

## Supporting Statement Part A for Paperwork Reduction Act Submission

**AGENCY:** Pension Benefit Guaranty Corporation

**TITLE:** Data to Study Multiemployer Plan Guaranty Program

**STATUS:** Request for OMB control number for new collection of information

**CONTACT:** Catherine B. Klion (202-326-4400, ext. 3041) or Daniel S. Liebman  
(202 326-4400, ext. 6510)

1. Need for collection. The Pension Protection Act of 2006 (PPA) requires the actuary of a multiemployer plan in effect on July 16, 2006, to certify the plan's status within certain zones established under PPA to the plan's trustees and the Secretary of the Treasury within 90 days after the beginning of each plan year. The certification must state whether or not the plan meets any of the tests to be in endangered status ("yellow zone") or critical status ("red zone"), and, for a plan already in endangered or critical status, whether the plan is progressing as scheduled toward the applicable statutory target for improved funding. Plans in endangered and critical status are restricted with respect to the types of actions they may take and the types of amendments they may adopt, and are required to follow special rules during the adoption period of collective bargaining agreements.

PBGC is researching the effects of potential changes to its multiemployer program. PBGC's objective is to quantify for multiemployer plans that are in or could enter critical status the effect of potential policy proposals on their projected dates of insolvency, the amount of financial assistance that PBGC would be required to provide them, and any benefit changes their plan participants would experience. To assist in this research PBGC is requesting that OMB

approve a voluntary new collection of information from “red zone” plans that appear to be at risk of insolvency in the next 20 years based on PBGC’s analysis of those plans’ projected cash flow.

PBGC currently uses publicly available information (reported on Form 5500) to make estimates of plan level benefits and the distribution of benefits among the major participant groups (active participants, deferred vested participants and retirees). But publicly available information is not adequate for PBGC to make reliable estimates of the amount of PBGC guaranteed benefits because the guaranteed benefits depend on the number of years of service that each participant has earned under the plan, information that is not reported on Form 5500. Further, the information reported on Form 5500 includes benefits currently being paid but not future benefit payments expected to be paid over time, a critical factor in projecting the risk of insolvency. In addition, by the time PBGC receives the Form 5500 filing, the relevant information is dated for purposes of this research. Without the requested information, PBGC will not be able to reasonably assess the potential effectiveness of a particular policy option policymakers may consider, which would result in PBGC making less informed policy recommendations.

2. Use of information. PBGC needs to assess potential policy options that could help plans avoid insolvency. In order to assess a particular policy option, PBGC needs to quantify its impact on the plans’ projected date of insolvency, the amount of financial assistance that PBGC would be expected to provide, and the benefit changes that plan participants would experience. This research will be used to inform decisions that policymakers are expected to make to address risks faced by multiemployer plans.

PBGC will use the plans' participant census data to calculate the PBGC guaranteed benefit by individual, and then use that information, in combination with the requested valuation report and cash flow projections, for input into PBGC's actuarial models. The models will be used to develop baseline projections of benefit disbursements and cash flows. The models will also be used to develop alternative projections based on the policy options PBGC may be asked to evaluate. These results will be aggregated and evaluated and appropriate documentation explaining these results prepared for policy makers.

3. Information technology. Respondents will be asked to submit the requested information electronically, consistent with how data is compiled and prepared for other purposes, particularly for actuarial valuations. Electronic submission will also facilitate PBGC's use of the information in its benefit projection models.

4. Duplicate or similar information. Inapplicable.

5. Reducing the burden on small entities. Inapplicable.

6. Consequence of reduced collection. The information is not currently collected by PBGC or other federal agencies. Without this information, PBGC would be unable to effectively evaluate policy options for the multiemployer program.

7. Consistency with guidelines. The collection of information is conducted in a manner consistent with the guidelines in 5 CFR § 1320.5(d)(2).

8. Outside input. On May 3, 2013 (at 78 FR 26090), PBGC published a 60-day Federal Register notice informing the public of its intent to seek OMB approval of this collection of information and soliciting public comment on the collection of information. PBGC received no comments on this notice. On July 22, 2013 (at 78 FR 43942), PBGC published a 30-day Federal

Register notice informing the public that it is requesting OMB approval of this collection of information and soliciting public comment on the collection of information.

9. Payment to respondents. PBGC will provide no payments or gifts to the respondents in connection with this collection of information.

10. Confidentiality. The responses will be subject to PBGC's standard confidentiality agreement, pursuant to which PBGC will agree that any information provided by or on behalf of the respondent to PBGC that is confidential commercial or financial information within the meaning of 5 U.S.C. § 552(b)(4) will be treated by PBGC as confidential commercial or financial information pursuant to 29 C.F.R. § 4901.24.

11. Personal questions. The collection of information does not call for submission of information of a sensitive or private nature.

12. Hour burden on the public. PBGC estimates that 45 plans will respond to this collection of information. PBGC further estimates that the average burden of this collection of information will be four hours per plan, with an average total burden of 180 hours. The dollar equivalent of this hour burden, based on an assumed average hourly rate of \$320, is \$57,600. The majority of the time spent on this collection will be applied to removing personally identifiable information from the census files, assembling the other pieces of information, and sending the data to PBGC.

13. Cost burden on the public. PBGC estimates that that there will be no additional burden on the public because the information is already prepared for other purposes.

14. Cost to the government. PBGC will use contractor analysts to integrate participant census data into PBGC's models. The contractor costs associated with this information

collection will average approximately \$4,000 per plan, with a total contractor cost of \$180,000. Cost will vary depending on the complexity of the plan under consideration and the number of policy options that are evaluated.

The cost of PBGC staff to do the preliminary review of the data, prepare instructions for the contractor, review the contractor's work product and then incorporate the results into deliverables will also vary, depending on the plan, but are expected to average approximately \$1,000 per plan, with an approximate total cost of \$45,000 for PBGC staff time. This estimate is based on three hours of administrative staff time at a rate of \$29 per hour (derived from 2014 Office of Personnel Management (OPM) grade and step tables for a Grade 7 Step 5 position) plus 15 hours of professional staff time at a rate of \$61 per hour (derived from 2014 OPM grade and step tables for a Grade 13 Step 5 position). (These rates have been loaded with a benefits factor of 1.25.) There will be some minimal postage costs, since PBGC does not have e-mail addresses for all of the potential respondents (the plans will be selected based on Form 5500 filings, which do not require e-mail addresses to be provided). Thus, the total cost to PBGC is estimated to be approximately \$225,000.

15. Explanation of burden changes. Inapplicable.

16. Publication plans. At this time, PBGC does not intend to publish the results of this collection of information.

17. Display of expiration date. PBGC is not seeking approval to not display the expiration date for OMB approval of this information collection.

18. Exceptions to certification statement. There are no exceptions to the certification statement.