

June 11, 2019

The Honorable Bobby Scott
Chairman
Committee on Education and Labor
U.S. House of Representatives
Washington, DC 20515

The Honorable Virginia Foxx
Ranking Member
Committee on Education and Labor
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Scott and Ranking Member Foxx:

On behalf of the undersigned groups that have joined together as representatives of labor, employers, pension plans and other stakeholders, we urge Congress to address the growing multiemployer pension plan crisis and offer legislative solutions for all plans.

The multiemployer pension system is an integral part of the U.S. economy. In 2015, the multiemployer system paid \$158 billion in federal and \$82 billion in state and local taxes, supported 13.6 million American jobs, and contributed more than \$1 trillion to U.S. GDP. This includes \$41 billion in pension payments and \$203 billion in wages to active employees. These plans provide more than 10 million workers the ability to accrue retirement benefits in industries such as trucking, food services, and construction.

Historically these plans have offered stable retirements for millions of workers, but the entire system is under threat of collapse. Due to a confluence of economic, statutory, regulatory, and demographic events, approximately 130 multiemployer pension plans (including several that are systemically important) are projected to run out of money within the next several years. These plans represent 1.5 million participants. Additionally, the plans' insurer of last resort, the Pension Benefit Guaranty Corporation (PBGC), will become insolvent in 2025 concurrently with the insolvency of the Central States Pension Fund, which is the largest multiemployer pension plan with respect to benefit payment.

Without changes to the law, it will be impossible for these plans and the PBGC to avoid insolvency, resulting in billions in lost tax revenue and billions in new safety net entitlement spending. However, with targeted legislation to create incentives for plans to enhance funding and reduce plan liabilities, many additional problems can be avoided.

We support achievable solutions that will restore the solvency of distressed plans and maximize benefits for participants, while not harming plans that are financially healthy or undermining plans with viable rehabilitation efforts underway. These solutions can use existing partitioning authority at the PBGC to provide a one-time program to remove plan liabilities from distressed plans. Any new funding for this authority must not be on the backs of healthier plans and must be shared across those impacted.

When Congress provides relief, tools must be provided to plans to ensure that plan failures are not repeated. This can be done by giving plans the ability to proactively manage plan funding and risks without handcuffing employers with increased withdrawal liability and unsustainable contribution rate increases.

Finally, to ensure there is not a repeat of this crisis, plans must be given the option to adopt new plan designs, such as modifications to the existing authority for variable defined benefit plans and 414(k) plans, such as composite plans, and other new plan designs. This will allow plans to attract new employers, eliminate the potential for underfunding and help prevent a reoccurrence of the current funding crisis. This should be done in conjunction with other reforms.

2019 is a critical year for legislative action. Every year that Congress fails to address these problems, they become more difficult and more expensive to solve while raising the risks of market-based consequences for

the more than 200,000 employers that participate in multiemployer pension plans. We look forward to working with you in a bipartisan manner to secure the retirement of millions of active and retired workers and the fiscal stability of their contributing employers and the U.S. taxpayer.

Sincerely,

AGC of Colorado
AGC of Massachusetts
AGC of Metropolitan Washington DC
AGC of Michigan
AGC of Missouri
AGC of Northwest Ohio, Inc.
AGC of Ohio
AGC of Western Kentucky
AGC Oregon-Columbia Chapter
AGC, West Central Ohio Division
American Licorice Company
Annabelle Candy Company, Inc.
Arizona Chapter, Associated General Contractors of
America
Associated General Contractors of America
Associated General Contractors of the Quad Cities
Associated General Contractors of Wisconsin
Associated Wholesale Grocers, Inc.
Bimbo Bakeries USA
Central Illinois Builders of AGC
Chicagoland AGC
D.W. Dickey & Son, Inc.
Dairy Farmers of America, Inc.
Dean Foods
Delaware Contractors Association
DHL
FAIR Committee of WNY
FCA International
Frankford Candy
International Council of Employers of Bricklayers
and Allied Craftworkers
International Warehouse Logistics Association
Laborers' International Union of North America
(LiUNA!)
Kellogg Company
Maryland AGC
Master Builders' Association of Western PA, Inc.

Mechanical Contractors Association of America
National Association of Manufacturers
National Beer Wholesalers Association
National Coordinating Committee for
Multiemployer Plans
National Electrical Contractors Association
Nestlé
Nickles Bakery
Ohio Contractors Association
Penske Truck Leasing Co., L.P.
Schnuck Markets, Inc.
Schwebel Baking Company
Sheet Metal and Air Conditioning Contractors'
National Association
Sodexo
Spangler Candy Company
The Associated General Contractors of New York
State
The Association of Food and Dairy Retailers,
Wholesalers, and Manufacturers
The Association of Union Constructors
The Connecticut Construction Industries
Association, Inc
The Freeman Company
The Kroger Co.
The Signatory Wall and Ceiling Contractors Alliance
The Standard Group, LLC
The Topps Company
Tramonte Distributors
U.S. Chamber of Commerce
UNFI
United Association of Plumbers and Fitters
United Brotherhood of Carpenters and Joiners of
America
United Dairy, Inc.
Universal Oil, Inc.
UPS