

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	National Beer Wholesalers Association
AGC of Massachusetts	National Coordinating Committee for
AGC of Metropolitan Washington DC	Multiemployer Plans
AGC of Michigan	National Electrical Contractors Association
AGC of Missouri	Nestlé
AGC of Northwest Ohio, Inc.	Nickles Bakery
AGC of Ohio	Ohio Contractors Association
AGC of Western Kentucky	Penske Truck Leasing Co., L.P.
AGC Oregon-Columbia Chapter	Schnuck Markets, Inc.
AGC, West Central Ohio Division	Schwebel Baking Company
American Licorice Company	Sheet Metal and Air Conditioning Contractors'
Annabelle Candy Company, Inc.	National Association
Arizona Chapter, Associated General	Sodexo
Contractors of America	Spangler Candy Company
Associated General Contractors of America	The Associated General Contractors of New
Associated General Contractors of the Quad	York State
Cities	The Association of Food and Dairy Retailers,
Associated General Contractors of Wisconsin	Wholesalers, and Manufacturers
Associated Wholesale Grocers, Inc.	The Association of Union Constructors
Bimbo Bakeries USA	The Connecticut Construction Industries
Central Illinois Builders of AGC	Association, Inc
Chicagoland AGC	The Freeman Company
D.W. Dickey & Son, Inc.	The Kroger Co.
Dairy Farmers of America, Inc.	The Signatory Wall and Ceiling Contractors
Dean Foods	Alliance
Delaware Contractors Association	The Standard Group, LLC
DHL	The Topps Company
FAIR Committee of WNY	Tramonte Distributors
FCA International	U.S. Chamber of Commerce
Frankford Candy	UNFI
International Council of Employers of	United Association of Plumbers and Fitters
Bricklayers and Allied Craftworkers	United Brotherhood of Carpenters and Joiners
International Warehouse Logistics Association	of America
Kellogg Company	United Dairy, Inc.
Maryland AGC	Universal Oil, Inc.
Mechanical Contractors Association of America	UPS
National Association of Manufacturers	