

### **PART III—IMPROVEMENTS OF PBGC**

#### **SEC. 40231. PENSION BENEFIT GUARANTY CORPORATION GOVERNANCE IMPROVEMENT.**

(a) BOARD OF DIRECTORS OF THE PENSION BENEFIT GUARANTY CORPORATION.—

(1) IN GENERAL.—Section 4002(d) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1302(d)) is amended—

(A) by striking “(d) The board of directors” and inserting “(d)(1) The board of directors”; and

(B) by adding at the end the following:

“(2) A majority of the members of the board of directors in office shall constitute a quorum for the transaction of business. The vote of the majority of the members present and voting at a meeting at which a quorum is present shall be the act of the board of directors.

“(3) Each member of the board of directors shall designate in writing an official, not below the level of Assistant Secretary, to serve as the voting representative of such member on the board. Such designation shall be effective until revoked or until a date or event specified therein. Any such representative may refer for board action any matter under consideration by the designating board member, but such representative shall not count toward establishment of a quorum as described under paragraph (2).

“(4) The Inspector General of the corporation shall report to the board of directors, and not less than twice a year, shall attend a meeting of the board of directors to provide a report on the activities and findings of the Inspector General, including with respect to monitoring and review of the operations of the corporation.

“(5) The General Counsel of the corporation shall—

“(A) serve as the secretary to the board of directors, and advise such board as needed; and

“(B) have overall responsibility for all legal matters affecting the corporation and provide the corporation with legal advice and opinions on all matters of law affecting the corporation, except that the authority of the General Counsel shall

not extend to the Office of Inspector General and the independent legal counsel of such Office.

“(6) Notwithstanding any other provision of this Act, the Office of Inspector General and the legal counsel of such Office are independent of the management of the corporation and the General Counsel of the corporation.

“(7) The board of directors may appoint and fix the compensation of employees as may be required to enable the board of directors to perform its duties. The board of directors shall determine the qualifications and duties of such employees and may appoint and fix the compensation of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code.”.

(2) NUMBER OF MEETINGS; PUBLIC AVAILABILITY.—Section 4002(e) of such Act (29 U.S.C. 1302(e)) is amended—

(A) by striking “The board” and inserting “(1) The board”;

(B) by striking “the corporation.” and inserting “the corporation, but in no case less than 4 times a year with not fewer than 2 members present. Not less than 1 meeting of the board of directors during each year shall be a joint meeting with the advisory committee under subsection (h).”; and

(C) by adding at the end the following:

“(2)(A) Except as provided in subparagraph (B), the chairman of the board of directors shall make available to the public the minutes from each meeting of the board of directors.

“(B) The minutes of a meeting of the board of directors, or a portion thereof, shall not be subject to disclosure under subparagraph (A) if the chairman reasonably determines that such minutes, or portion thereof, contain confidential employer information including information obtained under section 4010, information about the investment activities of the corporation, or information regarding personnel decisions of the corporation.

“(C) The minutes of a meeting, or portion of thereof, exempt from disclosure pursuant to subparagraph (B) shall be exempt from disclosure under section 552(b) of title 5, United States Code. For purposes of such section 552, this subparagraph shall be considered a statute described in subsection (b)(3) of such section 552.”.

(3) ADVISORY COMMITTEE.—

(A) ISSUES CONSIDERED BY THE COMMITTEE.—Section 4002(h)(1) of such Act (29 U.S.C. 1302(h)(1)) is amended—

(i) by striking “, and (D)” and inserting “, (D)”;

and

(ii) by striking “time to time.” and inserting “time to time, and (E) other issues as determined appropriate by the advisory committee.”.

(B) JOINT MEETING.—Section 4002(h)(3) of such Act (29 U.S.C. 1302(h)(3)) is amended by adding at the end the following: “Not less than 1 meeting of the advisory committee during each year shall be a joint meeting with the board of directors under subsection (e).”.

(b) AVOIDING CONFLICTS OF INTEREST.—Section 4002 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1302) is amended by adding at the end the following:

“(j) CONFLICTS OF INTEREST.—

“(1) IN GENERAL.—The Director of the corporation and each member of the board of directors shall not participate in a

decision of the corporation in which the Director or such member has a direct financial interest. The Director of the corporation shall not participate in any activities that would present a potential conflict of interest or appearance of a conflict of interest without approval of the board of directors.

“(2) ESTABLISHMENT OF POLICY.—The board of directors shall establish a policy that will inform the identification of potential conflicts of interests of the members of the board of directors and mitigate perceived conflicts of interest of such members and the Director of the corporation.”.

(c) RISK MITIGATION.—Section 4002 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1302), as amended by subsection (b), is further amended by adding at the end the following:

“(k) RISK MANAGEMENT OFFICER.—The corporation shall have a risk management officer whose duties include evaluating and mitigating the risk that the corporation might experience. The individual in such position shall coordinate the risk management efforts of the corporation, explain risks and controls to senior management and the board of directors of the corporation, and make recommendations.”.

(d) DIRECTOR.—Section 4002(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1302(c)) is amended to read as follows:

“(c) The Director shall be accountable to the board of directors. The Director shall serve for a term of 5 years unless removed by the President or the board of directors before the expiration of such 5-year term.”.

(e) SENSES OF CONGRESS.—

(1) FORMATION OF COMMITTEES.—It is the sense of Congress that the board of directors of the Pension Benefit Guaranty Corporation established under section 4002 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1302), as amended by this section, should form committees, including an audit committee and an investment committee composed of not less than 2 members, to enhance the overall effectiveness of the board of directors.

(2) ADVISORY COMMITTEE.—It is the sense of Congress that the advisory committee to the Pension Benefit Guaranty Corporation established under section 4002 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1302), as amended by this section, should provide to the board of directors of such corporation policy recommendations regarding changes to the law that would be beneficial to the corporation or the voluntary private pension system.

(f) STUDY REGARDING GOVERNANCE STRUCTURES.—

(1) IN GENERAL.—Not later than 90 days after the date of enactment of this Act, the Pension Benefit Guaranty Corporation shall enter into a contract with the National Academy of Public Administration to conduct the study described in paragraph (2) with respect to the Pension Benefit Guaranty Corporation.

(2) CONTENT OF STUDY.—The study conducted under paragraph (1) shall include—

(A) a review of the governance structures of governmental and nongovernmental organizations that are analogous to the Pension Benefit Guaranty Corporation; and

(B) recommendations regarding—

(i) the ideal size and composition of the board of directors of the Pension Benefit Guaranty Corporation;

(ii) procedures to select and remove members of such board;

(iii) qualifications and term lengths of members of such board; and

(iv) policies necessary to enhance Congressional oversight and transparency of such board and to mitigate potential conflicts of interest of the members of such board.

(3) SUBMISSION TO CONGRESS.—Not later than 1 year after the initiation of the study under paragraph (1), the National Academy of Public Administration shall submit the results of the study to the Committees on Health, Education, Labor, and Pensions and Finance of the Senate and the Committees on Education and the Workforce and Ways and Means of the House of Representatives.

**SEC. 40233. QUALITY CONTROL PROCEDURES FOR THE PENSION BENEFIT GUARANTY CORPORATION.**

(a) ANNUAL PEER REVIEW OF INSURANCE MODELING SYSTEMS.—The Pension Benefit Guaranty Corporation shall contract with a capable agency or organization that is independent from the Corporation, such as the Social Security Administration, to conduct an annual peer review of the Corporation's Single-Employer Pension Insurance Modeling System and the Corporation's Multiemployer

Pension Insurance Modeling System. The board of directors of the Corporation shall designate the agency or organization with which any such contract is entered into. The first of such annual peer reviews shall be initiated no later than 3 months after the date of enactment of this Act.

(b) **POLICIES AND PROCEDURES RELATING TO THE POLICY, RESEARCH, AND ANALYSIS DEPARTMENT.**—The Pension Benefit Guaranty Corporation shall—

(1) develop written quality review policies and procedures for all modeling and actuarial work performed by the Corporation's Policy, Research, and Analysis Department; and

(2) conduct a record management review of such Department to determine what records must be retained as Federal records.

(c) **REPORT RELATING TO OIG RECOMMENDATIONS.**—Not later than 2 months after the date of enactment of this Act, the Pension Benefit Guaranty Corporation shall submit to Congress a report, approved by the board of directors of the Corporation, setting forth a timetable for addressing the outstanding recommendations of the Office of the Inspector General relating to the Policy, Research, and Analysis Department and the Benefits Administration and Payment Department.

**SEC. 40234. LINE OF CREDIT REPEAL.**

(a) **IN GENERAL.**—Subsection (c) of section 4005 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1305) is repealed.

(b) **CONFORMING AMENDMENTS.**—

(1) Section 4005 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1305) is amended—

(A) in subsection (b)—

(i) paragraph (1)—

(I) by striking subparagraph (A); and

(II) by redesignating subparagraphs (B) through (G) as subparagraphs (A) through (F), respectively;

(ii) in paragraph (2)—

(I) by striking subparagraph (C); and

(II) by redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D), respectively; and

(iii) in paragraph (3), by striking “but,” and all that follows through the end and inserting a period; and

(B) in subsection (g)—

(i) by striking paragraph (2); and

(ii) by redesignating paragraph (3) as paragraph

(2).

(2) Section 4402 of such Act (29 U.S.C. 1461) is amended—

(A) in subsection (c)(4)—

(i) by striking subparagraph (C); and

(ii) by redesignating subparagraph (D) as subparagraph (C); and

(B) in subsection (d), by striking “or (D)”.