

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

February 16, 2021

**DISSENTING VIEWS ON SUBTITLE H.
BUDGET RECONCILIATION LEGISLATIVE RECOMMENDATIONS
RELATING TO PENSIONS**

We are disappointed that the Democrats opted to include an unprecedented bailout of union- and employer-run pension plans in a legislative package that should be focused on crushing the virus and reopening the economy. The condition of multiemployer pensions is serious, and improving it requires thoughtful consideration and long-term solutions. We should be clear: this taxpayer-funded bailout has nothing to do with COVID-19.

Many multiemployer pensions are in trouble due to unfunded pension promises and decades of mismanagement. The Congressional Research Service reported that that multiemployer pensions were already underfunded by more than \$650 billion before the impact of the COVID-19 pandemic. The Democrats' costly bailout sets a dangerous precedent and will exacerbate our future challenges. Though we did not know the total cost when the Committee approved the proposal along party lines, the Congressional Budget Office has since estimated that the bailout will cost \$84 billion. That staggering amount is significantly higher than the cost of the partition plan passed by the House twice in 2020, and it will be allocated to a relatively small number of plan participants. According to the Pension Benefit Guarantee Corporation (PBGC), the bailout will benefit only about 2 million of the roughly 11 million participants in multiemployer plans. The \$84 billion bailout amount equals more than \$35,000 for each participant in a qualifying plan, and \$319,000 per active participant in such plans. American taxpayers are being asked to cover promises that pension trustees never should have been allowed to make.

As Republicans emphasized, workers and retirees should not be blamed for the poor, and sometimes corrupt, management of multiemployer pension plans. It is troubling that Democrats would dismiss the opportunity to protect millions of other plan participants by adopting reforms recommended by experts and bipartisan members of Congress who have studied this issue in recent years.

Republicans offered amendments to improve the management and solvency of multiemployer pension plans, including appointing independent trustees, strengthening governance rules, and targeting assistance to plans currently in critical and declining status. Republicans sought to repeal a provision that prohibits PBGC from governance oversight of plans receiving taxpayer assistance and a provision that would allow plan trustees to artificially worsen the financial condition of their plan to qualify for federal assistance. All of these reasonable improvements were rejected by the Democrats.

American workers and families would be better served by pandemic response legislation centered around measures to defeat the virus and get the economy back on track, and by bipartisan, long-term solutions to the significant multiemployer pension challenge.

A handwritten signature in black ink that reads "KEVIN BRADY". The signature is stylized with a large, sweeping "K" and "B".

Kevin Brady
Republican Leader
Committee on Ways and Means