

July 25, 2019

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Pelosi, Leader McConnell, Leader McCarthy, and Leader Schumer:

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 Houston	Construction Employers Association
AGC of California	Constructors Association of Western
AGC of Colorado	Pennsylvania
AGC of Massachusetts	Crowley Maritime Corp.
AGC of Metropolitan Washington DC	D.W. Dickey & Son, Inc.
AGC of Michigan	Dairy Farmers of America, Inc.
AGC of Missouri	Dean Foods
AGC of Northwest Ohio, Inc.	Delaware Contractors Association
AGC of Ohio	DHL
AGC of Western Kentucky	Eastern Contractors Association, Inc.
AGC Oregon-Columbia Chapter	FAIR Committee of WNY
AGC, West Central Ohio Division	FCA International
American Bakers Association	Fontana Lithograph, Inc./MOSAIC
American Licorice Company	Frankford Candy
Annabelle Candy Company, Inc.	General Building Contractors Association
Arizona Chapter, Associated General	Great Lakes Fabricators and Erectors
Contractors of America	Association
Associated General Contractors of America	Inland Northwest AGC
Associated General Contractors of the Quad	International Association of Sheet Metal, Air,
Cities	Rail and Transportation Workers (SMART)
Associated General Contractors of Wisconsin	International Council of Employers of
Associated Steel Erectors of Chicago	Bricklayers and Allied Craftworkers
Associated Wholesale Grocers, Inc.	International Union of Elevator Constructors
Bechtel	International Union of Painters and Allied
Bimbo Bakeries USA	Trades
Building Contractors Association, Inc.	International Warehouse Logistics Association
Building Laborers Union Local 310 Pension Plan	Ironworker Employers Association of Western
Central Illinois Builders of AGC	Pennsylvania, Inc.
Chicagoland AGC	Ironworker Management Progressive Action
Construction Advancement Foundation of	Cooperative Trust (IMPACT)
Northwest Indiana	IUPAT Industry Pension Plan
Construction Association of Michigan	Kellogg Company

Keystone Contractors Association
Laborers' International Union of North America
(LiUNA!)
Maryland AGC
Master Builders' Association of Western PA, Inc.
Mechanical Contractors Association of America
Mechanical Contractors Association of Chicago
Mechanical Contractors Association of Detroit
National Association of Manufacturers
National Beer Wholesalers Association
National Coordinating Committee for
Multiemployer Plans
National Electrical Contractors Association
National Roofing Industry Pension Fund
Nestlé
Nickles Bakery
Northern Illinois Building Contractors
Association
Northwest Indiana Contractors Association
Ohio Contractors Association
Operative Plasterers' and Cement Masons'
International Association
Penske Truck Leasing Co., L.P.
Plumbers and Pipefitters National Pension Fund
Prairie Farms Dairy
Schnuck Markets, Inc.
Schwebel Baking Company
Sheet Metal and Air Conditioning Contractors'
National Association
SITE Improvement Association
Sodexo
Southern Illinois Builders Association

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 ERISA Industry Committee
The Freeman Company
The International Association of Bridge,
Structural, Ornamental and Reinforcing Iron
Workers
The International Association of Heat and Frost
Insulators and Allied Workers
The Kroger Co.
The Ohio Valley Construction Employers Council
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.
United Union of Roofers, Waterproofers and
Allied Workers
Universal Oil, Inc.
UPS

cc: U.S. House of Representatives
U.S. Senate