

**Opening Statement of Ranking Member Sablan
Subcommittee on Health, Employment, Labor, and Pensions
“Financial Challenges Facing the Pension Benefit Guaranty Corporation: Implications for
Pension Plans, Workers, and Retirees”
Wednesday, November 29, 2017**

Thank you, Mr. Chairman. Good morning.

I want to start by recognizing and thanking Andy Banducci, who is departing the Majority Committee staff this week. Andy has honorably served the Committee for six and a half years and has played a leadership role on several important retirement security issues. On behalf of all the Democratic Subcommittee Members and our staff, I want to thank Andy and wish him well as he transitions to the Senate.

I also want to express my thanks to Chairman Walberg. Since I became Ranking Member, we have sought common ground on ways we can help Americans retire with financial security. Last month, we introduced legislation that updates a two-decade old standard for automatic IRA rollovers. And in May, we conducted a Subcommittee hearing where there was a fair amount of consensus on practical retirement security solutions. At the conclusion of that hearing, I noted

how the multiemployer pension system and the looming insolvency of the Pension Benefit Guaranty Corporation – or PBGC – demands our immediate attention. So I appreciate Chairman Walberg's willingness to convene today's hearing.

Welcome, Director Reeder. I enjoyed meeting with you yesterday and I look forward to your testimony.

Mr. Chairman, it is clear the multiemployer pension program remains in significant financial distress. As the PBGC's 2017 annual report notes, the multiemployer pension program has \$2 billion in assets to cover \$67 billion in liabilities. That's a net deficit of \$65 billion -- up from \$58.8 billion last year and an all-time high. The PBGC also estimated that, unless Congress acts, the multiemployer pension program is likely to run out of money by the end of 2025.

We have to focus on the biggest cause of the crisis: the looming failure of a few very large multiemployer pension plans. If Congress works

together to help these failing plans, we can go a long way toward improving PBGC's financial outlook.

Several of my Subcommittee colleagues and I recently co-sponsored Congressman Neal's legislation that proposes a solution to prevent troubled multiemployer plans from failing while safeguarding retirees' hard-earned pensions. I will be interested to hear Director Reeder's thoughts on Mr. Neal's bill.

The bottom line is that Congress must address the multiemployer pension crisis and we must act soon.

As we proceed, I believe we should be guided by the simple principle that it is not the fault of the workers or the retirees' that their pension plan is on the brink of insolvency. These Americans worked a lifetime and earned their pension. American workers don't want a bailout, they just want the pension promise that was made to them to be upheld.

We also must keep in mind that the costs and consequences of inaction are enormous and the consequences will be devastating. Impacted retirees would see catastrophic reductions to their pension benefit, as high as 90%. Governments will see reduced tax revenues from impacted pensioners; there would likely be significantly increased social safety net spending. Employers throughout the multiemployer system will be impacted. Some may have to file bankruptcy, while others may have a worsened financial outlook due to having to absorb additional pension liability.

The economic fallout will touch most all of our congressional districts.

Today's hearing should provide Subcommittee Members an understanding of the scope and magnitude of the multiemployer pension crisis.

But more importantly, today's hearing should underscore the urgency for Congress to take responsible action to prevent the foreseeable collapse of the multiemployer pension program.

I am hopeful we will do that.

With that, Mr. Chairman, I want to thank you again for convening today's hearing and I yield back the balance of my time.

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