United States Senate Committee on Finance

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NEW LEGISLATION CALLS FOR SENATE CONFIRMATION OF PENSION BENEFIT GUARANTY CORPORATION DIRECTOR

Finance Senators seek oversight of key position at indebted government entity; confirmation requirement could be added to pension bill in conference

Washington, DC – U.S. Senators Chuck Grassley (R-Iowa) and Max Baucus (D-Mont.) today introduced legislation that would require Senate confirmation of future executive directors of the Pension Benefit Guaranty Corporation (PBGC). The PBGC is a government corporation that insures the pensions of 40 million workers and retirees in about 30,000 plans. The corporation is currently more than $23 billion in debt. PBGC's executive director, who is responsible for the corporation's day-to-day operations, is now appointed by the Secretary of Labor. Grassley and Baucus are the Chairman and Ranking Member of the Senate Finance Committee, which has jurisdiction over PBGC along with the Health, Education, Labor and Pensions Committee. Under the Senators' bill, both panels would be required to approve future executive directors.

"The future of defined-benefit pension plans is far from certain. The Finance Committee, the HELP Committee, and indeed the entire Senate have spent considerable time working to preserve the pensions of millions of workers, as well as to contain the growing deficit of the PBGC," said Baucus. **"The PBGC is the only entity standing between some American workers and financial ruin in retirement. The executive director's position is just too important not to be subject to Senate oversight."**

"Congressional oversight of the executive branch is a constitutional responsibility," Grassley said. **"In the PBGC's case, we need to make sure we fulfill that responsibility. If the PBGC can't meet its obligations, workers could suffer pension losses and the taxpayers could pay for an expensive bailout. Senate approval of the executive director would guarantee more attention to the agency."**

The PBGC was created by the Employee Retirement Income Security Act (ERISA) of 1974 to cover a portion of retirement payments when employers terminate their pension plans and cannot cover shortfalls. While many of the nation's biggest companies still maintain defined-benefit pension plans, in which employees are guaranteed a certain monthly benefit in retirement, some have defaulted on pension obligations in recent years. This shifted the burden to PBGC and cost workers billions in benefits. PBGC's financial health and the success of its day-to-day operations will have a direct effect on the retirement security of millions of American workers.

Grassley and Baucus hope to attach their legislation to the larger pension reform already in conference between the Senate and House.

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