



COMMITTEE ON
EDUCATION & LABOR
REPUBLICANS

COMMITTEE
STATEMENT

**Opening Statement of Rep. Tim Walberg (R-MI), Republican Leader
Subcommittee on Health, Employment, Labor and Pensions Hearing:
“The Cost of Inaction: Why Congress Must Address the Multiemployer Pension
Crisis”**

Thursday, March 7, 2019

“The looming insolvency of the Pension Benefit Guaranty Corporation’s (PBGC) multiemployer insurance program is one of the greatest challenges facing American workers who participate in multiemployer pension plans. Collectively, 95 percent of multiemployer plan participants are in plans that are less than 60 percent funded. This large-scale breakdown of the multiemployer plan system is putting immense strain on the PBGC, which serves as the backstop for defined benefit plans and provides financial assistance to underfunded plans.

The PBGC is currently facing a \$54 billion deficit. The agency is on track to be completely wiped in just six short years.

Extreme levels of plan underfunding are an urgent concern. Workers and retirees must have peace of mind when it comes to their hard-earned retirement benefits and employers must have certainty when it comes to their obligations under these plans. It’s essential that we work together to stop the hemorrhaging of underfunded plans and minimize losses to plan participants as much as possible.

The real-life implications of this problem are real and vast. I have met with countless retirees in my district, and I hear the fear and anger in their voices as they talk about the prospect of having to live on a fraction of the income they were promised. There is nothing fair or excusable about a 75-year-old retiree with healthcare concerns and medical issues finding out that the pension he was promised isn’t funded. And like most issues we talk about at this committee, the effects of one serious problem are felt in many quarters. I’ve had many conversations with business owners in Michigan who tell me that the unfunded pension liabilities they carry make it impossible to innovate or do anything other than maintain the business models they have.

Republicans and Democrats have a history of bipartisan cooperation on this issue. In 2014, the Republican Chairman of this Committee John Kline and Democrat Ranking Member George Miller put aside political differences and brought stakeholders to the table to craft the *Multiemployer Pension Reform Act*, which was later signed into law. While a decision by President Obama's Treasury Department limited the effectiveness of the legislation, the across-the-aisle cooperation that went into the legislation acted as a harbinger for future bipartisan efforts on this issue.

Part of the way we need to approach these solutions is to adopt reforms that address the structural flaws within the plans. When the multiemployer pension system was constructed decades ago, fundamental flaws were unfortunately built into the system's foundation. If you build a house on a weak foundation, no quick fixes will prevent that house's collapse in the future. If Congress does not reform the architecture of the multiemployer pension system, then it won't matter how much money we throw at this problem. These problems will persist and put future generations of workers at risk of the very same chronic underfunding that plagues pensioners today.

We must also pursue every possible avenue to protect taxpayers from proposals that are fiscally irresponsible. Multiemployer pension plans were always privately negotiated by companies and labor unions. Taxpayer dollars have never been used to support or subsidize these commitments, and it would be inappropriate for the federal government to underwrite compensation costs for a select group of private employers.

I cannot state emphatically enough that far-reaching reform, fiscal responsibility, and bipartisanship *must* be the principles that guide us as we work to solve this problem.

I am hopeful about this committee's ability to work together on this issue. We are on the same side and want to protect workers, taxpayers, retirees, and their families. The way forward won't be easy, but millions of Americans are counting on us. We owe it to them to set aside our political differences and come to the table to find a bipartisan solution that secures their future."

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