September 29, 2018

The Honorable Orrin Hatch
Chairman
Joint Select Committee on
Solvency of Multiemployer
Pension Plans
United States Senate

The Honorable Sherrod Brown
Co-Chairman
Joint Select Committee on
Solvency of Multiemployer
Pension Plans
United States Senate

Dear Chairman Hatch and Co-Chairman Brown:

The undersigned organizations, representing employers in the multiemployer defined benefit system, urge the Joint Committee to develop a comprehensive legislative solution to resolve the growing multiemployer pension plan crisis. Retiree benefits, future jobs, and small businesses are at stake if a solution is not found. We understand that this task is not easy. Nonetheless, it is essential to have a program that restores the solvency of critical and declining status plans while protecting the U.S. economy as soon as possible. To assist with this effort, we offer the following principles to guide your decision-making.

- **Do No Harm**. Any structural reforms to the multiemployer system must stabilize the system and allow for a positive path forward. We urge the Joint Committee to reject ideas, such as immediately changing funding rules or raiding the single-employer trust fund, that will exacerbate the current crisis.

- **Proposed Solutions Must be Comprehensive.** While there is an immediate focus on plans that are in critical status, it is also necessary to address the long-term stability of the system. Consequently, the solution must include both near-term and future structural reforms to maintain solvency and flexibility in the years ahead.

- **A Loan Program is a Necessary Part of Multiemployer Reform**. The financial and demographic circumstances of certain plans will not allow them to survive without responsible financial assistance. Consequently, we recommend long-term, low-interest loans that will protect taxpayers from financial liability.

- **Options should include compromise by all stakeholders that are involved**. A compromise may be in the form of benefit modifications or other provisions, but should include flexibility for plans to manage underfunding.

- **PBGC Premium Increases Should be Evaluated after the Solvency Restoration Tools are Implemented.** While the PBGC may ultimately need more money, in the form of increased premiums paid by employers, these increases must be evaluated after tools to restore the solvency of these plans are put in place.

- **Composite Plan Legislation is Necessary to Ensure Continued Viability of Certain Plans**. Composite plans must be authorized so that healthy multiemployer plans can stay that way.

The increasing number of plans in critical and declining status poses an immediate threat to the economy and taxpayers alike. It is imperative that the Joint Committee recognize the urgency of finding a multifaceted solution and recommend legislative reform to restore the solvency of plans in imminent financial danger.

Thank you for your consideration of these comments and ideas. We thank you for your attention and hard work thus far and look forward to working with you to find a comprehensive solution to this crisis.

Sincerely,

America's Small Business Development Centers

American Bakers Association

Associated General Contractors

Associated Wholesale Grocers, Inc.

Bimbo Bakeries USA, Inc.

Business Roundtable

Dairy Farmers of America

DHI - Door Security + Safety Professionals

DHL

International Warehouse Logistics Association

National Association of Manufacturers

National Association of Wholesaler-Distributors

National Beer Wholesalers Association

National Electrical Contractors Association

Nestlé

Penske Truck Leasing Co., L.P.

Schnuck Markets, Inc.

Small Business Council of America

Society for Human Resource Management

Sodexo, Inc.

Spangler Candy Company

The ASPPA College of Pension Actuaries

The ERISA Industry Committee
The Kroger Co.
The Small Business Legislative Council
U.S. Chamber of Commerce
UPS
YRC Worldwide

Cc: Members of the Joint Select Committee on Solvency of Multiemployer Pension Plans