

May 12, 2020

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

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

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

The Honorable Charles Schumer
Minority Leader
U.S. Senate
Washington, D.C. 20510

Dear Madam Speaker, Majority Leader McConnell, Leader McCarthy, and Leader Schumer:

Our organizations, representing tens of millions of workers and retirees, strongly support passage this year of critical legislation to assist severely underfunded multiemployer pension plans to ensure that retirees and their families receive their hard-earned pensions. More than ten million Americans depend on multiemployer pension plans for a secure retirement for themselves and their families. Throughout their careers, these workers gave up a portion of wages to earn their pension benefits. In retirement, they deserve to receive the pensions they earned and retire with dignity. The Emergency Pension Plan Relief Act proposal advanced by senators meets this standard by using a special partition program funded by the federal government to support troubled plans and their participants. We urge that this proposal be passed as soon as possible.

At the same time, we strongly oppose composite plan legislation. Composite legislation, including the GROW Act, hurts workers, retirees, employers, and the Pension Benefit Guaranty Corporation (PBGC) and should not become law.

Composite legislation is deeply flawed because it allows multiemployer plan trustees to “refinance” their obligations to workers and retirees in the existing plan over 25 years instead of 15 years, so they can divert money to start a new composite plan. This weakens the existing plan and leaves neither plan—the existing plan nor the composite plan—with enough money to pay promised benefits.

The current public health and economic crisis illustrates the harm composite plan legislation would inflict on Americans. If Congress had already passed the GROW Act and it was law now, workers in a previously healthy multiemployer pension plan that converted to a composite plan would face draconian benefit cuts. The benefits composite plan participants expected they would earn would be cut 70%, and the vested benefits they already earned would be cut 25%. At the same time, the vested benefits of workers in the existing plan would be cut 21%. To avoid benefit cuts, employers would be required to increase contributions by approximately 82%—above and beyond what they already committed.

The GROW Act also starves the PBGC of needed funds and would compound the insolvency problems faced by the agency. Composite plans are not required to pay PBGC premiums, even though their creation will increase the PBGC’s liabilities by driving plans out of the

multiemployer system and increasing risks on participants who continue to rely on the PBGC to insure their benefits.

We applaud your efforts to address multiemployer pensions as a part of legislation this year. We support legislation to preserve healthy multiemployer plans and to help retirees in deeply troubled plans, but we strongly oppose the GROW Act.

Thank you for considering our views.

Sincerely,

Bakery, Confectionery, Tobacco Workers and Grain Millers International Union (BCTGM)
Directors Guild of America (DGA)
International Brotherhood of Boilermakers
International Alliance of Theatrical Stage Employees (IATSE)
International Assoc. of Machinists & Aerospace Workers
International Longshore and Warehouse Union (ILWU)
International Union of Painters and Allied Trades (IUPAT)
Musicians for Pension Security
Pension Rights Center
SEIU
United Food and Commercial Workers International Union (UFCW)
United Steelworkers (USW)
Western Conference of Teamsters Pension Trust

cc: The Honorable Charles Grassley, Chairman, Committee on Finance, U.S. Senate
The Honorable Ron Wyden, Ranking Member, Committee on Finance, U.S. Senate
The Honorable Lamar Alexander, Chairman, Committee on Health, Education, Labor & Pensions, U.S. Senate
The Honorable Patty Murray, Ranking Member, Committee on Health, Education, Labor & Pensions, U.S. Senate
The Honorable Richard Neal, Chairman, Committee on Ways & Means, U.S. House of Representatives
The Honorable Kevin Brady, Ranking Member, Committee on Ways & Means, U.S. House of Representatives
The Honorable Robert Scott, Chairman, Committee on Education & Labor, U.S. House of Representatives
The Honorable Virginia Foxx, Ranking Member, Committee on Education & Labor, U.S. House of Representatives