

FY 2010

CONGRESSIONAL BUDGET JUSTIFICATION

PENSION BENEFIT GUARANTY CORPORATION

PENSION BENEFIT GUARANTY CORPORATION

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PENSION BENEFIT GUARANTY CORPORATION

APPROPRIATION LANGUAGE

The Pension Benefit Guaranty Corporation ("Corporation") is authorized to make such expenditures, including financial assistance authorized by subtitle E of title IV of the Employee Retirement Income Security Act of 1974, within limits of funds and borrowing authority available to the Corporation, and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations, as provided by 31 U.S.C. 9104, as may be necessary in carrying out the program, including associated administrative expenses, through September 30, [2009] *2010*, for the Corporation: Provided, That none of the funds available to the Corporation for fiscal year 2010 shall be available for obligations for administrative expenses in excess of [\$444,722,000] *\$464,067,000*: Provided further, That to the extent that the number of new plan participants in plans terminated by the Corporation exceeds 100,000 in fiscal year [2009] *2010*, an amount not to exceed an additional \$9,200,000 shall be available *through September 30, 2011* for obligation for administrative expenses for every 20,000 additional terminated participants: Provided further, That an additional \$50,000 shall be made available *through September 30, 2011* for obligation for investment management fees for every \$25,000,000 in assets received by the Corporation as a result of new plan terminations or asset growth, after approval by the Office of Management and Budget and notification of the Committees on Appropriations of the House of Representatives and the Senate: Provided further, That obligations in excess of the amounts provided in this paragraph may be incurred for unforeseen and extraordinary pre-termination expenses after approval by the Office of Management and Budget and notification of the Committees on Appropriations of the House of Representatives and the Senate.

[Department of Labor Appropriations Act, 2009.]

PENSION BENEFIT GUARANTY CORPORATION

EXPLANATION OF LANGUAGE CHANGE

The suggested language provides PBGC more flexibility to address unforeseen challenges that may span multiple fiscal years by adding the phrase, “until September 30, 2011” where appropriate. One of the “trigger” language provisions provides additional funds for every 20,000 new participants over 100,000. The second provides additional funds for Investment Management Fees for every additional \$25 million of asset growth or new assets in the PBGC trust fund from assuming responsibility for terminated trust funds. In most cases these amounts will be reached late in the fiscal year. As such, PBGC may have difficulty effectively allocating funds provided in single year appropriation prior to the end of the fiscal year but still need access to the trigger funds to serve its clients in the next fiscal year for work that will be ongoing.

PENSION BENEFIT GUARANTY CORPORATION

ANALYSIS OF APPROPRIATION LANGUAGE

Proposed Language	Explanation
“an amount not to exceed an additional \$9,200,000 shall be available <i>through September 30, 2011</i> for obligations for administrative expenses for every 20,000 additional terminated participants”	Inserts the phrase, “through September 30, 2011”, that would allow PBGC the ability to continue funding administrative expenses for the termination of pension plans through the end of FY 2011.
“That an additional \$50,000 shall be made available <i>through September 30, 2011</i> for obligations for investment management fees for every \$25,000,000 received by the Corporation as a result of new plan terminations or asset growth”	Inserts the phrase, “through September 30, 2011”, that would allow PBGC the ability to continue funding investment management fees that increase as a result of asset growth or new assets through the end of FY 2011.

PENSION BENEFIT GUARANTY CORPORATION

AMOUNTS AVAILABLE FOR OBLIGATION								
(Dollars in Thousands)								
	FY 2008 Enacted		FY 2009 Enacted		Recovery Act		FY 2010 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	0	0	0	0	0	0	0	0
Program Activities	0	0	0	0	0	0	0	0
Single-Employer Program Benefit Payments	0	4,500,000	0	4,722,000	0	0	0	5,823,000
Multiemployer Program Financial Assistance	0	106,000	0	97,000	0	0	0	101,000
Administrative Activities	0	0	0	0	0	0	0	0
Pension Insurance Operations	208	68,285	216	70,590	0	0	216	86,412
Pension Plan Termination	330	214,557	340	232,337	0	0	340	234,005
Operational Support	319	128,309	372	141,795	0	0	375	143,650
Total Appropriation Excluding Accruals	857	5,017,151	928	5,263,722	0	0	931	6,388,067
Offsetting Collections From:	0	0	0	0	0	0	0	0
Interest on Federal Securities	0	691,000	0	976,000	0	0	0	1,000,000
Premium Receipts	0	1,369,000	0	1,527,000	0	0	0	1,721,000
Benefit Payment Reimbursements	0	1,760,000	0	2,644,000	0	0	0	3,307,000
Subtotal, Offsetting Collections From	0	3,820,000	0	5,147,000	0	0	0	6,028,000
Administrative Expenses	0	411,151	0	444,722	0	0	0	464,067
Unobligated Balances Carried Forward, Start of Year	0	0	0	0	0	0	0	0
EFAST2 Expense to EBSA	0	0	0	0	0	0	0	0
Subtotal, Administrative Expenses	0	411,151	0	444,722	0	0	0	464,067
B. Gross Budget Authority	857	9,248,302	928	10,855,444	0	0	931	12,880,134
Offsetting Collections To:	0	0	0	0	0	0	0	0
Interest on Federal Securities	0	-691,000	0	-976,000	0	0	0	-1,000,000
Premium Receipts	0	-1,369,000	0	-1,527,000	0	0	0	-1,721,000
Benefits Payment Reimbursements	0	-1,760,000	0	-2,644,000	0	0	0	-3,307,000
Administrative Expenses	0	-411,151	0	-444,722	0	0	0	-464,067
Subtotal, Offsetting Collections To	0	-4,231,151	0	-5,591,722	0	0	0	-6,492,067
C. Obligating Authority Before Committee	857	5,017,151	928	5,263,722	0	0	931	6,388,067
D. Total Budgetary Resource	857	5,017,151	928	5,263,722	0	0	931	6,388,067
Unobligated Balances Carried Forward, End of Year	0	0	0	0	0	0	0	0
Unobligated Balance Expiring	0	0	0	0	0	0	0	0
E. Total, Estimated Obligations	857	5,017,151	928	5,263,722	0	0	931	6,388,067

PENSION BENEFIT GUARANTY CORPORATION

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2009 Enacted	FY 2010 Request	Net Change
Obligational Authority			
Program	4,819,000	5,924,000	+1,105,000
Administrative	444,722	464,067	+19,345
Total	5,263,722	6,388,067	+1,124,345
Full Time Equivalents			
Program	0	0	0
Administrative	928	931	+3
Total	928	931	+3

Explanation of Change	FY 2009 Base		FY 2010 Change				Total	
			Administrative Activities		Program Activities			
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	928	100,020	0	1,738	0	0	0	1,738
Personnel benefits	0	25,048	0	424	0	0	0	424
Travel	0	1	0	10	0	0	0	10
Transportation of things	0	1,808	0	0	0	0	0	0
All Other Rental	0	27,798	0	148	0	0	0	148
Communications, utilities & miscellaneous charges	0	5,899	0	31	0	0	0	31
Printing and reproduction	0	495	0	3	0	0	0	3
Advisory and assistance services	0	72,661	0	387	0	0	0	387
Other services	0	198,067	0	1,038	0	0	0	1,038
Purchase of goods and services from other Government accounts	0	1,488	0	5	0	0	0	5
Supplies and materials	0	2,758	0	15	0	0	0	15
Equipment	0	8,679	0	46	0	0	0	46
Built-Ins Subtotal	928	444,722	0	3,845	0	0	0	3,845
B. Program:								
Benefit Payments	0	4,722	0	0	0	1,101,000	0	1,101,000
Financial Assistance	0	97,000	0	0	0	4,000	0	4,000
Office of the Inspector General Request	21	5,191	3	500	0	0	3	500
Protecting Pensions Threatened by the Global Economic Crisis	0	15,000	0	15,000	0	0	0	15,000
Programs Subtotal	0	0	+3	+15,500	0	+1,105,000	+3	+1,120,500
C. Financing:								
Total Increase	+928	+444,722	+3	+19,345	0	+1,105,000	+3	+1,124,345
Decreases:								

PENSION BENEFIT GUARANTY CORPORATION

Explanation of Change	FY 2009 Base		FY 2010 Change				Total	
			Administrative Activities		Program Activities			
A. Built-Ins: To Provide For:								
B. Program:								
C. Financing:								
Total Change	+928	+444,722	+3	+19,345	0	+1,105,000	+3	+1,124,345

PENSION BENEFIT GUARANTY CORPORATION

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY

(Dollars in Thousands)

	FY 2008 Enacted		FY 2009 Enacted		Recovery Act		FY 2010 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Pension Insurance	208	68,285	216	70,590	0	0	216	86,412
Administrative	208	68,285	216	70,590	0	0	216	86,412
Pension Plan Termination and Benefits Administration	330	214,557	340	232,337	0	0	340	234,005
Administrative	330	214,557	340	232,337	0	0	340	234,005
Operational Support	319	128,309	372	141,795	0	0	375	143,650
Administrative	319	128,309	372	141,795	0	0	375	143,650
Single Employer Program Benefit Payments	0	4,500,000	0	4,722,000	0	0	0	5,823,000
Program	0	4,500,000	0	4,722,000	0	0	0	5,823,000
Multi-Employer Program Financial Assistance	0	106,000	0	97,000	0	0	0	101,000
Program	0	106,000	0	97,000	0	0	0	101,000
Total	857	5,017,151	928	5,263,722	0	0	931	6,388,067
Program	0	4,606,000	0	4,819,000	0	0	0	5,924,000
Administrative	857	411,151	928	444,722	0	0	931	464,067

NOTE: FY 2008 reflects actual FTE.

PENSION BENEFIT GUARANTY CORPORATION

BUDGET AUTHORITY BY OBJECT CLASS						
(Dollars in Thousands)						
		FY 2008 Enacted	FY 2009 Enacted	Recovery Act	FY 2010 Request	Change FY 10 Req. / FY 09 Enacted
	Full-Time Equivalent					
	Total Number of Full-Time Permanent Positions	900	965		968	3
	Full-time Permanent	827	898		901	3
	Other	30	30		30	0
	Average ES Salary	155,400	162,900		166,158	3258
	Average GM/GS Grade	12.1	12.1		12.1	0
	Average GM/GS Salary	89,260	93,527		95,397	1870.5
11.1	Full-time permanent	79,272	95,862	0	97,896	2034
11.3	Other than full-time permanent	1,700	1,550	0	1,564	14
11.5	Other personnel compensation	2,229	2,608	0	2,659	51
11.9	Total personnel compensation	83,201	100,020	0	102,119	2099
12.1	Civilian personnel benefits	21,445	25,048	0	25,472	424
13.0	Benefits for former personnel	113	0	0	0	0
21.0	Travel and transportation of persons	1,539	1,808	0	1,818	10
22.0	Transportation of things	0	1	0	1	0
23.2	Rental payments to others	22,803	27,798	0	27,946	148
23.3	Communications, utilities, and miscellaneous charges	4,769	5,899	0	5,930	31
24.0	Printing and reproduction	325	495	0	498	3
25.1	Advisory and assistance services	47,573	72,661	0	73,048	387
25.2	Other services	215,936	198,067	0	214,244	16177
25.3	Other purchases of goods and services from Government accounts 1/	1,858	1,488	0	1,493	5
26.0	Supplies and materials	2,655	2,758	0	2,773	15
31.0	Equipment	8,934	8,679	0	8,725	46
33.0	Investments and Loans	106,000	97,000	0	101,000	4000
42.0	Insurance claims and indemnities	4,500,000	4,722,000	0	5,823,000	1101000
	Total	5,017,151	5,263,722	0	6,388,067	1,124,345
	1/Other Purchases of Goods and Services From Government Accounts					
	Services by Other Government Departments	1,858	1,488	0	1,493	5

NOTE: FY 2008 reflects actual FTE.

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BUDGET AUTHORITY BY STRATEGIC GOAL

(Dollars in Thousands)

	Strategic Goal 1: A Prepared Workforce	DOL Strategic Goal 2: A Competitive Workforce	DOL Strategic Goal 3: Safe and Secure Workplaces	DOL Strategic Goal 4: Strengthened Economic Protections	SGTotal
Performance Goal: 1					
Pension Insurance	0	0	0	86,412	86,412
Performance Goal: 2					
Pension Plan Termination and Benefits Administration	0	0	0	234,005	234,005
Performance Goal: 3					
Operational Support	0	0	0	143,650	143,650
Performance Goal: 4					
Single Employer Program Benefit Payments	0	0	0	5,823,000	5,823,000
Multi-Employer Program Financial Assistance	0	0	0	101,000	101,000
Agency Total	0	0	0	6,388,067	6,388,067

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TOTAL BUDGETARY RESOURCES													
FY 2008 - 2010													
(Dollars in Thousands)													
	FY 2008 Enacted				FY 2009 Enacted				Recovery Act	FY 2010 Request			
	Activity Approp.	Other Approp. ^{1/}	Other Resrcs. ^{2/}	Total	Activity Approp.	Other Approp. ^{1/}	Other Resrcs. ^{2/}	Total		Activity Approp.	Other Approp. ^{1/}	Other Resrcs. ^{2/}	Total
Pension Benefit Guaranty Corporation	5,017,151	0	0	5,017,151	5,263,722	0	0	5,263,722	0	6,388,067	0	0	6,388,067
Pension Insurance	68,285	0	0	68,285	70,590	0	0	70,590	0	86,412	0	0	86,412
Pension Plan Termination and Benefits Administration	214,557	0	0	214,557	232,337	0	0	232,337	0	234,005	0	0	234,005
Operational Support	128,309	0	0	128,309	141,795	0	0	141,795	0	143,650	0	0	143,650
Single Employer Program Benefit Payments	4,500,000	0	0	4,500,000	4,722,000	0	0	4,722,000	0	5,823,000	0	0	5,823,000
Multi-Employer Program Financial Assistance	106,000	0	0	106,000	97,000	0	0	97,000	0	101,000	0	0	101,000
Total	5,017,151	0	0	5,017,151	5,263,722	0	0	5,263,722	0	6,388,067	0	0	6,388,067

^{1/} "Other Appropriation" is comprised of resources appropriated elsewhere, but for which the benefits accrue toward the operation of the budget activities. (Mgmt Crosscut, Executive Direction, and IT Crosscut)

^{2/} "Other Resources" include funds that are available for a budget activity, but not appropriated such as, reimbursements and fees

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SUMMARY OF PERFORMANCE										
Performance Goals — Pension Benefit Guaranty Corporation										
Goal 1: Safeguard federal pension insurance system, Goal 2: Provide exceptional service to customers, Goal 3: Exercise effective and efficient stewardship.										
	PY 2005		PY 2006		PY 2007		PY 2008		PY 2009	PY 2010
	Goal Not Achieved		Goal Not Achieved		Goal Substantially Achieved					
Performance Indicator	Target	Result	Target	Result	Target	Result	Target	Result	Target	Target
Commit to eliminate PBGC's deficit and account for PBGC's expected losses, in order that workers and retirees can expect to receive qualified benefit payments from the PBGC for the defined benefit pension plans that the PBGC assumes							Conduct Analysis	Report drafted; final to be issued in 2009	Conduct Analysis	Conduct Analysis
Customer Satisfaction score for premium filers	72	68	Baseline	68	68	70	69	72	70	70
Customer Satisfaction score for responding to trustee plan participant callers	78	79	80	75	80	78	80	81	80	80
Customer Satisfaction score for retirees receiving benefits from PBGC	84	85	84	85	85	88	85	89	85	85
Average time (years) to issue benefit determinations					Baseline	3.0	3.0	3.3	3.0	4.0*

* Reflects a change in out year targets.

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SIGNIFICANT ITEMS IN APPROPRIATION COMMITTEES' REPORTS

There are no significant items for PBGC in the Report accompanying the FY 2009 Appropriations bill.

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AUTHORIZING STATUTES

Public Law / Act	Legislation	Statute No. / US Code	Volume No.	Page No.	Expiration Date
P.L. 93-406	Title IV of the Employee Retirement Income Security Act of 1974 (ERISA) (1976)	29 U.S.C.	1301, et seq.		Not Applicable
P.L. 96-364	Multiemployer Pension Plan Amendments Act of 1980 (September 26, 1980)	94 Stat.	1208		Not Applicable
P.L. 99-272	Single Employer Pension Plan Amendments Act of 1986 (SEPPA) (April 7, 1986)	100 Stat.	82		Not Applicable
P.L. 100-203	Pension Protection Act (PPA) (December 22, 1987)	101 Stat.	1330		Not Applicable
P.L. 103-465	Retirement Protection Act (December 24, 1994)	108 Stat.	4890		Not Applicable
P.L. 109-280	Pension Protection Act of 2006 (August 17, 2006)	120 Stat.	780		Not Applicable
P.L. 109-171	Deficit Reduction Act (DRA) of 2005 (February 8, 2006)	120 Stat.	182		Not Applicable

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APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2000	164,951	164,951	164,951	164,951	754
2001....1/	176,500	176,500	176,500	190,576	754
2002....2/	189,880	189,880	189,880	227,162	754
2003....3/	192,894	192,894	192,894	270,504	752
2004....4/	228,772	228,772	228,772	293,913	806
2005....5/	266,330	266,330	266,330	350,556	851
2006....6/	296,978	296,978	296,978	385,649	870
2007....7/	397,645	397,645	397,645	405,390	870
2008	411,151	411,151	411,151	411,151	870
2009....8/	444,722	0	444,722	444,722	928
2010	464,067	0	0	0	0

1/ FY 2001 reflects reapportionments for a total of \$14,076,000 due to unexpected increased workload.

2/ FY 2002 reflects reapportionments for a total of \$37,282,000 due to unexpected increased workload.

3/ FY 2003 reflects reapportionments for a total of \$77,610,000 due to unexpected increased workload.

4/ FY 2004 reflects reapportionments for a total of \$65,142,000 due to unexpected increased workload.

5/ FY 2005 reflects reapportionments for a total of \$84,226,000 due to unexpected increased workload.

6/ FY 2006 reflects reapportionments for a total of \$88,669,000 due to unexpected increased workload.

7/ FY 2007 reflects reapportionments for a total of \$7,746,000 due to unexpected increased workload.

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

PENSION BENEFIT GUARANTY CORPORATION

OVERVIEW

Introduction

The Pension Benefit Guaranty Corporation (PBGC or the Corporation) was created by the Employee Retirement Income Security Act of 1974 to encourage the continuation and maintenance of private-sector defined benefit pension plans, provide timely and uninterrupted payment of pension benefits, and keep pension insurance premiums at a minimum. Defined benefit pension plans promise to pay a specified monthly benefit at retirement, commonly based on salary and years on the job.

As of September 30, 2008, PBGC insures basic pension benefits of nearly 44 million American workers and retirees participating in 29,000 private-sector, defined benefit plans – providing benefit payments of about \$4.3 billion annually and management of more than \$63 billion in total assets. PBGC is responsible for administering two insurance programs – the single employer program and the multi-employer program.

In the *single-employer* program, PBGC pays benefits guaranteed by law for private sector, single employer defined-benefit pension plans when the plans close without enough assets to pay future benefits. Under the single-employer program, PBGC protects the pensions of some 33.8 million workers in 28,000 plans. PBGC pays monthly retirement benefits to about 640,000 retirees in 3,800 pension plans that ended without sufficient assets to pay promised benefits. Including those who have not yet retired and participants in multiemployer plans receiving financial assistance, PBGC is responsible for the current and future pensions of about 1,275,000 people.

Under the *multiemployer* program, PBGC protects the pension benefits of about 10.1 million people covered by 1,500 multiemployer plans. In this program, PBGC provides repayable loans to multiemployer plans (e.g., plans sponsored by several firms and a union) so that they can continue to pay benefits.

As of September 30, 2008, the single-employer and multiemployer programs reported deficits of \$10.7 billion and \$473 million respectively. Notwithstanding these deficits, the Corporation has sufficient liquidity to meet its obligations for a number of years; however, neither program, at present, has the resources to fully satisfy PBGC's long term obligations to plan participants. Title IV of the Employee Retirement Income Security Act (ERISA) of 1974, as amended, provides PBGC with permanent, indefinite spending authority. The Corporation is self-financing through insurance premiums paid by companies that sponsor defined benefits pension plans and by investment income and assets from terminated plans.

PBGC is headed by a Director who reports to a Board of Directors consisting of the Secretaries of Labor, Commerce and Treasury, with the Secretary of Labor as Chair.

The Corporation is aided by a seven-member Advisory Committee appointed by the President of the United States to represent the interests of labor, employers, and the general public. ERISA outlines several specific responsibilities for PBGC's Advisory Committee, including advising on

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policies and procedures for PBGC's investments, the trusteeship of terminated plans, and on other matters as determined by PBGC.

Currently, the economy is facing significant challenges which could have direct impact on PBGC's workload and infrastructure needs over the next two to five years. The Insurance Program Office (IPO), which contains the Corporation's early warning and risk management functions, is already facing the following effects of the current economic crisis:

- Several sponsors of large plans have filed for bankruptcy or come under other federal supervision or rehabilitation proceedings since September. Bankruptcies involving sponsors of PBGC-insured pension plan are up threefold over the same period in FY 2008 and are expected to continue to increase as corporate defaults skyrocket.
- Requests for analysis of the demographic composition and average age of potential new beneficiaries have increased 50% over last year, driven in part by the need for continuing auto industry pension funding projections, and the need to update estimates of pension under funding in several other financially troubled industries.
- IPO is managing a large and growing number of negotiations and settlements to gain protection for plans affected by corporate downsizing events.
- IPO expects large plan terminations to increase substantially as a result of the economic crisis, and in those cases, PBGC will pursue recoveries to mitigate losses.
- The volume and complexity of IPO's actuarial, financial, and legal work is increasing substantially (e.g., many new bankruptcies involve companies with global operations).

The Corporation's FY 2010 request is based on a current service budget that anticipates 100,000 new members and 110 new terminated plans. It also addresses workload impact on the Corporation's Insurance Program operations. It should also be noted that the requested appropriations language includes "triggers" that would authorize PBGC to obligate additional funds if necessary to meet unforeseen needs.

DOL Strategic Goal Contribution

PBGC has three goals that support the Secretary of Labor's Strategic Goal for Strengthened Economic Protections, and those are: 1) Safeguard the federal pension insurance system for the benefit of participants, plan sponsors, and other stakeholders; 2) Provide exceptional service to customers and stakeholders; and 3) Exercise effective and efficient stewardship of PBGC resources.

Cost Model

PBGC requests a total administrative operating budget of \$464,067,000, a net increase of \$19,345,000 over the FY 2009 estimate level. Included in this request are:

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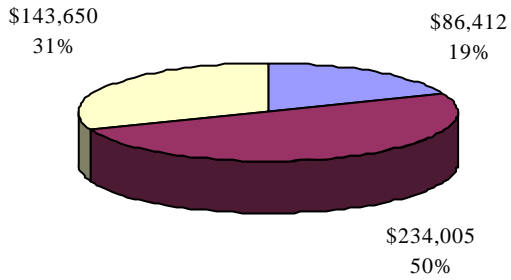
- Built-in increases totaling \$3,845,000;
- Program increases of \$15,000,000 to cover costs in PBGC's Pension Insurance activities; and
- \$500,000 for additional costs in the Office of Inspector General.

The FY 2010 administrative operating budget request is comprised of three activities:

- Pension Insurance (\$86,412,000 and 216 FTE) includes such functions as the collection and investment of premiums; monitoring, negotiating and litigating protections for participants in endangered plans; prosecuting claims recoveries in terminated plans; and assisting plan practitioners in their dealings with the Corporation.
- Pension Plan Termination and Benefits Administration (\$234,005,000 and 340 FTE) includes the work necessary to fulfill PBGC's responsibilities toward the participants in trusteed plans, including determining and paying the benefits and providing related services (\$160,957,000); and trust fund investment management fees (\$73,048,000).
- Operational Support (\$143,650,000 and 375 FTE) includes the vast range of activities necessary to keep the Corporation working, including facilities, information technology, and other administrative services such as accounting, budget, strategic planning and human resources management.

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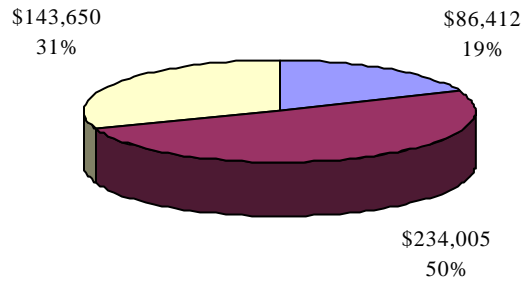
FY 2010 Budget Request by Budget Activity
Total PBGC Budget Request \$464,067,000
 (Dollars in Thousands)



- Pension Insurance
- Pension Plan Termination and Benefits Administration*
- Operational Support

* Includes \$73,048,000 for investment management fees

FY 2010 Budget Request by Strategic Goal
Total PBGC Budget Request \$464,067,000
 (Dollars in Thousands)

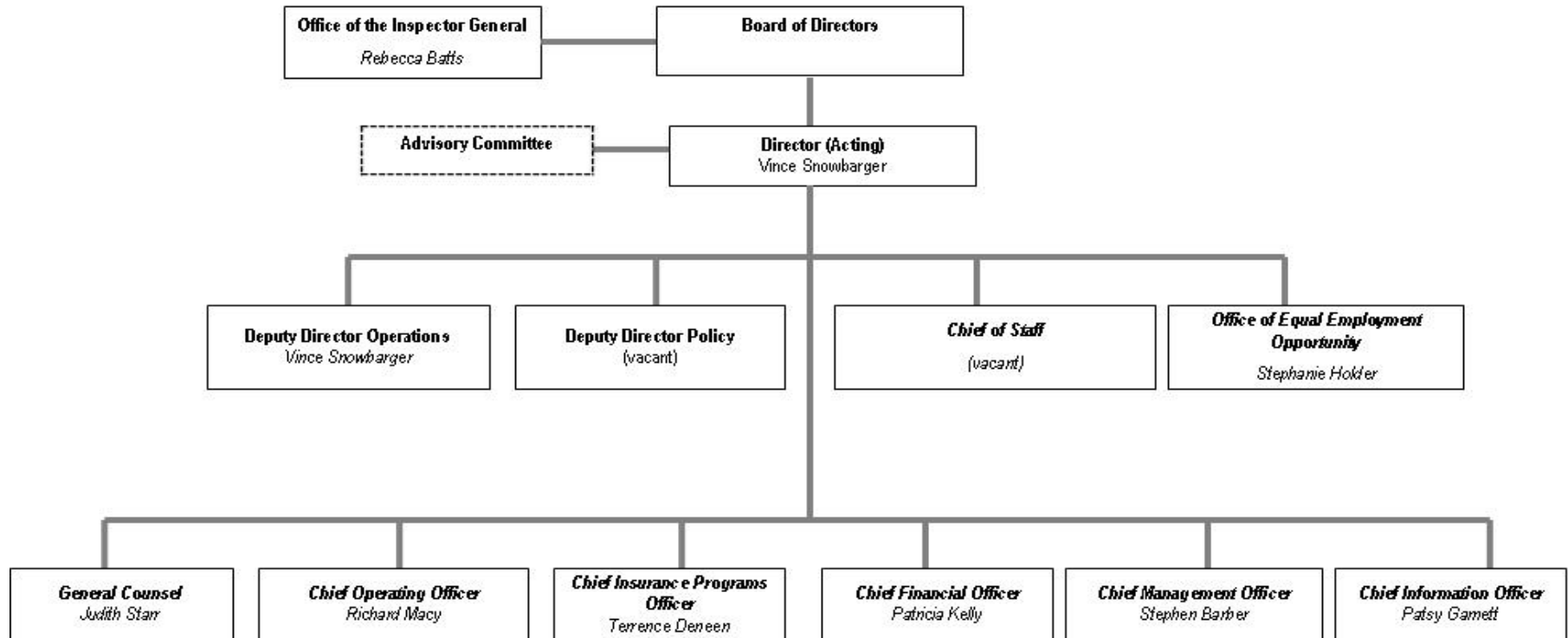


- Strategic Goal #1: Safeguard the federal pension insurance system for the benefit of participants, plan sponsors, and other stakeholders
- Strategic Goal #2: Provide exceptional service to customers and stakeholders
- Strategic Goal #3: Exercise effective and efficient stewardship of PBGC resources

* Includes \$73,048,000 for investment management fees

PENSION BENEFIT GUARANTY CORPORATION

Pension Benefit Guaranty Corporation



Current as of April 17, 2009

PENSION INSURANCE

BUDGET AUTHORITY BEFORE THE COMMITTEE						
(Dollars in Thousands)						
	FY 2008 Enacted	FY 2009 Enacted	Diff. FY08 Enacted / FY09 Enacted	Recovery Act	FY 2010 Request	Diff. FY09 Enacted / FY10 Req
Activity Appropriation	68,285	70,590	2,305	0	86,412	15,822
FTE	208	216	8	0	216	0

NOTE: FY 2008 reflects actual FTE. Authorized FTE for FY 2008 was 211.

Introduction

The Pension Insurance Activity is comprised of work directly associated with pension insurance for *new and ongoing* plans. The functions of this activity include risk assessment and management, loss prevention, technical assistance to existing plans, promotion of new plans, and the collection and investment of premiums collected from insured plans. This activity includes resources needed to identify, monitor, and mitigate significant risks to the PBGC, through negotiation and litigation.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2005	54,392	215
2006	70,186	215
2007	80,357	211
2008	68,285	211
2009	70,590	216

NOTE: Excludes Recovery Act Funding. See budget activity head table.

FY 2010

PBGC will continue to proactively use its statutory authorities and enforcement powers to protect the interests of the insurance program and its stakeholders. In particular, PBGC will continue to seek to ensure full compliance with the provisions of Title IV of ERISA, to prevent unnecessary and avoidable terminations of under-funded pension plans, to mitigate the risk of losses to the insurance program, and to enhance recoveries in bankruptcy for the benefit of plan participants and the insurance program. As a protector and advocate of workers' pension plans, PBGC bears many risks outside of its control, such as fluctuations in the economy and the financial condition of pension benefit plan sponsors.

As a result of the recent economic downturn, PBGC's workload in this activity has increased markedly starting in FY 2009. To manage the substantial increases in workload in FY 2009, PBGC is examining whether current year budget resources can be redeployed to the pension insurance and risk mitigation activities. The Budget includes a program increase of \$15 million for FY 2010 to respond to the economic crisis and the threats it poses for defined benefit pension plans. These funds will provide actuarial and financial advisory services commensurate with the increase in exposure (under funding) and risk (likelihood of plan terminations) faced by the

PENSION INSURANCE

insurance program, as well as assist in processing new requests for financial assistance from insolvent multiemployer plans. These front line functions are PBGC's only available tool to combat the risks posed by unprecedented business failures and plan underfunding.

The additional resources for FY 2010 will:

1. Provide current actuarial analysis of the funding levels and contribution requirements for individual pension plans.
2. Hire top-tier financial advisory firms to counter the risk posed by the financial instability of major companies in several industries -- automotive, airline, retail, and others. Financial advisory firms are expensive and their services must be secured early in the restructuring process -- not just to limit PBGC's risk, but to obtain their services before they are engaged by other interested parties.
3. Provide additional in-house financial analysis contract capability, allowing PBGC to respond to the surge in workload as the financial crisis unfolds, without committing to a permanent increase in its workforce.
4. Support the growing number of multiemployer plans that PBGC projects will request financial assistance from PBGC.

The Corporation will continue to monitor economic data, market performance indicators and industry developments to identify emerging risks to the pension system and to provide timely information for analysis of potential plan liabilities. The large terminations over the last several years underscore the need to better forecast problems in the universe of insured plans, as well as to come up with meaningful risk mitigation responses wherever possible in advance of plan termination. In the long run, the best service PBGC can provide to participants and the defined benefit pension system is to reduce the risks posed by underfunding and plan termination and to enhance the retirement security of workers and retirees in ongoing plans.

Significant plans and initiatives in this Activity will be ongoing. Program initiatives include the following: 1) analyze credit, investment, and actuarial risks to the pension insurance programs and build and improve risk models to quantify and measure the impact of these risks to the insurance programs; 2) automate the collection and integration of external and internal information to enhance analyses of pension plans and plan sponsors' financial condition; 3) continue coordination with Treasury and DOL in responding to risks that reach across organizational boundaries; 4) continue vigorous bankruptcy litigation efforts; 5) explore, develop, and implement incentives/settlements to prevent plan sponsor initiated terminations and maximize recoveries; and 6) promulgate regulations that are understandable, flexible, relevant, and not duly burdensome.

In FY 2010, PBGC will complete the Contractor to FTE Conversion initiated in FY 2009 which includes four additional FTEs for Pension Insurance above the 216.

Ongoing implementation of the Pension Protection Act of 2006 (PPA) requires the PBGC to continue developing and implementing regulations, policies, and guidance. The Corporation is

PENSION INSURANCE

also committed to working in collaboration with the other ERISA agencies and financial regulators with a view to strengthening enforcement of funding obligations, improving regulatory oversight, and enhancing disclosure of timely and relevant information relating to pension plans and plan sponsors.

FY 2009

In 2009 PBGC implemented regulations written in 2008 that changed the flat-rate premium and implement the variable-rate premium provisions of DRA and PPA.

To monitor PBGC efforts to safeguard the pension insurance system, PBGC established a goal to report on options for eliminating PBGC's deficit and account better for PBGC's expected losses, in order that workers and retirees can expect to receive qualified benefit payments from PBGC for the defined benefit pension plans that PBGC assumes.

FY 2008

In 2008, PBGC published final regulations that changed the flat-rate premium and implement the variable-rate premium provisions of DRA and PPA.

PENSION INSURANCE

WORKLOAD SUMMARY (Dollars in Thousands)			
	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
Workload A: (Units)			
Reportable Events Received	637	820	820
Transactions Identified	77	580	580
Transactions Investigated	81	140	140
Cases in Court / Litigation	80	80	80
New Bankruptcy Cases (Controlled Groups)	58	168	168
Multiemployer Plans Receiving Financial Assistance	40	49	58
Workload B: (Dollars)			
Premiums Collected	\$1,400,000	\$1,527,000	\$1,721,000
Revolving Fund Investment Portfolio	\$14,970,000	\$15,284,000	\$15,388,000

Workload Summary

The general trends and challenges facing the Pension Insurance area of the Corporation are those that face the Corporation as a whole – economic problems afflicting plan sponsors and overall critical underfunding of defined benefit pension plans. While termination activity has decreased in the past two years, possible exposure remains high. The need for proactive financial and actuarial analysis, coupled with a skilled combination of litigation and negotiation activities, remains critical to the Corporation’s success in safeguarding America’s defined benefit pension plans.

PENSION INSURANCE

BUDGET ACTIVITY by OBJECT CLASS						
(Dollars in Thousands)						
		FY 2008 Enacted	FY 2009 Enacted	Recovery Act	FY 2010 Request	Change FY 10 Req / FY 09 Enacted
11.1	Full-time permanent	19,768	23,400	0	23,874	474
11.3	Other than full-time permanent	478	450	0	454	4
11.5	Other personnel compensation	534	731	0	745	14
11.9	Total personnel compensation	20,780	24,581	0	25,073	492
12.1	Civilian personnel benefits	5,052	5,787	0	5,907	120
13.0	Benefits for former personnel	28	0	0	0	0
21.0	Travel and transportation of persons	328	349	0	351	2
23.3	Communications, utilities, and miscellaneous charges	142	107	0	108	1
24.0	Printing and reproduction	4	40	0	40	0
25.1	Advisory and assistance services	0	1,591	0	1,599	8
25.2	Other services	41,069	37,401	0	52,597	15,196
25.3	Other purchases of goods and services from Government accounts 1/	250	575	0	577	2
26.0	Supplies and materials	151	128	0	129	1
31.0	Equipment	481	31	0	31	0
Total		68,285	70,590	0	86,412	15,822
1/Other Purchases of Goods and Services From Government Accounts						
	Services by Other Government Departments	250	575	0	577	2

PENSION INSURANCE

CHANGES IN FY 2010

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	492
Personnel benefits	120
Travel	2
Communications, utilities & miscellaneous charges	1
Advisory and assistance services	8
Other services	196
Purchase of goods and services from other Government accounts	2
Supplies and materials	1

Built-Ins Subtotal **822**

Net Program **15,000**

Direct FTE **0**

	Estimate	FTE
Base	71,412	216
Program Increase	15,000	0

PENSION PLAN TERMINATION AND BENEFITS ADMINISTRATION

BUDGET AUTHORITY BEFORE THE COMMITTEE						
(Dollars in Thousands)						
	FY 2008 Enacted	FY 2009 Enacted	Diff. FY08 Enacted / FY09 Enacted	Recovery Act	FY 2010 Request	Diff. FY09 Enacted / FY10 Req
Activity Appropriation	214,557	232,337	17,780	0	234,005	1,668
FTE	330	340	10	0	340	0

NOTE: FY 2008 reflects actual FTE. Authorized FTE for FY 2008 was 335.

Introduction

The Pension Plan Termination and Benefits Administration Activity includes the great majority of the work carried out by the Corporation. It includes the day-to-day work necessary to pay plan benefits to participants in trustee plans and provide financial assistance to multiemployer plans. This budget activity covers all direct costs related to plan termination and trusteeship, benefits administration and Trust Fund investment management.

When PBGC takes over a terminated pension plan, it takes in the plan assets, collects and audits all plan and participant records, and values plan assets and benefit liabilities. PBGC then calculates each participant's benefit under the terms of his or her pension plan. The process of determining benefits payable by PBGC is laborious and time-consuming because the benefit structures and data requirements are different for each of the plans PBGC trustees. In addition, large plans typically have multiple, complex benefit formulas and retirement eligibility provisions. Once the individual benefit calculations are complete, PBGC issues a "benefit determination" to each participant informing them of their final benefit amount and their right to appeal if they disagree with PBGC's determination. After all benefit determinations are issued and appeals are resolved, PBGC performs ongoing benefit administration (placing deferred participants and survivors into pay status, income tax withholding, address and bank account changes, processing death notifications, etc.) for every plan and participant including beneficiaries for the rest of their lives.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2005	190,558	328
2006	198,140	335
2007	196,567	335
2008	214,557	335
2009	232,337	340

NOTE: Excludes Recovery Act Funding. See budget activity head table.

FY 2010

By the end of FY 2008, the Corporation had trustee over 3,800 plans and has the responsibility to administer the pensions of over 1.3 million participants, including more than 630,000

PENSION PLAN TERMINATION AND BENEFITS ADMINISTRATION

participants that have retired and receive more than \$4.3 billion of benefits annually. PBGC entered FY 2009 with 233,000 outstanding final determinations – the lowest number since 2001. During FY 2009 and FY 2010, we plan to complete final benefit determinations for several large cases including Bethlehem Steel, United Airlines, US Airways and Collins and Aikman. Our timeliness measure has and will continue to suffer as we complete the work on the largest and most complicated plans that PBGC has ever assumed. During this time we will also experience a severe up tick in new plan terminations because of the current economic conditions. These terminations have the potential to greatly exceed our largest termination year of 2005 when we assumed responsibility for more than 269,000 participants. To prepare for this upcoming expected work load, in FY 2010, PBGC will:

- Continue to focus on completing the benefit determination work on our oldest plans to make room for the new ones
- Continue to refine and improve processes to increase throughput and quality
- Actively plan for and evaluate alternatives to handle what could be the largest terminations in PBGC history

Investment Management

PBGC's investment program is responsible for managing the vast majority of PBGC's assets utilizing private sector investment management firms subject to PBGC's oversight and consistent with the Corporation's investment policy statement approved by its Board of Directors. PBGC also has assets that are in transition from newly terminated trustee plans or other special holdings and not subject to PBGC's investment policy. The exact size and composition of PBGC's assets can, and does, vary greatly from year to year depending on the size and composition of assets assumed from terminated pension plans as well as gains or losses in asset value due to fluctuations in the financial markets. In addition some terminated pension plans may contain alternative assets such as real estate, restricted stock, or derivatives with uncertain value that are difficult to liquidate during volatile market conditions.

FY 2009

PBGC has determined it will not meet the FY 2009 performance target to issue Benefit Determinations (BDs) in an average of 3.0 years.

PBGC has a priority to issue benefit determinations as early as is practically possible so participants can rely on knowing their benefit amount. We project the result will likely be closer to 4.0 years. Our performance continues to be impacted by several large plans assumed in early 2000 requiring the more complex benefit calculations. We anticipate this work will be completed in FY 2010.

The goal is also impacted by the absence of newly trustee large plans where we have historically issued "early" benefit determinations, thus lowering the average age of BDs. These early BDs from the same large plans above contributed to our under 3.0 year performance in

PENSION PLAN TERMINATION AND BENEFITS ADMINISTRATION

2003 – 2006. Consequently, for FY 2010, PBGC is exploring a change to the measurement from an average age of BD to an average age of plan completion to mute large swings in performance caused by large plans.

PBGC has taken steps to reduce the likelihood of further impact and reduce benefit processing time. They include:

- Formal streamlining of the benefit calculation and valuation processes to support more timely processing;
- Increased collaboration and establishment of best practices among processing disciplines (eg. Auditors, actuaries, managers); and,
- Implementing improved automation.

Investment Management

In FY 2009 PBGC is establishing a Corporate Investment Department (CID) within the Office of the Chief Financial Officer as part of an ongoing effort to improve the corporation's investment management functions. This new department will exclusively manage the investment funds of the PBGC consistent with legal requirements and the investment policy approved by the PBGC Board. The CID will:

1. Support the PBGC Board in evaluating and establishing investment policy and collaborate with the Investment Advisory Committee in examining all aspects of investment policy and CID operations.
2. Develop and maintain operational investment policies governing all aspect of investment management.
3. Guide asset transfer activities and coordinates those activities with other PBGC departments and division.
4. Advise the Chief Financial Officer (CFO) on all matters related to investment management of the Revolving Fund and the Trust Fund and the transfer of assets from terminated pension plans to the PBGC.
5. Establish management processes, oversees implementation of internal controls, and develops resource allocation plans necessary for CID to achieve its mission and operate effectively and efficiently.

FY 2008

By the end of September 2008, the Corporation had terminated/trusted 3,860 plans since its creation in 1974 and had responsibility for the pensions of over 1.3 million participants. These participants include over 600,000 retirees to whom the Corporation paid benefits totaling more than \$4.292 billion in FY 2007. During FY 2008, the Corporation trusted 67 new plans and assumed responsibility for paying an additional 22,000 pensions. During 2008, the PBGC issued nearly 137,000 final benefit determinations which it completed within an average of 3.3 years after the date PBGC trusted the participant's plan.

PENSION PLAN TERMINATION AND BENEFITS ADMINISTRATION

In 2008, PBGC's customer satisfaction scores increased in the retiree, participant caller, premium filer, and three web surveys. All six PBGC measures improved since last year and exceeded the 2008 government average. Four of PBGC's measures were 80 or higher, rating PBGC among the top performers. In addition, three of PBGC's measures were the highest in their category. The ACSI for retirees receiving monthly benefits, 89, was one of the highest satisfaction scores in all of government. PBGC also scored very well with participant callers to the contact center (81), users of MyPBA (82), and users of My PAA (80). The score of 72 for premium filers put PBGC above all other agencies in the regulatory category, and PBGC's score of 70 for the site PBGC.gov showed a dramatic improvement over the 2007 score of 62. PBGC uses customer feedback to target use of its resources in making continuous improvements in its services.

Investment Management

Specific information about PBGC's investment performance can be found in the PBGC's Annual Report at <http://www.pbgc.gov/about/annreports.html>.

PENSION PLAN TERMINATION AND BENEFITS ADMINISTRATION

Workload Summary			
	FY 2008 Actual	FY 2009 Target	FY 2010 Target
Workload A: Benefit Determinations to be Issued			
Beginning Inventory of Benefits Determinations to be Issued	286,000	246,000	211,000
Baseline Receipts (New Participants)	22,000	100,000	100,000
Benefits Determinations Issued	75,000	135,000	100,000
Ending Inventory	233,000	211,000	211,000
Workload B: Total Number of Participants			
Total Participants (Beginning of Year)	1,183,000	1,152,000	1,217,000
New Participants (Receipts)	22,000	100,000	100,000
Subtotal	1,205,000	1,252,000	1,317,000
Less: Lump Sum Payouts, Misc. Adjustments, and Mortality Projections	53,000	35,000	40,000
Total Participants (End of Year)	1,152,000	1,217,000	1,277,000

Workload Summary

Although there was a drop in number of new participants in FY 2008, PBGC left the projection at the 100,000 level for FY 2009/10 due to the uncertainty in the economic outlook. As more industry sectors are having financial difficulties, there is a high probability of increased pension plan terminations and eventual PBGC trusteeship.

The number of benefit determinations decreases in FY 2010, because PBGC will have processed the large backlog of participants taken in FY 2002 through FY 2005.

Trust Fund Investments* (Dollars in Thousands)			
	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
Assets Under Management	\$35,800,000	\$42,000,000	\$51,000,000

*Only reports assets covered by Investment Management Fees and not total assets

Investment Management Fees	
FY 2008 Actual	\$51,073,000
FY 2009 Estimate	\$71,070,000
FY 2010 Estimate	\$71,446,000

**PENSION PLAN TERMINATION AND BENEFITS
ADMINISTRATION**

BUDGET ACTIVITY by OBJECT CLASS						
(Dollars in Thousands)						
		FY 2008 Enacted	FY 2009 Enacted	Recovery Act	FY 2010 Request	Change FY 10 Req / FY 09 Enacted
11.1	Full-time permanent	27,806	32,608	0	33,123	515
11.3	Other than full-time permanent	627	550	0	555	5
11.5	Other personnel compensation	702	957	0	976	19
11.9	Total personnel compensation	29,135	34,115	0	34,654	539
12.1	Civilian personnel benefits	7,426	8,235	0	8,355	120
13.0	Benefits for former personnel	36	0	0	0	0
21.0	Travel and transportation of persons	820	951	0	956	5
23.2	Rental payments to others	3,525	3,645	0	3,664	19
23.3	Communications, utilities, and miscellaneous charges	2,911	3,802	0	3,822	20
24.0	Printing and reproduction	61	136	0	137	1
25.1	Advisory and assistance services	47,573	71,070	0	71,449	379
25.2	Other services	120,471	108,150	0	108,724	574
25.3	Other purchases of goods and services from Government accounts 1/	1,040	335	0	336	1
26.0	Supplies and materials	307	371	0	373	2
31.0	Equipment	1,252	1,527	0	1,535	8
Total		214,557	232,337	0	234,005	1,668
1/Other Purchases of Goods and Services From Government Accounts						
	Services by Other Government Departments	1,040	335	0	336	1

PENSION PLAN TERMINATION AND BENEFITS ADMINISTRATION

CHANGES IN FY 2010

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments		539
Personnel benefits		120
Travel		5
All Other Rental		19
Communications, utilities & miscellaneous charges		20
Printing and reproduction		1
Advisory and assistance services		379
Other services		574
Purchase of goods and services from other Government accounts		1
Supplies and materials		2
Equipment		8
Built-Ins Subtotal		1,668

	Estimate	FTE
Base	234,005	340

OPERATIONAL SUPPORT

BUDGET AUTHORITY BEFORE THE COMMITTEE						
(Dollars in Thousands)						
	FY 2008 Enacted	FY 2009 Enacted	Diff. FY08 Enacted / FY09 Enacted	Recovery Act	FY 2010 Request	Diff. FY09 Enacted / FY10 Req
Activity Appropriation	128,309	141,795	13,486	0	143,650	1,855
FTE	319	372	53	0	375	3

NOTE: FY 2008 reflects actual FTE. Authorized FTE for FY 2008 was 324.

Introduction

The category of “Operational Support” comprises the shared program and management support work necessary for the frontline operations of the Corporation to function. This includes non-trusteeship legal activities, policy and regulations, and the management of the Corporation’s information technology (IT) infrastructure, budget, procurement, general accounting and auditing and human resources. It also includes program functions related to both of PBGC’s insurance and benefits administration activities, such as program research, policy, and regulations.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2005	105,606	308
2006	117,323	320
2007	128,466	324
2008	128,309	324
2009	141,795	372

NOTE: Excludes Recovery Act Funding. See budget activity head table.

FY 2010

In FY 2010, PBGC will complete the Contractor to FTE Conversion which includes six additional FTEs for Operational Support taking the FTE level to 378.

Also in FY 2010 PBGC will continue IT transformation efforts initiated in FY 2009 based on the IT capital planning process developed in FY 2008. IT Business Transformation will enable PBGC to improve IT decision-making, efficiency, and effectiveness. This includes PBGC significantly revising its capital planning and investment control program to integrate decision-making with enterprise architecture, security, and systems development life-cycle milestone criteria. PBGC has eight IT business cases to support these efforts that can be found through the following links:

Premium Accounting: <http://www.dol.gov/budget/2010/PDF/E300-2010-035.pdf>

Consolidated Financial Systems: <http://www.dol.gov/budget/2010/PDF/E300-2010-036.pdf>

Benefit Administration: <http://www.dol.gov/budget/2010/PDF/E300-2010-037.pdf>

OPERATIONAL SUPPORT

Benefit Calculation and Valuation: <http://www.dol.gov/budget/2010/PDF/E300-2010-038.pdf>

Risk Management and Early Warning and Legal Matter Management System:
<http://www.dol.gov/budget/2010/PDF/E300-2010-039.pdf>

IT Infrastructure: <http://www.dol.gov/budget/2010/PDF/E300-2010-040.pdf>

IT Business Transformation: <http://www.dol.gov/budget/2010/PDF/E300-2010-041.pdf>

PBGC's goal is for the corporation to be regarded as an exemplar of integrity, efficient stewardship, and performance excellence. It strives to achieve 1) sound and effective financial management systems and internal controls; 2) alignment of human capital strategies; 3) cost effective business solutions in information technology investments; and 4) business practices that promote cross-functional pursuit of corporate goals in a supportive environment and culture.

To meet this goal requires strong corporate governance processes in the areas of financial management, human capital management, information technology management, commercial services management, and performance management. Projecting a meaningful operating budget in the traditional Federal budget cycle has proven to be difficult for PBGC because of the unknown and unpredictable economic conditions, financial markets, and the rate of business failures. When major industries terminate their pension plans and PBGC trustee those plans, there is a residual effect, not only on benefits administration, but also on PBGC's support areas, including the IT infrastructure, facilities, procurement, human resources and financial management for many years beyond the year in which the plans terminate. PBGC's inventory of participants accumulates with each plan intake and is negligibly reduced through mortality.

FY 2009

PBGC's IT Business Transformation during the remainder of FY 2009 will be accomplished through base level funding by redirecting the IT Infrastructure spending and realigning processes.

FY 2008

In 2008, PBGC obtained its 16th consecutive unqualified opinion from an independent financial auditor and its fifth consecutive unqualified opinion on management's assertion of the effectiveness of internal controls in 2008. With respect to human capital, PBGC implemented a new performance management program that aligns manager's performance agreements to corporate performance expectations, and PBGC strengthened contractor oversight through staff training and application of performance based contracting techniques to improve service delivery.

In addition, concerted effort in 2008 to improve IT project management resulted in a stronger more integrated IT capital planning process that enabled PBGC to be removed from the Office of Management and Budget's Watch List. Nevertheless, the Corporation's IT infrastructure and Enterprise Architecture remain inadequate to meet PBGC's needs. The Corporation will utilize the stronger IT capital planning process achieved in 2008 to address these deficiencies during the

OPERATIONAL SUPPORT

remainder of FY 2009 and throughout FY 2010 with a goal of modernizing the entire IT structure by FY 2011.

OPERATIONAL SUPPORT

IT WORKLOAD SUMMARY			
	FY 2008 Actual	FY 2009 Target	FY 2010 Target
Workload A: (Units)			
Help Desk Calls	8,235	70,000	75,000
Problem Tickets	52,629	37,500	37,500
Servers Supported	588	817	853
Software Releases	156	201	242
Data Storage (GB)	132,433	155,408	186,490
Network Communication Equipment	227	233	241

Workload Summary

The outputs in the IT Workload Summary Table above represent the volume of PBGC's IT Infrastructure that provides computer networking, database for corporate applications, telecommunications and general support systems for more than 2,300 PBGC federal and contract staff located at the headquarters buildings and 19 other locations, including the Field Benefit Administration sites. PBGC has taken several actions to improve system resiliency by moving most of its data onto a Corporate Storage Area Network, completing the Common Development Environment which increased the quality of both systems and infrastructure deployed into production, and decreasing the number of software releases resulting from improvements in Change Control Management.

OPERATIONAL SUPPORT

BUDGET ACTIVITY by OBJECT CLASS						
(Dollars in Thousands)						
		FY 2008 Enacted	FY 2009 Enacted	Recovery Act	FY 2010 Request	Change FY 10 Req / FY 09 Enacted
11.1	Full-time permanent	31,698	39,854	0	40,899	1,045
11.3	Other than full-time permanent	595	550	0	555	5
11.5	Other personnel compensation	993	920	0	938	18
11.9	Total personnel compensation	33,286	41,324	0	42,392	1,068
12.1	Civilian personnel benefits	8,967	11,026	0	11,210	184
13.0	Benefits for former personnel	49	0	0	0	0
21.0	Travel and transportation of persons	391	508	0	511	3
22.0	Transportation of things	0	1	0	1	0
23.2	Rental payments to others	19,278	24,153	0	24,282	129
23.3	Communications, utilities, and miscellaneous charges	1,716	1,990	0	2,000	10
24.0	Printing and reproduction	260	319	0	321	2
25.2	Other services	54,396	52,516	0	52,923	407
25.3	Other purchases of goods and services from Government accounts 1/	568	578	0	580	2
26.0	Supplies and materials	2,197	2,259	0	2,271	12
31.0	Equipment	7,201	7,121	0	7,159	38
Total		128,309	141,795	0	143,650	1,855
1/Other Purchases of Goods and Services From Government Accounts						
	Services by Other Government Departments	568	578	0	580	2

OPERATIONAL SUPPORT

CHANGES IN FY 2010

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	707
Personnel benefits	184
Travel	3
All Other Rental	129
Communications, utilities & miscellaneous charges	10
Printing and reproduction	2
Other services	268
Purchase of goods and services from other Government accounts	2
Supplies and materials	12
Equipment	38

Built-Ins Subtotal **1,355**

Net Program **500**

Direct FTE **3**

	Estimate	FTE
Base	143,150	372
Program Increase	500	3

SINGLE EMPLOYER PROGRAM BENEFIT PAYMENTS

BUDGET AUTHORITY BEFORE THE COMMITTEE						
(Dollars in Thousands)						
	FY 2008 Enacted	FY 2009 Enacted	Diff. FY08 Enacted / FY09 Enacted	Recovery Act	FY 2010 Request	Diff. FY09 Enacted / FY10 Req
Activity Appropriation	4,500,000	4,722,000	222,000	0	5,823,000	1,101,000
FTE	0	0	0	0	0	0

Introduction

Resources that PBGC requests for benefit payments result from a non-discretionary entitlement. Under this program the Corporation pays guaranteed amounts to beneficiaries of private sector, single-employer defined-benefit pension plans when those plans terminate without enough assets to provide basic benefits. About 33.8 million workers and retirees in some 28,000 single-employer pension plans have a pension guaranty with PBGC.

PBGC's responsibility for benefit payment begins immediately when it becomes trustee of a terminated plan. The Corporation maintains uninterrupted benefit payments to existing retirees and begins payments to new retirees without delay.

PBGC pays estimated benefits to retirees until it confirms all necessary participant data and values plan assets and recoveries from the plan's sponsor. PBGC then calculates the actual benefit payable to each participant according to the specific terms of the participant's plan as applied to that participant's unique work history, statutory guarantee levels, and the funds available from plan assets and employer recoveries. Unlike other federal agencies with responsibility for retirement calculations (e.g., OPM, DVA, SSA), PBGC cannot administer benefits according to one set of rules; instead it must consider the individual provisions of each plan it has "trusteed".

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u>	<u>FTE</u>
2005	3,234,000	0
2006	4,549,000	0
2007	4,797,000	0
2008	4,500,000	0
2009	4,722,000	0

NOTE: Excludes Recovery Act Funding. See budget activity head table.

SINGLE EMPLOYER PROGRAM BENEFIT PAYMENTS

WORKLOAD SUMMARY			
	FY 2008 Actual	FY 2009 Target	FY 2010 Target
Workload Indicator: Number of Plans			
Retirees receiving monthly benefit checks	640,000	680,930	708,167

Workload Summary

The number of retirees receiving checks is estimated to increase an average of 4% each year. However, current economic conditions present the possibility of a larger than anticipated increase in pension plan terminations which could cause the number of retirees receiving checks to increase by more than the projected 4% per year.

SINGLE EMPLOYER PROGRAM BENEFIT PAYMENTS

BUDGET ACTIVITY by OBJECT CLASS						
(Dollars in Thousands)						
		FY 2008 Enacted	FY 2009 Enacted	Recovery Act	FY 2010 Request	Change FY 10 Req / FY 09 Enacted
42.0	Insurance claims and indemnities	4,500,000	4,722,000	0	5,823,000	1,101,000
Total		4,500,000	4,722,000	0	5,823,000	1,101,000

SINGLE EMPLOYER PROGRAM BENEFIT PAYMENTS

CHANGES IN FY 2010

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Built-Ins Subtotal

0

Net Program

1,101,000

Direct FTE

0

Estimate

FTE

Base

4,722,000

0

Program Increase

1,101,000

0

MULTI-EMPLOYER PROGRAM FINANCIAL ASSISTANCE

BUDGET AUTHORITY BEFORE THE COMMITTEE						
(Dollars in Thousands)						
	FY 2008 Enacted	FY 2009 Enacted	Diff. FY08 Enacted / FY09 Enacted	Recovery Act	FY 2010 Request	Diff. FY09 Enacted / FY10 Req
Activity Appropriation	106,000	97,000	-9,000	0	101,000	4,000
FTE	0	0	0	0	0	0

Introduction

Multiemployer financial assistance is a non-discretionary entitlement program. The multi-employer program covers about 10.1 million participants in more than 1,500 insured plans. Funded and administered separately from the single-employer program, the multi-employer program differs in that PBGC steps in to guarantee multi-employer plans when a covered plan proves unable to pay benefits when due rather than, as in the case of single-employer plans, when the plan terminates.

The PBGC provides financial assistance to a plan after it receives an application and verifies that the plan is or will become insolvent and unable to pay basic benefits when due. The financial assistance provided takes the form of a loan that is repayable by the plan.

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u>	<u>FTE</u>
2005	30,000	0
2006	90,000	0
2007	193,000	0
2008	106,000	0
2009	97,000	0

NOTE: Excludes Recovery Act Funding. See budget activity head table.

WORKLOAD SUMMARY			
	FY 2008 Actual	FY 2009 Target	FY 2010 Target
Workload: Number of Plans			
Multi-employer plans receiving financial assistance	42	46	56

Workload Summary

The number of plans receiving financial assistance is projected to increase 15% between FY 2008 and FY 2009 and 22% in FY 2010. However, downturns in the economy could lead to a larger than anticipated number of plans requiring assistance.

MULTI-EMPLOYER PROGRAM FINANCIAL ASSISTANCE

BUDGET ACTIVITY by OBJECT CLASS						
(Dollars in Thousands)						
		FY 2008 Enacted	FY 2009 Enacted	Recovery Act	FY 2010 Request	Change FY 10 Req / FY 09 Enacted
33.0	Investments and Loans	106,000	97,000	0	101,000	4,000
Total		106,000	97,000	0	101,000	4,000

MULTI-EMPLOYER PROGRAM FINANCIAL ASSISTANCE

CHANGES IN FY 2010

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Built-Ins Subtotal

0

Net Program

4,000

Direct FTE

0

Estimate

FTE

Base

97,000

0

Program Increase

4,000

0