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
AGC of California
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 Bakers Association
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 Steel Erectors of Chicago
Associated Wholesale Grocers, Inc.
Bechtel
Bimbo Bakeries USA
Building Contractors Association, Inc.
Building Laborers Union Local 310 Pension Plan
Central Illinois Builders of AGC
Chicagoland AGC
Construction Advancement Foundation of Northwest Indiana
Construction Association of Michigan

Construction Employers Association
Constructors Association of Western Pennsylvania
Crowley Maritime Corp.
D.W. Dickey & Son, Inc.
Dairy Farmers of America, Inc.
Dean Foods
Delaware Contractors Association
DHL
Eastern Contractors Association, Inc.
FAIR Committee of WNY
FCA International
Fontana Lithograph, Inc./MOSAIC
Frankford Candy
General Building Contractors Association
Great Lakes Fabricators and Erectors Association
Inland Northwest AGC
International Association of Sheet Metal, Air, Rail and Transportation Workers (SMART)
International Council of Employers of Bricklayers and Allied Craftworkers
International Union of Elevator Constructors
International Union of Painters and Allied Trades
International Warehouse Logistics Association
Ironworker Employers Association of Western Pennsylvania, Inc.
Ironworker Management Progressive Action Cooperative Trust (IMPACT)
IUPAT Industry Pension Plan
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