OPENING STATEMENT

House Committee on Education and the Workforce
Ranking Member Robert C. "Bobby" Scott

Opening Statement of Ranking Member Mark DeSaulnier (CA-10)
Subcommittee on Health, Employment, Labor, and Pensions Hearing
"Examining The Policies and Priorities of the Pension Benefit Guaranty Corporation"
2175 Rayburn House Office Building
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Thank you, Mr. Chairman and I totally agree with oversight but from a completely different perspective, that may not be surprising.

Thank you, Director, and thank you for your service.

Thank you for being here today and thank you for the job you have done under extremely difficult circumstances.

When President Biden came into office, he inherited a multiemployer pension system on the brink of collapse. Many plans were failing, and some, like Central States, were projected to run out of money in the next few years. More than one million folks who spent their careers working in trucking, construction, and other back-breaking industries were at risk of losing nearly everything they worked so hard to save for their families and for themselves. At the same time, the P-B-G-C insurance program backstopping these plans was heading toward insolvency by 2026. That was before you became director.

If plans failed and the P-B-G-C backstop wasn't there, these retirees would have – as the Director has said in his written testimony – received "pennies on the dollar."

But it wasn't just retirees who were threatened by this crisis. Active workers were contributing to failing plans without any real hope for their retirement and without the commensurate benefit once they retired. And – due to the underlying pension rules – employers in failing plans were having trouble getting access to credit and having their creditworthiness questioned threatening their businesses, and their employees, and their retirees.

And let's be clear: if the multiemployer pension crisis went unaddressed, it would not have been *just* workers, retirees, and employers who would have been harmed. Taxpayers were also on the hook. The U.S. Chamber of Commerce was among those to note that the downstream impact of plans failing and the multiemployer pension system collapsing would be an increased reliance on social programs and declining tax revenue. According to one estimate, it would cost the federal government at least $170 billion over ten years in just lost tax revenue and increased spending on social programs if you would have done nothing and stayed with the status quo.

The picture was bleak and rapidly getting worse.

Fortunately, President Biden and Congressional Democrats made it a priority to solve the multiemployer pension crisis as quickly as we could and in a financially responsible way. The *American Rescue Plan Act* established a Special Financial Assistance Program (or SFA) that provided sufficient assistance to failing plans to fully protect participants, our economy, and earned pension benefits. The S-F-A program was widely supported by a very diverse coalition of stakeholders, including the AFL-CIO, AARP, UPS, and the U.S. Chamber of Commerce.

How often does the U.S. Chamber of Commerce and the AFL-CIO come together to work on problem solving that was successful because of that broad coalition. It also included scores of employers, business people–small and large. They wanted to do what they were requited to do and also be able to attract and retain employees with reasonable retirement benefits. To date, the S-F-A program has saved over 775,000 pensions and protected 3,000 American businesses – and it is still going.

Unfortunately, although impacted workers, retirees, and employers reside in states represented by both political parties, not one Congressional Republican voted in favor of the American Rescue Plan. And some Republicans continue to disparage the S-F-A program.

Accountability yes.

The P-B-G-C deserves credit for effectively and expeditiously implementing the S-F-A program and being responsive to issues raised by its Office of Inspector General regarding the program's operation.

One such issue – which I suspect we will hear today that we have already heard about it from my Republican colleagues – pertains to the increased S-F-A amount of $127 million that Central States received.

First, as the Director notes in his written testimony, the PBGC did not make any payments to deceased individuals. Let me repeat that. The PBGC did not make any payment to deceased individuals, and no Inspector General report has alleged that it has.

Second, I understand that the PBGC has addressed this issue on a going-forward basis and is working with the plans that received S-F-A to see if anything needs to be fixed retroactively and obviously prospectively.

Third, with respect to the Central States issue specifically, the Biden Administration's announcement from last week should pave the way for the $127 million to be returned to the U.S. Treasury. That $127 million will be returned to the U.S. Treasury. I join with Ranking Member Scott in applauding the Biden Administration's announcement and their continued responsible stewardship of the S-F-A program.

With the Special Financial Assistance program, President Biden and Congressional Democrats delivered a historic solution to an urgent crisis for American workers, retirees, employers, taxpayers, and business owners. I want to thank the Director and the hard-working folks at the P-B-G-C for their efforts to implement and administer the S-F-A Program. I want to congratulate you for your dedication to solving this difficult problem.

I look forward to a productive discussion and yield back.