

**TESTIMONY OF BRANDON J. REES  
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**AMERICAN FEDERATION OF LABOR AND  
CONGRESS OF INDUSTRIAL ORGANIZATIONS**

**UNITED STATES HOUSE OF REPRESENTATIVES  
COMMITTEE ON EDUCATION AND WORKFORCE  
HEALTH, EMPLOYMENT, LABOR AND PENSIONS SUBCOMMITTEE**

**“INVESTING FOR THE FUTURE:  
HONORING ERISA’S PROMISE TO PARTICIPANTS”**

**APRIL 30, 2025**

Chair Allen, Ranking Member DeSaulnier, and members of the Health, Employment, Labor and Pensions Subcommittee, my name is Brandon Rees and I am the Deputy Director of Corporations and Capital Markets for the American Federation of Labor and Congress of Industrial Organizations (the “AFL-CIO”). Thank you for the opportunity to testify today on the importance of the Employee Retirement Income Security Act (“ERISA”) for protecting the retirement savings of working people.<sup>1</sup>

The AFL-CIO is a voluntary federation of 63 national and international labor unions that represent more than 15 million working people. We have one overarching goal: a better life for working people which includes a financially secure retirement. For most working people who are fortunate enough to have a defined benefit pension plan and/or a defined contribution retirement savings plan (such as a 401(k) plan), our retirement savings are our largest financial asset. These retirement savings are our deferred wages that have been set aside for the purpose of providing for a dignified retirement after a lifetime of work.

ERISA was enacted in 1974 after the shutdown of a Studebaker Corporation automobile factory in South Bend, Indiana led to the termination of its pension plan for its hourly workers. This important legislation sets standards for the management of private sector retirement plans and other employee benefit plans by fiduciaries. Under ERISA, a fiduciary is a person who has authority or control over the management or disposition of plan assets. Boards of trustees, plan administrators, investment consultants, asset managers and other service providers are all ERISA fiduciaries who are subject to ERISA’s fiduciary duty requirements.

Among its many requirements, ERISA provides the legal framework that guides the investment decision-making of private sector retirement plan fiduciaries. Under ERISA, these fiduciaries have a legal obligation to act solely in the interest of plan participants and beneficiaries for the exclusive purpose of providing benefits and defraying plan expenses (also

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<sup>1</sup> At the end of 2022, U.S. retirement plans and individual savings accounts held nearly \$38 trillion in assets, including over \$26 trillion in employer-sponsored retirement plans. John Topoleski, John Gorman, and Elizabeth Myers, “U.S. Retirement Assets: Data in Brief,” Congressional Research Service, September 20, 2023, *available at* <https://crsreports.congress.gov/product/pdf/R/R47699>.

known at the duty of loyalty). ERISA fiduciaries must also act with care, skill, prudence, and diligence (commonly referred to as the duty of prudence); they must diversify plan investments; and they must follow plan documents.<sup>2</sup>

Notably, ERISA governs the process for making investment decisions and does not generally mandate or prohibit specific types of investments.<sup>3</sup> Such investment mandates were common in state trust law prior to the development of modern portfolio theory in the 1950s. Historically, trustees were required to select investments from a “legal list” of approved investments that were deemed prudent under the law.<sup>4</sup> In contrast, modern portfolio theory asserts that prudence should be evaluated not by individual investments but by the soundness of the portfolio as a whole.<sup>5</sup>

In recent years, we have seen the politicization of retirement plan investment decisions. But this politicization is not coming from fiduciaries. Rather, certain politicians have sought to turn the investment decisions of retirement plan fiduciaries into a culture war issue. Specifically, these political attacks seek to limit the freedom of retirement plan fiduciaries to consider environmental, social and governance (“ESG”) risks when making investment and proxy voting decisions.<sup>6</sup> In effect, these politicians want to return to the “legal list” era when the government controlled the investment decisions of fiduciaries.

## **ERISA Fiduciaries May Properly Consider ESG When Making Investments**

ERISA requires that retirement plan fiduciaries act with the care, skill, prudence, and diligence under the circumstances that a prudent expert would use. While prudent experts may reasonably disagree over the importance of ESG risks to investment returns, these differing views are an inherent part of our capital markets where investors trade securities based on their differing investment views, time horizons, and risk tolerances. But for most expert financial professionals acting in a fiduciary capacity for ERISA plans, the consideration of ESG factors is an established best practice.

The data is clear that ESG is here to stay despite the wishful thinking of certain politicians who would like to control the investment decisions of private sector retirement plans. According to the CFA Institute, 85 percent of chartered financial analysts take ESG factors into consideration.<sup>7</sup> US SIF estimates that 79 percent of US assets under management are covered by

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<sup>2</sup> 29 U.S. Code § 1104 - Fiduciary Duties.

<sup>3</sup> With the notable exception that ERISA prohibits certain transactions posing a conflict of interest between fiduciaries and retirement plans. 29 U.S. Code § 1106 – Prohibited Transactions.

<sup>4</sup> “Legal Lists in Trust Investment,” *Yale Law Journal*, vol. 49, no. 5, 1940, pp. 891-907.

<sup>5</sup> See Harry Markowitz, “Portfolio Selection,” *The Journal of Finance*, vol. 7, no. 1, 1952, pp. 77-91.

<sup>6</sup> See, e.g., Republican state financial officers’ letter to Acting SEC Chair Mark Uyeda and Acting Labor Secretary Vince Micone, January 28, 2025, available at [https://static.foxbusiness.com/foxbusiness.com/content/uploads/2025/01/final\\_sfof-letter-to-sec-and-dol.pdf](https://static.foxbusiness.com/foxbusiness.com/content/uploads/2025/01/final_sfof-letter-to-sec-and-dol.pdf).

<sup>7</sup> “Future of Sustainability in Investment Management: From Ideas to Reality,” CFA Institute, 2020, available at <https://www.cfainstitute.org/sites/default/files/-/media/documents/survey/future-of-sustainability.pdf>.

a stewardship policy.<sup>8</sup> A survey by the Capital Group found that 90 percent of institutional investors consider ESG factors.<sup>9</sup> And over 5,300 institutional investors, representing \$128 trillion in assets under management, have signed the UN Principles for Responsible Investment.<sup>10</sup>

Numerous academic studies have demonstrated that ESG factors are material information for investors and that their consideration contributes to financial performance.<sup>11</sup> According to an academic review of over 2,000 academic papers, only 10 percent of the reviewed studies found a negative relationship between ESG and corporate financial performance, and the large majority of the reviewed studies reported positive findings. The authors conclude that “the business case for ESG investing is empirically well founded. Investing in ESG pays financially.”<sup>12</sup> In other words, to ignore ESG is the financial equivalent of sticking your head in the sand.

### **The Department of Labor’s Current ESG Rule Should Be Preserved**

In light of the materiality of ESG factors to investors, the AFL-CIO strongly supported adoption of the U.S. Department of Labor’s 2022 regulation titled “Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights,” which is commonly referred to as the Department of Labor’s ESG rule.<sup>13</sup> This rule clarifies that retirement plan fiduciaries may consider, but are not required to consider, ESG factors just as they would consider any other investment factor.<sup>14</sup> This ESG rule was recently upheld for a second time by the U.S. District Court of the Northern District of Texas.<sup>15</sup>

The 2022 ESG rule reversed two Department of Labor regulations that hastily were adopted at the end of the first Trump Administration titled “Financial Factors in Selecting Plan

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<sup>8</sup> “US Sustainable Investing Trends 2024/2025,” US SIF Foundation, December 18, 2024, *available at* <https://www.ussif.org/research/trends-reports/us-sustainable-investing-trends-2024-2025-executive-summary>.

<sup>9</sup> “Perspectives From Global Investors: ESG Global Study — Fourth edition (2024),” Capital Group, 2024, <https://www.capitalgroup.com/content/dam/cgc/tenants/eacg/esg/global-study/esg-global-study-2024-en-ei.pdf>.

<sup>10</sup> “Principles for Responsible Investment Annual Report 2024,” Principles for Responsible Investment, 2024, <https://www.unpri.org/download?ac=21536>.

<sup>11</sup> “Empirical Research on ESG Factors and Engaged Ownership,” Council of Institutional Investors, June 2022, *available at* <https://www.cii.org/files/publications/June%202022%20update%20bibliography%20final.pdf>; “Top Academic Resources on Responsible Investment,” Principles for Responsible Investment, *available at* <https://www.unpri.org/research/top-academic-resources-on-responsible-investment/4417.article>.

<sup>12</sup> Gunnar Friede, Timo Busch, and Alexander Bassen, “ESG and Financial Performance: Aggregated Evidence from More than 2000 Empirical Studies,” *Journal of Sustainable Finance & Investment*, vol. 5, no. 4, 2015, pp. 210-233, *available at* <https://ssrn.com/abstract=2699610>.

<sup>13</sup> Letter from the AFL-CIO to the Employee Benefits Security Administration, Department of Labor, December 12, 2021, *available at* <https://www.dol.gov/sites/dolgov/files/EBSA/laws-and-regulations/rules-and-regulations/public-comments/1210-AC03/00767.pdf>.

<sup>14</sup> “Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights,” Employee Benefits Security Administration, Department of Labor, 87 FR 73822, December 1, 2022, *available at* <https://www.federalregister.gov/documents/2022/12/01/2022-25783/prudence-and-loyalty-in-selecting-plan-investments-and-exercising-shareholder-rights>.

<sup>15</sup> *State of Utah v. Micone*, No. 2:23-CV-016-Z, (N.D. Tex. February 14, 2025).

Investments”<sup>16</sup> and “Fiduciary Duties Regarding Proxy Voting and Shareholder Rights.”<sup>17</sup> The AFL-CIO strongly opposed these regulations because they introduced confusing new language by attempting to distinguish between “pecuniary” and “non-pecuniary” factors.<sup>18</sup> There is no universally accepted definition of what is a pecuniary vs. a non-pecuniary consideration. This vague language is nowhere to be found in the text of ERISA and would have a chilling effect on financially beneficial investments.

Enforcement of such a rule would require probing into the minds of retirement plan fiduciaries like the “Thought Police” in George Orwell’s dystopian novel *Nineteen Eighty-Four*. Such a requirement would impose an undue regulatory burden on retirement plan fiduciaries who would be forced to document their thinking over such a nebulous distinction, and thereby increase plan expenses to the detriment of retirement plan participants and beneficiaries. Moreover, there is simply no need for such a requirement given that the Department of Labor did not identify any specific examples where ERISA had been violated by the consideration of so-called non-pecuniary issues.

Furthermore, prohibiting the consideration of non-pecuniary factors is not warranted because plan fiduciaries can prudently take into consideration non-pecuniary factors and still make investment decisions that meet all of ERISA’s fiduciary requirements. For example, in 2020, President Trump’s Secretary of Labor Eugene Scalia ordered the Federal Retirement Thrift Investment Board to reverse its decision to invest the International Stock Index Investment Fund into a market index that includes Chinese equities.<sup>19</sup> Although the Thrift Savings Plan is not formally subject to ERISA, Secretary Scalia presumably had no intention of subordinating the investment interests of federal workers to the non-pecuniary goal of promoting national security.

The consideration of so-called non-pecuniary factors is already well regulated by the Department of Labor’s longstanding collateral benefits rule interpretation. Starting in the Reagan Administration, the Department of Labor has recognized that retirement plan fiduciaries may consider the collateral benefits that result from their investment decisions such as good job creation, affordable housing, and economic growth for local communities.<sup>20</sup> Under this “all

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<sup>16</sup> “Financial Factors in Selecting Plan Investments,” Employee Benefits Security Administration, Department of Labor, 85 FR 72846, November 13, 2020, *available at* <https://www.federalregister.gov/documents/2020/11/13/2020-24515/financial-factors-in-selecting-plan-investments>.

<sup>17</sup> “Fiduciary Duties Regarding Proxy Voting and Shareholder Rights,” Employee Benefits Security Administration, Department of Labor, 85 FR 81658, December 16, 2020, *available at* <https://www.federalregister.gov/documents/2020/12/16/2020-27465/fiduciary-duties-regarding-proxy-voting-and-shareholder-rights>.

<sup>18</sup> Letter from the AFL-CIO to the Employee Benefits Security Administration, Department of Labor, July 30, 2020, *available at* <https://www.dol.gov/sites/dolgov/files/EBSA/laws-and-regulations/rules-and-regulations/public-comments/1210-AB95/00637.pdf>; letter from the AFL-CIO to the Employee Benefits Security Administration, Department of Labor, October 5, 2020, *available at* <https://www.dol.gov/sites/dolgov/files/EBSA/laws-and-regulations/rules-and-regulations/public-comments/1210-AB91/00259.pdf>.

<sup>19</sup> Letter from Eugene Scalia, Secretary, Department of Labor to Michael Kennedy, Chairman of the Federal Retirement Thrift Investment Board (May 11, 2020), *available at* <https://www.scribd.com/document/461056623/2020-05-11-Scalia-Letter-to-FRTIB>.

<sup>20</sup> On June 23, 1994, the Department of Labor issued Interpretive Bulletin 94-1 (59 FR 32606) that cited various examples of informational letters concerning a fiduciary’s ability to consider the collateral effects of investors

things being equal” or tiebreaker standard, ERISA plans may consider collateral benefits so long as the competing investment courses of action equally serve the financial interests of the plan over the appropriate time horizon.

The Department of Labor’s 2022 ESG rule also properly lifted the previous regulation’s prohibition on selecting ESG investments as the qualified default investment alternative for defined contribution plans. We support allowing retirement plans to select the best investment options for plan participants regardless of whether the investment reflects a consideration of ESG factors. Moreover, as noted by the Department of Labor, offering ESG-related investment options in defined contribution plans may increase the eagerness of plan participants to save for retirement.

### **ERISA Fiduciaries May Properly Consider ESG When Voting Proxies**

The Department of Labor’s ESG rule also regulates proxy voting and the exercise of shareholder rights by private sector retirement plans. Since the Reagan Administration, the Department of Labor has taken the view that ERISA’s fiduciary duties of loyalty and prudence apply to proxy voting by retirement and employee benefit plans.<sup>21</sup> ERISA’s fiduciary duties apply to the voting of proxies and the exercise of shareholder rights by plan fiduciaries because the right to vote at shareholder meetings is a valuable plan asset. Voting proxies in the best interests of plan participants and beneficiaries enhances shareholder value by helping to hold boards of directors and CEOs accountable.

The 2022 ESG rule requires that proxy voting and the exercise of shareholder rights comply with the same fiduciary standards as any other investment decision under ERISA. Pension plans may refrain from proxy voting if the costs of voting exceed the potential benefit, for example if proxy voting materials are not available in English. But they are not required to conduct an economic analysis before casting each individual vote, as such a requirement would be more costly than simply deciding how to vote. And the ESG rule correctly requires that proxy voting and the exercise of shareholder rights be held to the same documentation standards as any other investment decision.

Retirement plans will be harmed as investors if their fiduciaries stop voting proxies because state corporate laws presume that shareholders take an active role in the governance of

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including to Mr. George Cox, dated Jan. 16, 1981; to Mr. Theodore Groom, dated Jan. 16, 1981; to The Trustees of the Twin City Carpenters and Joiners Pension Plan, dated May 19, 1981; to Mr. William Chadwick, dated July 21, 1982; to Mr. Daniel O’Sullivan, dated Aug. 2, 1982; to Mr. Ralph Katz, dated Mar. 15, 1982; to Mr. William Ecklund, dated Dec. 18, 1985, and Jan. 16, 1986; to Mr. Reed Larson, dated July 14, 1986; to Mr. James Ray, dated July 8, 1988; to the Honorable Jack Kemp, dated Nov. 23, 1990; and to Mr. Stuart Cohen, dated May 14, 1993.

<sup>21</sup> Letter from the Department of Labor to Mr. Helmuth Fandl, Chairman of the Retirement Board of Avon Products, Inc., February 23, 1988, 198 WL 897696 (“In general, the fiduciary act of managing plan assets which are shares of corporate stock would include the voting of proxies appurtenant to those shares of stock.”). The Department of Labor subsequently restated this view in 1994 (Interpretive Bulletin 94-2, 59 FR 38863, July 29, 1994); in 2008 (Interpretive Bulletin 2008-02, 73 FR 61731, October 17, 2008); in 2016 (Interpretative Bulletin 2016-01, 81 FR 95879, December 29, 2016); and in 2018 (Field Assistance Bulletin 2018-01, April 23, 2018, *available at* <https://www.dol.gov/agencies/ebsa/employers-and-advisers/guidance/field-assistance-bulletins/2018-01>).

companies by voting at shareholder meetings.<sup>22</sup> Without shareholder votes, corporate directors could not be elected and other corporate decisions and actions could not be approved. And because an ERISA fiduciary's decision not to vote effectively cedes voting power to other shareholders, it should be permitted only on a case-by-case basis – not pursuant to a general safe harbor to refrain from voting.

Finally, the ESG rule permits retirement plans to hold boards of directors and CEOs accountable on ESG issues by exercising their shareholder rights to submit shareholder proposals for a vote at company annual meetings. Since it was first adopted in 1942, the Securities and Exchange Commission's shareholder proposal rule (Rule 14a-8) has been an integral part of our nation's shareholder democracy.<sup>23</sup> The submission of shareholder proposals is the most cost-efficient way for investors to elevate their concerns to boards of directors, corporate management, and their fellow shareholders.<sup>24</sup>

Shareholder proposals are not generally binding on companies, but they have successfully promoted the voluntary adoption of a variety of best practices.<sup>25</sup> Examples of ESG best practices that have been widely adopted include environmental sustainability disclosures, respect for human rights, and the appointment of independent board chairs.<sup>26</sup> Academic studies have found that shareholder proposals create long-term value by holding corporate management accountable and helping to reduce agency costs that stem from the separation of ownership and control in public companies.<sup>27</sup>

Perhaps not surprisingly, corporate CEOs do not like the idea that shareholders vote independently of corporate management's proxy voting recommendations. The Business Roundtable, a trade association of big business CEOs, has recently called for censoring shareholder proposals on ESG topics and imposing burdensome new regulations on proxy voting advisory firms.<sup>28</sup> These attacks on the SEC's shareholder proposal rule and proxy voting by

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<sup>22</sup> See, e.g., Delaware General Corporation Law, § 211 - § 233.

<sup>23</sup> 17 CFR 240.14a-8; see also 7 FR 10655 (Dec. 22, 1942).

<sup>24</sup> "Shareholder Proposals: An Essential Investor Right," Interfaith Center on Corporate Responsibility, Shareholder Rights Group, and US SIF, 2025, available at <https://www.shareholderrightsgroup.com/2025/02/shareholder-proposals-essential.html>;

<sup>25</sup> Letter from the Council of Institutional Investors to the Securities and Exchange Commission, January 30, 2020, available at <https://www.sec.gov/comments/s7-23-19/s72319-6729684-207400.pdf>; Letter from the AFL-CIO to the Securities and Exchange Commission, February 3, 2020, available at <https://www.sec.gov/comments/s7-23-19/s72319-6744323-207881.pdf>.

<sup>26</sup> "The Business Case for the Current SEC Shareholder Proposal Process," CERES, USSIF and the Interfaith Center on Corporate Responsibility, April 2017, available at <https://shift.tools/iframe/1394>.

<sup>27</sup> Andrew Prevost, et.al., "Labor Unions as Shareholder Activists: Champions or Detractors?" *Financial Review*, vol. 47, no. 2, May 2012, pp. 219-421; Luc Rennebooga and Peter Szilagyi, "The Role of Shareholder Proposals in Corporate Governance," *Journal of Corporate Finance*, vol. 17, no. 1, February 2011, pp. 167-188. Lucian Bebchuk, "The Case for Increasing Shareholder Power," *Harvard Law Review*, vol. 118, no. 3, January 2005, pp. 833-914, Matthew Denes, et. al., "Thirty Years of Shareholder Activism: A Survey of Empirical Research," *Journal of Corporate Finance*, vol. 44, June 2017, pp. 405-424.

<sup>28</sup> "The Need for Bold Proxy Process Reforms," Business Roundtable, April 2025, available at <https://www.businessroundtable.org/the-need-for-bold-proxy-process-reforms>.

institutional investors seek to insulate corporate CEOs from accountability to their shareholders including retirement plans.

## **Anti-ESG Legislative Proposals Will Jeopardize Retirement Income Security**

Congress should not be playing politics with our nation's retirement plans. We view the recent attacks on ESG, shareholder proposals, and proxy voting advisors to be nothing more than a blatant power grab by wealthy corporate CEOs. Moreover, legislation to limit the ability of private sector retirement plans to consider ESG factors, file shareholder proposals at the companies that they own, or vote proxies has more in common with a totalitarian command economy than a free market system. Fiduciaries should not be subject to government overreach telling them what they can and cannot invest in, or whether they will be allowed to exercise ownership rights of retirement plans to vote proxies.

For the above reasons, we strongly oppose H.R. 5339, the *Roll back ESG To Increase Retirement Earnings (RETIRE) Act*, that was introduced during the 118th U.S. Congress (2023-2024). This bill seeks to codify the first Trump Administration's flawed rules that attempted to distinguish between pecuniary and non-pecuniary benefits. Such a distinction is unworkable because all investments inherently include pecuniary and non-pecuniary features. For example, an investment in a company provides capital to grow that company's operations that will benefit the company's employees. Does this investment provide pecuniary or non-pecuniary benefits? Distinguishing between pecuniary and non-pecuniary benefits is analogous to debating how many angels can dance on the head of a pin.

We also strongly oppose H.R. 1996, the *Retirement Proxy Protection Act*, that seeks to disenfranchise retirement plans from voting proxies. It does this by imposing an unworkable prohibition on casting proxy votes that promote non-pecuniary benefits (whatever that is supposed to mean), requiring a burdensome economic cost benefit analysis before voting, and creating a safe harbor that proxy votes need not be cast when the assets under management invested in a company are below 5 percent of the retirement plan's portfolio. Given the duty to diversify investments and the new burdens imposed on proxy voting, this safe harbor would coerce retirement plans to stop voting proxies altogether. If adopted, this bill will effectively silence the ownership voice of retirement plan participants and beneficiaries.

Finally, we note that H.R. 1996's proposed restrictions on proxy voting by retirement plans is unconstitutional under the First and Fifth Amendments of the U.S. Constitution. Proxy voting is a form of speech, and coercing retirement plan fiduciaries to refrain from proxy voting will be subject to heightened judicial scrutiny. The First Amendment is particularly implicated when proxy voting on shareholder proposals that address controversial ESG issues.<sup>29</sup> And given the Department of Labor's long-standing recognition that proxy votes are valuable assets,

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<sup>29</sup> *W. Virginia State Bd. of Educ. v. Barnette*, 319 U.S. 624, 642 (1943) ("If there is any fixed star in our constitutional constellation, it is that no official, high or petty, can prescribe what shall be orthodox in politics, nationalism, religion, or other matters of opinion or force citizens to confess by word or act their faith therein.").

compelling retirement plans to give them up entirely is a taking without just compensation under the Fifth Amendment.<sup>30</sup>

## **Conclusion: Congress Needs to Address the Real Retirement Security Crisis**

We urge Congress to address the genuine retirement security issues that we face in our nation rather than focus on paranoid delusions about so-called “woke” ESG investing by retirement plan fiduciaries. As the AFL-CIO’s Executive Council has stated:

*Pension plans represent the deferred wages of working people and must be invested with prudence and loyalty to provide retirement benefits. The proper stewardship of retirement savings requires the freedom to consider all relevant investment considerations, including ESG risks. Laws and regulations that restrict the ability of retirement plan trustees and asset managers to consider ESG risks directly contradict their fiduciary duties. Fiduciaries, not politicians, should make these judgments.*<sup>31</sup>

Millions of working Americans are unprepared for retirement because of our patchwork retirement system which, with the decline of traditional defined benefit pensions, requires workers to go it on their own through defined contribution retirement savings plans such as 401(k) plans.<sup>32</sup> Defined contribution plans shift the burden of saving for retirement, investment risk, and longevity risk of outliving one’s retirement savings onto individual workers.<sup>33</sup> Moreover, the tax code provides the bulk of retirement savings incentives to the highest earners who are the most able and likely to save without any incentives.<sup>34</sup> As a result of all these factors, approximately half of all Americans do not have a retirement plan account at all.<sup>35</sup>

For these workers, Social Security is the only retirement benefit they can count on. And yet under President Trump and Elon Musk’s Department of Government Efficiency, the Social Security Administration’s ranks have been decimated by the indiscriminate mass firings of

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<sup>30</sup> *Penn Cent. Transp. Co. v. City of New York*, 438 U.S. 104, 127 (1978) (“a state statute that substantially furthers important public policies may so frustrate distinct investment-backed expectations as to amount to a ‘taking.’”).

<sup>31</sup> “Pension Plans Need the Freedom to Consider Environmental, Social and Governance Risks and Responsible Workforce Management Principles,” AFL-CIO, July 18, 2023, *available at* <https://aflcio.org/about/leadership/statements/pension-plans-need-freedom-consider-environmental-social-and-governance>.

<sup>32</sup> Monique Morrissey, “The State of American Retirement: How 401(k)s Have Failed Most American Workers,” Economic Policy Institute, March 3, 2016, *available at* <https://www.epi.org/publication/retirement-in-america/>.

<sup>33</sup> William Fornia and Dan Doonan, “A Better Bang for the Buck 3.0: Post-Retirement Experience Drives the Pension Cost Advantage,” National Institute on Retirement Security, January 2022, *available at* <https://www.nirsonline.org/reports/betterbang3/>.

<sup>34</sup> Jean Ross, “Tax Breaks for Retirement Savings Do Not Help the Workers Who Need Them Most,” Center for American Progress, May 20, 2022, *available at* <https://www.americanprogress.org/article/tax-breaks-for-retirement-savings-do-not-help-the-workers-who-need-them-most/>.

<sup>35</sup> Maria Hoffman, Mark Klee and Briana Sullivan, “New Data Reveal Inequality in Retirement Account Ownership,” U.S. Census Bureau, August 31, 2022, *available at* <https://www.census.gov/library/stories/2022/08/who-has-retirement-accounts.html>.



federal workers and closures of Social Security offices.<sup>36</sup> Across the country, Social Security eligible retirees are standing in long lines at depleted field offices thanks to callous staffing cuts made at the direction of Elon Musk. Once the world's richest man before Tesla's stock price crashed, Musk has called Social Security "the biggest Ponzi scheme of all time."

Congress must assert its Article I Constitutional authority over the federal budget to put our dedicated public servants back to work and protect Social Security. Social Security is our nation's nearly universal, albeit too modest, retirement plan. Social Security's long-term funding needs can be addressed without benefit cuts; the AFL-CIO opposes cuts of any kind, including increasing the retirement age, altering the benefit formula, or reducing cost-of-living adjustments.<sup>37</sup> Instead, Congress must strengthen Social Security by eliminating the cap on taxable income for high earners and expand benefits to provide a secure retirement with dignity for all Social Security recipients.<sup>38</sup>

Thank you for the opportunity to share our views on these important issues.

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<sup>36</sup> Ken Thomas, "Hours in Line, Cut-Off Calls: Accessing Social Security in the Era of DOGE," Wall Street Journal, April 6, 2025, *available at* <https://www.wsj.com/politics/policy/social-security-pressure-09ca5446>.

<sup>37</sup> "Convention Resolution 13: Retirement Income Security for All," AFL-CIO, June 13, 2022, *available at* <https://aflcio.org/resolutions/resolution13>.

<sup>38</sup> Josh Bivens and Elise Gould, "A Record Share of Earnings Was Not Subject to Social Security Taxes in 2021," Economic Policy Institute, January 17, 2023, *available at* <https://www.epi.org/blog/a-record-share-of-earnings-was-not-subject-to-social-security-taxes-in-2021-inequalitys-undermining-of-social-security-has-accelerated/>.