Although there is a COTR coordinator in IOD, having multiple COTRs located in various TPDs dilutes the COTR's authority and ability to manage contractor performance.

4. Selection Panels

Selection of bid review panels is under the direct control of PBGC's Contracts Office. The main concern in selecting panel members is finding representatives who have knowledge of the FBA process but who do not directly work with incumbents at the site under consideration. This ensures they will not have undue influence over the outcome of the evaluation.

The process for selecting panel members involves IOD making recommendations that are considered by the Contracting Officer, who makes the final decision on the selection panel.

Ten of eleven FBA contracts expire at the same time, making it difficult to find panelists outside of IOD who are knowledgeable about the FBA process. Consequently, predominantly IOD personnel participate on these panels. This has the potential to be perceived as creating bias within the evaluation panels.

5. Contracting Approaches

In procuring services, it is important for PBGC to consider whether the type of contract it is using is most effective in meeting its goals at the lowest cost. Current contracts define required staff backgrounds and compliance with government work processes, not outcomes. For example, the Customer Contact Center is now run under a labor-hour contract, which requires contractors to provide staff with specified education and experience.

Since the Customer Contact Center is an outsourced operation, a contract approach that called for a "solutions" provider would be more likely to meet the needs of PBGC. In addition, such an approach would be more likely to attract vendors with greater subject matter expertise, who could better assist PBGC in meeting its goals, while still complying with government processes.

Options

Considered Options & Position	Pros	Cons
<p>IMPLEMENT PERIODIC INDUSTRY BRIEFINGS</p> <p>Outreach is critical to attracting new potential bidders.</p>	<ol style="list-style-type: none"> 1. Proactively reach out to potential bidders on opportunities. 2. Increase vendor knowledge of process and understanding of PBGC's needs. 3. Potential for more proposals, increased competition, and more options. 4. Reduced potential for criticism of process. 5. Feedback from briefings could result in innovative approaches to PBGC's requirements. 	<ol style="list-style-type: none"> 1. Increased administrative workload.
<p>DEDICATED COTR FUNCTION</p> <p>This will provide the COTR with the ability to focus on this responsibility and improve monitoring and communication with contractors.</p>	<ol style="list-style-type: none"> 1. Improved ability to monitor FBA contracts. 2. Job specialization and improved skills. 	<ol style="list-style-type: none"> 1. Creates a new FTE requirement. 2. If COTRs spend all of their time monitoring contracts, it would be more difficult to stay current on the latest processing techniques and technology.
<p>DEVELOP NEW CONTRACTING MODELS</p> <p>Both more specialized (for records retrieval & scanning) and more general (outsourcing the full plan processing function, including the administrative infrastructure).</p>	<ol style="list-style-type: none"> 1. Expanded bidder pool and enhanced competition. 2. Best practices and improved innovation. 3. Additional capability to handle workload fluctuations. 	<ol style="list-style-type: none"> 1. Increased administrative workload in analyzing bids.

Considered Options & Position	Pros	Cons
<p>ALTERNATE CONTRACTING METHODS – Fixed-Price</p> <p>Fixed-price contracting would stimulate economic competition among bidders and provide incentive to contractors to complete the work efficiently.</p>	<ol style="list-style-type: none"> 1. Requires contractor to successfully perform and deliver conforming services for a price agreed to up front - places cost risk on contractor. 2. Various incentive types can be used to reward good performance. 3. As a requirement recurs or as quantity production begins, according to the Federal Acquisition Regulations (FARS) the cost risk should be shifted to the contractor through fixed price contracting. 	<ol style="list-style-type: none"> 1. Plan records would need to be collected, completely scanned, and made available to bidders to enable them to assess the difficulty of plan administration. 2. If contract modifications are freely made, the fixed price contract advantages can be defeated. 3. Lead time needed to add new plans on a fixed price basis is problematic.
<p>ALTERNATE CONTRACTING METHODS – Cost Plus Fixed Fee</p> <p>A potential improvement over labor-hours in terms of stimulating competition among bidders based on the fixed fee. Does not provide additional incentive for contractors to minimize labor costs unless performance incentives are built in.</p>	<ol style="list-style-type: none"> 1. Cost plus fixed fee would allow for payment of all incurred labor costs within a predetermined amount plus an agreed upon fixed fee. 2. This could increase economic competition among bidders on the fixed fee. Bidders might also compete on the basis of lower geographic labor costs. 	<ol style="list-style-type: none"> 1. Only the fixed fee is agreed upon up front; overall cost is not established in advance, so some cost uncertainty remains for PBGC.
<p>ALTERNATE CONTRACTING METHODS – Labor-hour</p> <p>Provides for acquiring services on the basis of direct labor-hour at specified hourly rates.</p>		<ol style="list-style-type: none"> 1. No positive profit incentive to the contractor for cost control or labor efficiency.

Considered Options & Position	Pros	Cons
<p>ALTERNATE CONTRACTING METHODS – Share-in-Savings New concept promising to pay contractors later with a portion of money saved by using modern systems.</p>	<p>1. No money paid up front by the government.</p>	<p>1. Most contractors would not accept the risk.</p>
<p>ALTERNATE CONTRACTING METHODS – Cost Plus Award Cost reimbursement contract with a fee consisting of a base fixed amount and an additional award, which can be earned in whole or in part based on superior performance.</p>	<p>1. Creates incentive for achievement of goals.</p>	<p>1. Designed for use when the work performed does not lend itself to predetermined objective incentive targets, which is not the situation with FBA processing.</p>
<p>ALTERNATE CONTRACTING METHODS – Cost Plus Incentive Cost reimbursement contract that provides for the initially negotiated fee to be adjusted later by a formula based on the relationship between total allowable cost and target costs.</p>	<p>1. Increased fee to vendor in return for lower costs; net lower cost to government creates an incentive for the contractor to manage costs effectively.</p>	<p>1. Approach requires vendors to utilize cost accounting systems.</p>

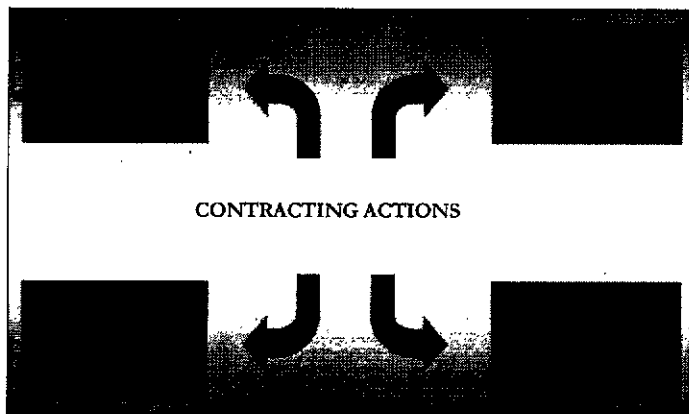
Considered Options & Position	Pros	Cons
<p>ALTERNATE CONTRACTING METHODS – Indefinite Delivery, Indefinite Quantity</p> <p>This contract feature could provide competition among processing units under contract for new plans and could lead to lower costs.</p>	<ol style="list-style-type: none"> 1. This feature provides for an indefinite quantity, within stated limits, of services during a fixed period. 2. Multiple awards are made under a single solicitation for the same or similar services to two more sources, then the government places orders for individual requirements when more services are required. 3. Faster track contract administration for additional orders (facilitates adding plans quickly); streamlined decision-making process for additional orders, including oral presentations. 4. Used when the contracting officer cannot predetermine the precise quantity of service the government will require during the contracting period. <p>Stimulates more competition among the processing units under contract.</p>	<ol style="list-style-type: none"> 1. Overall cost of contracting is not established in advance.

Suggested Actions

PBGC has elected to abide by the FARS, which set standards for federal procurement and encourages competition. In order to meet these requirements, the FBA contracting process should be designed to encourage maximum participation. PBGC needs to take a multi-pronged approach that facilitates effective communication, outreach, and consideration of alternate contracting approaches.

The following diagram illustrates the key elements of an effective PBGC contracting model:

Exhibit 2: Suggested Contracting Actions



Specifically, the review team suggests that PBGC consider the following actions:

1. Increase proactive outreach to maximize competition.

Costs

There would be nominal cost incurred in holding industry briefings or conferences, and/or publishing requests for comment by industry and in analyzing responses.

Benefits

In a March 2004 presentation in Washington DC, Bernstein Investment Research and Management reported that productivity in the United States is currently growing faster than at any other time during the post-World War II period. PBGC could share in benefiting from these historically high productivity gains by ensuring that all vendors with innovative approaches are given an opportunity to compete. An effective outreach program would result in broader information dissemination and an increase in the likelihood of a larger pool of bidders.

2. Develop new contracting models to improve productivity and lower cost.

Currently PBGC predominantly uses labor-hour contracts for processing. PBGC should consider utilizing a hybrid performance-based contracting model similar to the one utilized by FEMA. Arguably, the agency is faced with somewhat similar pressures to those of FEMA, and has developed a methodology for contracting that provides it with flexibility and the ability to move quickly on procurements. FEMA, which previously used predominantly

time and materials contracts, similar to the labor-hour contracts in use at PBGC, has moved to a hybrid performance-based task order contract.

Under this contracting model, PBGC would enter into a blanket agreement with multiple vendors. For each task order, PBGC determines which contract type is appropriate for the task, and solicits competition amongst the pre-approved vendors on a quick turnaround basis. For each task order, FEMA decides which contract type - fixed price, cost plus award fee, or cost plus incentive, is most appropriate based on the program office's requirements.

The review team suggests that PBGC study FEMA's approach further and ascertain if it could be used as the basic model for contracting with the FBAs. The flexibility inherent in this type of contracting would allow PBGC to experiment with the three types of task orders - fixed fee, cost plus incentive fee, and cost plus award fee, and determine which works best for specific purposes. PBGC should, however, move towards using performance-based contracting wherever possible. In early 2001 the Federal Acquisition Council (formerly known as the Procurement Executives Council) set a goal calling for half of all service contracts to be performance-based by 2005.

Costs

Prior to implementation, PBGC will incur costs to further analyze the suitability of various contracting options. Additionally, there will be the need to develop performance standards to use in performance-based contracting. There will also be some cost to train procurement staff on how to administer and manage these contracting models.

Benefits

Performance-based contracting methods, according to the FARS, are intended to ensure that required performance quality levels are achieved and total payment is related to the degree that service performed meets contract standards. A performance-based contract holds a contractor accountable for results rather than how the work is done. Standards should be measurable and performance incentives should be included where appropriate.

3. Stagger the expiration dates of contracts.

By staggering contract expiration dates, fewer panels would need to be convened at one time. This would likely make it easier to get suitable evaluators from other departments.

Costs

Contract actions would need to be taken to effectuate the staggering of the contract expiration dates.

Benefits

Reduced burden on IOD to find suitable panelists and more cross-agency viewpoints would be represented on each panel.

4. Establish a dedicated COTR function.

Providing personnel with the opportunity to focus solely on COTR responsibilities could result in improved monitoring of FBA contracts. The COTR would not be faced with the conflicting priorities that currently exist and would be able to specialize and improve skills in this area.

Costs

Beyond the implications on organization design, this option would require skill-enhancement training and the redefinition of COTR job descriptions.

Benefits

Specialized contracts monitoring would likely result in improved communication and contract management, expeditious issue resolution, and increased productivity.

PROCESSES & PERFORMANCE

Question: Does the existing process routinely evaluate performance and encourage customer service at the lowest possible cost?

Statement of Position

PBGC has effectively tailored current processes to achieve a high level of customer satisfaction. This is reflected in consistently high overall American Customer Satisfaction Index (ACSI) scores. In the 2003 ACSI survey, a national cross-industry measure of customer satisfaction in the public and private sectors, retirees ratings of PBGC services reflect a customer satisfaction rate of 84 percent.

There are, however, opportunities for PBGC to achieve greater efficiencies while sustaining or even increasing its customer satisfaction levels. Essential to this is a focus on the nature of the work to be performed and what actions can bring about improvements.

The work performed by the FBAs is white-collar production work. The FBAs must produce a high volume of benefit determinations accurately and quickly when taking over a plan, and must also process pension payments accurately and quickly in its ongoing plan administration work. White-collar production work is characterized by the following:

- A high volume of work must be performed.
- Decisions are made under demanding time constraints.
- The decisions are often complex.
- The work requires a high degree of accuracy in decision-making and production of products (e.g. BDL letters).
- The work requires a high degree of concentration to assure accuracy.

Other work similar in nature to that of PBGC's are the benefits determinations made by the Social Security Administration, and the citizenship and passport issuance decisions made by the Passport Services Directorate of the U.S. Department of State. Both organizations have spent considerable time and effort

in improving their effectiveness and efficiency. PBGC may wish to establish contact with these organizations to learn and share best practices.

Critical to maintaining high levels of effectiveness and efficiency in a white-collar production environment are the following characteristics:

- Well-defined work procedures.
- A relatively even flow of workload through the system.
- A surge capacity to deal with large work increases.
- Efficient and effective information technology systems to support the workflow and processes.
- Systematic, documented, and integrated strategic planning, caseload and workload projection, budget development and execution, and cost accounting systems.
- Appropriate metrics to measure and manage progress on a daily, monthly, and yearly basis.
- A work process review system that identifies good and bad work processes.
- A mechanism to adjust work processes and systems to improve effectiveness and efficiency of work flow and production.
- A training program to assure that employees who produce the work products understand and can perform work procedures correctly.

Findings

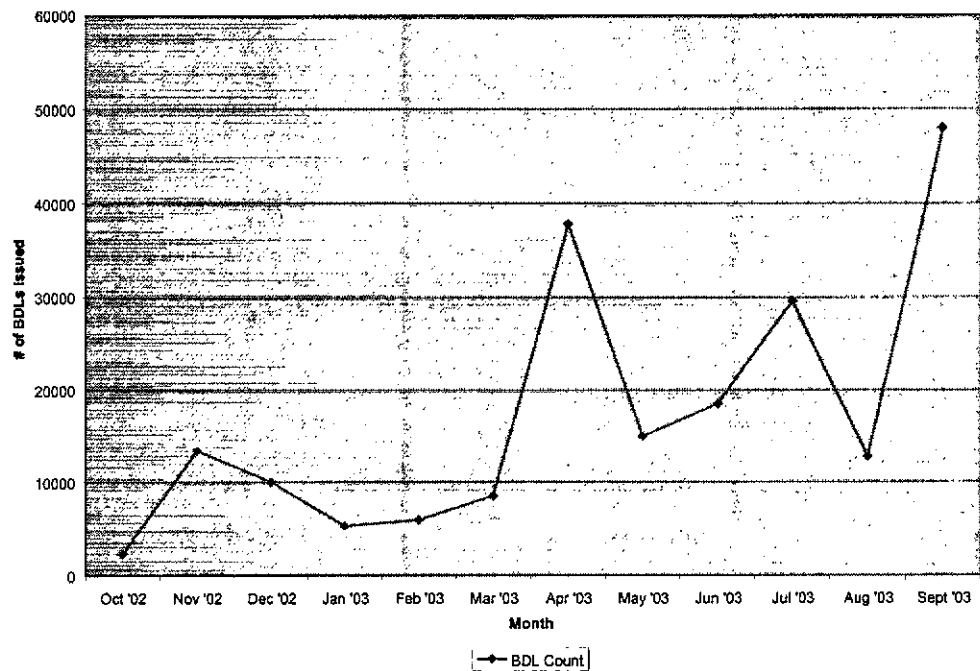
1. Work Procedure Definitions

PBGC's work procedures are well defined. Work procedures are charted, documented and available to all employees through PBGC's intranet. However, the use of eight TPDs working with 11 FBAs dilutes the impact of the well-documented work procedures. The evaluation team found that the TPDs each has their own, somewhat different, interpretation of what the work procedures require. While the evaluation team appreciates the notion that the competition generated by all eight TPDs working with all 11 FBAs can help deal with the internal controls issue of having too close a relationship develop between specific TPDs and FBAs, this needs to be weighed against the production efficiencies gained or lost through use of such an approach. IOD can devise other procedures to incorporate proper internal controls into the work procedures and oversight methodologies.

2. Work Flow

The flow of work through the system is not even. In FY 2003, approximately 44 percent of the benefit determination letters (BDLs, which are a primary FBA product when PBGC takes over administration of a defined benefit plan) were produced in the last quarter, with 23 percent of those produced in September. Exhibit 3 below charts the monthly BDL issuance totals.

Exhibit 3: Benefit Determinations Issued October 2002 to September 2003



PBGC is aware of this issue. Historically, PBGC struggled with a significant backlog of case determinations. In the mid-1990s, it made a conscious decision to reduce the backlog from more than 300,000 unissued determinations to the current backlog of 190,000. PBGC also revised its production standards to require that BDLs be completed within an average of three years, but did not specifically tie the issuance date to the date of plan trusteeship. PBGC appeared to increase its effort to issue BDLs in the last fiscal quarter.

At the November 2003 IOD Management Conference, IOD announced yet another step-up in the processing standard – by FY2005, PBGC must complete BDLs by the two-year anniversary of the trusteeship of a plan. This policy change will help provide a more even flow of work through the system because it ties the issuance of BDLs to trusteeship dates that are spread throughout the calendar year. In addition, with the two-year processing goal, if individuals are receiving

their benefit determinations more quickly, it is less likely they will be contacting PBGC to determine the status of their cases. While this is an important step forward, it is essential that PBGC establish organizational and individual performance standards for each part of the process and provide sufficient resources to meet those standards. Finally, PBGC should monitor individual and organizational performance to assure that work does flow evenly through the production system. **Section 5: Performance Measurement**, discusses alternatives for establishing metrics that will help solve the workflow issues.

3. Surge Capacity

PBGC has, through its FBAs, the surge capacity needed to ensure large workload increases can be handled. The question is whether there are more effective and efficient ways for this to be done. **Section 3: FBA Contracting**, provides a detailed discussion of the various options available to PBGC.

4. Supporting IT Systems

The current IT systems, which support the FBA work processes, do not possess the integration or speed necessary to ensure an even workflow. During the team's visits to the FBAs, the review team observed repeated occasions when employees would wait several minutes for software to load onto their computers. In addition, in a number of processes, it is necessary to enter and exit several programs to complete a single task. While this is in part due to the hardware limitations, the age and performance of software is also an issue. PBGC is very aware of its hardware and software technology issues. Approximately two years ago, it hired a chief technology officer and has now centralized responsibility for technology development and implementation under this position. PBGC now has an Enterprise Architecture Plan and is moving to a much more strategic and integrated approach in the use of technology to support its work production needs. PBGC has also started implementing a number of upgraded systems.

One issue PBGC has encountered in upgrading its technology is keeping production systems running while implementing necessary change. PBGC is designing and implementing five major IT system changes (e-ALG, ARIEL, CRM, PRISM Redesign, and MyPAA/MyPBA), which are all scheduled for roll-out within the same relative timeframe. Each change is necessary and will substantially improve the workflow and work production. However, from the FBA perspective, there does not appear to be an integrated strategy for the roll-out of these systems, nor does there appear to be sufficient appreciation for the potential disruption of production that will occur as these systems are brought online. Until PBGC addresses these issues, it will continue to struggle with workflow efficiency.

5. Systematic, Documented and Integrated Decision Systems - Strategic Planning, Caseload and Workload Projection, Budget Development and Execution, Cost Accounting, and Human Capital Planning Systems

The key decision systems of PBGC are not uniformly well documented. Most are not integrated with each other. The evaluation team found that PBGC has a strategic planning system that is generally linked to budget development and execution systems, and for Corporation staff, to the Human Capital Planning system. However, PBGC does not have a cost accounting system that captures costs and allows the aggregate costs to be used in analyzing program functionality and growth. The budget projection process is not directly tied to caseload and workload projections. Furthermore, the budget execution system does not appear to have these direct ties. It appears that budget decisions are currently made incrementally, without a direct link to workload and financial liability projections.

This conclusion is supported by the fact that the team had to identify and gather data from multiple sources to determine FBA direct operating costs, the costs of PBGC staff and other cost components to estimate the total costs for operating the FBAs. The FY2003 budget document does not directly link to the caseload and workload projection system outputs. Interviews with both headquarters and FBA individuals further support this conclusion.

The review team spoke with a number of headquarters and FBA personnel about how caseload and workload were projected. For the most part, each understood their part in the projections process, but stated that he/she had little or no knowledge outside of their specific job responsibilities. The review team understands that periodic meetings between and among the various offices and individuals responsible for caseload, workload and budget projections is a recent innovation. The inclusion of key projection personnel into the Corporate Policy and Research Department has also helped to close this gap by unifying disparate personnel into a single department. This allows those tasked with projection to more easily communicate and integrate their knowledge, which will ultimately lead to a stronger projection methodology.

Clearly, these are steps in the right direction. Until the related decision systems - strategic planning, caseload projection, workload projection, budget projection, budget execution, strategic human capital planning, and cost accounting - are fully documented and integrated, PBGC will not have attained the most efficient and effective utilization of its scarce resources within the FBAs or within PBGC itself.

6. Metrics to Measure and Manage Progress

The truism that every organization must remember is: What gets measured gets done!

Performance management is defined as “the use of performance measurement information to effect positive change in organizational culture, systems and processes, by helping to set agreed-upon performance goals, allocating and prioritizing resources, informing managers to either confirm or change current policies or program direction to meet those goals, and sharing results of performance in pursuing those goals. Performance measurement is not an end in itself, but a tool for more effective management. The results of performance measurement will tell what happened, but not why it happened, or what to do about the issue. To use the results of performance measurement, an organization must be able to make the transition from assessment to management.”ⁱⁱ

The need to move toward outcome measures is discussed in **Section 3: FBA Contracting**, and **Section 5: Performance Measurement** and will not be covered in any detail in this section. It is, however, important to note this is critical in ensuring a more even workflow. Performance metrics allow organizations to manage, rather than to be managed, by workflow processes.

7. Work Process Review System

PBGC and the FBAs have a system in place to assess how well or poorly a process is fulfilling the needs of the organization. This includes the periodic reviews conducted by the TPDs and the COTRs, the annual conferences for TPD and FBA managers, the IOD conference to discuss work process methods, and the work of the Office of Inspector General. The Communities of Practice program that has just started and is supported by the Portfolio and Plumtree automated knowledge management systems will also help ensure effective, efficient work processes are known and shared between and among PBGC and the FBAs. All of these efforts will be strengthened with enhanced FBA performance metrics.

8. Human Capital Issues

In 2000, PBGC hired the National Academy of Public Administration to help develop a documented workforce planning methodology to assist in the identification of the competencies needed to accomplish the work of PBGC. The six-step methodology links PBGC's strategic goals and outcomes to the competencies needed to achieve those goals and outcomes. This methodology is an excellent tool for identifying skills needs and gaps, and for planning recruitment, hiring and succession planning needs. PBGC is using this tool effectively. For example, its succession planning program is cited by Ray Blunt, a leading thinker and practitioner on leadership and succession planning issues, as one of the six best in the federal public sector.ⁱⁱⁱ

PBGC has also identified a workforce structure for the FBAs that provides a logical progression of work from entry level to full performance for individual employees, as well as well-defined supervisory and project manager positions. The

qualifications for these positions are defined in PBGC's contract with the FBA. The quality control matrix also includes the requirement that COTRs review the new FBA hires, to ensure that they meet the qualifications specified in the contract. This methodology provides a degree of consistency in the quality of FBA work and staff.

During our discussions with FBAs and COTRs, it became clear that COTRs vary in their practices regarding the review of FBA staff qualifications. Some COTRs review every hiring decision, some review more senior positions, while others review only a sampling. To some degree these differences reflect the level of confidence the COTR has in the FBA hiring decisions. To some degree it reflects the management style, and/or level of experience of the COTR. Assuming that PBGC continues its current contracting approach with FBAs, it may want to review this quality control methodology to guarantee that it is being applied evenly and appropriately.

Our review identified three significant strategic human capital issues PBGC should address:

1. While most of the personnel interviewed appear knowledgeable in their job areas, the review team noted multiple instances where key individuals had little appreciation for how their jobs support the mission, goals, and objectives of PBGC. In today's business environment, cross-training and cross functional capability is increasingly important as organizations strive to maximize productivity without expanding resource utilization. At PBGC, it is also important that employees develop an understanding of how their responsibilities link to corporate goals and objectives. Without this perspective, it becomes more difficult to take a strategic approach to the work.
2. The review team found FBAs tend to be over administered and under managed. FBAs are given very detailed criteria for staff recruiting and requirements for work processes and workflow. There is, however, little analysis and oversight of resource allocation and level of effort in interim work steps. Instead, PBGC focuses its attention on major milestones, such as BDL output.
3. Measuring performance in a way that links individual accomplishment to the organization's strategic goals and objectives is consistent with the business model utilized by many successful private sector organizations in today's business environment. Making these linkages is difficult. However, this approach allows organizations to move from assessing performance to managing performance, hence developing a culture that's based on results.

PBGC should also examine its organizational design of 11 FBAs reporting to eight TPDs. The review team was told this design provides better internal controls by discouraging the formation of inappropriately close relationships between PBGC and its FBA contractors, as well as encouraging constructive competition between and among the FBAs and the TPDs. While these goals are understandable, there is an obvious cost incurred from the complexities in this structure. PBGC should review this operational model to see if the costs of the structure support or outweigh the benefits.

9. Training Programs

Well trained staff are essential to maximizing both the quality and the quantity of work produced by the FBAs. PBGC has long recognized the importance of training, and has made significant investment in related technology, including distance learning technologies. PBGC's preferred method of training is "Train the Trainer." Selected FBA employees are brought to a central location to learn about changes in work process, IT systems, and policy direction. They, in turn, take the information back to their organization and train their staff. The FBAs have their own training programs that complement training provided by PBGC. Generally, a train the trainer program is most likely to be successful if there are rigorous criteria applied to the selection of those who are to be trained as trainers.

The training programs of the individual FBAs vary in both quality and quantity. Given the projection of significant workload increases and the scarcity of resources, a reassessment of training needs and the most effective and efficient delivery methods may be appropriate.

Options

Considered Options & Position	Pros	Cons
EXAMINE ALTERNATIVE ORGANIZATIONAL STRUCTURES AND PROCEDURES TO ENSURE THAT WORK PROCEDURES WILL BE APPLIED IN A SIMILAR FASHION ACROSS FBAS	1. Enhances probability that work procedures in FBAs will, in fact, be more consistently applied across all FBAs.	1. Uses resources that could otherwise be applied to processing plans, issuing BDL's, and other production work.
DOCUMENT AND INTEGRATE DECISION SYSTEMS CONCURRENTLY	1. Guarantees all related issues between and among systems are identified, examined, resolved, and integrated appropriately.	1. Requires an enormous outlay of time, resources, and energy at a time of surging workload.

Considered Options & Position	Pros	Cons
<p>DOCUMENT AND INTEGRATE DECISION SYSTEMS SEQUENTIALLY</p>	<ol style="list-style-type: none"> 1. Provides the opportunity to identify the hierarchical flow of decisions from first (e.g. strategic planning) to last (e.g. cost accounting). 2. Increases the likelihood that each system will receive adequate attention to its own attributes and requirements, as well as to the relationship it has to other systems. 	<ol style="list-style-type: none"> 1. Increases the risk that system interrelationships will not all be identified or properly integrated.
<p>FORMALLY INTEGRATE FBA BUDGETING – Currently it appears that budget decisions are made incrementally, without a direct link to workload and financial liability projections.</p>	<ol style="list-style-type: none"> 1. Streamlined budget allocation process, using performance data to support decisions. 2. Budget and performance integration in compliance with the specifications of the President's Management Agenda. 3. Systematic, structured, documented process for integrating financial and workload projections, resulting in better resource utilization. 4. Improved information, facilitating better management decisions. 5. Ensure that basis for decision-making is established and transferable. 	<ol style="list-style-type: none"> 1. Increased effort would be necessary to document the process.
<p>DEVELOP DETAILED IMPLEMENTATION STRATEGY AND PLAN FOR FIVE IT SYSTEMS</p>	<ol style="list-style-type: none"> 1. Assures implementation is well thought out, the interrelationships and interdependencies between and among the systems are identified, and any conflicts or inconsistencies are resolved prior to implementation. 2. Communications strategies and plans are developed so that the various interest groups are informed about the new system and know how it impacts their work processes and work lives. 	<ol style="list-style-type: none"> 1. Potential exists to delay system rollout until implementation strategy and plan is developed and approved by PBGC.

Considered Options & Position	Pros	Cons
CONDUCT AN ONLINE TRAINING NEEDS ASSESSMENT TO IDENTIFY TRAINING NEEDS, DELIVERY MECHANISMS AND MEDIA	1. Effective and efficient way to identify training needs. 2. Provides customer input on both course content and delivery methods.	1. Requires PBGC resources to develop, gather, analyze and act on the data collected. 2. If resources used for assessment, they cannot be used for other pressing requirements.

Suggested Actions

1. Explore other organizational structures, analyzing the need to have the eight TPDs working with all 11 FBAs.

Costs

A study of alternatives will require time, money, and people who would otherwise be focused on plan administration.

Benefits

A more focused organization structure will increase both efficiency and effectiveness.

2. Institute procedures to produce a more even workflow.

Costs

Change in procedure and process cost time, money, and effort that are otherwise devoted to current work production.

Benefits

An even flow of work through the FBAs will substantially increase efficiency and effectiveness. PBGC managers must be held accountable for providing even workflow to the FBAs.

3. Link strategic planning to workload measurement and budget development processes in a way that facilitates the use of historical performance data in making human resource decisions.

Costs

Creating and implementing such a system would involve new development, training, administration, and management costs.

Benefits

By linking decision mechanisms to historical performance, PBGC would position itself to make more informed decisions, and enable it to better align resources with need. Furthermore, such a system would facilitate the development of effective performance measures.

4. Revise, develop, and/or link systematic, documented and integrated decision systems – strategic planning, workload projections, and budget development and execution.

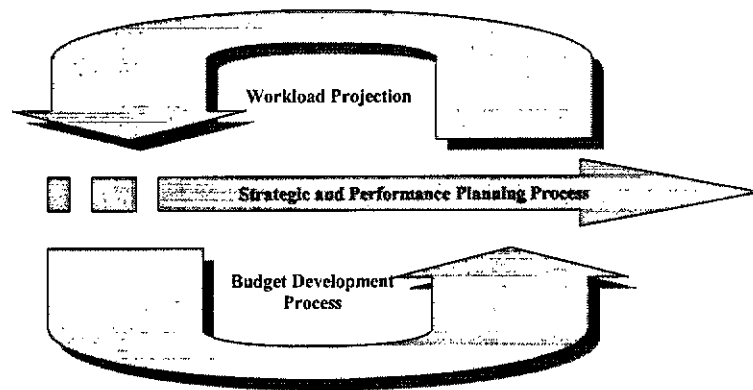
Costs

The development of new or revised decision systems is an enormous, multi-year undertaking. It will divert resources from workload production.

Benefits

The integration of critical decision systems will substantially improve PBGC's ability to forecast workload and provide strategic planning personnel with additional information that would aid in the planning process.

Exhibit 4: Budget and Workload Integration Impacts



When workload is decreasing, these integrated decision systems will facilitate forecasting the occurrence and impact, and provide PBGC with longer lead time to adjust its permanent and contractor workforce.

5. Examine the current policies and procedures so that the training of FBA staff is accomplished in the most effective and efficient manner.

Costs

Resource devoted to the examination cannot be used for other critical agency activities.

Benefits

A well-trained staff is essential for PBGC to achieve the maximum production from its FBA contractors.

PERFORMANCE MEASUREMENT

Question: Do the existing performance metrics accurately measure contractor performance?

Statement of Position

PBGC's current strategic planning approach has been highly rated for meeting the criteria in the President's Management Agenda and the Balanced Scorecard. However, the performance measurement system is not tied closely enough to performance at the FBA level. Furthermore, it appears adequate data is not collected to measure performance. The review team noted PBGC does not centrally compile FBA specific data necessary for monitoring performance of contractors in field locations.^{iv}

Findings

Adequate baseline data is critical to assess productivity and outcomes. The review team's analysis of the performance metrics used to evaluate FBAs can be organized under two major categories:

1. Total Cost and Level-Of-Effort Determination

PBGC does not currently measure the total labor-hour effort or total cost to process a plan from pre-trusteeship to on-going administration.

As the federal government continues to improve its financial and performance accountability, it has promulgated many new techniques to measure effectiveness, efficiency, and economy. One of the most useful measurements is the determination of the unit cost of providing services to the public. OMB, in its guidance for the annual agency financial statements and the associated reporting of performance measures, stresses the importance of unit cost measurement over output measures. The goal is for agencies to develop a clear understanding of its products and services, develop estimates of the levels of effort and other resources necessary to produce those products or services, measure the number of products or units of service delivered, and calculate unit costs for each. By calculating and

reporting the unit costs of production, PBGC can measure its efficiency and compare its cost performance to that of similar organizations.

OMB's guidance, while focused on the financial statements, footnotes, and management discussion and analysis, also stipulates the federal agencies develop financial management systems capable of calculating unit cost routinely. At a minimum, each agency should utilize manual unit cost calculations, which can be derived from the orderly analysis of its accounting and performance records.

In addition to meeting OMB's requirements, periodic calculation of unit costs provides management with a powerful tool to analyze the mix of resources it deploys to carry out its functions in the most economical manner.

One of the major components of unit cost determination is the measurement of outputs. PBGC monitors the performance of its FBA contractor resources using a variety of methods, including:

1. Monitoring, by the Management Coordination Unit (MCU), of timeframes for completion of various procedures.
2. Monitoring, by MCU, of error rates for various procedures.
3. Routine TPD teleconferences to discuss plan status and other performance issues.
4. COTR monitoring of billings and other performance matters.
5. Periodic PBGC staff visits to perform on-site reviews of participant transactions and FBA processes.

Each of these monitoring techniques is designed to identify FBA deviations from PBGC's policies, procedures, and performance standards that allow PBGC and the FBAs to evaluate their performance and institute corrective actions, where necessary. The effectiveness of these control techniques is, in part, the reason for PBGC's high customer service ratings.

These monitoring systems provide PBGC with valuable data about the number of participant events that occur during any time period. For instance, PBGC can determine the number of pieces of correspondence received and their disposition, the number of calls received, and the number of letters issued. The most significant measure for performance measurement, is the number of BDLs issued annually.

Each of these statistics, when coupled with the costs necessary to produce them, can be used to calculate the unit costs of production. The unit costs can be used to evaluate the efficiency of current operations (and proposed modifications) and be compared with other similar government or commercial operations as a measure of relative cost-effectiveness.

The second essential element of unit cost calculations is an estimate of the resources required to produce outputs. The evaluation team first estimated the cost to process a plan from pre-trusteeship through closing and limited analysis to the costs incurred by and at the FBAs. The cost types considered relevant for each FBA include:

1. Direct labor costs, by plan.
2. Indirect plan processing and administrative costs at the FBA (supplies, travel, etc.).
3. Furniture.
4. Computer Equipment.
5. Rent.
6. Communications.

Further analysis of the availability of information necessary to develop such cost estimates for the FBAs indicated several costs were easily determined, but others were not. For instance, FBA total billings were available from a number of places, including the FBAs. Total costs for items such as rent, equipment, information technology support, and other "hard costs" were easily available from the Facilities and Services Department. Other, "soft" costs were not readily available. For example, PBGC has not developed a rationale for allocating indirect Corporation costs (including executive management, IOD management, IT management, etc) to the FBAs. These costs represent the cost of managing and supporting the FBAs. Taken together, these costs represent the total cost of operating an FBA. It is this total cost that is not available. In order to calculate this cost, it was necessary to draw from each of the disparate units responsible for covering that cost.

To estimate the level of direct labor, the review team developed a spreadsheet tool to record the estimated times to perform each of the major functions necessary to process a plan, from pre-trusteeship to closing, were recorded. We also recorded the estimated times for each of the procedures performed during on-going administration.

The analytic model takes into account three elements of a plan that, in our judgment, affect the level of effort for some of the procedures. The factors are:

1. Plan size.
2. Quality of the records.
3. Complexity of the plan.

The total level of effort to process a plan is obviously a function of its size. While each of the procedures involved may take the same time to perform, the FBA will have to perform more of them to complete the plan.

One of the major characteristics of a plan that can increase the level of effort is the quality of the records. Some procedures may be doubled or tripled when the plan sponsor records are in paper form, have not been maintained well, and/or are incomplete.

Another factor that significantly affects the level of effort is plan complexity. Plans that rely on earnings as a base for pension entitlements are particularly difficult to administer, especially when the employee records are incomplete. Plans for certain industries, such as the airlines or steel makers are often more complex to administer. Furthermore, plans that require employee contributions, those that have higher than average numbers of divorced participants, and plans with an abundance of power of attorneys require special handling.

The level-of-effort model takes all these factors into account. The resulting analyses provide a significant start for PBGC in quantifying the total amount of time it takes to process a plan. This data can be useful in planning work assignments, budgeting, analyzing changes in procedures for improvement in efficiency, supporting other types of contracting, and comparing with other similar organizations.

The procedures and tables of data are presented in **Appendix II**.

2. Performance Measures

PBGC does not utilize outcome-based performance measures at several key points during plan processing. An outcome measure is an assessment of the results of a program compared to its intended purpose. Outcome measures assess whether the completed work contributed to the organization's accomplishments. Output measures record whether or not what was done was done correctly and if the services were provided as intended.

Realistically, both types of measures will need to be in place to some degree, as PBGC moves towards performance-based contracting.

OMB's guidance on performance measures states that agencies should focus on outcomes of their efforts – not the number of processes performed or completed, unless those measures are used in conjunction with other performance measures to provide a true picture of performance against goals. The intent is to more closely relate performance measures to PBGC's mission.

Plan Processing Time

PBGC's performance measures include several outcome-based measures that might be useful in measuring performance at the FBA level. Completion of plan processing in a reasonable time provides participants with a final determination of their future benefits, and PBGC already considers the total processing time as a

major corporate performance measure. PBGC does not, however, measure the time necessary to complete each step. If PBGC were to measure the time necessary to process each step, it could then move towards understanding the total cost to process a plan. Under a new contracting format, PBGC could then consider including a contractual incentive for the FBAs to meet or exceed PBGC's processing plan goals.

Benefit Estimation Accuracy

A second important outcome-based measure is the accuracy of estimated benefits paid during trusteeship. There are several points in plan processing that require estimation of payments. One is the initial determination of cutbacks for retirees who have been retired less than five years. A second is the estimation of benefits for participants who retire after PBGC has taken over the plan.

Errors in either of these procedures will require adjustments to a participant's final benefit determination and, in many cases, may require the participant to repay over payments.

Options

Considered Options & Position	Pros	Cons
<p>DEVELOP DETAILED PERFORMANCE METRICS THAT ADDRESS THE TIME/RESOURCES NECESSARY TO PERFORM KEY FUNCTIONS Time and resource analysis is key to understanding the process, as it currently exists, and for determining where improvements can be made. It is important that PBGC move toward this type of analysis in managing its benefits administration contractors.</p>	<ol style="list-style-type: none"> 1. This provides supporting basis for developing performance standards. 2. Management tool that could be used to routinely evaluate contractor performance. 3. With an eye to two-year processing, this could serve as an effective analytic tool to determine where efficiencies might be achieved. 4. Analytic tool that could be used to support contracting decisions. 	<ol style="list-style-type: none"> 1. Resources would have to be dedicated to developing an effective instrument. 2. There would be a significant need for a process to manage and address contractor concerns.

Considered Options & Position	Pros	Cons
<p>LINK PBGC'S PERFORMANCE MEASURES DIRECTLY TO FBA PERFORMANCE</p> <p>Link FBA performance directly to PBGC goals through cascading outcome performance measures.</p>	<ol style="list-style-type: none"> 1. Additional tool to evaluate contractor performance. 2. Outcome-based measures would serve as an effective analytic tool to determine where efficiencies could be added. 3. Outcome-based measures at the FBA level could be used to support contracting decisions. 4. Ability to link compensation to performance, providing an incentive for productivity and creativity. 5. Outcome measures provide freedom for contractors to innovate. 	<ol style="list-style-type: none"> 1. Labor-intensive process.

Suggested Actions

1. PBGC should continue the development of estimates of the level-of-effort and total cost required to process plans. PBGC has developed some initial estimates at a very high level, but more detailed estimates will be useful in supporting management analyses of resource allocation, evaluating alternative processing procedures, supporting budget requests, and reporting on performance. The initial estimates of total labor-hours developed during field visits can serve as a beginning point for plan cost estimates. PBGC should also determine the costs of other resources used by the FBAs, such as rent, equipment, information technology, and communications. Finally, PBGC should develop a rationale for allocating overhead and administrative costs to the FBAs. Once all of these costs have been determined, PBGC can calculate unit costs.

Cost

PBGC will incur some moderate internal cost to continue development of complete cost estimation for the FBAs in particular, and for the processing of plans in general. The review team does not believe that PBGC needs to develop a complete cost accounting system to support suggested actions at this time. The cost per FBA and per participant cost estimates (unit costing), however, can be used independently and to support a more complete cost accounting system. The most difficult effort will be the determination of the input/output relationships of PBGC's various divisions. PBGC might

consider the activity-based cost distribution system to organize the cost relationships of the operating and support units.

Benefits

Cost is one of the most important factors management considers in making decisions. Currently, PBGC uses gross costs in planning for the FBAs. Unit costing is a more useful tool for planning, evaluating, and controlling PBGC's work. Such cost estimates will add additional support for budgeting, contracting, and the day-to-day planning and management of plan processing whether performed by TPDs or FBAs.

2. PBGC should consider identifying additional outcome-based performance measures for evaluating its and the FBAs' performance. Measures of this type are more closely aligned with customer satisfaction and PBGC's principal mission.

Cost

While BDLs are, indeed, an outcome of the entire plan trusteeship process, the review team found that other outcomes, such as accuracy in benefit estimation during trusteeship or elapsed time to complete plan actions the actuarial valuations or asset audits, might also be considered.

Accuracy in interim benefit estimation minimizes participant adjustments when BDLs are issued and reduces the need for recovery actions that can only negatively affect customer satisfaction.

Time to complete important steps in the plan processing, while not visible to the participants, can improve overall customer satisfaction in that the participants are notified earlier of the final outcome of the plan.

PBGC will incur costs to consider additional performance measures such as the cost of senior agency personnel and the development of reliable measuring procedures.

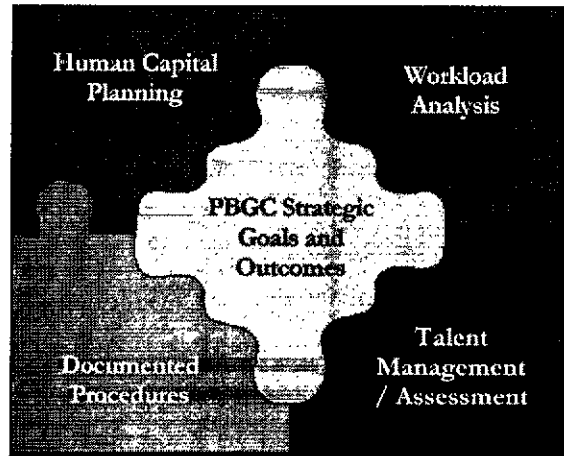
Benefits

Performance measures will aid PBGC in identifying additional processes not currently measured that are closely tied to PBGC's mission in computing the benefits to be paid to participants in a timely, accurate manner. Making such measures a part of the operating philosophy of PBGC will improve customer satisfaction.

3. PBGC should develop a consolidated manual for FBA management policies and procedures. Many of the policies already exist in memorandum form. Others, such as a revised COTR policies and procedures manual, are being developed now. Such a manual will provide for orderly management of the

FBA and continuity of operations and will complement PBGC's overall workforce and operations management infrastructure. The following diagram illustrates the four key components of effective workforce planning and management:

Exhibit 5: Effective Workforce Management Attributes



Cost

Many of the operating policies and procedures for the FBAs are already in memo form. PBGC will incur some cost in assembling them into a coherent administrative manual and devising a procedure for its continual maintenance.

Benefits

Management of the FBAs is a complex process that has developed and been modified over the years as circumstances have dictated. The consolidation of these procedures for future reference and consistency is vital, especially in light of the potential for retirement of many of the current system's designers.

BEST PRACTICES ANALYSIS

Question: Are there identifiable best practices at one FBA that can be implemented at other FBAs to reduce cost or improve customer service? Are there external benchmarks that would benefit the organization?

Statement of Position

Our evaluation identified several best practices that may benefit PBGC by reducing costs and improving efficiencies, while maintaining or increasing customer service levels. For this reason, PBGC should develop a process for extending benchmarking activities to the FBAs. This would include benchmarking from internal sources (FBAs) and external sources (other private-sector providers of defined benefit outsourcing services).

Findings

The current FBA concept, which has been in place for more than 20 years, has remained virtually unchanged since the early 1980s. While the current model has served PBGC well, there has been limited incorporation of best practices among the FBAs or from industry that could result in reduced costs, improved efficiencies, or increased customer service satisfaction for PBGC.

External Analysis

For this evaluation, the review team benchmarked five private sector defined benefit outsourcing service providers in the following areas:

- Number of defined benefit plans and participants.
- Services provided.
- Staffing and training.
- Information technology (web, Customer Contact Center, plan administration).
- Customer Contact Center operations.
- Customer Service satisfaction measurement.
- Performance measurement.

- Costs (cost per participant).
- Expansion capacity.

The firms that were evaluated have been providing defined benefit outsourcing services from 12 to 80 years. The number of plans they administer ranges from less than 100 to 800 and the size of the plans ranges from 75 or fewer participants up to 500,000. The total number of defined benefit plan participants administered by each firm ranges from 700,000 to 6 million participants. The following table summarizes the firms' years of experience, number of defined benefit plans, size of plans, and total number of defined benefit participants:

Firm	No. Years Providing Defined Benefit Outsourcing Services	No. Defined Benefit Plans	Plan Size No. Participants	Total No. Defined Benefit Participants
Benefit Strategies Group	12	80	1-75	Not provided
CIGNA*	80	800	50,000-30,000	700,000
Hewitt	30	100	3,000-500,000	6 million
Mellon	60	187	10,000-400,000	Not provided
Watson Wyatt	30	300	500-120,000	2 million

*CIGNA became Prudential Retirement in April 2004.

In general, these firms are well established and have been providing defined benefit outsourcing solutions to large numbers of plans and participants for decades. They typically provide flexible service level options, ranging from "full outsourcing" to "co-sourcing," based on the client's needs. Most of these firms utilize some form of a "continuous improvement process" to stay competitive in the market place; hence, the benefit to the customer is the costs of innovation, which are spread across a large number of participants (hundreds of thousands or millions).

Four of the five firms have significant experience in handling large, complex plans (e.g., thousands of participants and numerous plan subsets resulting from mergers and acquisitions over the years). While these firms do not perform Title IV work, they are familiar with PBGC and the trusteeship process, in that some of their clients' plans have been terminated. These firms usually provide all of the services provided by the FBAs, as well as some functions performed by PBGC (valuations, database development, etc.). Costs range from \$60-\$100 per participant during initial program implementation (incurred during the first 6-12 months of the project term) and then \$25-\$60 per participant annually thereafter.

With regard to industry best practices, the review team found three areas that may be of interest to PBGC: technology, benchmarking, and customer service.

1. Technology

Most of the defined benefit outsourcing providers the review team interviewed have invested heavily in interactive Internet-based applications that are available 24 hours a day, 7 days a week, and allow participants to manage routine transactions (e.g., address changes and benefits calculations) online rather than using other traditional channels (e.g., Interactive Voice Recognition systems and customer service centers). These vendors indicated that Internet access currently accounts for 80 to 90 percent of participant inquiries, and they expect this percentage will continue to increase.

In contrast, PBGC is in the early stages of providing participants with comparable account access via the Internet. Only three of PBGC's estimated 3,000 plans are currently accessible to participants via the Internet. The pilot study suggested in Section 2 would enable PBGC to evaluate private sector technology solutions.

2. Benchmarking

Most of the vendors interviewed routinely benchmark themselves against other outsourcing competitors and world-class service providers from other industries. One firm also incorporates cumulative best practices from more than 300 of its largest clients into its outsourcing services and processes. The result is a "continuous improvement process" that enables these firms to stay competitive in the marketplace.

In contrast, the review team found little indication that PBGC benchmarks its plan administration processes with external sources. Rather, the sentiment seems to be that there are no comparable firms that do the same type of work that PBGC does. While this is true to some extent (no other entity is responsible for taking plans into trusteeship) many of the administrative steps and processes are comparable to services provided by other private-sector defined benefit outsourcing providers. Hence, PBGC could benefit from benchmarking FBA operations against private-sector providers who are constantly seeking ways of improving service and reducing costs.

3. Customer Service Satisfaction Measurement

The vendors contacted place their emphasis on customer service and most have developed unique systems for continually measuring and assessing customer satisfaction. Customer service is also PBGC's number one priority and PBGC has an excellent record of customer satisfaction using the ACSI Model. However, customer service is not tied to the FBAs labor-hour contract and there is no financial incentive for the FBAs to meet or exceed PBGC's customer service requirements. In the private-sector, the vendor's compensation is often tied to meeting or exceeding specifically defined customer service requirements. Tying

customer satisfaction to contractor performance may increase PBGC's customer satisfaction ratings even further.

Internal Benchmarking

Visits to the 11 FBAs revealed there is significant consistency among PBGC's contractors. The FBAs indicated there was little opportunity for networking with each other and, in some cases, there was a reluctance to share "best practices" due to perceived competition. Furthermore, some of the FBAs indicated that PBGC did not seem interested in their input for improving processes. Nonetheless, the review team identified several practices developed by the FBAs:

1. Letter Tracking

All 11 FBAs, apparently independently of one another, developed Excel spreadsheets for tracking participant letters and responses. This tracking system is needed to help the FBAs meet legal requirements for participant correspondence. The letter tracking systems typically include the participant's name and the dates that each letter was sent. Since all of the FBAs have a system in place, there is little information that can be shared at this point.

2. Flow Charting

Several FBAs have developed process flow charts that include internal (FBA) and external (PBGC) process contact points for two large plans. These flowcharts are used to clarify the communications process in complex plans, which are not necessarily reflected in the IOD manual. This type of tool may be useful for other FBAs.

3. Building Participant Databases

One FBA developed written procedures for building participant databases (using the database template provided by PBGC) that could serve as a model for the other FBAs.

The results of external and internal benchmarking analysis are presented in **Appendix III: Benchmarking Support.**

Options

Considered Options & Position	Pros	Cons
PERFORM PERIODIC INDUSTRY ANALYSIS	<ol style="list-style-type: none">1. Improves knowledge on aggregate productivity variables and options.2. Provides a process for periodically comparing cost and productivity data against industry.3. Provides benchmark data on output and outcomes associated with alternative industry models.4. Identifies best practices that could be implemented by PBGC.	<ol style="list-style-type: none">1. Increases administrative workload.

Suggested Actions

1. PBGC should routinely benchmark internal and external best practices and incorporate those ideas and processes that will increase operational efficiency, while maintaining or increasing customer satisfaction.

Cost

PBGC will incur some moderate internal costs in establishing an FBA benchmarking team or hiring a contractor to perform this function.

Benefits

PBGC will benefit by staying abreast of market-driven innovations that could lead to decreased costs, improved efficiencies, and increased customer satisfaction.

Customer Contact Center Options and Cost Analysis

Statement of Position

The current workflow represents a two-tier system for handling calls. First, the Customer Contact Center staff handles most calls and attempts to resolve those considered general information calls. Second, the calls that deal with entitlement, complex plan related issues and specific participant benefit calculations are transferred to the FBAs and the TPDs. From a customer service point of view, this is not an optimal workflow. Although calls transferred to an FBA are usually resolved to the participants' satisfaction, consumers prefer to have the call resolved by the first person they contact.

Highly skilled Customer Contact Center employees supported by enhanced technology (and access to plan and benefit information), would be able to handle many, if not most, calls to resolution at the first point of contact. The section below addresses this in greater detail.

Findings

1. Organizational Structure

The Customer Contact Center contract with Randstad is for staffing, not to provide solutions, although Randstad provides supervisory and administrative employees, as well as customer service representatives. A solutions contract would entail the provision of more call center expertise and would invest more heavily in first point of contact call resolution.

The Customer Contact Center is overseen by the director of the Technical Services Division, located at PBGC headquarters in Washington, D.C. The Customer Contact Center has an on-site manager, a senior customer service analyst, and his deputy, a customer service analyst, both of whom are federal employees. The remainder of Customer Contact Center employees are contractors, hired through an IOD contract with Randstad, which also covers staffing for two FBAs under the same contract. The division of Randstad that holds the contract is not the Randstad division that specializes in Call Centers.

The contract employees include a full-time supervisor, a customer service analyst, six team leaders, three quality assurance staff, 30 full-time customer service representatives, and 36 part-time customer service representatives. Total staffing was 79 as of March 2004.

Randstad performs preliminary screening of candidates based on the job categories under the contract, as well as its assessment of the candidate's reliability, competence and suitability for the position. For existing positions, the Customer Contact Center supervisor, interviews the candidate and makes the final hiring decision. These employees remain contract employees, paid by Randstad.

2. Types of Inquiries Handled

PBCG handles incoming general "switchboard" calls, inquiries, and calls from current and future participants and their families in a centralized Customer Contact Center, opened in 1996 and moved to suburban Virginia in April of 2003. In addition to telephone calls, the Customer Contact Center handles e-mails and other web-based interactions. The Customer Contact Center deals with the general public seeking information about PBGC, as well as with those seeking information about specific pension benefits.

3. Workflow

From a customer service point of view, the current workflow is not optimal. Currently, the Customer Contact Center takes all calls coming into PBGC that are not immediately transferred by the caller to a specified extension. This includes "locator" calls – callers asking to be connected to a department or individual within PBGC; residential address/telephone number change requests; change of or to electronic deposit; questions about benefit determinations; plans that may terminate; applying for benefits; death of a participant; check action requests; requests for and questions about forms and publications; and general (non-technical) questions about the corporation or benefits. About 55percent of the participant calls received by the Customer Contact Center are transferred to the processing units (primarily to FBAs) for resolution.

While general calls are handled to resolution by the Customer Contact Center representatives, "Am I entitled?" calls and inquiries about the specifics of participant benefit calculations are "warm transferred" to the TPD or FBA for handling. Approximately 95 percent of those calls are transferred to the FBAs while 5 percent are handled by TPDs. TPDs, which handle the smaller plans, are staffed by federal employees. FBAs handle the larger plans and are staffed by contractors working under a labor-hour contract.

The warm transfer consists of the Customer Contact Center representative (representative) putting the caller on hold, contacting the appropriate TPD or

FBA, telling the receptionist at the receiving end that they need to transfer a call about a given plan, and staying on the line while transferred to the point of contact (POC). Once connected, the representative describes the nature of the call and provides information about the caller, then introduces the caller to the person to the POC. Most commonly, calls transferred into the FBAs are handled "live", a receptionist at the FBA answers the call and transfers it to a staff member working on that plan. Commonly, when calls are transferred into the TPDs, a message is left and an appropriate staff member returns the call. The goal is for the call to be answered within 24 hours. Most calls are resolved fairly expeditiously. Daily reports analyze outstanding calls and how long it takes the FBA or TPD to respond.

In essence, the current workflow represents a two-tier system of call handling. The Customer Contact Center handles general calls, and the TPDs and FBAs handle calls about entitlement and specific participant benefit calculations.

It would be preferable to have calls resolved at the first point of contact. Beyond this, it is expensive. About 55 percent of the participant calls received by the Customer Contact Center are transferred to the processing units for resolution.

4. Call Cost Tracking

The Customer Contact Center tracks incoming call volume by hour through its Automated Call Distributor (ACD). The Customer Contact Center also tracks availability and schedule adherence of employees. Availability is the total amount of time the employee is ready or available to take the next call. Schedule adherence is the degree to which the employee abides strictly with their schedule, including time they plug in and out for the day, and break and lunch times.

The Customer Contact Center, however, **does not compute cost per call**, a basic productivity measure. The review team calculated a cost per call for the Contact Center portion of the call, as well as for the entire call, including the transfer to the FBA. (The review team did not include costs for call handling by the TPDs, since we had no basis on which to compute these.) Necessarily, this is a **best estimate**, based on actual figures provided by Customer Contact Center management for the Randstad contract, the salaries of the two federal employees, and estimates provided by PBGC's budget office for overhead. Cost per call is defined as the cost of handling the call to resolution at the FBA or TPD, the basic workflow at PBGC. The review team did not include calls answered by Interactive Voice Response (IVR) in the cost per call (See Appendix V).

PBGC strategic goals emphasize that the processing units (FBAs and TPDs) need to meet high levels of customer satisfaction. On the ACSI, retirees rated the services of PBGC at 84 percent in 2003, a good score comparable to similar organizations. The services of the Customer Contact Center were rated at 77

percent, again a high score. However, in the absence of cost tracking, the processing units have not had their attention focused on the amount of time it takes to handle calls or ways to minimize call volume without compromising customer satisfaction. Call length is largely determinant of cost per call, since approximately 60-70 percent of the cost of a call is labor costs.

5. Operational Model

The prevalence of call transfer does not represent the best model for providing outstanding customer service. Although calls transferred to an FBA are usually resolved to the participant's satisfaction, consumers prefer to have the call resolved by the first person they contact, if possible. Resolution at first point of contact is also more economical, since transfers take time, sometimes result in miscommunication, and increase costs measurably.

PBGC has a customer service goal of 85 percent first call response by 2008, meaning that the call gets resolved on his/her first call into PBGC. PBGC's CCN system currently does not track calls this way. The Customer Relationship Management (CRM) system currently being piloted will track both the Customer Contact Center and processing unit responses as a "first call response."

In addition to telephone calls, the Customer Contact Center also handles web-based applications, such as MyPBA, e-mail and fax contacts from the general public and participants. These types of contact are handled by the administrative team, which also handles inbound phone calls. The administrative team also responds to messages from the voice mail system, which result from overflow and non-business hour calls.

Web-based applications are being piloted on two plans, and are already giving every indication of their potential to significantly lower call volume in the future as more applications are unveiled, and more plans are covered. Although there is a perception in some quarters that seniors are not likely to use the Internet, statistics suggest otherwise. Nielsen/Net Ratings, the global standard for Internet audience measurement and analysis, reports that seniors (65 and over) were the fastest growing age group online, increasing 25 percent between October 2002 and October 2003. The second fastest growing age group using the Internet (at 15 percent) is older adults between the ages of 55 and 64. In 2003, 50 percent of older adults and 23 percent of seniors were reported to be using the Internet. This is good news for the Customer Contact Center long term, since web contacts are significantly less expensive to handle than phone calls.

Some non-telephone administrative responsibilities are also performed in the Customer Contact Center. Each team has its own assignments. Many of these responsibilities were placed within the Customer Contact Center when it first

began and was experiencing a great deal of "down time". At present, there is a perception in the Customer Contact Center that these responsibilities detract from the focus on taking calls and would be better handled outside of the Customer Contact Center environment.

6. Contact Center Management

The Blue Pumpkin software, intended to optimize the match between representative's schedules and incoming call volumes, is not currently being used. Without using this type of software, it is very difficult to scientifically match representatives' schedules to incoming call volumes to achieve maximum productivity. As a result, to date the Customer Contact Center has not been able to ascertain and assure the optimal use of human resources. Management recognizes this and is currently configuring the software for use.

The center uses Interactive Voice Response (IVR) to assist in routing calls. Customer Contact Center management recognizes that the IVR script could be improved and upgrades to the IVR could be installed, both of which could lead to greater Customer Contact Center productivity. Some of the possible enhancements include: limiting the currently lengthy menu options, implementing fax back capabilities (enabling a caller to be automatically faxed forms and publications), greater use of voice recognition (allowing callers to provide verbal responses), and automated capacity to answer frequently asked calls, such as "When did my check go out?"

In addition, online chat capability could add functionality for the Customer Contact Center. Among other things, it would allow representatives to "walk through" application completion with participants.

The Customer Contact Center tracks incoming call volume by hour through its Automated Call Distributor (ACD). The Customer Contact Center also tracks availability and schedule adherence of employees. Availability is the total amount of time the employee is ready or available to take the next call. Schedule adherence is the degree to which the employee abides strictly with their schedule, including time they plug in and out for the day, and break and lunch times.

Two of the most important considerations in looking at the Customer Contact Center are the backgrounds and skill sets of the employees hired and the technology available to support the employees. "Upgraded" employees supported by enhanced technology (and access to plan and benefit information), would be able to handle many, if not most, calls to resolution at the first point of contact.

7. Analytics

In addition to tracking statistics on individual representatives, the ACD collects information reflecting on the performance of the Customer Contact Center as a whole. Among the more important indicators of overall Customer Contact Center performance tracked by the ACD are abandon rate (the number of calls that customers abandoned usually due to the wait time) and grade of service. The Customer Contact Center's grade of service goal is to answer 80 percent of calls within 20 seconds.

The Customer Contact Center currently does not have Computer Telephony (CTI), which facilitates productivity in the initial set up of a call, tying together its computer and call tracking system with its ACD (telephone related) information. This limits its analytic capability. The Customer Contact Center is presently moving from CCN to CRM. CTI is planned to be part of the implementation of CRM and would add greatly to the call center operations.

All of the Customer Contact Center representatives have been trained on CRM. Some of the larger plans are piloting CRM, while the remainder of the plans are presently still handled by CCN. This means that representatives in the Customer Contact Center are presently using two different systems, which limits maximization of productivity, since representatives using one system cannot take calls for plans handled by the other system. (It could also present complications if a strategic outsourcing approach is chosen.)

Although CRM has generally been well received by the representatives in the Customer Contact Center, there are some concerns about speed of handling certain transactions and frequency of freezing. These have been shared with the CRM rollout team and are being addressed.

8. Other Issues

One issue that PBGC may wish to focus on is that of assuring that the Customer Contact Center is made aware in advance of information being disseminated to participants. Sometimes the Customer Contact Center finds itself in the unenviable position of trying to answer calls without knowing what information was given to participants. PBGC also sometimes inadvertently generates avoidable calls by an action it takes, such as sending out a mailing that is not as clear as it could be. Greater attention to these issues and better coordination throughout PBGC could help the Customer Contact Center answer calls more effectively and to eliminate unnecessary calls.

9. Benchmarking

In benchmarking PBGC Customer Contact Center operation, we referred to the April 2002 *Government Call Centers Performance Benchmark Report* by Dr. Jon Anton of Purdue University's Center for Customer-Driven Quality. Purdue is regarded as the one of the foremost Call Center research centers. In addition to the Purdue Report, the review team visited the Call Center at the Federal Deposit Insurance Corporation and the Social Security Administration, two agencies whose Call Centers handle calls with content somewhat similar to that of PBGC.

The review team first focused on only some of the top line Call Center metrics for comparison purposes. It is important to note when benchmarking Call Centers in the public sector that the types of calls can vary significantly. Many agencies handle calls concerning less complex matters than defined pension benefits. Therefore, it would not be appropriate to draw final conclusions based on averages. Nevertheless, the metrics can provide a broad overview.

At PBGC, call volume is heaviest at the beginning of each month, since that is when checks are sent out to participants. Call volume is also heavy on Mondays and from 10 a.m. to noon and 2-4 p.m. most days. Call volume averages 1500 calls a day, with Mondays averaging 2,100 calls and Fridays, the lightest day of the week, averaging 1,300-1,500 calls. The Customer Contact Center answered 605,000 calls in FY 2003.

The abandon rate for September 2003 was 2.9 percent, which is typical for the Customer Contact Center. By comparison, the average for federal government Call Centers was 4.3 percent. In September 2003, PBGC came close to meeting its 80 percent grade of service goal (percentage of calls handled within 20 seconds), with a 77 percent grade of service. Once again, this compared favorably with the average for federal government Call Centers - 80 percent of calls answered within 34.4 seconds.

First call response for federal Call Centers was 68 percent. The best practice goal is 85 percent (and that is also PBGC's goal for 2008). Since the CCN system does not track both the Customer Contact Center and processing unit responses as a first call response, PBGC does not have a total first call response figure at this time. CRM will provide this information. The Customer Contact Center currently resolves 45 percent of participant calls at the first point of contact.

Average talk time for 2003 was 3.51 minutes for the portion of the call handled at the Customer Contact Center. The portion of the talk time at the FBAs is estimated, based on an average of the time each FBA estimated it spent on calls. The review team had no way of estimating the talk time at the TPDs, so talk time at the TPDs was not included in this analysis (since only about 5 percent of the transferred calls go into the TPDs, this should not affect the calculations significantly, but it means the calculation is on the low side).

The average talk time for federal Call Centers was 10.8 minutes. The average cost per call for inbound calls was \$5.27 for federal public Call Centers. If we take the FY 2003 total number of calls into PBGC Customer Contact Center and divide it by the total costs attributed to the Customer Contact Center, we come out with a cost of \$6.43 per call. The estimated cost of handling those calls transferred to the FBAs is an additional \$5.90 per call. The average cost per call is \$9.51.

There are two provisos that should be noted. One is some Call Centers probably included IVR calls in the calculation, which would lower the cost per call. IVR is not included in the cost per call for PBGC. On the other hand, Purdue noted that the reported cost per call for the public sector Call Centers was probably significantly overstated based on Purdue's calculations.

The portion of the cost attributed to the Customer Contact Center may be high due to the fact that employees have not been scheduled scientifically against call volumes through use of scheduling software. This means that representatives are available to take calls at times when not enough calls are coming in to occupy them. Another contributing factor may be the non-telephone administrative work performed in the Customer Contact Center, which raises the cost per call.

10. Previous Analyses

The Customer Contact Center has been studied at least three times in the past. In 1999, Randstad's Customer Contact Center Services Group performed a Customer Contact Center analysis focusing on the effectiveness of staffing, the adequacy of technology, the management structure, the scope of Randstad's contract/directive, and PBGC's expectations. The analysis resulted in short- and long-term recommendations, many of which have been implemented in the interim (including the purchase of the Blue Pumpkin scheduling software and creation of teams).

In June 2001, the IOD Call Center Task Force prepared a draft report on the staffing and organization of the Customer Contact Center. The report made 20 recommendations, many of which have not yet been implemented. Some of these are referred to below.

In April 2002, as part of the Phase II CRM project effort, Unisys performed a review of the Customer Contact Center. Some of the recommendations in that report, mainly those related to changing from a Call Center to a Contact Center conceptually, have been implemented. The major recommendations for a future operating model have not.

Management has expressed interest in finding a better structure for the Customer Contact Center in order to achieve its first call resolution goal, which is a high corporate priority.

Options

There are several options that can be considered, some of which could result in improvement of first call resolution, enhancement of operations, and potentially reduction in costs. The options relate to staffing, structure, workflow and location of the Customer Contact Center.

Considered Options & Position	Pros	Cons
OUTSOURCE CUSTOMER CONTACT CENTER	<ol style="list-style-type: none"> 1. Greater efficiency and consistency. 2. Eventually minimize need to transfer calls. 3. Lower costs due to increased efficiency. 4. Ability to handle volume fluctuations. 5. Likely decrease in turnover. 	<ol style="list-style-type: none"> 1. Less direct control over representative response. 2. PBGC would be dependent upon the vendor performance.
CREATE THREE TIERS	<ol style="list-style-type: none"> 1. Potentially decreasing the need to transfer a high volume of calls to processing units. 2. Increased customer service and reduced cost through reduced number of transfers. 3. Potential career path for representatives. 4. Potential to handle increased workflow through second and third tiers. 5. Reduces interruptions at the FBA level, potentially increasing their productivity. 	<ol style="list-style-type: none"> 1. Not as efficient or economical as having most representatives able to handle all calls.
FEDERALIZE BY REPLACING CONTRACTOR POSITIONS WITH FTE	<ol style="list-style-type: none"> 1. More direct control over the contact center operation. 2. Potential for reduced turnover. 	<ol style="list-style-type: none"> 1. Challenges in hiring and managing. 2. Potential limit to flexibility staff assignment. 3. Administrative workload would increase.

Considered Options & Position	Pros	Cons
LEAVE THE CUSTOMER CONTACT CENTER STRUCTURE "AS IS"		<ol style="list-style-type: none"> 1. Presently cannot measure call length at FBAs/TPDs. 2. Significant time expense in transferring over half of the incoming calls. 3. Optimal Contact Center operations require professional Contact Center Management.
LEAVE THE CUSTOMER CONTACT CENTER "AS IS," BUT SEND CALLS DIRECTLY TO FBAS/TPDS	<ol style="list-style-type: none"> 1. Reduce time expense by sending calls directly to FBAs/TPDs. 	<ol style="list-style-type: none"> 1. Would continue to send a large percentage of calls to a non-Call Center environment. 2. Risk of not providing consistent service across processing centers. 3. Optimal Contact Center operations require professional Contact Center Management.
RELOCATE CURRENT CUSTOMER CONTACT CENTER	<ol style="list-style-type: none"> 1. Potential for lower labor and rent/utilities costs. 	<ol style="list-style-type: none"> 1. Set-up costs would take five years to recoup. 2. Optimal Contact Center operations require professional Contact Center Management.

Suggested Actions

1. Strategically outsource Customer Contact Center.

Costs

There may be a need to purchase or pay for supporting technologies that would enable integration between PBGC and vendor systems. There is also a cost in transitioning between the current call flow and a new call flow.

Benefits

This is the most appealing option to meet PBGC's needs. One great advantage of this approach is that many commercial vendors continuously benchmark and improve their operations in innovative ways in order to remain competitive and attract new clients. This option would allow PBGC to focus on its core business, while at the same time gain access to

world-class capabilities, including advanced technology and expert management and agent resources. Unisys, in its 2002 report, recommended that first tier strategic outsourcing was the most suitable option to meet PBGC's needs. If the corporation decides to pursue this option, it should undertake a full evaluation from a customer service and cost perspective of existing Call Centers that might be appropriate to handle PBGC work. The next step would be to pilot with a new vendor, followed by transition planning if the pilot is successful. Gradually, as more online support becomes available, a phased pilot moving second tier responsibilities to the contractor could be undertaken.

End Notes

ⁱ *Contracting Needs Improvement*, GAO Report, GAO/HEHS-00-130, September 2003, page 4

ⁱⁱ *Guide to a Balanced Scorecard Performance Measurement Methodology: Moving from Performance Measurement to Performance Management*, Procurement Executive's Association, 1998, page 35

ⁱⁱⁱ *Organizations Growing Leaders*, Ray Blunt January 2001, Published by the IBM Endowment for the Business of Government
http://www.businessofgovernment.org/pdfs/blunt_combo_report.pdf

^{iv} *Contracting Needs Improvement*, GAO Report, GAO/HEHS-00-130, September 2003, page 4

^v Based on the specific example of providing a fully outsourced solution to 15,000 participants from 8-12 plans and an initial project term of 3 years, with two one-year options.

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Scope and Methodology

Background

The Pension Benefit Guaranty Corporation (PBGC) protects the retirement incomes of 44 million American workers in 32,500 private defined benefit pension plans, including 1,650 multi-employer plans. PBGC is funded by insurance premiums set by Congress and paid by sponsors of defined benefit plans, as well as through investment income, assets of pension plans trusted by PBGC, and recoveries from companies formerly responsible for the trusted plans.

PBGC's mission requires that it operate as a service oriented, professionally managed agency that protects participants' pension benefits and supports a healthy requirement plan system by:

- Encouraging the continuation and maintenance of voluntary private pension plans for the benefit of participants;
- Providing timely payment of benefits in the case of terminated plans; and
- Making the maximum use of resources and maintaining premiums and operating costs at the lowest level consistent with statutory requirements.

PBGC has contracted with eleven Field Benefit Administrators (FBA) that are responsible for benefit administration services, such as gathering and maintaining participant data, processing participants, processing benefit determination letters, closing plans, and ongoing administrative activities for closed plans.

Scope of Work

PBGC's overall workload has increased significantly in recent years, with a large number of defined benefit pension plans shifting from record overfunding to record underfunding in the last three years. This has increased the burden on FBA offices. PBGC asked the Office of Inspector General (OIG) to examine the FBA structure and operations to determine if the concept is still current and if there are opportunities to improve work processes. Specifically, the OIG was tasked with:

- ✓ Determining whether the FBA operational model is still appropriate given the functions and demands on PBGC.

- ✓ Examining the operational structures of FBAs, validating that they are operating efficiently and effectively.
- ✓ Identifying FBA customer service and cost best practices that could be implemented at others.
- ✓ Establishing whether the current contracting approach provides the corporation with the best value.
- ✓ Determining if the existing processes include an adequate performance evaluation component and encourage customer service at the lowest possible cost.
- ✓ Advising on whether existing performance metrics accurately measure contractor performance.

Methodology

The Regis & Associates, PC (Regis)/Clifton Gunderson LLP (CG) team designed its review approach and report to comply with Quality Standards for federal Offices of Inspector General as outlined by the President's Council on Integrity and Efficiency.

In performing fieldwork, the team adhered to the highest standards of integrity, objectivity, independence, professional judgment, and confidentiality. The evaluation team worked with the OIG to ensure timely and effective communication with management throughout the project and to develop an objective, timely, useful, and properly supported report.

The evaluation team's approach was tailored to encourage client participation and feedback in developing findings and suggested actions. The team worked with PBGC management to identify areas of concern and develop innovative analytic tools to gather and analyze information, while keeping stakeholders informed in each phase of the engagement. The following table provides a brief description of our general approach and the subsequent narrative identifies the main activities that were performed in the project:

Task	Consulting Activities	Outputs/Deliverables
1. Project Initiation (October 6 - 15)	Met with PBGC representatives, contract monitor, and other project owners. Developed reporting schedule. Defined communications protocol.	Clearly defined operating ground-rules. Effective project management and communications system. Formation of a contact group. Project Work Plan.

Task	Consulting Activities	Outputs/Deliverables
<p>2. Perform Organizational Analysis (October 16 - March 5)</p>	<p>Provided formal requests to FBAs for key documentation on their structures, resources and management systems, including process flowcharts, policies and procedures, and organizational charts.</p> <p>Evaluated structure, including breadth of service, management functions, and customer service mechanisms. Activities included process mapping and walkthroughs, documentation analysis, and key personnel interviews.</p> <p>Developed draft organizational analysis findings.</p> <p>Performed benchmarking analysis: interviewed key personnel in each FBA; gathered and analyzed data on performance options; identified and analyzed best practices.</p>	<p>Written request for information.</p> <p>Integrated process maps (showing key functions and interdependencies and the link between key functions, the organizational mission, and the strategic goals of the organization).</p> <p>Best practices and draft findings.</p> <p>Draft Organizational Analysis Findings.</p>
<p>3. Perform Efficiency Study / Resource Management Assessment (October 16 - March 12)</p>	<p>Evaluated FBA oversight and management functions: interviews, focus groups, benchmarking.</p> <p>Evaluated resource allocation and management practices: personnel, budget planning and execution, strategic planning, performance management and policies and procedures.</p> <p>Evaluated PBGC contracting approach, identifying opportunities to maximize competition and acquire the highest available value.</p> <p>Developed findings and devised options on potential process improvements.</p> <p>Conducted business case analysis, examining the costs and benefits of options, and developed preliminary suggested actions.</p>	<p>Draft Resource Allocation and Management Findings (outlining best practices for operational efficiency and effectiveness alternatives and resource allocation and management strategies).</p>

Task	Consulting Activities	Outputs/Deliverables
4. Developed Report on Findings and Suggested Actions 5. Presented draft report to the Contact Group and Develop Final Suggested Actions (March 8 - April 9)	Carefully examined findings and options for improvement. Developed suggested actions based on the options that could be implemented most efficiently, while facilitating the effective accomplishment of PBGC mission goals. Developed draft report on findings, options, and suggested actions. Obtain management buy-in and approval. Refined/revised findings as necessary. Developed final report.	Draft Final Report (outlining position on concept, contracting, FBA performance, FBA performance measurement, and operational best practices.
6. Presentation to Management (April 1 - 15)	Present findings and suggested actions to management and outline how and when changes could be implemented.	Presentation to management. Implementation guidance.

Overall Concept and Process Review

The evaluation team used a three-pronged approach, looking first at the structural configuration of PBGC's benefits processing operations; then examining specific operational activities, policies, and procedures performed by the various operational units; and finally benchmarking performance against industry and examining alternative vendor solutions.

Develop An Understanding of PBGC

To develop an in-depth understanding of PBGC and the work that it and the contracted FBAs perform, the evaluation team performed the following analytic steps:

- ✓ Developed integrated flow diagrams that showed key steps, points of tangency, and critical dependencies.
- ✓ Interviewed senior management to gain an understanding of project goals and expectations and to outline project approach.

- ✓ Developed a contact group to serve as an advisory team and sounding board. Senior representatives from stakeholder organizations were selected to participate.

Evaluation Process

Once the team developed an understanding of the PBGC's work and methods, we began the evaluation process. The following steps outline key activities that the team performed while examining the five evaluation questions:

- ✓ Briefed FBAs on project goals and objectives, with senior management assistance.
- ✓ Performed detailed review of process documentation and developed analytic model for field visits.
- ✓ Compiled various direct and indirect cost data to approximate FBA operational costs.
- ✓ Developed tools to analyze FBA operations. Tools were designed to identify major processing steps, gather data on key actions and dependencies, assess relative level of effort, identify structural and operational strengths, weaknesses, opportunities, and threats, and analyze workload (See Appendix II: Work Measurement Analysis for more detail).
- ✓ Proceeded with field visits, performing on-site evaluation at all 11 FBAs, using the customized analysis tools.
- ✓ Conducted interviews with headquarters personnel and contractors, to determine the extent of PBGC interaction with and management of the FBAs.
- ✓ Conducted interviews with private industry benchmark targets both to compare the workload and work processes, and determine the feasibility of PBGC using one such firm to assist in plan processing.
- ✓ Convened the contact group monthly and performed regular meetings with management to share findings, obtain feedback, and vet ideas.

Operational Findings and Analysis

On completion of the site visits and headquarters interviews, the evaluation team used the analysis tools, our understanding of PBGC, and the combined team experience to identify key findings and develop potential actions PBGC could take regarding each of the evaluation questions. The suggested actions were aimed at improving the overall concept, contracting functions, operational processes, and the Corporation's measurement of FBA contractor performance. These suggestions were directly aligned with Statement of Work requirements.

Preliminary findings were organized to highlight:

- ✓ Organizational risk.
- ✓ Structural issues.
- ✓ Operational issues.
- ✓ Benchmarking implications.

Subsequent findings were directly linked to the specific questions outlined in the Statement of Work and classified under:

- ✓ FBA Concept.
- ✓ Contracting.
- ✓ Process and Performance.
- ✓ Performance Metrics.
- ✓ Best Practices.
- ✓ Customer Contact Center Options.

Refinement and Reporting

Once the initial findings and actions were developed, they were discussed with OIG management officials. Their comments were incorporated into a draft report, which was subsequently presented to senior management officials. Further refinement followed, resulting in a final report detailing the SOW questions, conclusions the evaluation team reached regarding each question, and detailed findings and suggested actions for each question.

Work Measurement Analysis

Methodology

The team's work measurement methodology was derived from the approach used by the United States Air Force and the Federal courts to identify the components of work, the number of work units, and the average time to complete a particular work unit. The Air Force and the Federal courts use this information to develop work measurement formulae that assist in estimating resource needs for budget development purposes, and are also used to make resource allocation decisions once funds are received.

The Regis/CG Team used a modified version of this methodology to understand the FBA workflow, identify specific steps in the workflow, the number of units of work, the effect of different plans classes on workflow and work processes, and the estimated amount of time necessary for each step. As applied to the FBAs, the methodology involved the following:

- Review PBGC workflow charts on the intranet.
- Review PBGC description of work process steps and requirements on the intranet.
- Confirm our understanding of the workflow and work process steps with appropriate agency officials.
- Develop a draft chart of steps in the workflow and work process.
- Meet with FBA officials at test sites (Kokomo and Sarasota) to confirm content of charts, to decide how to categorize the size and complexity of plans, to identify the best estimate of the amount of time to complete each step, and the number of participants per plan per step.

With the assistance of key officials at the first two FBA sites, the methodology was refined and then applied at each of the other nine FBAs. The aggregate data provides useful insight into the volume and the flow of work, the time taken to complete each step, the impact of plan size and complexity on completion of the various work steps, and similar indicators of the amount of time it takes to complete the work of the FBAs. It is important to note, however, that this was not a time study and the numbers are the subjective opinions of the FBA principals and managers. To truly obtain the time per process, it would be

necessary to conduct a rigorous time study. For the purposes of this evaluation, the subjective times were considered adequate.

Process and Plan Analysis

In working with the FBAs to understand the level of effort required for each of the process steps, the evaluation team refined the analysis tools and tailored them to individual FBAs. The result is that several FBAs thought different measurement criteria applied to similar functions, so some process steps were measured using multiple criteria. This information is captured in the aggregated plan processing times, however, because of the different measurement criteria used, further work is needed to refine the tool and reconcile the difference.

While a number of FBAs deal with plans of all sizes, others deal only with certain sizes, and not all plan categories will follow the same procedures (larger plans have new procedures being developed for them that might not apply to smaller plans, and vice versa). The result is that some processes and process times only apply to certain plan classes.

It is more accurate to look at the processing times on either a per-process or per-subsection basis, due to the subjective nature of the data. These processing time evaluations were meant as an interim step to understanding the level of effort required, not as the end analysis. This tool will be a good launching point for a more rigorous study that could produce more accurate totals of the level of effort required to process a plan.

The plan analysis provided data on a total of 290 recent plans. The purpose was to understand, based on size, complexity, and record status, where each plan stood. Ultimately, any of the plans listed in the plan analysis report could be cross-walked with the times from the processing times analysis to produce a level of effort for that plan. In fact, due to the necessity of measuring some items on a minutes per participant basis, without having the number of participants in a plan, it would be difficult to determine the level of effort necessary to process that plan.

Process Analysis

When the evaluation team conducted our initial site visits, we performed process walkthroughs, which consisted of interviewing the principles and key managers of each site and talking through the benefits administration process from beginning to end. While this became the basis for the process analysis tool, we continued to refine the tool at each subsequent site visit. The end result is a comprehensive listing of all processes the FBAs perform, categorized by the stage of the plan in which they occur. This information is captured in the aggregated process analysis.

The evaluation team further developed the tool by creating measurement criteria and plan classifications. The measurement criteria involve the length of time necessary to complete a single process.

The table below captures the final measurement criteria:

Criteria	Description
Min/participant	Minutes per participant: This measurement was used when the task was related to specific participant processes, such as telephone calls.
Hours/plan	Hours per plan: This measurement was used for more sizeable processes, such as record gathering.
Monthly	Hours per month
Bi-weekly	Hours per every two weeks: this measurement was not used often.
Weekly	Hours per week
Hours/day	Hours per day

Three levels of plan classification were considered: plan size, plan complexity, and record status. Plan size was defined strictly by the number of plan participants and divided into three classes: small, large, and mega. Plan complexity deals with plan provisions, and additional items that can impact a plan's complexity, including the level of involvement of the prior plan administrator, the number of cutbacks or MILs necessary, and cash balance plans. The final level is record status, which was determined to be either Good (the records were either paper and complete, or electronic and complete) or Bad (the records were incomplete).

The table below shows the 12 possible classification combinations:

Plan Size	Plan Complexity	Record Status
Small - defined as fewer than 5,000 participants.	Low	Good
		Bad
	High	Good
		Bad
Large - defined as more than 5,000 and less than 25,000 participants.	Low	Good
		Bad
	High	Good
		Bad
Mega - defined as over 25,000 participants.	Low	Good
		Bad
	High	Good
		Bad

The final two pieces of the process time analysis tool are the percentage of participants affected and the percentage of time spent by each management category. The purpose behind this is to be able to tie a process level-of-effort to the management category that performs that process. This can then be linked to the average rates for each of the management categories.

The percentage of participants affected must be considered because not all processes affect all participants, particularly when a process is measured in minutes/participant.

Each documented position of the FBAs was related to a management category, and further to an average rate, as shown in the following table.

Management Category	Documented FBA Position	Average Rate
Management	Project Manager	\$59.77
	Assistant Project Manager	\$41.55
	Benefits Supervisor/Team Leader	\$32.80
Professional	Senior Benefits Administrator	\$24.45
	Junior Benefits Administrator	\$19.36
	LAN Administrator	\$38.92
	Technical Support	\$22.79
	DR LAN Admin	\$40.17
	Personnel Manager	\$34.59
Staff	Image Scanner	\$15.92
	Entry Level Admin	\$17.26
	Clerk/Clerical	\$15.13
	Sr Admin Asst	\$19.23
	Jr Admin Asst	\$13.49

The combination of each of the above items, along with the average processing times that were recorded at each of the FBAs, can be used to calculate a per plan stage cost that can be tied to the plan complexity.

The aggregated FBA times are listed in the charts below.

Process	Criteria	Labor Categories (percent of time)				Region											
		Population Affected	Management	Professional	Staff	North				Central				South			
						Pop	Man	Prof	Staff	Pop	Man	Prof	Staff	Pop	Man	Prof	Staff
Pre-Trusteeship																	
TPD Planning Meeting(s)	Hours/plan	4.3	85.2	14.8	0.0	4.4	4.6	5.2	5.4	6.6	7.8	8.3	10.3	60.0	64.0	39.0	57.3
Plan Travel	Hours/plan	0.0	91.7	0.0	8.3	1.8	1.8	1.8	1.8	1.5	1.5	1.5	1.5				
Meeting(s) with former plan sponsor(s)	Hours/plan	1.7	78.9	20.3	0.9	21.5	21.5	22.1	22.4	49.0	49.0	54.2	54.8	175.0	175.0	132.5	122.0
Obtain Records - Data Gathering	Hours/plan	0.0	31.7	37.2	31.1	59.5	69.3	69.5	69.3	70.0	186.7	70.0	186.7	240.0	700.0	493.3	800.0
Obtain Records - Ship	hours/plan	0.0	30.5	27.8	41.7	76.0	76.0	76.0	76.0	96.0	96.0	96.0	120.0				
Obtain Records - Copy & Ship	hours/plan	0.0	28.4	20.5	51.0	96.0	120.0	102.0	102.0	360.0	360.0	360.0	360.0			2800.0	
Plan Analysis and training	hours/plan	0.0	46.5	44.6	8.9	8.6	10.9	8.9	13.0	38.7	40.3	109.5	116.0	44.0	44.0	94.0	65.0
Prepare information request list	hours/plan	0.0	88.0	12.0	0.0	3.0	5.0	3.0	3.0	3.0	5.0	3.0	5.0	16.0	32.0	16.0	32.0
Prepare Plan Summary	hours/plan	0.0	68.5	31.5	0.0	4.0	4.0	4.4	4.5	11.0	11.0	14.4	18.5	24.0	24.0	52.0	48.0
Input participant data into Data HUB	hours/plan	0.0	10.0	55.0	35.0	11.0	23.0	11.0	23.0	20.0	44.0	20.0	44.0	46.0	86.0	46.0	86.0
Input participant data into Data HUB	min/participant	0.0	20.0	80.0	0.0											15.0	15.0
Stock Email Responses	hours/plan	0.0	100.0	0.0	0.0											2.0	
Q&As/Website Development	hours/plan	0.0	96.0	4.0	0.0					1.5	1.5	1.5	1.5	2.5	2.5	3.3	13.3
Assign Point of Contact	hours/plan	0.0	100.0	0.0	0.0	0.5	0.5	0.5	0.5			0.5	0.5				
Assign Team	hours/plan	0.0	100.0	0.0	0.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	4.0	4.0	4.0	4.0
Research	hours/plan	0.0	100.0	0.0	0.0	1.0	1.0	1.0	1.0			1.0	1.0				
Review Participant List	hours/plan	0.0	10.0	70.0	20.0	5.0	7.0	5.0	7.0			7.0	9.0				
Prepare for Participant Inquiries	hours/plan	0.0	50.0	50.0	0.0	2.0	2.0	2.0	2.0			2.0	2.0				
Field pre-trusteeship calls	hours/plan	3.3	26.0	47.3	26.7	12.2	12.5	12.2	12.5	44.0	44.0	30.3	30.3	320.0	320.0	320.0	320.0
Field pre-trusteeship calls	min/participant	4.3	9.6	65.6	24.9	2.8	3.2	2.9	3.2	3.6	4.1	4.3	4.8	8.0	9.0	3.3	5.1
Weekly Meetings	hours/plan	0.0	98.5	1.5	0.0	3.0	3.0	6.0	6.0	6.0	6.0	12.0	12.0	36.0	36.0	60.0	42.0
In-house address locator	hours/plan	0.6	0.0	8.3	91.7	2.0	8.0	2.0	3.5	24.0	58.7	19.3	21.0	50.0	410.0	50.0	50.0
In-house address locator	min/participant	0.0	0.0	50.0	50.0	5.0	5.0	5.0	5.0							5.0	5.0

Process	Criteria	Labor Categories (percent of time)				Performance											
		Population Affected	Management	Professional	Staff	Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad

PRE=TRUSTESHIP - HOURS/PLAN

PRE=TRUSTESHIP - MIN/PARTICIPANT

	55.2	27.8	17.0	312.5	371.1	333.6	353.9	733.3	913.4	812.5	996.2	1017.5	1897.5	4112.1	1639.6
				7.8	8.2	7.9	8.2	3.6	4.1	4.3	4.8	8.0	9.0	23.3	25.1

Trusteeship - Initial Trusteeship

Supervisory meetings with former Plan Administrators (temp. PBGC temps.)

hours/plan

0.0	41.5	58.5	0.0	6.0	6.0	12.0	12.0	16.0	16.0	16.0	16.0					320.0
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Continuous Relationship with Prior Paying Agent

hours/plan

0.0	56.3	43.8	0.0	29.0	29.0	37.0	37.0	11.0	16.0	40.0	21.0					126.0
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Staff Advisory Meetings

hours/plan

0.0	33.0	67.0	0.0	108.0	108.0	108.0	108.0	15.0			400.0					3900.0
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Plan Summary

hours/plan

0.0	20.0	80.0	0.0	40.0	50.0	50.0	70.0			60.0	70.0					
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Work plan conference call with TPD

hours/plan

0.0	50.0	50.0	0.0	0.5	1.0	1.0	1.0			1.5	1.5					
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Trusteeship Planning

hours/plan

0.0	100.0	0.0	0.0	3.0	6.0	3.0	6.0	3.0	6.0	3.0	6.0	8.0	12.0	8.0	12.0	
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Welcome packages

min/participant

0.0	6.0	36.0	58.0	9.7	9.7	24.7	26.0	4.0	4.0	4.0	8.0	4.0	4.0	4.0	8.0	
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Trusteeship letter

hours/plan

0.0	15.0	0.0	85.0	2.3	2.3	2.3	2.3	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	
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Welcome Letter Tracking

min/participant

4.0	4.8	9.9	85.3	76.2	76.2	76.6	76.6	140.5	140.5	140.5	140.5	6.0	6.0	168.0	6.0	
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Welcome Letter Follow-on

hours/plan

15.0	0.0	100.0	0.0	2.3	3.0	2.3	3.0	0.3			0.3				7.2	
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ALG Letter Index (Val Patch)

hours/plan

7.9	9.9	36.1	54.0	2.0	2.0	2.0	2.0	71.0	16.5	16.5	71.0	4.0	4.0	35.8	4.0	
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Welcome package rentals

min/participant

0.0	0.0	66.7	33.3	32.0	32.0	7.0	7.0	60.0	60.0	10.0	10.0					
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ALG letter creation

hours/plan

0.0	32.4	43.6	24.0	2.6	2.6	3.0	4.0	10.8	4.3	4.3	11.8	4.0	4.0	19.0	6.0	
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ALG letter creation

min/participant

0.0	10.0	22.5	67.5	8.0	8.0	30.0	30.0	1.0	1.0							
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Reconcile Pay Register to Data Hub Load

hours/plan

0.0	0.0	100.0	0.0					24.0		400.0	32.0				175.0	
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Load Data Hub Exceptions into Prism

hours/plan

0.0	2.4	97.6	0.0	4.0	4.0	4.0	4.0	103.0	6.0	83.0	11.0	8.0	8.0	136.0	8.0	
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Load Data Hub Exceptions into Prism

min/participant

0.0	20.0	80.0	0.0	10.0	10.0	10.0	10.0			10.0	10.0					
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Process	Criteria	Labor Categories (percent of time)				Plan											
		Population Affected	Management	Professional	Staff	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6	Plan 7	Plan 8	Plan 9	Plan 10	Plan 11	Plan 12
Sample Audit of Electronic Data	hours/plan	0.0	17.1	64.3	18.6	1.3	2.5	1.3	2.5	17.5	6.0	3.0	1203.0	12.0	20.0	830.7	90.0
Determine Plan Benefits Changes	hours/plan	0.0	10.0	90.0	0.0	15.0	24.0	36.0	48.0			48.0	72.0				
Benefits estimations (initial) No BET	min/participant	2.1	25.9	64.3	9.8	14.2	29.4	15.8	38.6	18.6	36.4	20.1	44.2	4.6	7.8	9.4	6.8
Use PACs to specify survivor options	min/participant	0.0	0.0	100.0	0.0	10.0	10.0	10.0	10.0			10.0	10.0				
SCORE Reports	min/participant	0.0	0.0	20.0	80.0	15.0	15.0	15.0	15.0			15.0	15.0				
Post-trusteeship correspondence	min/participant	0.0	10.0	35.0	55.0	12.5	12.5	12.5	12.5			15.0	15.0			60.0	60.0
Applicant phone calls	hours/plan	0.0	0.0	100.0	0.0	10.0	140.0	10.0	140.0	10.0	140.0	10.0	140.0				
Applicant phone calls	min/participant	0.0	0.0	100.0	0.0	15.0	15.0	15.0	15.0			15.0	15.0				
ACCESS letter tracking	hours/plan	0.0	86.7	0.0	13.3	4.0	5.0	4.0	5.0	8.0	8.0	8.0	8.0	10.0	10.0	3445.0	3445.0
Post-trusteeship calls (initial through closing)	min/participant	18.2	10.6	42.3	47.1	8.2	13.8	13.0	23.0	6.4	8.2	8.5	13.0	8.3	10.8	27.6	37.2
INITIAL TRUSTEESHIP - HOURS/PLAN			20.8	55.8	23.4	229.8	385.3	275.8	444.8	294.6	223.8	698.3	2068.6	52.0	64.0	9008.6	3571.0
INITIAL TRUSTEESHIP - MIN/PARTICIPANT						210.7	231.6	229.6	263.8	230.5	250.0	248.1	280.7	22.9	28.6	269.0	118.0
Trusteeship - Plan Assumptions																	
Between initial data hub load and payment registry data hub load make manual entries to PRISM (People not included in original database)	hours/plan	0.0	25.0	63.2	11.8	32.7	46.0	45.0	65.0	88.0	168.0	160.0	320.0	640.0	1280.0	440.0	760.0
Between initial data hub load and payment registry data hub load make manual entries to PRISM (People not included in original database)	min/participant	0.4	16.7	78.5	4.8	8.4	8.4	8.4	8.4	5.2	5.2	5.2	5.2	10.0	10.0	5.2	10.0
Reconciliation of Data Hub rejections	hours/plan	0.0	24.7	75.3	0.0	6.0	24.0	4.0	40.0	16.0	52.0	8.0	80.0	16.0	160.0	9.5	160.0
Reconciliation of Data Hub rejections Payment record reconciliation: data HUB load of prior paying agent	min/participant	0.0	10.0	90.0	0.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Payment record reconciliation: data HUB load of prior paying agent	hours/plan	0.0	45.0	45.0	10.0	8.0	8.0		16.0	16.0							
Payment record reconciliation: data HUB load of prior paying agent	min/participant	6.7	11.7	66.7	21.7	5.5	5.5	5.5	5.5	10.0	10.0	10.0	10.0	10.0	10.0	6.0	6.0

Process	Criteria	Labor Categories (percent of time)				Record Status											
		Population Affected	Management	Professional	Staff	Law				Edu				Med			
						Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad
Plan benefits changes (cutbacks and MIL)	hours/plan	2.3	21.7	50.6	8.5	27.0	131.0	27.4	131.4	82.3	407.3	83.3	408.3	378.5	1503.5	253.3	1082.3
Plan benefits changes (cutbacks and MIL)	min/participant	20.0	25.0	75.0	0.0	12.0	12.0	12.0	12.0				12.0				108.0
PLAN ASSUMPTIONS - HOURS/PLAN			22.5	68.0	7.1	73.7	209.0	76.4	236.4	202.3	643.3	251.3	808.3	1034.5	2943.5	702.8	2002.3
PLAN ASSUMPTIONS - MIN/PARTICIPANT						35.9	35.9	35.9	35.9	25.2	25.2	25.2	37.2	30.0	30.0	129.2	26.0
Trusteeship - Early Benefit Determination Letters																	
Identify Population (data sampling, list received from actuary)	hours/plan	0.0	26.0	71.6	2.4	6.0	12.8	8.3	16.3	19.0	42.0	25.0	45.0	120.0	320.0	67.5	320.0
Load form of benefit and spousal data into PRISM	hours/plan	0.0	20.0	60.0	20.0	15.0	30.0			15.0	30.0						
Load form of benefit and spousal data into PRISM	min/participant	0.0	0.0	34.8	65.2	55.0	56.7	56.7	58.3	58.3	80.0	80.0	58.3	150.0	150.0	82.5	150.0
Send out early BDs	hours/plan	8.4	21.5	48.0	16.0	15.7	15.7	15.9	15.9	32.0	32.0	25.8	25.8	64.0	64.0	44.5	64.0
Send out early BDs	min/participant	0.0	100.0	0.0	0.0	45.0	45.0	10.0	10.0	45.0	45.0	10.0	10.0				
EARLY BDLS - HOURS/PLAN			33.5	42.9	20.7	36.7	58.5	24.2	32.2	66.0	104.0	50.8	70.8	184.0	384.0	112.0	384.0
EARLY BDLS - MIN/PARTICIPANT						100.0	101.7	66.7	68.3	103.3	125.0	90.0	68.3	150.0	150.0	82.5	150.0
Trusteeship - Estimated Pay Status																	
Prepare coversheet	min/participant	0.4	0.0	59.8	40.2	8.1	12.3	12.3	14.8	9.5	9.5	9.5	9.5	3.0	3.0	16.0	3.0
Verify application/datasheet	min/participant	4.0	18.3	48.3	33.3	2.8	2.8	2.8	2.8	5.0	5.0	5.0	5.0	5.0	5.0	3.1	3.1
PRISM data entry (Junior and Senior Administrators)	min/participant	1.2	0.4	45.2	42.7	8.7	8.7	8.7	8.7	16.8	16.8	17.3	17.3	21.3	21.3	17.2	16.5
BET calculation/ revision - complete estimated payments	hours/plan	0.0	40.0	50.0	10.0	1.0	40.0	2.0	80.0							1500.0	1500.0

Process	Criteria	Labor Categories (percent of time)				Costs											
		Population Affected	Management	Professional	Staff	Direct				Indirect				Total			
						Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad
BET calculation/revision - complete estimated payments	min/participant	1.7	0.0	66.7	33.3	2.6	2.7	2.6	2.7	5.0	5.0	5.0	5.0				
Use of PAGs	min/participant	0.0	0.0	100.0	0.0	5.0	5.0	5.0	5.0			5.0	5.0				
Initial estimated payment letter	min/participant	12.0	5.0	65.0	30.0	0.6	0.6	0.6	0.6							0.6	0.6
Peer review	min/participant	0.0	0.0	53.0	22.7	6.5	6.5	6.5	6.5	9.9	9.9	9.9	9.9	11.0	11.0	9.8	11.0
Supervisor review	min/participant	2.4	100.0	0.0	0.0	2.2	5.5	4.5	6.5	3.0	8.0	6.5	9.5	3.0	8.0	4.5	6.5
Management review	min/participant	0.0	90.0	10.0	0.0	15.0	15.0	15.0	15.0			15.0	15.0				
Authorizer review	min/participant	0.4	67.9	15.1	0.0	5.3	5.3	5.3	5.3	10.3	10.3	10.3	10.3	16.0	16.0	13.2	16.0
PLS review and compute pay	min/participant	4.0	8.3	90.0	1.7	4.9	18.6	10.9	26.1	8.0	30.0	20.0	45.0	8.0	30.0	10.6	23.1
Final estimated payment	min/participant	6.0	45.0	40.0	15.0	3.3	3.3	3.3	3.3			6.0	6.0			0.6	0.6
ESTIMATED PAY STATUS - HOURS/PLAN			28.8	49.5	17.6	1.0	40.0	2.0	80.0	0.0	0.0	0.0	0.0	0.0	0.0	1500.0	1500.0
ESTIMATED PAY STATUS - MIN/PARTICIPANT						65.0	86.3	77.5	97.3	67.5	94.5	109.5	137.5	67.3	94.3	75.6	80.4
Trusteeship - Participant Meetings																	
Demographics analysis (for site selection)	hours/plan	0.0	78.9	18.3	0.0	1.1	1.4	1.1	2.1	2.2	2.2	2.0	18.0	4.0	4.0	4.0	8.0
Send letter to meeting participants	hours/plan	0.0	12.5	31.3	36.9	4.1	4.1	5.6	5.6	7.6	11.1	6.2	8.0	11.5	11.5	14.8	11.5
Develop presentation team / coordinate staff	hours/plan	0.0	67.5	22.5	10.0	1.0	1.0	1.5	1.5			1.0	1.0			12.0	12.0
Presentation planning meetings	hours/plan	0.0	59.8	40.2	0.0	8.0	8.0	8.0	8.0	15.0	15.0	15.0	18.0			17.5	
Revise presentation	hours/plan	0.0	80.0	20.0	0.0	5.0	5.0	8.0	8.0			8.0	8.0				
Rehearse presentation	hours/plan	0.0	59.3	30.1	8.8	9.2	9.2	9.2	9.2	13.0	13.0	13.6	13.6	56.0	56.0	62.5	77.3
Prepare data for participants and estimate benefits	hours/plan	0.0	41.1	49.4	9.4	23.0	25.0	23.0	25.0	36.0	37.3	36.0	37.3	84.0	84.0	84.0	84.0
Prepare summary plan description	hours/plan	0.0	50.0	50.0	0.0	8.0	8.0	8.0	16.0	16.0	16.0	16.0	32.0	16.0	16.0	16.0	32.0

Process	Criteria	Labor Categories (percent of time)				Trusteeship - Scanning											
		Population Affected	Management	Professional	Staff	Good				Fair				Poor			
						Good	Fair	Good	Fair	Good	Fair	Good	Fair				
Address participant calls regarding meeting	hours/plan	0.0	4.3	40.0	55.7	1.0	1.0	1.0	1.0	20.0	20.0	20.0	20.0	135.0	135.0	267.5	267.5
Address participant calls regarding meeting	min/participant	0.0	0.0	100.0	0.0	1.5	1.5	1.5	1.5				1.5	1.5			
Arrange necessary equipment (Audio visual, scanning, copying)	hours/plan	4.7	95.3	0.0	0.0	1.3	1.3	1.3	1.3	1.0	1.0	1.0	8.8	1.0	1.0	14.3	1.0
Arrange travel	hours/plan	0.0	71.3	6.3	19.2	1.3	1.3	1.3	1.3	2.8	2.8	2.6	3.4	1.5	1.5	22.6	11.0
Conduct meeting(s) (travel, setup, meeting, data preparation, scanning and copying, and breakdown)	hours/plan	0.0	46.2	31.2	19.3	59.5	59.0	54.4	70.4	668.8	760.0	646.7	702.9	4968.0	4968.0	3001.6	4258.7
PARTICIPANT MEETINGS - HOURS/PLAN			51.2	33.8	12.3	122.5	124.3	122.4	149.4	782.4	878.4	768.0	870.9	5277.0	5277.0	3516.8	4763.0
PARTICIPANT MEETINGS - MIN/PARTICIPANT						1.5	1.5	1.5	1.5	0.0	0.0	1.5	1.5	0.0	0.0	0.0	0.0
Trusteeship - Scanning																	
Review participant file, select appropriate documents (based on SDA)	min/participant	0.0	0.0	0.0	100.0	5.5	16.0	3.5	12.5	10.0	20.0	5.0	15.0				
Print participant barcodes	min/participant	0.0	2.0	0.0	98.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prepare file, scan, and verify in IPS	min/participant	0.0	0.0	0.0	100.0	5.5	5.5	5.5	5.5	7.0	7.0	7.0	7.0				
Prepare File	min/participant	0.0	2.2	18.5	79.4	17.8	22.2	28.2	33.6	9.3	13.0	20.3	19.5	4.0	6.0	20.3	34.0
Scan source documents in IPS	min/participant	0.0	4.4	3.1	92.5	13.9	15.3	15.1	16.6	11.0	13.8	16.8	23.2	10.5	15.5	11.0	12.0
Index and verify files in IPS	min/participant	0.0	5.0	0.0	85.0	15.0	15.0	15.0	15.0							15.0	15.0
Seal participant files	min/participant	0.0	3.3	3.3	93.3	4.0	4.0	4.0	4.0	7.0	7.0	7.0	7.0	7.0	7.0	4.0	4.0
SCANNING - HOURS/PLAN			2.4	3.6	92.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SCANNING- MIN/PARTICIPANT						61.7	78.0	71.4	87.2	44.4	60.8	56.2	71.7	21.5	28.5	50.4	65.0
Trusteeship - Data Verification																	

Process	Criteria	Labor Categories (percent of time)				Record Status											
		Population Affected	Management	Professional	Staff	Low		Fair		Good		Excellent		Low		High	
						Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad		
Receive and verify PIFs and GIFs (including follow-up)	min/participant	0.0	0.0	38.3	61.7	8.9	8.9	8.9	8.9	4.4	4.3	7.4	7.0	3.5	3.5	5.0	3.5
Input GIFs and PIFs in PRISM/tracking	min/participant	0.0	0.0	27.3	72.7	7.5	7.5	7.5	7.5	8.3	8.0	7.5	7.9	3.5	3.5	6.3	3.5
Record respondents in ACCESS database (tracking)	min/participant	0.0	5.0	10.0	85.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
1st Request letter	hours/plan	0.0	5.0	10.0	85.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
2nd Request letter	hours/plan	0.0	5.0	10.0	85.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
3rd Request letter	hours/plan	0.0	5.0	10.0	85.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
DATA VERIFICATION - HOURS/PLAN				3.3	17.6	79.1	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
DATA VERIFICATION - MIN/PARTICIPANT						17.4	17.4	17.4	17.4	13.7	13.3	15.9	15.9	8.0	8.0	12.3	8.0
Trusteeship - Participant Database Building																	
Examine files(or microfiche) and IPS, as appropriate	hours/plan	0.0	15.0	75.0	10.0	165.0	336.0									640.0	640.0
Examine files(or microfiche) and IPS, as appropriate	min/participant	0.0	27.3	37.7	35.0	12.7	20.5	18.6	29.9	9.8	17.6	27.1	24.8	12.5	22.5	33.3	32.5
Pull micro-fiche file, and research participant	hours/plan	0.0	0.0	0.0	100.0											2080.0	2080.0
On-site review of data	hours/plan	0.0	50.0	50.0	0.0											240.0	240.0
Review Automatic Data Transfer (ADT) report	hours/plan	0.0	40.0	10.0	50.0	5.0	5.0	5.0	5.0			5.0	5.0				
PDA to PRISM corrections-auditor sends reconciling items (demographic data)	hours/plan	2.0	6.0	30.0	64.0	1.0	2.0	1.0	2.0							240.0	240.0
PDA to PRISM corrections-auditor sends reconciling items (demographic data)	min/participant	1.7	12.7	39.4	48.3	4.4	5.3	5.1	6.8	4.1	2.9	5.1	6.8	2.5	3.0	5.0	2.5
Review database setup (received from auditor)	hours/plan	0.0	100.0	0.0	0.0	12.0	12.0	18.0	18.0	12.0	12.0	18.0	18.0	12.0	12.0	18.0	18.0
DC Tool data entry	min/participant	0.0	100.0	0.0	0.0	10.0	10.0	15.0	15.0	10.0	10.0	15.0	15.0				
Pull 10 percent sample to test database accuracy	hours/plan	0.0	100.0	0.0	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pull 10 percent sample to test database accuracy	min/participant	0.0	62.0	8.0	30.0	15.0	30.0	30.0	60.0							40.0	40.0

Process	Criteria	Labor Categories (percent of time)				Region											
		Population Affected	Management	Professional	Staff	North				South				West			
						Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad
Database revisions	hours/plan	0.0	30.0	35.0	35.0	40.0	40.0	40.0	40.0	60.0	60.0	60.0	60.0				
PD BUILDING - HOURS/PLAN			45.3	23.8	31.0	224.0	396.0	65.0	66.0	73.0	73.0	84.0	84.0	13.0	13.0	3219.0	3219.0
PD BUILDING - MIN/PARTICIPANT						42.1	65.8	68.7	111.6	23.9	30.5	47.2	46.6	15.0	25.5	78.3	75.0
Trusteeship - Create Benefit Determination Letters																	
Planning Meetings	hours/plan	0.0	50.0	50.0	0.0	1.5	1.5	1.5	2.5			1.5	2.5				
Receive and review draft valuation	hours/plan	0.0	50.0	50.0	0.0	2.0	2.0	4.0	4.0								
Reconcile benefit valuation to PRISM	min/participant	0.0	18.0	24.0	18.0	3.0	3.0	3.0	3.0	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Analyze benefit valuation	hours/plan	0.0	56.2	43.8	0.0	8.0	8.1	9.3	13.8	30.3	30.4	26.6	49.6	281.0	281.0	187.8	561.0
Analyze participant database	hours/plan	0.0	30.0	30.0	0.0	40.0	40.0	40.0	80.0	81.0	81.0	81.0	161.0	281.0	281.0	281.0	561.0
Analyze overpayments and underpayments	hours/plan	5.3	26.5	73.5	0.0	5.5	5.5	6.0	6.0	6.0	6.0	6.5	6.5				3.0
Analyze overpayments and underpayments	min/participant	0.8	37.9	55.8	6.3	7.8	7.8	8.8	9.0	11.0	11.0	10.8	11.3	6.5	6.5	6.5	7.5
Review over/ under payments for deferred vested	min/participant	11.1	0.0	100.0	0.0	22.5	22.5	8.0	8.0	1.3	1.3	8.1	8.1	1.3	1.3	1.3	1.3
Enter over/ underpayment data into Payment Adjustment Calculation System (PACS)	min/participant	1.0	8.9	67.7	12.2	5.6	5.6	5.6	5.6	6.5	6.6	6.3	6.4	4.7	4.7	4.8	4.7
Determine pay status	min/participant	0.0	0.0	100.0	0.0	1.0	1.0	1.0	1.0			1.0	1.0				
Ensure benefit statement was created after DOPT	min/participant	0.0	0.0	100.0	0.0	2.0	2.0	2.0	2.0			2.0	2.0				
Research participants whose benefit is undetermined	min/participant	0.0	0.0	100.0	0.0	15.0	30.0	15.0	30.0			15.0	30.0				
Determine if any participants currently in pay are dead	min/participant	0.0	0.0	100.0	0.0	5.0	5.0	5.0	5.0			5.0	5.0				
Review calculation	min/participant	0.0	0.0	100.0	0.0	10.0	20.0	10.0	30.0			20.0	30.0				
Review PRISM browser ledger	min/participant	0.7	26.8	67.8	5.4	5.6	5.6	5.6	5.6	7.6	7.6	7.6	7.6	6.0	6.0	5.7	6.0
Review PACs ledger	min/participant	0.5	34.5	53.2	0.0	4.2	5.1	4.2	5.1	4.7	5.7	4.7	5.7	2.3	2.3	2.3	2.3

Process	Criteria	Labor Categories (percent of time)				Month											
		Population Affected	Management	Professional	Staff	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Categorize BDLs	hours/plan	0.0	53.7	46.3	0.0	2.5	2.5	2.5	2.5	1.0	1.0	0.8	0.8				1.0
Categorize BDLs	min/participant	0.7	38.2	31.3	5.5	12.4	12.4	12.4	12.4	6.3	6.3	6.3	6.3	3.3	3.3	3.3	3.3
Prepare BDLs	hours/plan	0.0	100.0	0.0	0.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0				50.0
Prepare BDLs	min/participant	1.3	35.6	38.3	4.7	4.7	4.7	4.7	4.7	11.3	11.3	11.3	11.3	13.7	13.7	13.7	13.7
Lump sums over \$200	min/participant	0.0	0.0	100.0	0.0	10.0	10.0	10.0	10.0			10.0	10.0				
Lump sums under \$200	min/participant	0.0	0.0	100.0	0.0	10.0	10.0	10.0	10.0			10.0	10.0				
Customize letters to estate for deceased	hours/plan	0.0	100.0	0.0	0.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	5.0	5.0
Customize letters to estate for deceased	min/participant	0.0	0.0	100.0	0.0	20.0	30.0	30.0	40.0			30.0	40.0				
Run test letters	min/participant	0.0	0.0	100.0	0.0	15.0	15.0	15.0	15.0			15.0	15.0				
Run letter information report	hours/plan	0.0	0.0	100.0	0.0	0.3	0.3	0.3	0.3			0.3	0.3				
Review ADT reports	hours/plan	0.0	55.6	44.4	0.0	3.1	3.1	3.8	3.8	16.0	16.0	16.1	16.1				
Reconcile ADT to letter information report	hours/plan	0.0	0.0	100.0	0.0	10.0	10.0	10.0	10.0			20.0	20.0				
Verify in ALG	min/participant	0.0	0.0	100.0	0.0	2.0	2.0	2.0	2.0			2.0	2.0				
Run Val Patch, as necessary	hours/plan	0.0	8.0	8.0	64.0	2.0	2.0	2.0	2.0	2.5	2.0	2.0	4.0	2.0	2.0	10.0	2.0
Issue BDLs	min/participant	0.0	27.9	43.7	8.4	4.1	5.6	7.7	7.7	6.4	6.4	6.4	6.4	7.3	7.3	7.3	7.3
Issue undetermined letters	min/participant	0.0	0.0	100.0	0.0	1.0	1.0	1.0	1.0			1.0	1.0				
Bulk mail to PBGC	min/participant	0.0	0.0	100.0	0.0	5.0	5.0	5.0	5.0			5.0	5.0				
CREATE BDLs - HOURS/PLAN			23.0	67.5	3.8	127.9	128.0	132.3	177.8	189.8	189.4	208.8	314.8	568.0	568.0	537.8	1129.0
CREATE BDLs - MIN/PARTICIPANT						166.0	203.3	166.1	212.2	66.5	67.6	188.9	225.5	56.6	56.6	56.3	57.6

Trusteeship - Benefit Determination Letter

Process	Criteria	Labor Categories (percent of time)				Region											
		Population Affected	Management	Professional	Staff	Albany	Albany	Albany	Albany	Albany	Albany	Albany	Albany	Albany	Albany	Albany	Albany
Follow-up																	
Research Appeals	hours/plan	0.6	0.0	100.0	0.0	0.2	0.6	0.3	0.7	0.6	4.1	4.2	16.2				8.2
Research Appeals	min/participant	0.0	35.0	65.0	0.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Respond to appeals where appropriate	hours/plan	0.5	62.7	28.0	9.3	25.2	25.2	25.2	45.2	100.1	100.1	73.4	140.0	400.0	400.0	400.0	400.0
Respond to appeals where appropriate	min/participant	0.2	19.6	60.4	0.0	15.0	15.0	16.0	16.0	71.0	71.0	76.0	76.0	135.0	135.0	100.0	142.5
Move PRISM from Estimated Pay to Guaranteed Pay (after 45 days to make benefit adjustment assuming no appeals)	min/participant	0.4	13.2	75.3	11.5	4.0	4.0	4.0	4.1	12.7	12.7	11.6	11.7	22.0	22.0	17.3	22.3
BDL FOLLOW-UP - HOURS/PLAN			26.1	65.7	4.2	25.4	25.8	25.5	45.9	100.7	104.2	77.5	156.2	400.0	400.0	408.2	400.0
BDL FOLLOW-UP - MIN/PARTICIPANT						34.1	34.1	35.1	35.2	98.7	98.7	102.6	102.7	172.0	172.0	132.3	179.8
Plan Closing																	
Reconcile mismatches between PRISM, CAS valuations, IPS	hours/plan	0.0	24.0	61.8	14.2	72.3	72.3	72.3	125.6	290.4	310.4	310.4	800.4	2880.0	2880.0	5440.0	8640.0
Reconcile mismatches between PRISM, CAS valuations, IPS	min/participant	0.0	54.8	23.5	21.7	15.3	15.3	15.3	15.3	67.5	67.5	50.0	50.0			15.0	
Final search for missing participants	hours/plan	0.0	0.0	54.4	45.6	3.4	3.4	3.4	4.9	6.4	6.4	6.4	10.4	22.0	22.0	15.0	42.0
Final search for missing participants	min/participant	0.0	0.0	100.0	0.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0			15.0	
Request Plan Closing Report	hours/plan	0.0	100.0	0.0	0.0	0.6	0.6	0.6	0.6	1.0	1.0	0.6	0.6	1.0	1.0	1.0	1.0
Review electronic report	hours/plan	0.0	0.0	70.0	30.0	4.0	4.0	4.0	4.0								
Plan Closing Checklist	hours/plan	0.0	0.0	100.0	0.0	5.0	5.0	5.0	5.0								
Research for Plan Closing Memo	hours/plan	0.0	100.0	0.0	0.0	1.0	1.0	2.0	2.0			2.0	2.0				
Prepare plan closing memo (includes all reconciling items)	hours/plan	0.0	37.7	60.6	1.7	24.0	24.3	25.3	27.8	28.5	30.2	25.0	32.6	80.0	80.0	44.0	120.0
PLAN CLOSING - HOURS/PLAN			35.2	52.3	12.6	110.3	110.6	112.5	169.9	326.3	348.0	344.4	846.0	2983.0	2983.0	5500.0	8803.0

Process	Criteria	Labor Categories (percent of time)				Company											
		Population Affected	Management	Professional	Staff	LAW				INSURANCE				RETIRED SAVINGS			
						Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad
PLAN CLOSING - MIN/PARTICIPANT						30.3	30.3	30.3	30.3	82.5	82.5	65.0	65.0	0.0	0.0	30.0	0.0
Ongoing Administration - General																	
Determine Outstanding Issues	hours/plan	0.0	60.0	40.0	0.0	4.5	4.5	8.5	8.5	8.0	8.0	16.0	16.0	8.0	8.0	16.0	16.0
Resolve Outstanding Issues	hours/plan	15.0	0.0	100.0	0.0	1.2	1.2	1.2	1.2								
Participant Inquiries (SCORE)	min/participant	1.5	1.7	63.1	35.3	6.6	6.7	6.6	6.7	8.9	8.9	8.9	8.9	7.0	7.0	4.0	5.2
SCORE Report	hours/day	0.0	10.0	45.0	45.0	14.0	14.0	14.0	14.0	24.0	24.0	24.0	24.0	48.0	48.0	48.0	48.0
SCORE Report	monthly	90.0	0.0	10.0	90.0	1406.3	1406.3	1406.3	1406.3								
CCN calls	min/participant	20.3	2.4	70.0	27.6	3.6	3.6	4.6	4.6	3.6	3.6	5.1	5.1	7.0	7.0	4.6	6.8
Call tracking	hours/year	0.0	0.0	50.0	50.0	365.0	365.0	365.0	365.0	1095.0	1095.0	1095.0	1095.0	2190.0	2190.0	2190.0	2190.0
Print, distribute and track SCORE Report	hours/year	0.0	0.0	0.0	100.0	125.0	125.0	125.0	125.0	173.0	173.0	173.0	173.0	173.0	173.0	173.0	173.0
Change of Bank	min/participant	3.1	5.5	31.9	49.9	3.5	3.5	3.7	3.5	4.6	4.6	4.6	4.6	3.5	3.5	4.3	2.9
Change of Address	min/participant	2.2	1.7	22.5	51.8	3.4	3.5	3.6	3.5	4.7	4.7	4.7	4.7	3.3	3.3	4.1	2.6
Federal tax changes	min/participant	5.0	0.0	90.0	10.0	1.0	1.0	1.0	1.0							1.0	1.0
Income verification	hours/year	0.0	0.0	0.0	100.0	91.3	91.3	91.3	91.3	91.3	91.3	91.3	91.3	91.3	91.3	91.3	91.3
Income verification	min/participant	4.0	0.0	10.0	90.0	0.4	0.4	0.4	0.4							0.4	0.4
Changes in power of attorney	hours/year	0.0	10.0	0.0	90.0	60.0	60.0	60.0	60.0	120.0	120.0	120.0	120.0	920.0	920.0	920.0	920.0
Changes in power of attorney	min/participant	4.0	0.0	75.0	25.0	1.2	1.2	1.2	1.2							1.2	1.2
Identifying disability	min/participant	1.0	0.0	100.0	0.0	0.1	0.1	0.1	0.1							0.1	0.1
Death processing	min/participant	10.0	0.0	50.0	50.0	6.0	6.0	6.0	6.0							6.0	6.0
Death processing	monthly	5.0	0.0	50.0	50.0	0.1	0.1	0.2	0.2	0.1	0.1	0.2	0.2	0.1	0.1	0.2	0.2
Death Match/Recovery	min/participant	5.6	6.8	44.5	36.0	15.6	15.6	15.6	15.6	15.7	15.7	15.7	15.7	4.0	4.0	9.8	10.5

Process	Criteria	Labor Categories (percent of time)				Account Years											
		Population Affected	Management	Professional	Staff	1997		1998		1999		2000		2001		2002	
						Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad
DROS/QDROS (verification of pay status, adjustment, acknowledgement, formal letter, copies, and scanning)	hours/plan	0.0	62.9	37.1	0.0	32.0	42.0	32.0	42.0	4.0	4.0	52.0	62.0				
DROS/QDROS (verification of pay status, adjustment, acknowledgement, formal letter, copies, and scanning)	hours/year	0.0	58.3	41.7	0.0	100.0	100.0	100.0	183.3	270.0	270.0	270.0	520.0	1000.0	1000.0	1000.0	2000.0
DROS/QDROS (verification of pay status, adjustment, acknowledgement, formal letter, copies, and scanning)	min/participant	2.6	21.6	75.3	3.2	18.5	18.5	18.5	18.5	77.3	77.3	77.3	77.3	110.0	110.0	79.3	79.3
Complete ASR Forms	min/participant	0.1	27.3	46.0	0.0	6.9	6.9	6.9	6.9	6.3	6.3	8.5	8.5	8.0	8.0	4.9	5.5
Outstanding Checks	hours/plan	8.0	0.0	0.0	100.0	0.2	0.2	0.2	0.2							0.2	0.2
Outstanding Checks	hours/year	10.0	0.0	0.0	0.0	60.0											
Outstanding Checks	min/participant	0.2	4.1	49.7	46.0	13.1	13.1	13.1	13.1	15.6	15.6	15.6	15.6	4.0	4.0	7.7	4.0
Put Participants into Pay	min/participant	1.7	13.3	43.3	43.3	9.0	9.0	9.0	9.0	15.0	15.0	15.0	15.0	15.0	15.0	9.0	9.0
Forecaster Reports	min/participant	35.0	0.0	100.0	0.0	5.3	5.3	5.3	5.3							5.3	5.3
Global participant searches	min/participant	5.0	0.0	100.0	0.0	0.3	0.3	0.3	0.3							0.3	0.3
Lump sum Applications	min/participant	3.2	7.8	45.8	33.7	9.7	9.7	9.7	9.7	12.7	12.7	12.7	12.7	6.8	6.8	5.1	6.3
Recovery coordination action	min/participant	4.0	0.0	100.0	0.0	2.4	2.4	2.4	2.4							2.4	2.4
New Payee Applications/Surviving Spouse or Estate (after valuation)	min/participant	4.7	7.8	52.7	26.8	12.4	12.4	12.4	12.4	17.5	17.5	17.5	17.5	10.1	10.1	8.3	9.1
IPV report	hours/year	0.0	100.0	0.0	0.0	21.3	21.3	21.3	21.3	21.3	21.3	21.3	21.3			21.3	
Day to day scanning	hours/year	0.0	0.0	22.2	66.7	293.5	293.5	293.5	293.5	263.3	263.3	263.3	263.3	270.0	270.0	270.0	270.0
Day to day scanning	min/participant	13.8	7.7	20.8	71.5	7.0	7.0	7.0	7.0	9.0	9.0	9.0	9.0	3.0	3.0	3.0	3.0
Determine "Woodwork" Eligibility	min/participant	0.7	25.8	44.5	5.7	31.4	31.4	31.4	31.4	60.3	60.3	60.3	60.3	90.0	90.0	62.0	62.0
Provide Benefit Calculations	min/participant	2.6	5.1	60.9	8.5	14.6	14.6	14.6	14.6	28.5	28.5	28.5	28.5	34.5	34.5	27.0	26.0
Create letters	min/participant	30.0	0.0	50.0	50.0	18.0	18.0	18.0	18.0							18.0	18.0
Other duties	hours/plan	0.0	28.9	54.3	16.8	24.8	24.8	24.8	619.8	754.8	754.8	619.8	619.8	1.0	1.0	1.0	1.0
Other duties	hours/year	0.0	1.0	0.0	0.0	1460.0	1460.0	1460.0	1460.0								

Process	Criteria	Labor Categories (percent of time)				Record Keeping											
		Population Affected	Management	Professional	Staff	Total		Good		Fair		Poor		Not Rated			
						Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target		
OA - GENERAL - HOURS/PLAN		11.7	44.9	34.3		62.6	72.6	66.6	671.7	766.8	766.8	687.8	697.8	9.0	9.0	17.2	17.2
OA - GENERAL - MIN/PARTICIPANT						189.7	189.9	191.1	190.9	279.6	279.6	283.2	283.2	306.2	306.2	267.5	266.6
OA - GENERAL - HOURS/DAY						14.0	14.0	14.0	14.0	24.0	24.0	24.0	24.0	48.0	48.0	48.0	48.0
OA - GENERAL - HOURS/WEEK						0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OA - GENERAL - HOURS/BI-WEEKLY						0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OA - GENERAL - HOURS/MONTH						1406.4	1406.4	1406.5	1406.5	0.1	0.1	0.2	0.2	0.1	0.1	0.2	0.2
OA - GENERAL - HOURS/YEAR						2576.1	2516.1	2516.1	2599.4	2033.9	2033.9	2033.9	2283.9	4644.3	4644.3	4665.6	5644.3
Ongoing Administration - Reporting and Other Administration																	
Post-death Payment Reconciliation	hours/year	0.0	25.0	75.0	0.0	24.0											
Variance/Trial Balance Research	monthly	0.0	10.0	0.0	40.0	48.5											
Monthly TPD Reports Research	monthly	0.0	57.5	37.5	5.0	19.0											
Variance/Trial Balance Prepare	monthly	0.0	21.5	67.9	4.7	25.3	2.4	2.2	2.4	3.3	3.3	2.7	3.2			3.3	
Non-compliance	bi-weekly	0.0	100.0	0.0	0.0	6.0											
Non-compliance	monthly	0.0	0.0	0.0	0.0	4.3	0.6	0.6	0.6	0.6	0.6	0.6	0.6			0.6	
Pay Source Error/Change	monthly	0.0	2.7	90.0	7.3	4.9	0.3	0.3	0.3	0.3	0.3	0.3	0.3			0.3	
Death Date Audit	hours/year	0.0	1.0	99.0	0.0	6.7	1.4	1.4	1.4	1.4	1.4	1.4	1.4			1.4	
Death Date Audit	quarterly	0.0	0.0	0.0	100.0	48.0											
PRISM Error Reports	hours/year	0.0	10.0	90.0	0.0	12.0											
PRISM Error Reports	monthly	0.0	10.0	50.0	40.0	6.0											

Process	Criteria	Labor Categories (percent of time)				Performance											
		Population Affected	Management	Professional	Staff	2007		2008		2009		2010		2011		2012	
						Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad
PRISM Error Reports	quarterly	0.0	0.0	0.0	0.0	354.0											
BMBRS	bi-weekly	0.0	17.0	41.5	16.5	19.5											
Work plan Meetings	quarterly	0.0	26.7	6.7	0.0	16.0											
Monthly TPD Reports Prepare	hours/plan	0.0	50.0	50.0	0.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
PBGC Committees	hours/year	0.0	0.0	0.0	0.0	60.0											
Monthly TPD Reports Prepare	monthly	0.0	50.0	0.0	0.0	6.5											
Walk-ins	monthly	0.0	34.0	33.0	33.0	10.0											
System Downtime	hours/year	0.0	0.0	0.0	0.0	1030.0											
Other Administrative	hours/year	0.0	0.0	0.0	0.0	1390.0	700.0	700.0	700.0								
Other Administrative	monthly	0.0	83.0	17.0	20.0	20.0	20.0	20.0	20.0		20.0	20.0					
Training	hours/year	0.0	33.0	33.0	34.0	72.0											
Training and Professional Development	hours/year	0.0	0.0	0.0	0.0	844.4	844.4	844.4	844.4	434.6	434.6	434.6	434.6	434.6	434.6	434.6	434.6
Administrative Management	hours/year	0.0	0.0	0.0	0.0	420.0											
Congressional	hours/year	0.0	0.0	0.0	0.0	130.0											
Congressional	monthly	0.0	0.0	0.0	0.0	1.3											
Receptionist	hours/year	0.0	0.0	0.0	0.0	2080.0											
COFR Reports	monthly	0.0	0.0	0.0	0.0	4.0											
In-house address locator	hours/year	0.0	0.0	50.0	50.0	150.0											
Unissued BDLs	hours/year	0.0	10.0	90.0	0.0	48.0											
Unissued BDLs	min/participant	31.0	0.0	100.0	0.0	18.6	18.6	18.6	18.6							18.6	18.6
Unissued BDLs	monthly	0.0	90.0	10.0	0.0	6.0											
Teleconferences with PBGC	monthly	0.0	50.0	0.0	0.0	4.5											

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Process	Criteria	Labor Categories (percent of time)											
		Population Affected	Management	Professional	Staff	Good	Bad	Good	Bad	Good	Bad	Good	Bad

OA - GENERAL - HOURS/PLAN		20.6	28.5	10.6		0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.0	0.5	0.0
OA - GENERAL - MIN/PARTICIPANT						18.6	18.6	18.6	18.6	0.0	0.0	0.0	0.0	0.0	0.0	18.6	18.6
OA - GENERAL - HOURS/DAY						0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OA - GENERAL - HOURS/WEEK						0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OA - GENERAL - HOURS/BI-WEEKLY						25.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OA - GENERAL - HOURS/MONTH						160.3	23.3	23.1	23.3	4.2	4.2	23.6	24.1	0.0	0.0	4.2	0.0
OA - GENERAL - HOURS/YEAR						6267.1	1545.8	1545.8	1545.8	436.0	436.0	436.0	436.0	434.6	434.6	436.0	434.6

Plan Analysis

The plan analysis tool was developed to capture key plan information and classify plans per the criteria above. The key plan information included the case number, plan participant base, date of plan termination, date of plan trusteeship, number of total participants, number of retirees, and the Trusteeship Processing Division assigned to oversee the plan.

This information, combined with the time analysis above, can be used to identify the per plan costs. The aggregate plan analysis is listed below.

PLANS	Plan #	Stage	Plan Base	DOPT	DOTR																				
Aileen, Inc.	166200	Trusteeship	VA	7/31/95	10/29/96	x															7.47	2384	607	1777	TSD
Atchison Casting Corporation	0	None selected	PA			x															No data	1752	0	1752	None.
Avtex Fibers (Hourly)	105746	Trusteeship	VA	6/30/95	9/12/94	x															9.60	844	488	356	TSD
Avtex Fibers (Salaried)	105748	Trusteeship	VA	6/30/95	9/12/94	x															9.60	3233	1565	1668	TSD
Black Clawson USWA	196663	Trusteeship	NY	3/14/03	8/25/03	x															0.64	143	33	110	7
Bonneau	197528	Trusteeship	NY	6/1/02	5/14/03	x															0.92	271	157	114	7
Bryant Grinder Corp	196060	Trusteeship	VT	5/31/03	11/12/03	x															0.43	417		417	6
Buffalo Color Corp. Hourly	198773	Pre-trusteeship	NY			x															No data	316		316	3
Buffalo Color Corp. Salaried	198774	Pre-trusteeship	NY			x															No data	208		208	3
Carr Lowrey Hourly	198136	Trusteeship		6/6/03	9/24/03	x															0.56	516	326	190	8
Columbia Hospital	197698	Trusteeship	DC	5/8/02	10/1/02	x															1.54	1004	235	769	6
Crossville Rubber	196454	Trusteeship	TN	10/31/03	11/19/03	x															0.41	263	135	128	3
Crown Vantage (Supplemental)	197595	Trusteeship	OH	12/31/01	9/12/02	x															1.59	800		800	6
Fellows Corporation	196212	Trusteeship	VT	5/31/03	11/12/03	x															0.43	375		375	6
Goldman Group	196048	Pre-trusteeship	OK			x															No data	1261		1261	7
Inco Alloys Hourly (Spec. Metals)	197539	Trusteeship	WV	10/20/03	11/26/03	x															0.39	2110		2110	4
Kleinert's Inc.	199977	Trusteeship		8/31/03	9/23/03	x															0.56	963	195	768	4
Lectromelt	152057	Ongoing Administration		2/4/95	3/6/96	x															8.12	122	71	51	6
NPR, Inc.	197905	Trusteeship	NJ	4/26/03	2/27/03	x															1.13	748	372	376	5
Pennsylvania Engineering	152058	Ongoing Administration	PA	2/4/95	3/6/96	x															8.12	165	89	76	1
Publicker, Inc.	199272	Trusteeship		3/31/03		x															No data	449		449	TSD
Revere Copper	197811	Pre-trusteeship	NY			x															No data	1333		1333	1
Sound Shore Med. Cr.	198772	Pre-trusteeship	NY			x															No data	1396		1396	7
Spaulding Composites	196439	Pre-trusteeship	NH			x															No data	339		339	7

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PLANS	Plan #	Stage	Plan Base	DOPT	DOTR	State											No data	157	157	6				
						CA	IL	IA	IN	MD	MA	MI	MN	MO	NH	NJ					NY	OH	PA	RI
Spaulding Composites	196440	Pre-trusteeship	NH			x														No data	157		157	6
Special Metals Hourly	197450	Trusteeship	WV	10/20/03	11/25/03	x														0.39	545		545	5
Special Metals Salaried	197454	Trusteeship	WV	10/20/03	11/25/03	x														0.39	1753		1753	5
Starmet Corporation	197481	Pre-trusteeship	MA			x														No data	555		555	4
Top-Flight Golf	200294	Pre-trusteeship	MA			x														No data	721		721	4
Top-Flight Golf	200295	Pre-trusteeship	MA			x														No data	1224		1224	4
Tultex	191632	Trusteeship	VA	11/15/00	10/18/00	x														3.49	1759	421	1338	2
W. G. Apparel	196057	Trusteeship	NJ	4/9/02	11/17/03	x														0.41	462	111	351	7
Wisconsin Steel (Non-Contrib.)	31222	Trusteeship	IL	5/16/80	12/31/81	x														22.30	3956	1183	2773	7
Wisconsin Steel (Salaried)	31221	Trusteeship	IL	5/16/80	12/31/81	x														22.30	934	314	620	8
MARSHALL & WILLIAMS SALARIED	191284	Trusteeship	RI		3/5/01	x														3.12	141	35	106	7
MARSHALL & WILLIAMS BARGAINING UNIT	191285	Trusteeship	RI		10/30/00	x														3.46	92	36	56	7
MARSHALL & WILLIAMS NON-BARGAINING UNIT	191286	Trusteeship	RI		10/30/00	x														3.46	141	26	115	7
CITY OF FAITH RETIREMENT PLAN	194906	Trusteeship	OK		4/15/02	x														2.00	400	120	280	8
NONCONTRIBUTORY RETIREMENT PLAN FOR COOPERATIVES	196345	Trusteeship	IA		6/28/02	x														1.80	256	35	221	1
KIOWA CORP PENSION PLAN FOR NON-BARGAINING UNITE EMPS	196967	Trusteeship	IA		7/26/02	x														1.72	34	1	33	4
KIOWA CORP PENSION PLAN FOR BARGAINING EMPLOYEES	196968	Trusteeship	IA		7/26/02	x														1.72	44	8	36	4
SHELD AHL, INC NORTHFIELD EMPLOYEES PENSION PLAN	197697	Trusteeship	MN		12/3/02	x														1.37	636	92	544	5
EVEREST & JENNINGS INTERNATIONAL PLAN	199676	Trusteeship	CA		9/30/03	x														0.54	1579	417	1162	3

PLANS	Plan #	Stage	Plan Base	DOPT	DOTR	DOPT																							
						Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad								
SMITH & DAVIS HOURLY PP	199677	Trusteeship	MO		9/30/03	x																		0.54	36	3	33	3	
SMITH & DAVIS SALARIED PP	199678	Trusteeship	MO		9/30/03	x																		0.54	229	43	186	3	
EAGLE FOOD CENTERS INC EE PENSION PLAN	199758	Pre-trusteeship	IL, IA, WI			x																		No data	900	200	700	3	
EAGLE FOOD CENTERS INC RET PLAN FOR MILAN	199759	Pre-trusteeship	IL, IA, WI			x																		No data	0	0	0	3	
Arkansas General Industries (AGI)	19724100	Trusteeship	AR	2/19/02	9/29/03	x																		0.55	1086	431	655	4	
Autodie	15589101	Ongoing Administration	MI	8/16/95	5/5/94	x																		9.95	443	61	382	TSD	
GS Technologies	19479100	Trusteeship	MO	6/30/02	7/19/02	x																		1.74	190	134	56	2	
Hawaii Baking Company, Inc.	19648100	Pre-trusteeship	HI	5/22/03		x																		No data	267	5	262	8	
Homeland Stores	19602000	Trusteeship	OK	8/31/02	10/3/02	x																		1.54	810	148	662	5	
Longview Aluminum LLC	19824200	Pre-trusteeship	WA	10/9/03		x																		No data	591	52	539	8	
National Refractories	19660800	Trusteeship	OH	1/14/03	2/26/03	x																		1.14	116	63	53	3	
National Refractories	19643200	Trusteeship	OH	1/14/03	2/26/03	x																		1.14	62	27	35	3	
National Refractories	19643100	Trusteeship	OH	1/14/03	2/26/03	x																		1.14	204	67	137	3	
National Refractories	19643000	Trusteeship	OH	1/14/03	2/26/03	x																		1.14	385	161	224	3	
National Refractories	19642900	Trusteeship	OH	1/14/03	2/26/03	x																		1.14	190	79	111	3	
Shade Allied	19190500	Pre-trusteeship	TX	11/2/00	4/9/01	x																		3.02	249	101	148	7	
Sunshine Mining CO Negotiated	19677800	Trusteeship	ID	6/25/02	7/8/02	x																		1.77	251	146	105	5	
Venture	18553400	Pre-trusteeship	MO	8/30/98	4/6/99	x																		5.03	1800	851	949	6	
RBS Modulus Salary	5453801	Ongoing Administration		12/31/83	11/6/89	x																			14.45	6	4	2	TSD
MSW - Hourly	14744001	Ongoing Administration		4/30/95	3/30/94	x																			10.05	482	384	98	TSD
MSW - Salary	14488201	Ongoing Administration		4/30/95	3/30/94	x																			10.05	75	55	20	TSD

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PLANS	Plan #	Stage	Plan Base	DOPT	DOTR	Low																	
						Low				Low				Low									
						Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad						
Schwinn - Hourly	15733701	Ongoing Administration		2/3/95	8/1/94	x													9.71	276	201	75	TSD
Schwinn - Salary	15733801	Ongoing Administration		2/3/95	8/1/94	x													9.71	407	164	243	TSD
Milford Rivot	11797400	Ongoing Administration		5/16/95	1/6/95	x													9.28	68	31	37	TSD
RBS Modulus Hourly	8435600	Ongoing Administration		10/10/86	1/6/95	x													9.28	514	356	158	TSD
Shatterproof - Hourly	15853300	Ongoing Administration		12/22/87	7/25/95	x													8.73	50	35	15	TSD
Shatterproof - Salary	15853400	Ongoing Administration		12/22/87	7/25/95	x													8.73	151	91	60	TSD
Overmyer - Foundry	14328101	Ongoing Administration		2/28/95	2/21/97	x													7.15	77	39	38	TSD
Overmyer - Service	12687301	Ongoing Administration		2/28/95	2/21/97	x													7.15	301	173	128	TSD
Bennett Pump Co - Salaried	18668800	Ongoing Administration		4/24/98	3/3/99	x													5.12	173	85	88	7
Bennett Pump Co - UAW	18668300	Ongoing Administration		4/24/98	3/3/99	x													5.12	238	139	99	TSD
Allied Products - Hrly Verson Div.	19391000	Trusteeship	IL	1/31/01	11/6/01	x													2.44	308	286	22	5
Ampco Metal Inc. RP for Milwaukee Hrly	19705700	Trusteeship	MLWK	4/12/02	3/14/03	x													1.09	350	115	235	2
Ampco Metal Inc. RP for Tech/Clerical	19705600	Trusteeship	MLWK	4/12/02	4/16/03	x													1.00	50	13	37	2
Beaver Products Hrly Ems PP	19835500	Pre-trusteeship	IL	8/16/02	12/5/03	x													0.36	292	122	170	7
Jones & Lanson	126020	Plan Closing		7/28/95	11/18/92	x													11.41	595	232	363	6
Smith Corona Hourly	170850	Plan Closing		10/6/96	7/31/97	x													6.71	2757	1370	1387	8
IAM Kent Worldwide	183208	Trusteeship		7/31/97	6/6/00	x													3.86	270	76	194	6

PLANS	Plan #	Stage	Plan Base	DOPT	DOTR	Performance																				
						Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad							
National ACME	189458	Trusteeship		8/3/01	12/18/01	x														2.33	1317	956	361	5		
Stevens International	191011	Trusteeship		11/15/99	11/9/00	x														3.43	118	38	80	8		
Pension Plan for Bargaining Unit	191012	Trusteeship		11/15/99	11/9/00	x														3.43	210	68	142	8		
Georgia Tubing Corp. Pension Plan	195243	Trusteeship		12/31/02	4/30/03	x														0.96	107	12	95	7		
Copperweld Hourly	195250	Trusteeship		11/30/03	12/15/03	x														0.34	838	331	507	3		
Zeller Corp.	196436	Pre-trusteeship		9/29/00		x														No data	258	11	247	7		
Midland Steel Products PP	199226	Trusteeship		6/17/03	12/22/03	x														0.32	2757	1370	1387	1		
American Tissue	196226	Trusteeship	NH	8/16/02	2/12/03		x													1.17	297	0	297	1		
Atlantic Metals	199108	Trusteeship	NJ	4/7/03	9/28/03		x													0.55	293		293	7		
Baldwinville Prod.	196225	Trusteeship	NH	1/10/03	2/13/03		x													1.17	75	27	48	1		
Carr Lowrey Salaried	200081	Trusteeship		6/6/03	9/24/03		x													0.56	77	37	40	8		
Harvard Industries - Bryan	197817	Trusteeship	NJ,MI	9/13/02	10/15/02		x													1.50	291	104	187	4		
Harvard Industries - Jackson	197815	Trusteeship	NJ,MI	9/13/02	10/15/02		x													1.50	240	180	60	4		
Harvard Industries - Spencerville	197816	Trusteeship	NJ,MI	9/13/02	10/15/02		x													1.50	542	164	378	4		
HIP (PA)	190939	Ongoing Administration	PA	5/1/99	7/7/00		x													3.78	8	2	6	4		
Ketchum (NJ)	195059	Trusteeship	NJ	6/30/01	6/25/02		x													1.81	98	36	62	8		
Neuman Distributors	193942	Trusteeship	NJ	6/30/01	6/25/02		x													1.81	479	29	450	1		
Newton-New Haven	198080	Trusteeship	CT	6/28/02	2/27/03		x													1.13	275	109	166	7		
The Electron Corp	19759600	Trusteeship	CO	3/28/03	4/7/03		x													1.03	379	220	159	6		
National Refractories	19643300	Trusteeship	OH	1/14/03	2/26/03		x													1.14	99	48	51	3		
Southern California Growers (SCGF)	19404600	Trusteeship	CA	9/25/01	5/3/02		x													1.95	533	56	477	2		
Sunshine Pension Plan	19725900	Trusteeship	ID	6/25/02	7/8/02		x													1.77	51	19	32	5		
A-C Aurora	7467500	Ongoing Administration		10/31/85	1/31/85		x													19.22	104	54	50	TSD		
A-C UAW	7164900	Ongoing Administration		7/25/85	7/26/85		x													18.74	3450	1902	1548	TSD		

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PLANS	Plan #	Stage	Plan Base	DOPT	DOTR	Local Status																					
						Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad						
A-C Decatur	7466700	Ongoing Administration		10/31/85	10/31/85		x														18.47	15	12	3	TSD		
A-C Herman Nelson Div.	7468600	Ongoing Administration		10/31/85	10/31/85		x														18.47	112	75	37	TSD		
A-C Hourly EES LaCrosee	7466600	Ongoing Administration		10/31/85	10/31/85		x														18.47	0	0	0	TSD		
A-C LaPorte Local 119	7467900	Ongoing Administration		10/31/85	10/31/85		x														18.47	0	0	0	TSD		
A-C LaPorte NonUnion	7466500	Ongoing Administration		10/31/85	10/31/85		x														18.47	1	1	0	TSD		
A-C Norwood	7467000	Ongoing Administration		10/31/85	10/31/85		x														18.47	3	2	1	TSD		
A-C Oxnard	7468100	Ongoing Administration		10/31/85	10/31/85		x														18.47	16	11	5	TSD		
A-C Pittsburgh	7468300	Ongoing Administration		10/31/85	10/31/85		x														18.47	4	2	2	TSD		
A-C West Allis	7468500	Ongoing Administration		10/31/85	10/31/85		x														18.47	21	8	13	TSD		
Hanlin - Hourly	14868600	Ongoing Administration		8/31/95	11/27/91		x														12.39	453	216	237	TSD		
Hanlin - Salary	14717600	Ongoing Administration		4/30/95	11/27/91		x														12.39	462	215	247	TSD		
Allied Products Corp Retire Plan	19391100	Trusteeship	IL	1/31/01	12/13/01		x														2.34	321	304	17	5		
Little Neck Community Hospital	191707	Trusteeship		5/5/97	8/22/00		x														3.65	321	110	211	2		
Crown Vantage (Salaried)	197581	Trusteeship	OH	12/31/01	9/12/02				x												1.59	1200		1200	6		
Harvard Industries - Doehler-farvis	197188	Trusteeship	NJ,MI	9/13/02	10/15/02				x												1.50	1156	884	272	4		
LTV	83054	Trusteeship	OH	9/30/86	9/30/86				x												17.55	8191	3413	4778	4		

PLANS	Plan #	Stage	Plan Base	DOPT	DOTR	Performance																			
						Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad										
Matlack Systems	195145	Trusteeship	DE	11/30/01	1/31/02			x													2.21	1451	221	1230	4
National Forge Co.	197338	Trusteeship	PA	1/31/03	5/1/03			x													0.96	1102	550	552	TSD
Phoenix Steel (Claymont)	51460	Trusteeship	DE	8/22/83	9/1/83			x													20.64	1582	445	1137	7
Phoenix Steel (Phoenixville)	51461	Trusteeship	PA	8/22/83	9/1/83			x													20.64	398	109	289	4
Phoenix Steel (Salaried)	51462	Trusteeship	DE,PA	8/22/83	9/1/83			x													20.64	1185	504	681	TSD
United Container	198417	Trusteeship	MD	7/31/02	10/27/03			x													0.47	290	118	172	2
United Container	198418	Trusteeship	MD	7/31/02	10/27/03			x													0.47	177	59	118	TSD
ABC RAIL PRODUCTS CORP PP	196479	Trusteeship	AL		6/14/02			x													1.84	1290	296	994	4
KEOKUK STEEL CASTINGS, INC	196483	Trusteeship	IL		6/14/02			x													1.84	550	240	310	4
WIRE CORPORATION OF AMERICA INC (PLAN # 1)	197761	Trusteeship	KC, MO		6/11/03			x													0.85	393	137	256	4
WIRE CORPORATION OF AMERICA INC (PLAN # 3)	197762	Trusteeship	KC, MO		6/11/03			x													0.85	687	50	637	4
WIRE CORPORATION OF AMERICA INC (PLAN # 2)	197860	Trusteeship	KC, MO		6/11/03			x													0.85	655	228	427	4
THUNDERBIRD MINING	199929	Pre-trusteeship	MN					x													No data	1276	496	780	8
Acme	18818800	Trusteeship	IL	6/1/02	9/13/02			x													1.59	3596	2462	1134	5
American Marketing Industries	20085800	Pre-trusteeship	MO					x													No data	1316		1316	5
Brobeck, Phleger & Harrison LLP	19934900	Pre-trusteeship	CA					x													No data	1487		1487	3
Cavalcade	19874000	Pre-trusteeship	TX	3/19/03				x													No data	1998		1998	3
CF&I	13345101	Ongoing Administration	CO	3/19/95	3/19/92			x													12.08	4095	2285	1810	TSD
Columbus Auto Parts	14623001	Pre-trusteeship	OH	6/14/95	4/26/99			x													4.98	489	212	277	7
Dillingham Construction Holding	19931500	Pre-trusteeship	CA					x													No data	972		972	3
Geneva Steel LLC	19660600	Trusteeship	UT	11/26/02	1/13/03			x													1.26	1265	461	804	3
GST Steel Company	19785400	Trusteeship	MO	6/30/02	7/19/02			x													1.74	806	604	202	2

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PLANS	Plan #	Stage	Plan Base	DOPT	DOTR	Performance																	
						Good	Fair	Good	Fair	Good	Fair	Good	Fair	Good	Fair	Good	Fair	Good	Fair				
Kaiser Aluminum Inactive Pension Plan	19797500	Pre-trusteeship	CA, TX, AZ, WA, LA, SC, VA																No data	3086		3086	8
Mobile Tool International (MTI)	19860700	Trusteeship	CO	6/12/03	9/16/03				x										0.58	308	85	223	8
Carron Ind. LLC/Hrly Em PP	19833000	Trusteeship	MI	5/17/02	1/8/03				x										1.27	552	77	475	1
Hoskins Mfg. Co. PP for Hamburg Plan Em	19740700	Trusteeship	MI	11/13/01	5/20/03				x										0.91	185	84	101	3
Blaw Knox	150879	Ongoing Administration		2/29/95	2/18/92				x										12.17	2988	0	2988	TSD
Blaw Knox	151207	Ongoing Administration		10/31/95	11/2/93				x										10.46	432	0	432	TSD
Blaw Knox	164976	Ongoing Administration		4/30/95	4/29/94				x										9.97	1350	0	1350	TSD
Blaw Knox	164977	Ongoing Administration		4/30/95	4/29/94				x										9.97	290	0	290	TSD
Blaw Knox	164979	Ongoing Administration		4/30/95	4/29/94				x										9.97	134	0	134	TSD
Blaw Knox	164980	Ongoing Administration		4/30/95	4/29/94				x										9.97	373	0	373	TSD
Sharon Steel	161810	Ongoing Administration		10/17/95	10/22/93				x										10.49	1312	0	1312	TSD
Sharon Steel	161811	Ongoing Administration		10/17/95	10/22/93				x										10.49	4813	0	4813	TSD
Sharon Steel	161813	Ongoing Administration		10/17/95	10/22/93				x										10.49	254	0	254	TSD
Sharon Steel	161814	Ongoing Administration		10/17/95	10/22/93				x										10.49	263	0	263	TSD

PLANS	Plan #	Stage	Plan Base	DOPT	DOTR	Performance												Total	TSD			
						Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad					
Sharon Steel	161815	Ongoing Administration		10/17/95	10/22/93			x										10.49	33	0	33	TSD
Copperweld	164474	Ongoing Administration		9/30/95	10/11/95			x										8.52	565	0	565	TSD
Copperweld	164477	Ongoing Administration		9/30/95	10/11/95			x										8.52	2540	0	2540	TSD
Copperweld	164478	Ongoing Administration		9/30/95	10/11/95			x										8.52	12	0	12	TSD
Monsour Medical	175378	Ongoing Administration		12/31/95	11/5/96			x										7.45	711	0	711	TSD
Franklin Steel	165218	Ongoing Administration		3/31/95	7/10/97			x										6.77	454	0	454	TSD
Franklin Steel	165704	Ongoing Administration		3/31/95	7/10/97			x										6.77	134	0	134	TSD
Memorex Telex	181249	Ongoing Administration		12/31/96	4/30/97			x										6.97	3140	0	3140	TSD
Edgewater Steel	181397	Ongoing Administration		3/21/97	1/9/98			x										6.27	698	0	698	TSD
Edgewater Steel	167260	Ongoing Administration		3/21/97	1/9/98			x										6.27	237	0	237	TSD
Zurbrugg	190001	Ongoing Administration		5/7/99	5/17/99			x										4.92	1100	0	1100	TSD
Graduate Hospital	187421	Ongoing Administration		11/10/98	9/30/99			x										4.55	1242	0	1242	TSD
Thom Apple Valley	189538	Plan Closing		8/26/99	1/11/00			x										4.26	1314	0	1314	1
Thom Apple Valley	190026	Plan Closing		8/26/99	1/11/00			x										4.26	739	0	739	1
Thom Apple Valley	190027	Plan Closing		8/26/99	1/11/00			x										4.26	606	0	606	1
Thom Apple Valley	190028	Plan Closing		8/26/99	1/11/00			x										4.26	729	0	729	1

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PLANS	Plan #	Stage	Plan Base	DOPT	DOTR	Status												2004	2005	2006	2007	2008	2009	2010	2011	2012	2013				
						GOOD	FAIR	GOOD	FAIR	GOOD	FAIR	GOOD	FAIR	GOOD	FAIR	GOOD	FAIR														
LTV Mining Pension Plan	195247	Trusteeship		3/31/02	3/31/02				x																		2.04	3543	2395	1148	7
Copperweld Salaried	195248	Trusteeship		9/30/03	12/15/03				x																		0.34	1665	716	949	3
Grand Eagle Pension Plan	196801	Trusteeship		3/1/02	10/8/02				x																		1.52	595	232	363	1
Bates (Production)	160177	Ongoing Administration	ME	10/2/95	7/16/96					x																	7.75	621	342	279	6
Black Clawson Co.	196664	Trusteeship	NY	3/14/03	8/25/03					x																	0.64	762	245	517	7
Harvard Industries - Albion	197814	Trusteeship	NJ,MI	9/13/02	10/15/02					x																	1.50	1016	551	465	4
Pulp & Paper of America, Plan 1	196362	Trusteeship	NH	5/31/02	2/12/03					x																	1.17	687	154	533	TSD
Pulp & Paper of America, Plan 2	196226	Trusteeship	NH	5/31/02	2/12/03					x																	1.17	22	7	15	2
Armstrong	14131100	Pre-trusteeship	CO	1/31/95	4/11/94					x																	10.02	438	56	382	6
Consolidated Freightways	19861000	Trusteeship	WA	3/31/03	5/19/03					x																	0.91	5813	1967	3846	6
Furr's Supermarkets	19480100	Trusteeship	NM	8/31/01	9/16/03					x																	0.58	1493	366	1127	8
Niagara	19190300	Pre-trusteeship	TX	11/2/00	4/9/01					x																	3.02	645	85	560	7
Plainwell	19431000	Pre-trusteeship	MI, PA, WI	9/13/01	6/28/02					x																	1.80	93	24	69	1
Plainwell	19431100	Trusteeship	MI, PA, WI	9/13/01	6/28/02					x																	1.80	361	155	206	1
Plainwell	19431200	Trusteeship	MI, PA, WI	9/13/01	6/28/02					x																	1.80	106	14	92	1
Plainwell	19431300	Trusteeship	MI, PA, WI	9/13/01	6/28/02					x																	1.80	431	154	277	1
Shasta	19460500	Trusteeship	CA	10/31/01	9/19/02					x																	1.57	381	121	260	1
Shasta	19460600	Trusteeship	CA	10/31/01	9/19/02					x																	1.57	73	10	63	1
Dynatomic Corp - Salaried	19439500	Trusteeship	WI	2/28/01	6/20/01					x																	2.82	8	8	0	2
Dynatomic Corp - Hourly	19439600	Trusteeship	WI	1/31/01	6/28/01					x																	2.80	68	30	38	2
Grand Rapids Metalcraft PP	19795300	Trusteeship	CO	4/30/00	5/12/03					x																	0.93	334	275	59	3
Wayne Metal Products Co. Hiry PP	19489000	Trusteeship	MI	2/15/01	6/6/03					x																	0.86	239	24	215	1
Grant Hospital Pension Plan (H.E.L.P.)	19908200	Pre-trusteeship	IL	5/15/03	12/5/03					x																	0.36	85	82	3	5
Grant Hospital PP (Operating Engineer)	19908300	Pre-trusteeship	IL	5/15/03	12/5/03					x																	0.36	3	3	0	5

PLANS	Plan #	Stage	Plan Base	DOPT	DOTR	Plan Status																
						Good	Fair	Poor	Bad	Good	Fair	Poor	Bad	Good	Fair	Poor	Bad					
AJAX Megathermic Employees PP	198133	Trusteeship		9/10/02	7/21/03				x									0.74	100	52	48	1
AJAX Megathermic Production	198134	Trusteeship		9/10/02	7/21/03				x									0.74	119	52	67	1
AJAX Transformer Bargaining PP	198135	Trusteeship		9/10/02	7/21/03				x									0.74	46	21	25	1
Kaiser Aluminum Salaried Employees	19736900	Trusteeship	CA, TX, AZ, WA, LA, SC, VA	12/17/03	12/29/03							x						0.30	4741		4741	8
Kaiser Aluminum Pension Plan	19737000	Pre-trusteeship	CA, TX, AZ, WA, LA, SC, VA									x						No data	9906		9906	8
A-C Consolidated	18276600	Ongoing Administration		4/14/97	9/30/97							x						6.55	7333	4964	2369	2
AHERF	187419	Ongoing Administration		8/25/99	9/30/99							x						4.55	14000	0	14000	1SD
Bradlee	1947001	Trusteeship		4/30/01	5/14/01							x						2.92	9000	0	9000	5
Reliance Insurance Company	195915	Trusteeship		2/28/02	3/6/02							x						2.11	9000	0	9000	1SD
Durango / HI Siegel	19523900	Trusteeship	TN	3/29/02	4/18/02								x					2.00	7066	1392	5674	6
Fleming Co - Coremark	199918	Pre-trusteeship	OK											x				No data	17600		17600	7
Grand Union	194132	Trusteeship	GA,NJ	1/1/01	1/2/01									x				3.29	17734	6197	11537	6
Harvard Retirement	197812	Trusteeship	NJ,MI	9/13/02	10/15/02									x				1.50	5816	1552	4264	4
LTV Steel Salary Pension Plan	195241	Trusteeship		3/31/02	3/31/02									x				2.04	13899	8905	4994	3
Payless Cashways	19582000	Pre-trusteeship	KS	11/26/01	11/27/01										x			2.38	5504	1291	4213	3
Bethlehem Steel Corporation	196603	Trusteeship		12/18/02	4/30/03											x		0.96	97015	0	97015	2
LTV Steel Hourly Pension Plan	195240	Trusteeship		3/31/02	3/31/02											x		2.04	69224	46481	22743	7
Fleming Co., Inc.	199915	Pre-trusteeship	OK															No data			0	7
Fleming Co - Godfrey Co.	199917	Pre-trusteeship	OK															No data			0	7

PLANS	Plan #	Stage	Plan Base	DOPT	DOTR	[REDACTED]												No data					
						Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad	Good	Bad						
Fleming Co - S. M. Flickinger	199916	Pre-trusteeship	OK																No data			0	7
Revere Copper	197810	Pre-trusteeship	NY																No data			0	1
FARMSTEAD FOODS - ALBERT LEA	124221	Ongoing Administration	N,A																No data	0	0	0	4
FARMSTEAD FOODS - CEDAR RAPIDS	124223	Ongoing Administration	N,A																No data	0	0	0	4
ARROW AUTOMOTIVE	188403	Ongoing Administration	N,A																No data	0	0	0	None.
MCCULLOCH EMPLOYEES PENSION PLAN	188845	Ongoing Administration	N,A																No data	0	0	0	None.
Centis Consumer Products Union PP/Duo-Tang	20044200	Pre-trusteeship																	No data			0	2
Fansteel Consolidated Employees PP	20115100	Pre-trusteeship																	No data			0	3
Gulf States Tube Div. Hourly	19448500	Pre-trusteeship																	No data			0	8
Ingersoll / Chicago Extruded Metals Co. Spec. RP	20037200	Pre-trusteeship																	No data			0	5
Ingersoll Retirement Plan	20009800	Pre-trusteeship																	No data			0	5
Michigan Speciality Tube Co. - Hrly	19448400	Pre-trusteeship																	No data			0	8
Rowe International Inc. - Local 950	20076700	Pre-trusteeship																	No data			0	1
Rowe International Inc. - Local 981	20076600	Pre-trusteeship																	No data			0	1
Rowe International Inc. - Lodge 475	20079600	Pre-trusteeship																	No data			0	1
Slater Steels Fort Wayne Spc. Alloy Div - USW PP	20010600	Pre-trusteeship																	No data			0	7
Slater Steels Salaried Emp. PP	20010700	Pre-trusteeship																	No data			0	7
Vision Metals, Inc. - Salaried	19446500	Pre-trusteeship																	No data			0	8

PLANS	Plan #	Stage	Plan Base	DOPT	DOTR	Beneficial Interest																		
						Code	Int	Cont	Gen	Good	Adv	Cont	Gen	Cont	Gen	Cont	Adv							
Wellman Ret Sal PP	19941100	Pre-trusteeship																	No data			0	3	
Wellman Thermal Systems Corp Hrly PP	19941000	Pre-trusteeship																	No data			0	3	
Wohlert Corp. Ret Inc. Plan	20019300	Pre-trusteeship																	No data			0	5	
Athens Furniture	195720	Pre-trusteeship		5/31/01	5/8/02														1.94	0	0	0	1	
Baldwin Piano & Organ	195528	Pre-trusteeship		11/16/01	4/26/02														1.97	0	0	0	1	
Continental Steel Corp Hourly	7922002	Pre-trusteeship		2/25/86	3/12/86														18.11	0	0	0	1	
Continental Steel Corp Salary	7921902	Pre-trusteeship		2/25/86	3/12/86														18.11	0	0	0	1	
Continental Steel Corp Joliet	7955001	Pre-trusteeship		2/25/86	4/9/86														18.03	0	0	0	1	
Continental Steel Corp Steven Springs	8162900	Pre-trusteeship		2/25/86	3/12/86														18.11	0	0	0	1	
DocuSystems	19348300	Pre-trusteeship		7/14/00	11/19/01														2.41	0	0	0	1	
Douglas Components Bronson	14863100	Pre-trusteeship		12/7/95	12/1/95														8.38	0	0	0	1	
Douglas Components Kokomo	14863300	Pre-trusteeship		12/7/95	12/1/95														8.38	0	0	0	1	
Elias Brothers Restaurant, Inc	19410800	Pre-trusteeship		12/31/00	6/4/01														2.87	0	0	0	1	
Empire Specialty Steel Hourly	19590500	Pre-trusteeship		8/31/01	12/19/01														2.32	0	0	0	1	
Empire Specialty Steel Salary	19590600	Pre-trusteeship		8/31/01	12/19/01														2.32	0	0	0	1	
Erie Forge and Steel	19462300	Pre-trusteeship		12/10/01	3/22/02														2.07	0	0	0	1	
E.W. Bliss	18958200	Pre-trusteeship		12/22/00	2/8/01														3.18	0	0	0	1	
Flexel Covington	17991000	Pre-trusteeship		11/18/97	1/16/98														6.25	0	0	0	1	
Guy's Food	19204200	Pre-trusteeship		3/27/00	2/16/01														3.16	0	0	0	1	
Hamilton Foundry & Machine	19397400	Pre-trusteeship		7/15/01	7/11/02														1.77	0	0	0	1	
Hamilton - Decatur Casting	19397500	Pre-trusteeship		7/15/01	7/11/02														1.77	0	0	0	1	

PLANS	Plan #	Stage	Plan Base	DOPT	DOTR	[REDACTED]											[REDACTED]						
						Cost	Inc	Cost	Inc	Cost	Inc	Cost	Inc	Cost	Inc	Cost	Inc	Cost	Inc	Cost	Inc		
Lamont's Apparel, Inc.	19197900	Pre-trusteeship		7/24/00	10/19/00														3.49	0	0	0	1
MCM Enterprises	18172600	Pre-trusteeship		12/18/98	5/7/99														4.95	0	0	0	1
Reliant Industries Rock Falls	19888100	Pre-trusteeship		10/31/02	5/9/03														0.94	0	0	0	1
Reliant Industries Chicago Local 2536	19888200	Pre-trusteeship		10/31/02	5/9/03														0.94	0	0	0	1
Spectrulite	19871800	Pre-trusteeship		1/22/03	3/3/03														1.12	0	0	0	1
Spectrulite Salary	19931600	Pre-trusteeship		7/31/03	8/11/03														0.68	0	0	0	1
Tokheim Corporation	19894800	Pre-trusteeship		4/30/03	9/15/03														0.58	0	0	0	1
Tommy Armour Golf Co.	19469800	Pre-trusteeship		8/31/01	2/22/02														2.15	0	0	0	1
United Engineering	11224400	Pre-trusteeship		8/14/95	5/31/90														13.89	0	0	0	1
Wean Hourly	16315101	Pre-trusteeship		3/31/95	9/26/94														9.56	0	0	0	1
Wean Salary	16315201	Pre-trusteeship		1/14/95	9/26/94														9.56	0	0	0	1
Total Plans	290					88	30	82	24	6	1	4	1	2	0	0	0	4.88	457024	114424	342600		

52 undefined

Plan Stage Count	
Pre-trusteeship	81
Trusteeship	135
Plan Closing	10
Ongoing Administration	62
Not Defined	2
Total	290

TPD Count	
1	62
2	16
3	31
4	25
5	18
6	20
7	31
8	20
TSD	59
None.	2
Total	284

Aggregate FBA Financial Costs

The table below is the aggregated financial costs, as determined by our collection of the available general and specific cost data. There are specific areas that should be examined in a detailed cost study, and while the evaluation team collected a major portion of this information, not all of it was easily available. To be more specific, some of it is itemized at the IOD level, but little, if any, of the itemized cost has been attributed to the FBAs. The items that should be included in a more extensive analysis are:

- FBA Annual Labor-Hours.
- FBA Leases/Utilities cost.
- FBA Furniture costs.
- FBA Fixed IT costs.
- FBA Travel Costs.
- IOD Travel Costs.
- IOD Oversight costs.
- CCRD Oversight costs.
- FBA Phone costs – direct and maintenance.
- FBA other telecommunications costs.
- FBA supplies.
- Other costs.

The items that we were able to clearly gather are included in the chart below:

	1	2	3	4	5	6	7	
	Staff	Annual Labor/Hour	Lease/Utilities	Fixed IT*	IOD Travel	Phone - Direct Cost	Phone - Maintenance	Total Cost
Total	429	\$21,523,579.00	\$1,984,433.00	\$780,446.67	\$901,507.97	\$166,000.00	\$36,672.00	\$25,392,638.64
Average	39	\$1,956,689.00	\$180,403.00	\$70,949.70	\$81,955.27	\$15,090.91	\$3,333.82	\$2,308,421.70

	Average Staff Cost
Labor/Hour	\$50,171.51
Total Cost	\$59,190.30

# of Participants	Total Cost	Per Participant Cost
834,000	\$25,392,638.64	30.45

- 1 From internal documentation
- 2 From FY2003 Budget
- 3 From FY2003 Budget
- 4 From IT cost document
- 5 From FY2003 Budget
- 6 From FY2003 Budget
- 7 From FY2003 Budget

Distributed Cost Per Participant Calculations

PBGC has calculated a per participant cost of \$301 for all of its administrative costs, however, it has not been able to calculate a per participant cost at the FBA level. This number is useful in comparing the cost of using the current contracting model versus other models that have been mentioned in the report.

Cost Per Participant Calculation Table

Year	Participants (in Thousands)	Administrative and Investment Expenses (in millions)*	Cost Per Participant
2003	834	\$251	\$301
Source:	PBGC 2003 Annual Report		Calculated

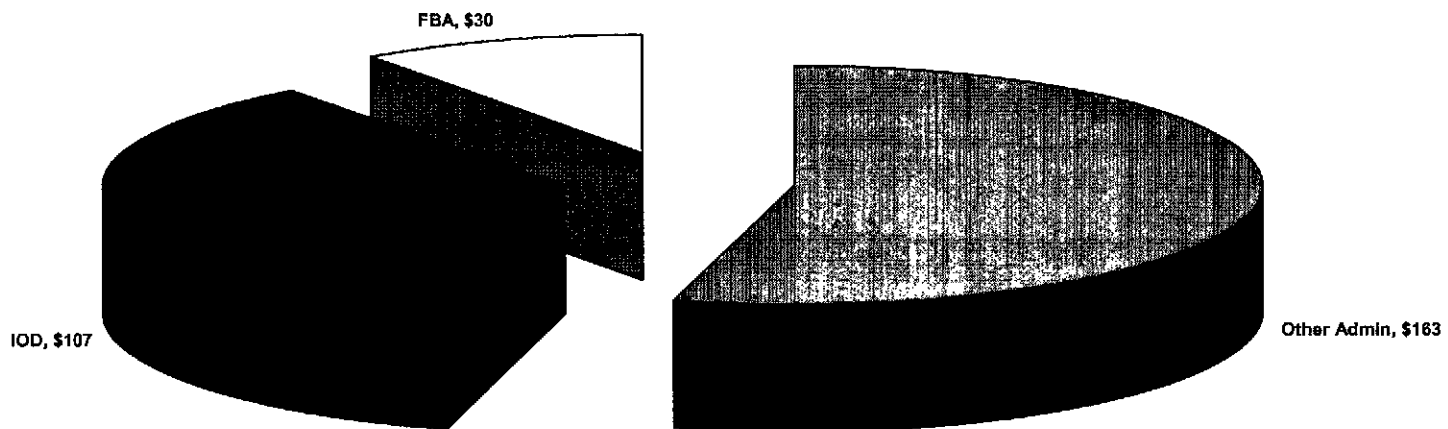
*Induced from budget documents indicating that per participant cost is \$301

Distributed Cost Per Participant Calculation Table

Source	Areas	Total Budget FY2003 (in millions)	Participants (in Hundred Thousands)	Total Cost Per Participant	Distributed Cost Per Participant*
Induced - see note above.	Other Admin	\$251	834	\$300.96	\$163
Internal PBGC Budget Document	IOD	\$115	834	\$137.89	\$107
See Financial Analysis Spreadsheet (above)	FBA	\$25	834	\$30.44	\$30

*Distributed cost is calculated by subtracting the IOD cost from the total cost, and subsequently, the FBA cost from the IOD cost. The FBA cost, as the lowest level of detail remains the same.

Exhibit 4 – Distributed Per Participant Cost



■ Other Admin ■ IOD □ FBA

Benchmarking Support

Approach

Benchmarking is used to identify **best practices** and develop optional models that can be adopted to streamline an agency's activities and improve a function. Benchmarking involves examining comparable organizations, looking carefully at the functions performed and outcomes accomplished to help determine strategies that may be used to improve performance for the client organization.

Our benchmarking analysis for PBGC involved the following components:

External Analysis

- ✓ Examining private sector, third-party providers of defined benefit outsourcing services to compare service delivery models.
- ✓ Identifying other governmental organizations and examining their contracting approaches in support of fluctuations in workloads.
- ✓ Examining other federal Customer Contact Center operations to identify best practices that can be used within PBGC's customer service center operations to achieve improved customer satisfaction and reduce employee turnover.

Internal Analysis

- ✓ Identifying efficient practices at FBAs that can be implemented at other field locations.

After reviewing the client organization and ensuring a solid understanding of its mission, structure, goals and objectives, the benchmarking team took the following steps:

- ✓ Identified comparable benchmarking targets and selected a representative sample for analysis.
- ✓ Researched target organizations and identified operational best practices.
- ✓ Contacted and interviewed management, and where feasible, performed a walkthrough of operational processes.
- ✓ Reviewed customer service documentation.

- Identified operational best practices that can be applied to PBGC operations to improve efficiencies while maintaining customer satisfaction

The following summarized the focus of our benchmarking analysis for PBGC:

Benchmarking Parameters	Benchmarking Targets
External Analysis	
1. DB outsourcing best practices	<ul style="list-style-type: none"> • Third-part DB outsourcing providers (Benefit Strategies Group, CIGNA, Hewitt, Mellon, and Watson Wyatt)
2. Contracting approaches to fluctuations in workloads	<ul style="list-style-type: none"> • Federal Emergency Management Agency
3. Customer service center operations	<ul style="list-style-type: none"> • Federal Deposit Insurance Corporation and Social Security Administration
Internal Analysis	
4. Operational best practices	<ul style="list-style-type: none"> • FBAs

External Benchmarking – DB Outsourcing Best Practices

We identified seven major providers of third-party defined benefit outsourcing services through extensive Internet research and interviews with industry leaders. We also did some preliminary research on four other firms that provide retirement plan outsourcing services (Legg Mason, Prudential Financial, TIAA-CREF, and USAA), but eliminated them from further study because their focus is on defined contribution (DC) plans such as 401(k) plans, 403(b) plans, and IRAs, rather than defined benefit plans. Given the specialized nature of PBGC's business, we limited further study to only defined benefit outsourcing service providers. The following is the list of preliminary defined benefit benchmarking targets and their respective ranking:

Preliminary Benchmarking Targets	Ranking
1. Benefit Strategies Group, Inc. (BSG)	High: BSG manages 65 small DB plans nationwide.
2. CIGNA Retirement & Investment Services*	High: CIGNA is a large DB outsourcing service provider that emphasizes customer service.
3. Fidelity Investments	High: Fidelity is a large integrated DB outsourcing service provider.
4. Hewitt Associates LLC	High: Hewitt is a large provider of DB outsourcing services.
5. Legg Mason Retirement Services	Low: Legg Mason services DC plans only.
6. Mellon Financial Corporation	High: Mellon is a large provider of DB outsourcing services.
7. Prudential Financial	Low: Prudential provides DC outsourcing services only.
8. TIAA-CREF	Low: Virtually all of TIAA-CREF's plans are DC plans.
9. Towers Perrin	High: Towers Perrin provides DB outsourcing services.
10. USAA	Low: USAA does not provide DB outsourcing services.
11. Watson Wyatt	High: Watson Wyatt provides DB outsourcing services.

*CIGNA Retirement & Investment Services became Prudential Retirement as of April 2004.

Based on this analysis, we selected the following seven firms as final benchmarking targets for the service delivery model study:

- ✓ BSG;
- ✓ CIGNA;
- ✓ Fidelity;
- ✓ Hewitt;
- ✓ Mellon;
- ✓ Towers Perrin; and
- ✓ Watson Wyatt.

We then contacted each firm by phone (using contact information provided on each firm's Internet site) for the purpose of interviewing them about their DB outsourcing services. We developed a set of interview questions that captured information about:

- ✓ Number of DB Plans and Participants;
- ✓ Services Provided;
- ✓ Staffing and Training;
- ✓ Information Technology (Web, Customer Contact Center, plan administration);
- ✓ Customer Contact Center Operations;
- ✓ Customer Service Satisfaction Measurement;
- ✓ Performance Measurement;
- ✓ Costs (cost per participant); and
- ✓ Expansion Capacity.

Six of the seven firms responded to our phone calls (BSG, CIGNA, Hewitt, Mellon, Towers Perrin, and Watson Wyatt), and five agreed to be interviewed (Towers Perrin declined to respond). Furthermore, we met with representatives from Hewitt Associates at their Washington, DC office and headquarters in Lincolnshire, Illinois.

We also met with representatives from Watson Wyatt at their headquarters in Washington, DC.

External Analysis: Contracting Approaches to Fluctuating Workloads

For the purposes of this study, we met with a representative from the Federal Emergency Management Agency (FEMA) to discuss its hybrid performance-based task order contracting model. FEMA uses this type of contracting to meet unanticipated fluctuations in work loads resulting from emergency situations.

FEMA has contracts with three firms, each with a ceiling of \$100 million. The contracts are similar to IDIQ (indefinite delivery, indefinite quantity) contracts and specify that task orders issued under the contract may be of three different types: fixed price, cost and incentive, or award fee. FEMA's intent is to use fixed price whenever possible. After the contract vehicle is in place, when FEMA has a need for contractor help, it issues a task order and gives the three contractors seven days to submit a proposal. FEMA is allowed to choose its contractors based on technical criteria, as opposed to price.

FEMA's decision on what type of task order to issue is based on the program office's requirements. FEMA is under the Brooks Act, which covers architectural and engineering contracts, and does not put as much pressure on the agency to use performance-based contracting. However, the agency is using fixed price and performance-based contracting wherever possible.

Before it enters into its contracts, FEMA puts out a solicitation notifying potential contractors of what it needs to do. It invites contractors to come in and discuss with FEMA the best ways to achieve its goals. FEMA takes into consideration the ideas it receives from industry, and then puts out an actual contract solicitation.

FEMA has learned over time to be honest and open with industry. They advocate issuing an announcement saying what you are going to do and honestly inviting input. They recommend talking to potential contractors one-on-one rather than having an "Industry Day" (firms attending do not speak up and don't ask any questions). The Agency warns potential bidders not to tell FEMA something they do not want shared, since FEMA cannot guarantee it will not use the information given to shape its actions. (In other words, FEMA warns them they should not share proprietary information.) FEMA has learned a tremendous amount about how to best do things from talking with potential contractors.

FEMA recommended "*8 Steps to Developing and Using IT Performance Measures Effectively*" on the GSA website as background on performance based contracting.

FEMA emphasized that with the overall contract vehicle in place, task orders can be issued and fulfilled very expeditiously. FEMA is willing to talk with the Corporation's procurement officials to provide further assistance.

External Analysis: Customer Service Center Operations

We interviewed representatives from the Federal Deposit Insurance Corporation (FDIC) and the Social Security Administration (SSA) to obtain information about their customer service center operations. The following is a summary of these interviews:

FDIC Customer Contact Center

The FDIC insures bank deposits and regulates some of the financial institutions it insures. FDIC used to have more than 20,800 telephone numbers, most of which were consolidated when the Customer Contact Center opened in November 2000. The center currently takes 400 to 500 calls per day, though this can peak to more than 1,000 (e.g., the Internet scam that took place on January 23, 2004).

The Customer Contact Center is the first point of contact for all incoming calls to FDIC, which are primarily requests for information from bankers and consumers. Roughly one-third to one-half of the calls received are routed to specialist at other FDIC Customer Contact Centers or other agencies (safety, consumer protection, credit union, thrift, etc). The center also serves as a personnel locator for the agency. Calls also come directly into other FDIC Customer Contact Centers (e.g., consumer response center, written complaints, credit card specialty groups).

The center has an abandon rate of five percent or less and answers 90 percent of incoming calls within 30 seconds. It has a low occupancy rate, about 50 percent, but could ramp up to 85 percent. Last year, 108,000 calls were taken by this Customer Contact Center. Average call length is three to three-and-a-half minutes, not including after-call work, which averages well under 30 seconds. Costs for personnel run \$40,000 to \$60,000 per month. They do not hold calls to a certain length, rather they are seeking accuracy and completeness. They do not track cost per call.

The number of calls has fluctuated over the past four years. In the first year, the number of calls was fairly low; however, they increased in the second year as a result of three to four bank failures and a misleading article run in an AARP publication. The number of calls declined in the third year (lower than the second year), and now, they are back up to normal.

Locations

The Customer Contact Center has two locations, one in Washington, D.C., and one in Dallas. Both centers operate from 8:00 a.m. to 8:00 p.m. on staggered shifts. The second location in Dallas is needed in case staff is unable to get to the Washington, D.C. location due to weather or other disruptive events. There are seven staff in Washington, D.C. and five in Dallas. The Dallas center can ramp up to 20 to 30 if they have a large bank closing. The two locations are run as a virtual Customer Contact Center, calls coming in go to the next available representative, regardless of location. The management structure is: FDIC oversight manager, contractor project manager, contractor supervisors (one in Washington, D.C., one in Dallas), and the IS.

Staffing

All FDIC Customer Contact Center representatives, called Information Specialists (IS) are contractors. Most are full-time. The turnover rate at the Customer Contact Center is low.

When the center first opened, NCS Pearson (a Customer Contact Center company) provided staff, and FDIC was not satisfied with the pricing arrangement (they were paying by the volume of calls). FDIC has had an interagency agreement with FedSource/Baltimore since 2002 to provide staff through one of its vendors (Kelly). The contractor is responsible for recruiting, and the challenge is finding quality people. Kelly screens the applicants and the Customer Contact Center manager interviews them by phone. The manager is looking for people who have previous Customer Contact Center experience, can think on their feet, and provide information in a logical, intelligible manner. The Customer Contact Center manager has had difficulty getting Kelly to properly screen candidates for IS positions (Kelly is in the business of providing short-term office support, not staffing long-term assignments).

Benefits and retention are the responsibility of the contractor. Kelly pays its staff \$15 to \$16 per hour and offers minimal benefits (401(K) or health insurance is offered, no sick leave, one week vacation, and no bonuses). FDIC pays FedSource \$25.50 per hour. Kelly employees have not had a pay raise in more than a year.

IS's get 45 minutes of auxiliary time a day, including 30 minutes for lunch and 15 minutes for breaks.

Performance evaluation criteria include: monthly average score of more than 90 percent on the customer satisfaction survey, 90 percent of calls answered in 30

seconds or less, 80 percent of all calls monitored must receive a score of 80 percent or more, abandoned call rate of five percent or less, callers may not be placed on hold for longer than 30 seconds, calls must be documented in the tracking system within one hour, publications must be in the mail by 4:30 p.m. the business day following the request, and recorded information must be updated within 24 hours.

The Customer Contact Center manager provided copies of the personnel qualifications the quality assurance review form used to evaluate employee performance.

Training

Training is done internally and takes six weeks. It includes two weeks of classroom training, two weeks of monitoring and shadowing, and two weeks on the phones with additional coaching as needed. All information specialists are trained to handle all types of questions. They have five separate queues for different types of calls: English, Spanish, Locator, TDD and Vendor.

Technology

An automated IVR menu routes calls to the Customer Contact Center and to other divisions within the FDIC. Menu choices to the Customer Contact Center trigger "whispers" identifying what kind of call is coming in.

All Customer Contact Centers have different tracing systems and they are not able to route calls between centers. E-mails are handled in another department. The Customer Contact Center uses only a very rudimentary program to match volumes to staffing. Fluctuations in workload are dealt with through use of overtime.

Technology applications include:

- ✓ Avaya Definity G3i ECS w/ACD module
- ✓ Integrated Service Digital Network (ISDN) Caller ID
- ✓ Windows NT
- ✓ Microsoft Outlook Email
- ✓ Microsoft Office Suite
- ✓ Microsoft Explorer Internet Browser
- ✓ Remedy Customer Relationship Management software
- ✓ CallMaster IV telephones with headsets
- ✓ Desktop PCs

The Customer Contact Center manager provided copies of various reports used to track calls on a daily and monthly basis.

Customer Satisfaction

Quality Control efforts include random recording and scoring by the oversight manager and contractor supervisory personnel. Customer satisfaction is measured through an automated customer satisfaction survey. Overall FDIC customer service standards are not yet in place, but they are being developed.

The Customer Contact Center manager provided copies of the customer satisfaction survey.

Issues

- ✓ Finding qualified people.
- ✓ Getting the rest of the organization to recognize the importance of the Customer Contact Center.
- ✓ Difficulty in making the two locations seem like one Customer Contact Center (the Customer Contact Center manager has to be more proactive in talking to the staff in Dallas).

SSA Customer Contact Center

- ✓ Call length is an average of 300 seconds. Most calls are general inquiries. IVR choices include address, access your account, and speak to a representative. The administration will automatically e-mail 10 types of publications. Other common call types include filing for retirement and change of address. The largest numbers of calls are requesting information about claims.
- ✓ Hours of operation of Customer Contact Center are 7:00 a.m. to 7:00 p.m.
- ✓ All employees are federal. They are hired at grade five and can move up to grades seven and eight, each with one year in grade. They do not have a tiered organizational structure. Customer Contact Centers are located all over the United States and linked by ACD's to function as a virtual Customer Contact Center. There are 30 to 41 Customer Contact Centers at any time with 4,060 employees taking 52 million calls per year. Calls are routed to the first available agent all over the country. They do not use part-timers at all.
- ✓ Each Customer Contact Center has a manager. Centers range in size from 15 to 600. Ratio of supervisors is 1:15.
- ✓ Representatives are required to have two years of college. They look for candidates who enjoy phone contact. They are screened twice. Agents receive eight weeks of training. Phone Pro training is used.

- ✓ They have no trouble hiring suitable employees. Turnover is low at about seven percent.
- ✓ Employees are rated on a pass/fail basis. They used to use number of calls per hour and quality. Terminations are largely based on conduct issues. In some locations, employees ask to see their performance metrics, and are provided them if they do. They are moving to a five tier rating system.
- ✓ E-mail and web contacts are handled elsewhere (not in the Customer Contact Centers).
- ✓ Representatives use an IT system called CHIPS. The Customer Contact Center does not have CTI. They have an Enterprise system but not CRM. They do not have screen pops. Representatives type in the inquiry and the system tells the rep what they can handle and what they can't (on the phone). The Customer Contact Center closed 99 percent of calls. A very small percentage is transferred to a claims representative. Adjustments are handled on the phone with a follow up call from the payment center.
- ✓ Length of call is five minutes because people ask multiple questions.
- ✓ Representatives receive three hours of uptraining a month.
- ✓ All representatives take all types of calls, except for the Spanish queue. Social Security has a contract with an outside translation service.
- ✓ There are nine ACD's in operation at all times. The central operations desk monitors all national operations. Technical claims staff are used to handle spikes
- ✓ Social Security will not reveal its occupancy or abandon rates.
- ✓ Speed of answer averaged 231 seconds last year. Goal is 240.
- ✓ An office of Quality Assurance monitors calls and reports on quality.
- ✓ Cost per call was good compared to the private sector, but SSA will not reveal it.
- ✓ SSA does not use the web to deal with benefits questions, since they do not think it is secure enough.

Internal Benchmarking: Operational Best Practices

Our visits to the 11 FBAs showed there was a lot of consistency among the Corporation's contractors. The FBAs indicated there was little opportunity for networking with each other and in some cases, there was a reluctance to share best practices due to perceptions of competitiveness. Furthermore, some of the FBAs indicated the Corporation did not seem interested in their input for improving processes. Nonetheless, we identified a few best practices developed by the FBAs:

Letter Tracking

All 11 FBAs, apparently independently of one another, developed an Excel spreadsheet for tracking participant letters and responses. This tracking system is needed to help the FBAs meet legal requirements for participant correspondence. The letter tracking systems typically include the participant's name and the dates each letter was sent. Since all of the FBAs have a system in place, there is little information that can be shared at this point.

Flow Charting

One FBA has developed a flow chart including internal (FBA) and external (PBGC) process contact points for two large plans. This flow chart was used to simplify and clarify the communications process, which is not necessarily reflected in the IOD manual. This type of tool may be useful for other FBAs.

Building Participant Databases

In the absence of written procedures from PBGC for building participant databases (using the database template provided by the Corporation), one FBA developed the following guidelines:

1. Read plan summary sheets to gain basic information including form of benefits and other calculation information pertinent to the specific plan.
2. Go through DC tools and verify each field is pertinent to the plan. If there are fields that are inappropriate, contact Buck Consultants (actuarial firm) to make changes. DBA estimates 20 percent of templates require changes.
3. NOTE: The process to complete edits would usually be completed in 24 hours.
4. Perform data entry from data research worksheet to DC tools. In the future, DBA is planning to build the database in MS Access.
5. After 10 percent of data is entered, TDP auditors perform a review of the data to ensure accuracy. The partial database is sent to the TPD auditor who then reviews and provides feedback within two weeks.
6. Once the database is complete, perform analysis to ensure that the right people are loaded in DC tools. Send data to ADP group for them to do comparison from PRISM to DC Tools. ADP group will run the PRISM

report and compare it against DC tools. Make sure that DC tools matches PRISM.

7. Research any discrepancies, using the **data research worksheet** to manage process and record data found. When researchers sit at IPS, they fill in the fields of the worksheet. Check registers are key to resolving discrepancies. The worksheets are then used to verify data and check accuracy.
8. The FBA recommended that PBGC should provide written procedures on how to build participant databases that could be used across all FBAs.

Concept Paper – Pilot New Operational Model

The current FBA concept involves contracting out the benefits estimation and plan administration work using PBGC systems, facilities, and staff definitions. This model is inflexible and does not allow for approaches other than those prescribed by the Corporation, therefore limiting competition. (One DB outsourcing service provider indicated they did not respond to a recent procurement solicitation for this reason).

As an alternative, we developed this concept paper for piloting a new FBA operational model that provides for the complete outsourcing of services, systems, facilities, and staffing. We envision the Corporation running a three to five year pilot program for the alternative model, while leaving the current FBA infrastructure in place. The pilot program would involve roughly 10,000 to 50,000 participants from multiple plans. During the project term, PBGC would compare customer satisfaction ratings, accuracy, timeliness, and costs of the two models and determine which model best meets its future needs. This concept paper includes our recommendations for the following:

- ✓ Target Population for Initial Program Implementation
- ✓ Target Number of Plans for Initial Program Implementation
- ✓ Initial Program Implementation Timeframe
- ✓ Additional Plan(s) Implementation Timeframe
- ✓ Project Term
- ✓ Required Interfaces
- ✓ Plan State
- ✓ Customer Service Location
- ✓ Areas of Comparison
- ✓ Delivery Model
- ✓ Initial Program Implementation Costs
- ✓ Additional Plan(s) Implementation Costs
- ✓ Ongoing Plan Administration Costs

For purposes of this paper, we are defining certain terms as follows:

1. **Initial Program** – the initial program is defined as the first program to be established for a defined subset of PBGC population and plan(s) to be

serviced under the integrated service model defined in this paper.

2. **Plan** – plan is defined as a single pension plan in default that is serviced and/or managed by PBGC today or will be serviced and/or managed by PBGC at some point in the future.
3. **Additional Plan(s)** – additional plans are defined as any plan or plans subsequently added to the initial program after the initial program has been established.

Program Component	Range	Comment
Target Population for Initial Program Implementation	10,000-50,000 participants	We recommend that roughly 15,000 participants be included in the Initial Program. Such a subset of PBGC participants will establish a solid baseline from which to measure performance results, and create the economies of scale necessary for PBGC to realize optimal value.
Target Number of Plans for Initial Program Implementation	8-12 plans	We recommend that approximately 10 plans be included in the Initial Program. Such a subset of PBGC plans will facilitate access to a reasonable and indicative cross-section of plan designs. In addition, such a population of plans will help minimize the potential initial complexity and create the economies of scale necessary for PBGC to realize optimal value.
Initial Program Implementation Timeframe	6-12 months	The range of the implementation timeframe for the Initial Implementation is a function of a number of factors including, but not limited to, the number of plans, the complexity of the plans, and the state of the data.
Additional Plan(s) Implementation Timeframe	2-12 months	<p>Once the Initial Program is established via the Initial Program Implementation phase, and the reference program is in an ongoing mode, it is our expectation that the addition of any subsequent plan(s) should be significantly faster and more efficient.</p> <p>The range of the implementation timeframe for Additional Plan(s) is a function of a number of factors including, but not limited to, the number of plans to be added, the complexity of the plans, and the state of the data.</p>

Program Component	Range	Comment
Project Term	Initial term of three years with two one-year options	In order to facilitate a proper implementation, roll out, and transition to ongoing service mode, we are recommending a minimum of three-years for the initial phase.
Required Interfaces	State Street for Pension Payroll PBGC Operating System	Based on initial discussions, we understand there will be two key interfaces required within the framework of this program (recognizing the existence of multiple interfaces with differing PBGC systems). These interfaces are included in the Initial Program Implementation Fee. Additional interfaces can be created as needed, and, depending on scope and complexity, may generate additional fees.
Plan State	Frozen	Based on the nature of PBGC business model, and the framework by which PBGC acquires plans to serve, it is our understanding that the pension plans under the PBGC umbrella are "frozen."
Customer Service Location	United States	Based on the nature of the PBGC business model and the fact that PBGC is a Federal agency, it is anticipated that all services, including customer service, will be performed in the United States. However, it is not a requirement that the customer service center be located at a PBGC facility.
Areas of Comparison	Customer Service; Accuracy; Timeliness; and Cost.	Customer service, accuracy, timeliness, and cost will serve as the basis for comparing the current FBA model with the new model. Specific measures for each area of comparison will be developed by PBGC as the pilot develops.

Program Component	Range	Comment
Delivery Model	The scope of services to be provided is included in a "fully outsourced" delivery model.	This delivery model will be more clearly defined during initial joint due diligence reviews, and will include the three main categories of technology, plan administration and customer service.

Customer Contact Center Support

Employee Training and Performance Management

New employees are put through a two and a half to three week on-site training program, run by the Quality Assurance staff at the Customer Contact Center. The training focuses on how to use the systems and the products, not on call control.

Employees work in three shifts. The full-time shift is 8:00 a.m. to 5:00 p.m. Part-timers work either four or five-hour shifts. The Customer Contact Center "hot seats" representatives - the same workstation is used by employees on different shifts. This is an economy measure to minimize facility and IT costs.

The Customer Contact Center is organized into five teams, each having a Team Leader. The center has five separate queues for incoming calls: service, Spanish, address (two queues), LTV and National, and one for Bethlehem. Representatives used to be assigned to one queue, but during early 2004, representatives (other than those in the Spanish queue) have been assigned to multiple queues. This was an excellent move that should translate into greater productivity.

The Quality Assurance staff monitors and sends feedback on representatives' performance to the team leaders, who in turn coach the representatives. The Quality Assurance staff also has responsibility for training new representatives and conducting "up training" for representatives. The on-site manager notes that monitoring is not performed as much as it should be (a common condition in Call Centers). In addition to monitoring, quality of service is ascertained through a mystery call company, which places anonymous calls to the Customer Contact Center and evaluates the service received (this information is also fed back to the representatives by the team leaders when warranted).

Employees are evaluated and coached based on their individual statistics on quality, schedule adherence, availability, and handle time (call length). Ratings in each category range from one (unacceptable) to seven (outstanding or excellent). For example, a representative who adhered to his or her schedule more than 90 percent of the time would receive a rating of seven in that category. There are less stringent standards in place for new hires. These performance standards have recently been put into place.

CCN tracks the disposition of calls by type. It also provides reports on outstanding actions that enable the processing units to follow up on responses (and enables management to track processing units' responsiveness). There has been some dissatisfaction with the limitations of the disposition codes available on CCN. Presumably, this will be rectified in the further development of CRM.

A daily and monthly report on Responsiveness to Participants is prepared. This report includes the number of calls answered on first call, speed of answer, average days to first action, and responses that are still open from the previous business day. This report ties into the Corporation's strategic goals on customer service.

Summary Estimated Cost Analysis

The Customer Contact Center does not calculate the cost per call, and because the FBAs are in a non-Call Center environment, they do not have the capability to calculate a cost per call. The evaluation team, using total fixed costs provided by the Contact Center, administrative costs provided by the Budget Office, our calculation of FBA costs, and the total number of calls answered, have calculated a estimated cost per call for the Contact Center, for the FBAs, and a weighted aggregate overall.

ESTIMATED CUSTOMER CONTACT CENTER AND FBA PER CALL COST				
	TOTAL CALLS ANSWERED AT CALL CENTER(a)	RESOLVED AT THE CALL CENTER (45 percent)	RESOLVED AT FBA (55 percent)	Total Cost*
Total Fixed costs	\$3,887,869	\$1,749,541	\$1,863,954	\$5,751,823(b)(c)
Total Calls	605,015	272,257	316,120	605,015
Average Cost	\$ 6.43	\$ 6.43	\$ 5.90	\$ 9.51
(a)	Data obtained from Call Center Managers			
(b)	Assumes 5 percent of time spent on calls with each staff member handling two calls per day or approximately 10.5 minutes per call			
(c)	Per FBA Financial Cost data			
*	This cost is a weight average taking into account that of the total calls received by the Call Center, 55 percent are transferred out of the call center, 5 percent of those transferred are handled by the TPDs. We have not captured the TPD cost in this analysis.			

Discussion of Call Center Options

There are several options that can be considered that could result in improvement of first call resolution, enhance operations, and potentially reduce costs. These relate to staffing, structure, workflow and location of the contact center.

Staffing Options

Federalize by Replacing Contractor Positions with FTE

The first question is whether the contact center should continue to be operated as an outsourced function, or brought "in house" and staffed by federal employees. Bringing the contact center in-house and staffing it with federal employees could provide management with more direct control over the operation. Federal employees would also be likely to turn over at a reduced rate. (The contact center currently experiences a turnover rate of almost 30%, with attendant high training costs.) The downside to staffing with federal employees is that civil service rules and the bargaining unit agreement present challenges in hiring and managing and limit flexibility in assigning staff.

In a contact center environment, it is important to retain flexibility in hiring and managing. If an employee does not have a positive attitude or performance record and does not respond to coaching, management needs to be able to make changes quickly in order to retain high customer satisfaction.

In addition, bringing the contact center in house would mean bringing all of the administrative functions in house that are currently performed by a contractor. These include developing and executing a plan to attract new candidates, and screening and checking references on these candidates. Although this work could presumably be performed by the contact center management in coordination with the corporation's human resources staff, it represents a substantial workload that is currently not placed on the contact center. It is also the type of work that contact center management may not have specialized expertise in performing. A failure to do this work well can result in a lower quality pool of candidates.

A previous financial analysis contained in the IOD Call Center Task Force report in 2001, which used modest assumptions as to the GS level of federal employees that would be utilized, concluded that this scenario provides no cost savings over the current arrangement. For these reasons, a change to federal employees was not recommended in that report and is not recommended now.

Structure and Workflow Options

This section will explore structural and workflow options for enhancing customer

service and efficiency at the contact center.

It is important to bear in mind that the current contract for staffing the contact center is a staffing contract, not a solutions provider contract. Many of the options explored here would require use of different contract vehicles. If the corporation decides to go with one (or a combination) of the outsourcing options described, an appropriate contract vehicle needs to be utilized - one that places responsibility on the contractor for meeting operational performance goals, as opposed to merely providing staffing.

Leave the Contact Center Structure "As Is"

The existing structure is de facto a two tier system that transfers more than half of participant calls to the FBAs and TPDs where calls are handled in a non-call center environment. Currently there is no way to measure call length at the FBAs and TPDs, thus there is no practical way to control call handling times. Contractors are not incented to reduce call times under labor/ hour contracts.

Beyond this, there is a significant expense involved in transferring such a large proportion of the calls - the time it takes for the representative to call the receptionist at the FBA or contact staff or leave a message for the TPD, wait for a staffer to pick up, explain the nature of the call being transferred and "introduce" the staffer to the caller.

Another issue with the status quo is the contractual arrangement between the corporation and Randstad. Under the current contractual arrangement, Randstad only supplies manpower - for supervisory, administrative and phone answering functions in the contact center. It does not operate under a service level agreement.

Leave the Contact Center "As Is," but Send Calls Directly to FBAs/TPDs

If a decision is made to continue to have the processing units resolve most participant calls, it would be preferable from a customer service point of view to send most of those calls directly to the processing units. Doing so could create a "virtual" call center. This could be done by having participants input their social security number via the telephone keypad and having the computer transfer the call to the correct FBA or TPD. It could also be done by assigning participants a code in their welcome package. This would be input by the participant on their keypad when they called in, and enable the computer to connect them directly with the right processing unit for their plan. Another alternative is to use Interactive Voice Response (IVR) and have the participant say the name of their plan. The spoken name of the plan could be used to connect them to the right processing unit.

This option is feasible technologically. However, it would continue to send a large percentage of calls into a non-call center environment where call handling cannot be easily controlled. In addition, there is the risk of not providing consistent service across processing centers.

Relocate Current Contact Center

A third option is to move the call center as currently structured or with some restructuring, to another geographic location, such as a part of the United States with lower labor costs. Since the largest part of the cost of a call center is labor costs, this could result in lower overall costs for the contact center. The IOD Call Center Task Force considered this option in 2001 and concluded that at that time, this could result in \$250,000 in annual savings after initial set up costs of about \$1.3 million. (The report writers noted that assumptions as to labor rates were highly speculative, and that without specifying location, it would be difficult to pin down the actual likely savings.)

The advantages would be that space in the northern Virginia location would be freed up for other activities, it could prove a lot easier and less expensive to hire and retain contact center staff in a location other than the competitive D.C. metropolitan area, and that space costs at the new location would likely be lower.

One of the disadvantages is set-up costs, which the 2001 Task Force report estimated would take 5 years to recoup. In addition, running the contact center optimally would require professional call center management. These two considerations raise the question of why it would not be easier (and less expensive) to outsource to an existing successful professionally managed center, as opposed to building a new one from the ground up.

Another concern is that since the entire contact center operation would be geographically remote from corporate headquarters, it would become something of an "orphan" - out of sight, and out of mind. However, the contact center is of such critical importance to the corporation that it is likely to stay in the limelight, wherever it is located.

Create Three Tiers

As discussed above, under the current workflow the contact center operates as a first tier and the processing units function as a second tier.

An alternative is a three tier structure. The first tier would handle the more straightforward transactions and inquiries currently handled by the contact center. The second tier would be staffed by more experienced, higher level representatives, who would be competent to handle almost all entitlement questions after plan valuation. These representatives would have plan valuation

information available to them, and would be trained to provide answers to most "Am I entitled?" or participant benefit calculation inquiries. Calls would for the most part be directly routed into the second tier through the IVR and/or intelligent call routing (ICR).

A small third tier of higher level federal staff would "troubleshoot" and handle very difficult questions. Calls that could not be handled by the second tier would be transferred into the third tier (or the second tier representative would take down the information and have the third tier return the call.) The third tier would contact the FBA's and TPD's, when necessary, and respond back to the caller directly.

The advantages of this approach are first, potentially decreasing the need to transfer such a high proportion of calls to the processing units. Most incoming calls would be directly routed to a first or second tier representative at the contact center who would be able to resolve the call. This would provide better customer service, since there would not need to be a transfer. It would also reduce to a large extent the costs involved in call transfers (such as repetition of the caller's conversation and introductions to the POC). Having the first two tiers operate within a contact center environment means that emphasis could be placed on monitoring and coaching to enhance call control and quality, enabling continuous improvement.

This approach would also provide a potential career path for representatives. They could move up to the second tier, and potentially even the third. Having a career path in place usually improves morale and reduces turnover. Representatives could move toward qualifying for the second tier gradually, by passing tests on educational modules. Passage of each module could result in a small pay "bonus."

In addition, tier two representatives would be available to handle tier one volume in peak situations.

Tier three would be a small unit and could easily be located in Washington, even if the contact center is outsourced to another location. Tier three staff do not necessarily need to be dedicated to call taking only. Tier three would be tied technologically with the other two tiers. All three could operate as one "virtual" call center, wherever the tiers were located. Call distribution, tracking and reporting would be integrated.

Other advantages of this approach include freeing up the processing units to focus on getting benefit determinations out faster, and greater consistency in service.

The downside of this option is that it is not as efficient and economical as having most representatives able to handle most call types. With the right technology and right level of employee in place, it may eventually be possible for one

representative to handle most call types to resolution. Eliminating the tiers allows for greater productivity, since the next incoming call could go to any representative.

Location of the Contact Center

Strategic Outsourcing

An option is to outsource the center either to a large call center vendor or to a vendor specializing in defined benefits or similar specialty area, that operates a call center. Under this scenario, the corporation would contract with a specialized firm to provide the first tier services currently provided by the contact center for a fee (based on number of calls handled or some other metric). Gradually, second tier calls could be migrated to the outsourcer as better on-line valuation resources such as Ariel become available.

The advantage of this approach would be greater efficiency and consistency. The representatives handling the calls might in the interim be segmented by plan or groups of plans, with lower level representatives handling simpler plans and questions, and higher level representatives handling more complex plans and questions.

This approach could eventually eliminate the need for most call transfers. Greater efficiency would potentially result from economies of scale, and professional call center management, technology, and techniques (including staffing to volumes). Cost should be lower due to greater efficiency and lower labor costs in the parts of the country in which these centers are usually located. In addition, they often employ higher level representatives and utilize technology that could enable more of PBGC's calls to be handled to resolution at the first point of contact.

This approach would also help in handling workload fluctuations, since additional trained staff is on hand at these call centers who could jump in to handle calls at peaks. A likely decrease in turnover and attendant expense might also result from higher availability of suitable candidates in other parts of the country. Also, outsourcing could make it feasible for the corporation to offer extended service hours and could serve as back-up for the corporation in the event of a disaster.

A concern in moving the contact center away from the D.C. metropolitan area is that the corporation would have less direct control over how the calls are answered. This concern could be mitigated by using a performance-based contracting approach, which rewards the contractor for maintaining high accuracy and overall customer satisfaction and may contain incentives for exceeding goals. In addition, the corporation could establish remote monitoring capability, enabling it to monitor quality and accuracy on a real-time basis. Beyond this, a federal employee could be located onsite, to function as a liaison between the corporation

and the contractor. The liaison would assure, among other things, that the latest information was passed along to the representatives taking the corporation's calls. The liaison would also function as the corporation's "eyes and ears" and bring to PBGC's attention any issues at the site and help to rectify them expeditiously.

The best type of call center to handle these calls would be one that handles similar types of calls. We have a list of companies that provide defined pension benefit services on an outsourced basis. Some of them provide "soup to nuts" plan administration. Others provide some plan administration services, but not all. The most appealing option would be to find an operating call center in the pension benefit sector (or a closely related sector), that is highly successful in handling this type of call in terms of customer service, productivity and cost. This type of call center will have suitable level employees who eventually may be capable (with the right technological support) of handling most calls to resolution.

The call center chosen should have the willingness and ability to grow with the corporation, e.g., it should have the expertise and system flexibility to integrate new CRM functionalities as they become available.

Potential disadvantages of this approach are that the corporation would be dependent on the contractor's performance and that the contractor could have leverage over the corporation from a price perspective.

The first concern could be mitigated by having the contractor provide real-time reporting on performance which is closely monitored by the corporation. This, combined, with contractor performance incentives, should put the corporation in a position to work with the contractor to correct any shortcomings expeditiously. The second concern could be minimized by building price increase constraints into the initial contract and starting negotiations on contract renewal early, so that any drastic price increases come to the corporation's attention in time for alternate sourcing to be considered.

On balance, this option is the most appealing option to meet the corporation's needs. One great advantage of this approach is that many commercial vendors continuously benchmark and improve their operations in innovative



Glossary of Key Terms

Acronym	Term
ACSI	American Customer Satisfaction Index
ALG	Automated Letter Generation System
BDL	Benefit Determination Letter
CCN	Customer Communication Network
CCRD	Contract Controls and Review Department
CFND	Corporate Finance and Negotiations Department
CMO	Chief Management Officer
COO	Chief Operating Officer
COPS	Communities of Practice
COTR	Contracting Officer's Technical Representative
CRM	Customer Relationship Management
DB	Defined Benefit
DOD	Department of Defense
FARS	Federal Acquisition Regulation System
FASD	Facilities and Services Department
FBA	Field Benefits Administrator
FEMA	Federal Emergency Management Agency
FTE	Full-Time Equivalent
GAO	General Accounting Office
GSA	General Services Administration
IOD	Insurance Operations Division
IT	Information Technology
OIG	Office of Inspector General
OIT	Office of Information Technology
OMB	Office of Management and Budget
PBGC	Pension Benefit Guaranty Corporation
PCIE	President's Council on Integrity and Efficiency
POA	Power of Attorney
MCU	Management Coordination Unit
RFP	Request for Proposal
TPD	Trusteeship Processing Division

