

March 2, 2021

The Honorable Charles E. Schumer
Senate Majority Leader
The Capitol, S-221
Washington, DC 20510

The Honorable Mitch McConnell
Senate Minority Leader
The Capitol, S-230
Washington, DC 20510

Letter supporting the multiemployer pension relief provisions in the American Rescue Plan Act of 2021 as essential COVID-19 relief

Dear Leaders Schumer and McConnell,

The undersigned employers, representing millions of essential workers, support the multiemployer pension provisions in the American Rescue Plan Act of 2021 and urge Senate adoption of this very important and timely legislation.

Employers recognize the multiemployer crisis began before the COVID-19 pandemic, and we have been striving to find a sustainable solution to this crisis for many years. However, the economic consequences of COVID-19 have exacerbated the challenges facing many multiemployer plans, employers, and essential workers - making immediate relief absolutely essential.

Employers are feeling the effects of the multiemployer crisis **right now**. The “last man standing” rule saddles remaining employers with astronomical pension obligations because of “orphan liabilities” from employees who never worked for them. This caused many employers’ contribution rates to double in the last decade. Additionally, the withdrawal liability for some small employers exceeds the entire value of their business. In some cases, hiring one new employee comes with a pension price tag exceeding \$200,000 of additional withdrawal liability. The staggering withdrawal liability also harms employers’ ability to secure affordable financing because financial institutions are hesitant to do business with companies that have significant withdrawal liability exposure. As employers struggle to survive the pandemic, the adverse effects of the multiemployer crisis increase their obstacles for hiring and prospects for a strong recovery.

The COVID-19 pandemic has had a significant impact on plan funding levels. As contributions to multiemployer plans are largely based on hours worked, the dramatic decline in economic activity, business closures, and employee furloughs caused by COVID-19 reduced pension contributions at a time when plans can least afford it. Government-mandated lockdowns have impacted plans in the retail, entertainment, and food services industries. As plans have become more reliant on employer contributions (because of their funding status), the negative impacts from the pandemic are even more detrimental to their outlook.

Employers have been long-time advocates of a “comprehensive solution” to the multiemployer crisis. Employers testified before the Joint Select Committee on Solvency of Multiemployer Pension Plans and before House and Senate committees repeatedly calling for reforms to protect the system. In recent years, employers from several industries attempted to broker bipartisan compromises. Through these efforts, we have made significant progress in many areas of reform, including proposals for new plan designs to provide additional safeguards to the PBGC and flexibility to plan sponsors. Employers will continue to advocate for systemic reforms because multiemployer pension stability is vital to our long-term success.

In the meantime, Congress needs to address the immediate funding crisis facing the most severely troubled plans, which this legislation does. Passing this relief now will allow lawmakers to engage in more focused conversations on reforms to strengthen the multiemployer system.

Without federal assistance, 1.3 million Americans will see their retirement benefits cut by as much as 98 percent within the next few years, and employers will be overwhelmed by pension obligations. Allowing the system to fail will create disastrous economic outcomes. At least \$20 billion will be lost annually in federal tax revenues and safety net spending, far exceeding the cost of the proposed relief.

It is wrong to assume that because the multiemployer crisis began before COVID-19 it is unrelated to or immune from the effects of the pandemic. The economic drag on plans, employers, and workers is profound. If Congress' priority is to strengthen the confidence of retirees, small businesses, and essential workers during these uncertain times, then it should pass multiemployer relief without further delay. To do otherwise would make the solution more expensive and more complex. We urge Congress to pass the multiemployer pension relief in the American Rescue Plan Act of 2021 and support the more than 200,000 businesses and 10.9 million workers and retirees that contribute to, and rely on, the multiemployer pension system.

Sincerely,

Albertsons Companies
Ammons Supermarkets
Associated Wholesale Grocers, Inc.
Automatic Rolls of New England
Automatic Rolls of New Jersey
Bake Rite Rolls
Bimbo Bakeries USA, Inc.
Brown's Super Stores, Inc.
Chappell & Zimmerman, Inc.
Crowley Maritime Corp.
Dairy Farmers of America, Inc.
DHL
D.W. Dickey & Son, Inc.
Fargo Glass and Paint Co.
Food Parade, Inc.
Glass Gardens, Inc.
Goshen Mechanical Contractors, Inc.
H&S Bakery of Eldersburg, Inc.
The J.M. Smucker Company
Joseph Family Markets
Kearny ShopRite
Kellogg Company
Knowlan's Super Markets, Inc.
The Kroger Co.
Mancini's Bakery Inc.
Mannix Family Supermarkets
Milk Industry Management Corporation d/b/a
Balford Farms

Milford Markets
Penske Truck Leasing Co., L.P.
Prairie Farms Dairy
Pyrenees French Bakery, Inc.
Rich Products Corporation
Riviana Foods, Inc.
Roma Bakery Inc.
Ronetco Supermarkets, Inc.
Roth IGA Foodliner, Inc.
Savor Street Foods, Inc.
Schmidt Baking Company, Inc.
Schnuck Markets, Inc.
Schwebel Baking Company
ShopRite of Hunterdon County
Sodexo
Spangler Candy Company
The Standard Group, Louisville, Kentucky
Sunrise ShopRite, Inc.
Sunrise ShopRite of Parsippany, LLC.
Tramonte Distributing Company
United Dairy, Inc.
Universal Oil, Inc.
UPS
Wakefern Food Corp.
Wawa
Yellow

cc: Members of the United States Senate