

**GAO**

Testimony

Before the Committee on Health,  
Education, Labor, and Pensions,  
U.S. Senate

---

For Release on Delivery  
Expected at 10:00 a.m. EDT  
Thursday, October 29, 2009

**PENSION BENEFIT  
GUARANTY  
CORPORATION**

**Workers and Retirees  
Experience Delays and  
Uncertainty when  
Underfunded Plans Are  
Terminated**

Statement of Barbara D. Bovbjerg, Director  
Education, Workforce, and Income Security



**GAO**

Accountability \* Integrity \* Reliability

---

Highlights of [GAO-10-181T](#), a testimony before the Committee on Health, Education, Labor, and Pensions, U.S. Senate

### Why GAO Did This Study

Under the single-employer insurance program, the Pension Benefit Guaranty Corporation (PBGC) may become the trustee of underfunded plans that are terminated and assume responsibility for paying benefits to participants as they become due, up to certain legal limits. From its inception in 1974 through the end of fiscal year 2008, PBGC has terminated and trusteeed a total of 3,860 single-employer plans covering some 1.2 million workers and retirees. Since 2008, the economic downturn has brought a new influx of pension plan terminations to PBGC, and more are expected to follow.

The committee asked GAO to discuss our recent work on PBGC. Specifically, this testimony describes: (1) PBGC's process for determining the amount of benefits to be paid; and (2) PBGC's recoupment process when the estimated benefit provided is too high and a retiree receives an overpayment that must be repaid.

To address these objectives, GAO relied primarily on a recent report titled *Pension Benefit Guaranty Corporation: More Strategic Approach Needed for Processing Complex Plans Prone to Delays and Overpayments* (GAO-09-716, Aug. 2009). In that report, GAO made numerous recommendations. PBGC generally agreed and is taking steps to address the concerns raised. No new recommendations are being made in this testimony.

[View GAO-10-181T or key components.](#)  
 For more information, contact Barbara Bovbjerg at (202) 512-7215 or [bovbjergb@gao.gov](mailto:bovbjergb@gao.gov).

## PENSION BENEFIT GUARANTY CORPORATION

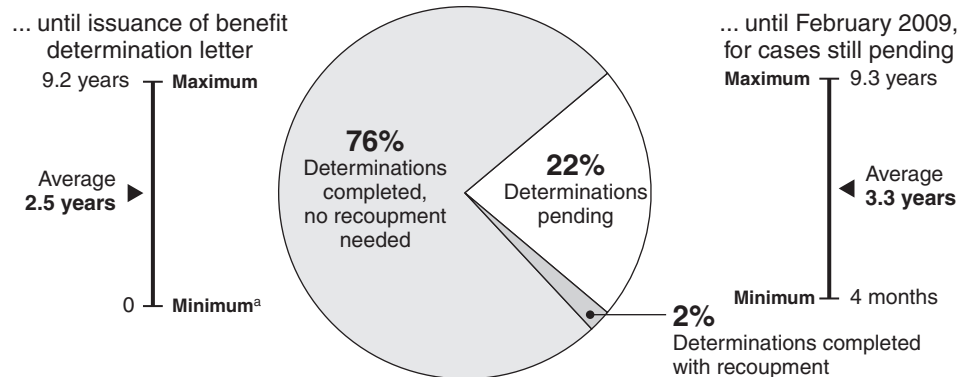
### Workers and Retirees Experience Delays and Uncertainty when Underfunded Plans Are Terminated

#### What GAO Found

Most participants must wait about 3 years for PBGC to complete the benefit determination process and provide their finalized benefit amounts, but the vast majority are not affected by overpayments or the recoupment process (see figure). Nevertheless, long delays and uncertainty over final benefit amounts make it difficult for workers to plan for retirement, and for retirees who may have come to depend on a certain level of monthly income.

#### PBGC Processing Time

##### Time elapsed from trusteeship ...



Source: GAO analysis of PBGC data on the participants in plans terminated and trusteeed, fiscal years 2000 through 2008.  
<sup>a</sup>In two atypical cases, PBGC made benefit determinations prior to trusteeship.

During the benefit determination process, key points of contact with workers and retirees include:

- **Initial notification:** PBGC's first communication with participants is generally a letter informing them that their pension plan has been terminated and that PBGC has become the plan trustee.
- **Estimated benefits:** For retirees, PBGC continues payments after plan termination, but adjusts the amounts to reflect limits set by law. These payments are based on estimates, so overpayments can occur.
- **Finalized benefit amounts:** Once the benefit determination process is complete, PBGC notifies each participant of the final benefit amount through a "benefit determination letter."

A small percentage of participants have incurred overpayments to be repaid through the recoupment process. But for those affected, the news can still come as a shock, especially when several years have elapsed since their benefits were reduced to comply with legal limits. Their frustration may be compounded if they cannot understand the explanations provided by PBGC. As the influx of large, complex plan terminations continues, improvements in PBGC's processes are urgently needed.

---

Mr. Chairman and Members of the Committee: I am pleased to be here today to present information about what happens when underfunded pension plans are terminated and trustee by the Pension Benefit Guaranty Corporation (PBGC). Under PBGC's single-employer insurance program,<sup>1</sup> if a company's defined benefit pension plan has inadequate assets to pay all promised benefits, plan sponsors meeting certain criteria may voluntarily terminate the plan through a "distress" termination, or PBGC may decide to terminate the plan involuntarily to protect the plan's assets. If the plan's assets are insufficient to pay benefits currently due, then PBGC must terminate the plan. In all these situations, PBGC generally becomes the trustee of the plan and assumes responsibility for paying benefits to the participants, up to certain legal limits.<sup>2</sup> From its inception in 1974 through the end of fiscal year 2008, PBGC terminated and trustee a total of 3,860 single-employer plans covering some 1.2 million workers and retirees. Since 2008, the economic downturn has brought a new influx of pension plan terminations to PBGC, and more are expected to follow.

Today I will provide a description, from the workers' and retirees' perspective, of what happens when a plan is terminated and trustee by PBGC. Specifically, I will describe (1) PBGC's process for determining the amount of benefits to be paid, and (2) PBGC's recoupment process when the estimated benefit provided is too high and a retiree receives an overpayment that must be repaid. This testimony is based primarily on a report we issued on August 17, 2009, titled *Pension Benefit Guaranty Corporation: More Strategic Approach Needed for Processing Complex Plans Prone to Delays and Overpayments*.<sup>3</sup> In developing that report, we reviewed PBGC policies and procedures, analyzed automated data, and interviewed PBGC officials knowledgeable about various stages of the benefit determination process. We focused our study on participants of plans terminated and trustee during fiscal years 2000 through 2008, and

---

<sup>1</sup>PBGC administers two separate insurance programs for private-sector defined benefit plans: a single-employer program and a multiemployer program. The single-employer program covers about 34 million participants in about 28,000 defined benefit plans. 29 U.S.C. §§ 1322 and 1322a. The multiemployer program covers about 10 million participants in about 1,500 collectively-bargained defined benefit plans that are maintained by two or more unrelated employers.

<sup>2</sup>The termination of a fully funded plan is called a standard termination. Plan sponsors typically purchase a group annuity contract from an insurance company to pay benefits to the participants, and PBGC does not become the trustee. 29 U.S.C. § 1341(b).

<sup>3</sup>[GAO-09-716](#) (Washington, D.C.: August 2009).

---

spoke with personnel from employee associations and advocacy groups involved in some of these plan terminations. We conducted this work between October 2008 and August 2009, in accordance with generally accepted government auditing standards.<sup>4</sup>

---

## Background

PBGC was created as a government corporation by the Employee Retirement Income Security Act of 1974 (ERISA)<sup>5</sup> to help protect the retirement income of U.S. workers with private-sector defined benefit plans by guaranteeing their benefits up to certain legal limits. PBGC receives no funds from general tax revenues. Operations are financed by insurance premiums set by Congress and paid by sponsors of defined benefit plans, recoveries from the companies formerly responsible for the plans, and investment income of assets from pension plans that PBGC trustees. Under current law, other than statutory authority to borrow up to \$100 million from the Treasury Department,<sup>6</sup> no substantial source of funds is available to PBGC if it runs out of money. In the event that PBGC were to exhaust all of its holdings, benefit payments would have to be drastically cut unless Congress were to take action to provide support.<sup>7</sup>

In 2003, GAO designated PBGC's single-employer program as high-risk, and PBGC has remained high-risk with each subsequent update, including our most recent update in 2009. This means that the program still needs urgent congressional attention and agency action. We specifically noted PBGC's prior-year net deficit, as well as the risk of the termination among large, underfunded pension plans, as reasons for the program's high-risk designation. Over the last 6 years or so, the assets and liabilities that PBGC accumulated from trusteeing plans have increased rapidly. This is largely due to the termination, typically through bankruptcies, of a number of very

---

<sup>4</sup>Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. For further details on our methodology, see GAO, *Pension Benefit Guaranty Corporation: More Strategic Approach Needed for Processing Complex Plans Prone to Delays and Overpayments* [GAO-09-716](#) (Washington, D.C.: August 2009), p. 7 and appendixes I and II.

<sup>5</sup>Pub. L. No. 93-406, tit. IV, 88 Stat. 829, 1003-1035 (codified as amended at 29 U.S.C. §§ 1301-1461).

<sup>6</sup>29 U.S.C. § 1305(c).

<sup>7</sup>29 U.S.C. § 1302(g)(2).

---

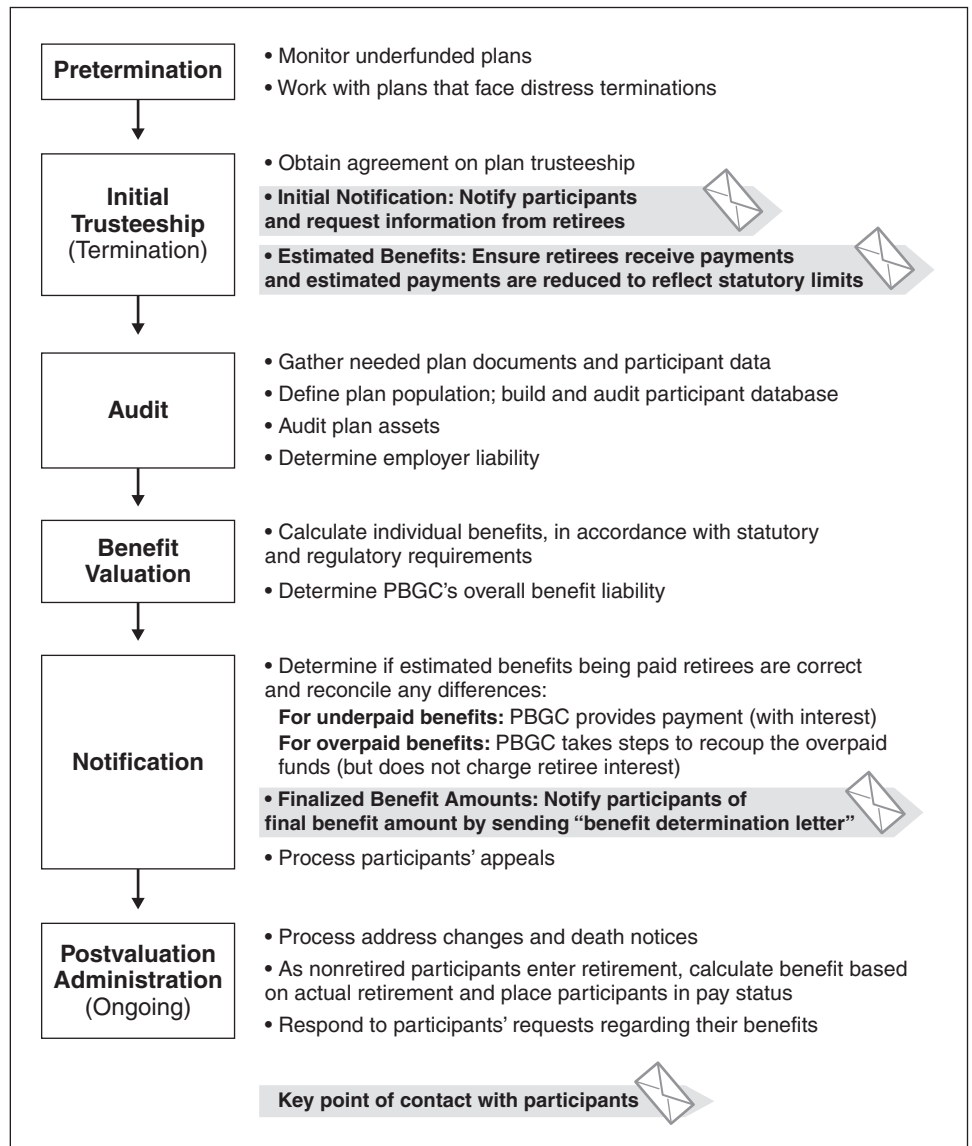
large, underfunded plan sponsors. Last May, PBGC reported that unaudited financial results through the second quarter of fiscal year 2009 showed its deficit tripling since the end of fiscal year 2008, from about \$11 billion to about \$33.5 billion. Since then, the influx of large plan terminations has continued. For example, in August 2009, PBGC assumed responsibility for six Delphi pension plans, covering about 70,000 workers and retirees, and underfunded by a total of about \$7.0 billion. PBGC estimated that it would be liable for about \$6.7 billion of this underfunding.

---

## **PBGC's Benefit Determination Process Generally Takes about 3 Years to Complete**

Our review of plans terminated and trustee between fiscal years 2000 and 2008 found that PBGC completed most participants' benefit determinations in less than 3 years, but required more time—up to 9 years—to process determinations for complex plans, plans with missing data, and plans with large numbers of participants. As some pension advocacy groups and union representatives have noted, long delays and uncertainty over final benefit amounts make it difficult for workers to plan for retirement, and especially for retirees who have come to depend on a certain level of monthly income. At the same time, the benefit determination process requires many steps to be complete. It requires gathering extensive data on plans and each individual's work and personnel history, and identifying who is eligible for benefits under the plan. This can be particularly complicated if the company or plan has a history of mergers, an elaborate structure, or missing data. It requires calculating each participant's benefit amount based on provisions that vary from plan to plan, applying the legal limits on guaranteed benefit amounts in each case, and valuing plan assets and liabilities to determine if some or all of the nonguaranteed benefit amount can still be paid. Also, the larger the plan, the heavier the workload for PBGC. While the average number of participants per plan is slightly fewer than 1,000, we found that some plans have many more—nearly 93,000 in the case of Bethlehem Steel. PBGC's benefit determination process is illustrated in figure 1. The key points of contact with workers and retirees that occur during this process are described in detail below.

**Figure 1: PBGC's Benefit Determination Process**



Source: GAO analysis of PBGC documents.

## Initial Notification

PBGC's first communication with participants is generally a letter informing them that their pension plan has been terminated and that

---

PBGC has become the plan trustee.<sup>8</sup> Shortly thereafter, this letter is generally followed by a more detailed letter with a packet of materials, including a DVD with an introduction to PBGC and answers to frequently-asked questions about how the benefit determination process works. PBGC officials refer to this as a “welcome” package. Additionally, for large plans likely to have many participants affected by the legal limits on guaranteed benefits, PBGC will hold on-site information sessions shortly after plan termination. PBGC also operates a customer service center with a toll-free number that participants can call if they have questions, provides a Web site for workers and retirees with detailed information about plans and benefits, and sends participants a newsletter with information about PBGC once or twice per year.<sup>9</sup>

Nearly all pension advocacy groups and union representatives with whom we spoke<sup>10</sup> praised PBGC’s efforts to hold information sessions with the larger plans. One union representative commended PBGC staff for going out into the field to talk with participants and answer questions even though participants are likely to be angry. Other union representatives commented that they have been impressed by PBGC’s staff for staying at these sessions until they have answered every participant’s questions. While these sessions are generally viewed as helpful, some pension rights advocates noted that the information presented is difficult for participants to understand and apply to their own situations. Comments about PBGC’s customer service center and Web site were also mixed.

---

## Estimated Benefits

If the participant is already retired, or retires before the benefit determination process is complete, PBGC makes payments to the retiree based on an estimate of what the final benefit amount will be. According to PBGC, most participants of terminated plans are entitled to receive the full amount of benefits they earned under their plans. In such cases, the calculation of an estimated benefit is straightforward. However, some participants may have their benefits reduced to comply with certain limits,

---

<sup>8</sup>Prior to termination, plan sponsors are required to notify participants if the plan is significantly underfunded and warn them that if the plan is terminated, their benefits must be cut back based on the guarantee limits as of the plan termination date. 29 U.S.C. § 1021(f).

<sup>9</sup>PBGC produces an annual newsletter for retirees and a biannual newsletter for future retirees.

<sup>10</sup>For a list of the organizations contacted, see [GAO-09-716](#), appendix II.

---

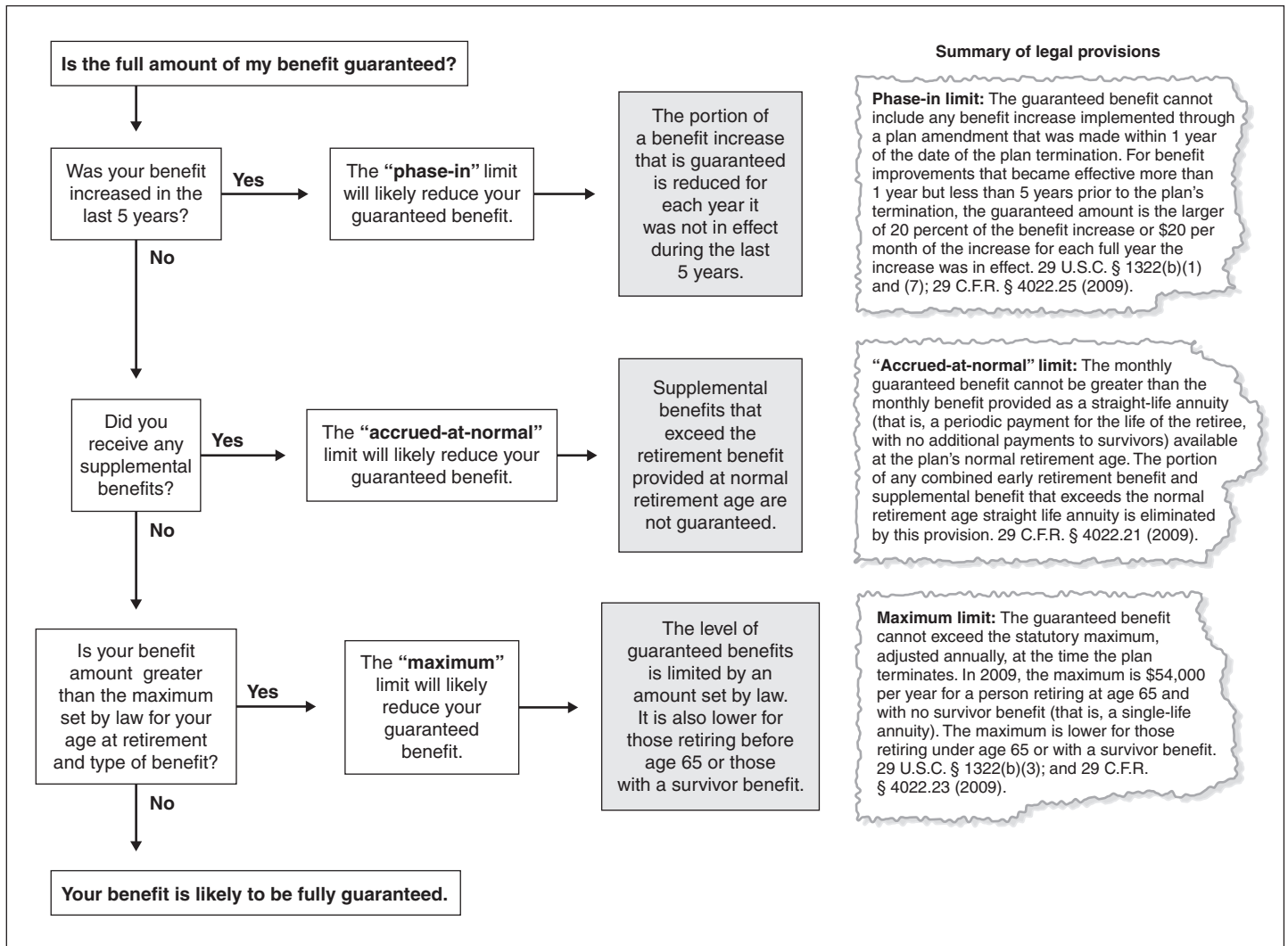
specified under ERISA and related regulations. These limits include the phase-in limit, the “accrued-at-normal” limit, and the maximum limit (see fig. 2). In these cases, the calculation of an estimated benefit is more complicated. PBGC does not systematically track the number of participants affected by the limits on guaranteed benefits or how much these limits affect benefit amounts; however, PBGC has conducted two studies on the impact of these limits in a sample of large plans. The first study, issued in 1999, found 5.5 percent of participants were affected by the limits; and the second study, issued in 2008, found that 15.9 percent were affected.<sup>11</sup>

---

<sup>11</sup>PBGC, *PBGC's Guarantee Limits—an Update* (Washington, D.C.: September 2008). This document summarizes the results from both the 1999 and 2008 studies.



**Figure 2: Determining If a Participant’s Guaranteed Benefit Is Subject to Legal Limits**



Source: GAO analysis of ERISA, PBGC’s implementing regulations and related documents.

Following the termination of their plans, those who are already retired may continue to receive their same plan benefit amount as an estimated benefit for several months—or even years—before the estimate is adjusted to reflect the legal limits on guaranteed benefits. When plans are terminated at the sponsor’s request as distress terminations, the sponsors are required to impose these limits themselves so that participants’ benefits are reduced as of the date of termination. However, when plans are terminated involuntarily, there can sometimes be lengthy delays before

---

PBGC reduces estimated benefits to reflect these limits. Not only must PBGC estimate the possible impact of applying the guarantee limits to the participant's benefit, PBGC must also estimate whether there might be sufficient plan assets or recoveries of company assets to pay all or part of the nonguaranteed portion of the participant's benefit.<sup>12</sup> According to PBGC officials, when it is unclear how much a plan's assets or recoveries will be able to contribute toward the nonguaranteed portion of a retiree's benefit, it can be difficult to calculate an accurate benefit amount until the benefit determination process is complete. We found cases where estimated benefits were adjusted within 9 months of termination, while in other cases, more than 6 years elapsed before estimated benefits were adjusted.

---

## Finalized Benefit Amounts

Once the benefit determination process is complete, PBGC notifies each participant of the final benefit amount with a "benefit determination letter." From the time of its initial contact with plan participants until the benefit determination process is complete, PBGC generally does not communicate with participants. In some cases, this period can stretch into years.<sup>13</sup> Some of the pension advocacy groups and union representatives we spoke with said that these long periods without communication are problematic for participants for several reasons. For example, retirees whose benefits are subject to the guarantee limits but who continue to receive their higher plan-level benefits for long periods of time may come to depend on these higher amounts and believe that the this payment level is permanent. They are surprised when—years later—their benefits are suddenly reduced. Even for participants who are not yet receiving benefits, the lack of communication about the likely amount of their final benefits makes it difficult to plan for retirement.

In addition, PBGC's benefit determination letters generally provide only limited explanations for why the amount may be different from the amount provided under their plan. In complex plans, when benefit calculations are complicated, the letters often do not adequately explain

---

<sup>12</sup>The process for determining how the plan's assets are distributed among the plan's participants is specified in ERISA, 29 U.S.C. §§ 1322(c) and 1344. For a description of the allocation process, see our recent report, [GAO-09-716](#), appendix III.

<sup>13</sup>However, if a participant applies to start benefit payments during this time, communications would be exchanged between PBGC and the participant about the participant's current status, eligibility, and benefit amount, based on the requested retirement date.

---

why benefits are being reduced. Although benefit statements are generally attached, the logic and math involved can be difficult even for pension experts. Some pension advocates and union representatives we spoke with said that they found the explanations in these letters to be too vague and generic, and that the letters did not provide enough information specific to the individual's circumstances to be helpful. At the same time, they were generally sympathetic to the difficulty of communicating such complicated information. As one advocate acknowledged, for the letters to be accurate, they have to be complicated; this may just be "the nature of the beast."

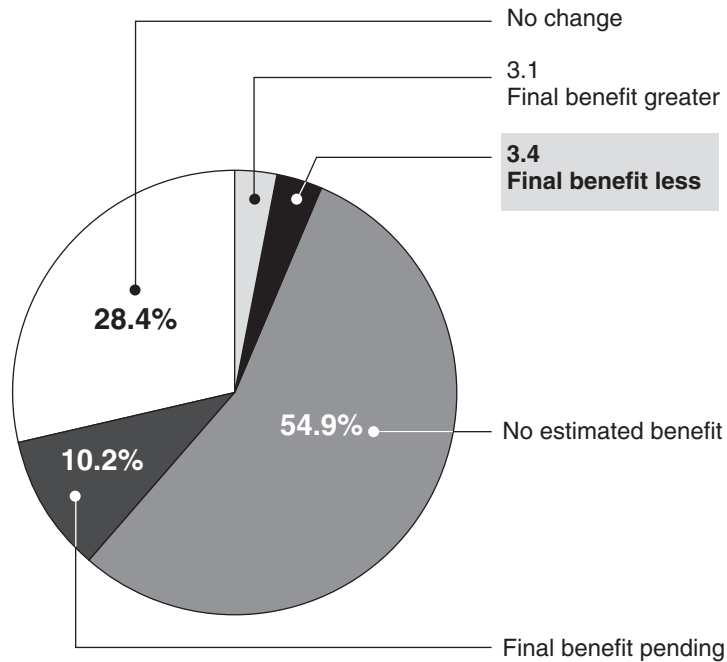
PBGC officials have taken steps to shorten the benefit determination process, although their initiatives have focused on ways to expedite processing of straightforward cases instead of the more difficult cases prone to delays. PBGC has also developed more than 500 letter formats—in both English and Spanish—to address the myriad of situations that may arise in the benefit determination process. Nevertheless, PBGC officials acknowledged that their standard letter formats may not always meet the needs of participants, especially those with complex plans and complicated benefit calculations. PBGC recently undertook a project to review and update their letters to try to better meet participant needs.

---

## **PBGC's Recoupment Process Affects Only a Small Percentage of Terminated Plan Participants**

The vast majority of participants in terminated plans are not affected by overpayments or PBGC's recoupment process. Overpayments generally occur when a retiree receives estimated benefits while PBGC is in the process of making benefit determinations and the final benefit amount is less than the estimated benefit amount. However, we found that of the 1,057,272 participants in plans terminated and trustee during fiscal years 2000 through 2008, more than half were not yet retired and, therefore, did not receive estimated benefits before the benefit determination process was complete. Moreover, for most who were retired, the estimated benefit amount received did not change when finalized. As shown in figure 3, of the 6.5 percent with benefits that did change when finalized, about half received a benefit amount that was greater, and half received a benefit amount that was less (about 3 percent of total participants in these plans, overall). In cases with a final benefit greater than the estimated amount, retirees are likely due a backpayment for having been underpaid, which PBGC repays in a lump sum, with interest. In cases with a final benefit that is less, the retirees are likely to have received an overpayment, which they then must repay to PBGC, with no added interest.

**Figure 3: Proportion of Participants with Estimated Benefits that Differ from Final Benefits**



Source: GAO analysis of PBGC data on participants of plans terminated and trustee during fiscal years 2000 through 2008 (1,057,272 cases total).

Overpayments can occur for two basic reasons: (1) there is a period of time when the retiree’s estimated benefit has not yet been reduced to reflect applicable limits; and (2) the retiree’s estimated benefit is adjusted to reflect applicable limits, but the estimate is still greater than the benefit amount that is ultimately determined to be correct. In general, the longer the delay before a retiree’s estimated benefit is adjusted to reflect the correct amount, the larger the overpayment, and the greater the amount that will need to be recouped from future monthly benefit payments.

When an overpayment occurs, retirees typically repay the amount owed by having their monthly benefits reduced by some fraction until the debt is repaid. According to PBGC data, 22,623 participants in plans terminated and trustee during fiscal years 2000 through 2008 (2.1% of the total) were

---

subject to such recoupment.<sup>14</sup> The total overpayment amounts varied widely—from less than \$1 to more than \$150,000—but our analysis of PBGC data suggests that most owed less than \$3,000.<sup>15</sup> Since in most cases PBGC recoups overpayments by reducing a participant’s final benefit by no more than 10 percent each month,<sup>16</sup> recoupment is amortized over many years and the impact on the participant’s benefit is limited. Per individual, we found that the median benefit reduction due to recoupment was about \$16 a month, or about 3 percent of the monthly payment amount, on average. The effect of receiving an overpayment of estimated benefits on one retiree’s monthly payment is illustrated in figure 4. The total amount of this retiree’s overpayment was \$5,600. His monthly payment was ultimately reduced by nearly one-half, but this was primarily due to the application of the guarantee limits. The amount of the benefit reduction for recoupment of the overpayment is \$38 per month, to be paid until 6/1/2020.

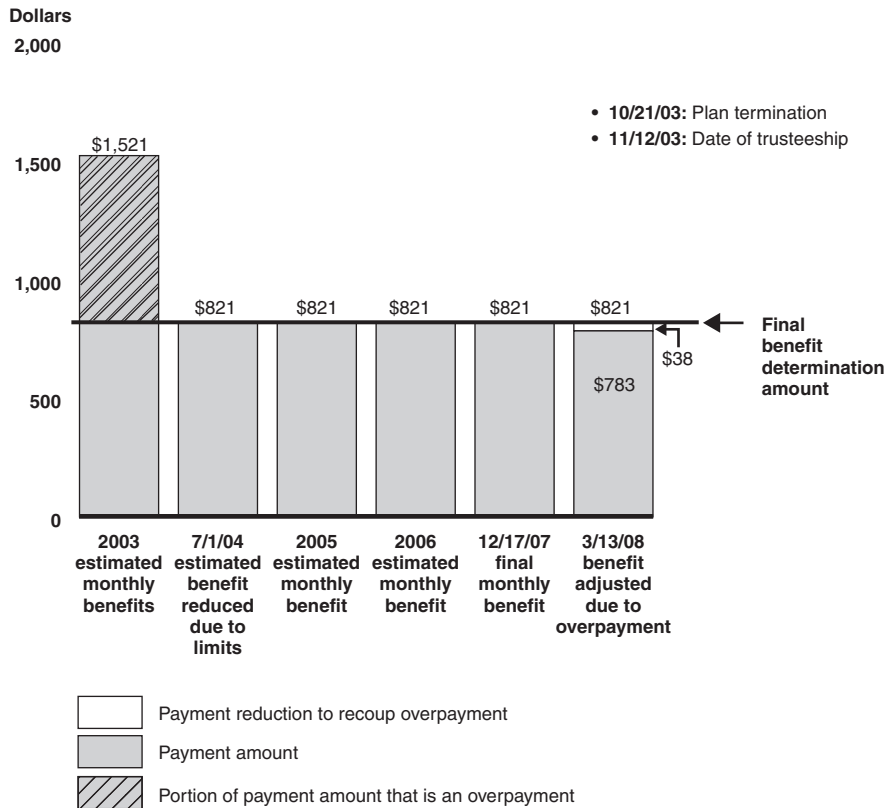
---

<sup>14</sup>Retirees who receive a final benefit that is less than their estimated benefit do not always end up with an overpayment that is recouped through monthly benefit reductions. For example, estimated benefit amounts may fluctuate over time, so that an overpayment may be offset by an underpayment resulting in no amount due. Alternatively, in some cases, it may be determined that the retiree is not eligible to receive an ongoing benefit payment, so there is no payment to be reduced for recoupment. PBGC refers to these as recovery cases rather than recoupment cases.

<sup>15</sup>Data reliability issues prevented us from conducting a more definitive analysis of total overpayment amounts. For a more detailed discussion of these data limitations, see our recent report, [GAO-09-716](#), appendix I. We were, however, able to verify that the person with the largest amount to be recouped was an LTV plan participant who owed a total of \$152,194, and was to have \$181 deducted each month from his payment of \$1,812 until 2/1/2078 (at which point he would be over 138 years of age). In general, we found that large overpayments tended to occur in cases where there were lengthy delays before estimated benefits were adjusted to reflect the guarantee benefit limits, but that in some cases, they occurred due to disputes regarding claims from ex-spouses (referred to as “qualified domestic relations orders”).

<sup>16</sup>PBGC regulations generally limit benefit reductions to the greater of (a) 10 percent of the participant’s monthly benefit, or (b) the amount in excess of the participant’s “maximum guaranteeable benefit.” 29 C.F.R. § 4022.82(a)(2) (2009).

**Figure 4: The Effect of Plan Termination and Recoupment on One Retiree's Monthly Payment**



Source: GAO analysis of PBGC data.

Participants are warned at the beginning of the process that their benefits may be reduced due to the legal limits on guaranteed benefits, and retirees are notified of possible overpayments when they begin to receive estimated payments. However, these warnings may not have the same meaning for participants when talked about in generalities as when they later receive notices concerning their specific benefit amounts. It can still come as a shock when—perhaps years later—they receive a final benefit determination letter with this news. Their frustration may be compounded if they fail to understand the explanations provided in the benefit determination letters. Some pension advocates and union representatives we spoke with said that this is often the case in complex cases involving large benefit reductions. They noted that they did not think most participants would be able to understand the accompanying benefit statements without additional information and assistance. In the participant files we reviewed, the benefit statements that accompanied the

---

letters ranged in length from 2 to 8 pages. In some cases, there were as many as 20 to 30 different line items that required making comparisons between the items to understand the logic of the calculations.<sup>17</sup>

Participants may appeal the results of the benefit determination process within 45 days of receiving a final benefit determination.<sup>18</sup> Appeals are accepted if they raise a question about how the plan was interpreted, how the law was interpreted, or the practices of the plan's sponsor, but not if they are based only on hardship. Although some appellants have successfully used the appeals process to increase their benefits, less than 20 percent of appeals docketed since fiscal year 2003 have resulted in appellants receiving higher benefit amounts. We found that a lack of understanding on the part of participants about how their benefits are calculated may engender unnecessary appeals, and that PBGC is not readily providing key information that would be helpful to participants in deciding whether or not to pursue an appeal.

Participants may request hardship waivers for overpayments, but only in cases that do not involve an ongoing payment. PBGC policy stipulates that in cases with an ongoing payment, recoupment of an overpayment may not be waived unless the monthly reduction would be less than \$5.<sup>19</sup> By comparison, federal agencies such as the Social Security Administration and the Office of Personnel Management generally pursue repayment at a faster rate with larger reductions to benefits when recouping overpayments, but their policies also give greater prominence to waivers.

---

## Conclusions and Recommendations

To address the concerns of workers and retirees in terminated plans who stand to lose as much as one-half or more of their long-anticipated retirement income, and who will likely have to make painful financial adjustments, PBGC needs a more strategic approach for processing complex plans prone to delays and overpayments. The failure to communicate more often and clearly with participants awaiting a final

---

<sup>17</sup>For an example of a benefit determination letter and benefit statement, see [GAO-09-716](#), appendix VII.

<sup>18</sup>29 C.F.R. §§ 4003.1(b)(7) and 4003.52 (2009).

<sup>19</sup>In addition, in the last month that benefits are to be reduced to repay an overpayment, PBGC policy allows the final monthly reduction amount to be waived if the remaining balance due is less than the normal monthly reduction amount. 29 C.F.R. § 4022.82(a)(5) (2009).

---

determination can be disconcerting—especially when participants receive the news that their final determination is “surprisingly” less than they anticipated, or when retirees learn that the estimated interim benefit they had been receiving was too high and that they owe money. More frequent and clearer communication with plan participants, including more timely adjustments to estimated benefits, more information about how their benefits are calculated, and where to find help if they wish to appeal, would better manage expectations, help people plan for their future, avoid unnecessary appeals, and earn good will during a trying time for all.

In our recently issued report, we recommended that PBGC develop a better strategy for processing complex plans in order to reduce delays, minimize overpayments, improve communication with participants, and make the appeals process more accessible. After reviewing the draft report, PBGC generally agreed with our recommendations, noting the steps it would take to address GAO’s concerns. For example, PBGC said that it had started to track and monitor tasks associated with processing large, complex plans, and would continue to look for other ways to improve its processes. A complete discussion of our recommendations, PBGC’s comments, and our evaluation are provided in our recently issued report. As PBGC’s financial challenges continue to mount and dramatic increases to PBGC’s workload appear imminent, improvements to PBGC’s processes are urgently needed.

---

Mr. Chairman, this completes my prepared statement. I would be happy to respond to any questions you or other Members of the Committee may have.

For further information regarding this testimony, please contact me at (202) 512-7215. Individuals making key contributions to this testimony include Blake L. Ainsworth (Assistant Director), Margie K. Shields, Kristen W. Jones, James Bennett, Susan C. Bernstein, and Craig W. Winslow.



---

---

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

---

## GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

---

## Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site ([www.gao.gov](http://www.gao.gov)). Each weekday afternoon, GAO posts on its Web site newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to [www.gao.gov](http://www.gao.gov) and select "E-mail Updates."

---

## Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's Web site, <http://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

---

## To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: [www.gao.gov/fraudnet/fraudnet.htm](http://www.gao.gov/fraudnet/fraudnet.htm)

E-mail: [fraudnet@gao.gov](mailto:fraudnet@gao.gov)

Automated answering system: (800) 424-5454 or (202) 512-7470

---

## Congressional Relations

Ralph Dawn, Managing Director, [dawnr@gao.gov](mailto:dawnr@gao.gov), (202) 512-4400  
U.S. Government Accountability Office, 441 G Street NW, Room 7125  
Washington, DC 20548

---

## Public Affairs

Chuck Young, Managing Director, [youngc1@gao.gov](mailto:youngc1@gao.gov), (202) 512-4800  
U.S. Government Accountability Office, 441 G Street NW, Room 7149  
Washington, DC 20548

