



Office of the General Counsel

B-281708

December 28, 1998

The Honorable James M. Jeffords
Chairman
The Honorable Edward M. Kennedy
Ranking Minority Member
Committee on Labor and Human Resources
United States Senate

The Honorable William F. Goodling
Chairman
The Honorable William Clay
Ranking Minority Member
Committee on Education and the Workforce
House of Representatives

Subject: Pension Benefit Guaranty Corporation: Payment of Premiums

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Pension Benefit Guaranty Corporation (PBGC), entitled "Payment of Premiums" (RIN: 1212-AA79). We received the rule on December 9, 1998. It was published in the Federal Register as a final rule on December 14, 1998. 63 Fed. Reg. 68684.

The rule extends the time for final premium filings for calendar year plans and for non-calendar year plans that begin on the first day of the month by 1 month. Plans with plan years beginning on a day other than the first day of the month get a 2-month extension from the due date under the prior rule. According to PBGC, the purpose of the change is to coordinate the filing with the filing of PBGC's Form 5500 to avoid the confusion and administrative burden associated with non-coordinated filing dates. The filing change will shift an estimated \$350 million in premium payments from the end of the government's fiscal year 1999 to the beginning of fiscal year 2000.¹

¹The premiums are included as receipts in the federal budget.

Enclosed is our assessment of the PBGC's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that the PBGC complied with the applicable requirements.

If you have any questions about this report, please contact Alan Zuckerman, Assistant General Counsel, at (202) 512-4586. The official responsible for GAO evaluation work relating to the Pension Benefit Guaranty Corporation is Cynthia Fagnoni, Director, Income Security Issues. Ms. Fagnoni can be reached at (202) 512-7215.

Robert P. Murphy
General Counsel

Enclosure

cc: Mr. Joseph H. Grant
Deputy Executive Director and
Chief Operating Officer
Pension Benefit Guaranty Corporation

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE
ISSUED BY
THE PENSION BENEFIT GUARANTY CORPORATION
ENTITLED
"PAYMENT OF PREMIUMS"
(RIN: 1212-AA79)

(i) Cost-benefit analysis

There is no cost as a result of the rule and the only benefit is a modest amount of investment income premium payers will realize because of the deferral of the premium payment time.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

In accordance with 5 U.S.C. § 605(b), PBGC has certified that the rule will not have a significant economic impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

There is no federal mandate that results from the promulgation of the rule.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

The PBGC promulgated this rule under the notice and comment procedures of 5 U.S.C. § 553. A notice of proposed rulemaking was published on April 10, 1992, 57 Fed. Reg. 12666. The PBGC received comments in response to the notice, and in its report indicates that it gave full consideration to the comments filed by the interested parties.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

There are no additional information collections required by the rule that is apparent from the report or the Federal Register publication.

Statutory authorization for the rule

This final rule was issued pursuant to the authority contained in 29 U.S.C. §§ 1302(b)(3), 1306, 1307.

Executive Order No. 12866

As stated in the preamble, the rule was reviewed by the Office of Management and Budget (OMB) under E.O. 12866. OMB found the rule to be an economically significant regulatory action because of the deferral of receipt of premium income of approximately \$350 million from FY 1999 to FY 2000.