

**EMBARGOED UNTIL DELIVERY**  
*Remarks as prepared for Delivery*

**Opening Statement of Joshua Gotbaum**  
**Nominee to be Director of the Pension Benefit Guaranty Corporation**  
**U.S. Senate Committee on Finance**  
**May 26, 2010**

Mr. Chairman, Senator Grassley, Members of the Committee, thank you for considering my nomination.

We all know the Pension Benefit Guaranty Corporation (PBGC) is going through hard times -- just when it is needed more than ever. Its finances are out of balance. Despite improvements, its service continues to disappoint some; its benefit levels frustrate others. And the behavior of the previous Director has called into question many of the agency's actions, even some that done properly might be the right thing to do.

The leadership of this important agency matters now perhaps as much as any time since its founding.

Let me start by explaining how my background and experience could help the PBGC meet its critical challenges.

I would bring to the PBGC a broad range of experiences. My career has involved businesses, financial institutions, unions, non-profits, and government. Rather than being an expert in a particular industry, my skills are those of a manager and problem solver: I work to bring people together, to face difficult issues head-on and find consensus solutions to complex problems -- solutions that respect all the stakeholders and that everyone can live with.

I have worked throughout the Federal government, in the White House as well as the Senate and five cabinet agencies. As a senior official at the Defense Department, I participated in and helped improve procurement decisions. At the Treasury Department, I helped coordinate the boards overseeing Social Security and Medicare trust funds. In four years at the Office of Management and Budget, I helped guide and coordinate the inspectors general and CFOs across the government; I also was repeatedly called upon to craft solutions to complex problems that crossed agency lines, problems ranging from disaster relief to civil rights to counterterrorism. I worked on economic policy and regulatory matters in two administrations and, early in my career, in the White House; for Senator Gary Hart in the Senate Budget Committee; and in the Departments of Energy and Transportation as well.

I went into the private sector in the 1980s. For more than a decade, I helped businesses, governments, and unions solve problems. I helped companies acquire other companies or be acquired themselves, raise funds or restructure the funds they'd already raised, and work through the complex, thorny issues of bankruptcy or out-of-court reorganization.

After September 11, 2001, I became the first CEO of The September 11<sup>th</sup> Fund. I built the team that was entrusted with more than \$500 million to help the many victims of that tragedy. I'm proud to say that we helped more than 100,000 to recover: people, small businesses, and nonprofits that had lost their families, their jobs, their workplaces, or their homes. And we did so in ways that set new standards for public accountability.

Since then I've worked with businesses in distress. I was appointed Trustee for Hawaiian Airlines, replacing the CEO removed by the bankruptcy court. Despite the challenges, Hawaiian Airlines exited bankruptcy successfully: the company was profitable, with an enhanced reputation, expanded service, new labor agreements, and 100% repayment of creditors – all without terminating the company's underfunded pension plan.

I have also led and managed in business, in non-profits, and in government. I've set strategy, hired and fired, committed capital and reputation, and engaged with board members, budget officers, overseers, critics, customers and clients. I know that every one of these responsibilities is handled differently in the public service. The ethical standards are higher. Having served in government – in three Senate-confirmed positions – I understand that I cannot ask for your confirmation without committing myself to meet those standards of accountability and ethical public service. I made that commitment in three previous administrations and I do so now.

If confirmed to lead the PBGC, I would work with stakeholders and staff to develop a workable consensus with respect to the agency's policies and programs. Several principles would guide me:

- That retirement security is essential and that defined benefit plans – which for many are a better way to achieve it -- must be preserved;
- That the PBGC cannot choose between meeting the professional standards of industry and highest standards of government. It must do both;
- That the PBGC should provide its services with a sense of compassion;
- That we must address the critical issues facing the PBGC -- such as funding relief, investment policy, and the deficit -- directly and realistically; and
- That working with Congress and other stakeholders is essential.

If confirmed, I would of course address the agency's management and organizational challenges. My view of the role would be to provide a steady hand and independent judgment to help negotiate and solve complex problems and, through creative management, to encourage and enable the very professional PBGC staff to do so.

Congress has entrusted this agency with important responsibilities – protecting the pensions of more than 40 million people – and asked it also to serve as an advocate in deliberations on retirement security for all of us. However, there is no universally accepted blueprint for advancing the PBGC's mission, or for confronting the many issues the PBGC faces. Reaching agreement on these issues will require the engagement and acceptance of the Congress, the Administration, and many others with interests in retirement security. It will require both principles and practicality, creativity and compromise.

If confirmed, I would be honored to join with the PBGC, the Congress, and all those for whom retirement security is so important, to help the PBGC overcome its challenges and implement the goals we share.

Thank you for the opportunity to appear before you today. I look forward to hearing more about your views and answering your questions.