



# OPENING STATEMENT

House Committee on Education and Labor

Chairman Robert C. "Bobby" Scott

## Opening Statement of Chairman Mark DeSaulnier (CA-11)

Subcommittee on Health, Employment, Labor, and Pensions Hearing

*Examining Pathways to Build a Stronger, More Inclusive Retirement System*

Wednesday, June 23, 2021 | 10:15 a.m.

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Today we are meeting to explore the strengths, challenges, and inequities of America's retirement system as well as review H.R. 2954, the Securing a Strong Retirement Act of 2021, which is known as the SECURE Act 2.0. This bill includes important provisions in the Education and Labor Committee's jurisdiction.

Earlier this year, Congressional Democrats and the Biden Administration addressed the urgent multiemployer pension crisis and fully protected the pensions of more than one million Americans. Our solution was broadly supported by key stakeholders, including hundreds of employers and the U.S. Chamber of Commerce. Had we not acted, the unacceptable status-quo would have continued; plans would have failed; and the Pension Benefit Guaranty Corporation would have become insolvent. If that happened, workers and retirees would lose nearly everything they worked and contributed so hard to save. Many participating employers would be forced to close or cut jobs.

American taxpayers would have suffered, too. One expert estimated that, if Congress failed to address the multiemployer pension crisis, the total cost to the U.S. taxpayers – in terms of lost tax revenue and increased social safety net spending due to pensioners' difficulty making ends meet – would be between \$170 billion and \$240 billion over the 10-year budget window. This far exceeds the estimated \$86 billion cost of the solution included in the American Rescue Plan Act.

As we proceed, we should remain mindful that taxpayers would have been on the hook one way or another with the multiemployer pension crisis. By acting now, Congressional Democrats and the Biden Administration averted a catastrophe, spared over a million Americans harm, saved businesses, and protected jobs. Which in my view is the right thing to do – and far better, and less expensive for the taxpayers than doing nothing. Certainly we can all agree to look back on lessons learned is valuable.

But today's hearing is not about past action; it's about the present state of the private sector retirement and what we need to do in the future to make it stronger and more inclusive. I'm certain we all believe that Americans after a hard working life deserve to retire in some level of security. That's what this hearing is all about.

For decades, the retirement system has been premised on Americans relying on three income streams – the so-called three-legged stool – to support themselves as they age: Social Security, employer-sponsored pensions, and personal savings.

Social Security remains the foundation of retirement security for most Americans. When President Franklin Roosevelt signed the Social Security Act into law, he talked about it giving – quote – “some measure of protection to the average citizen and to his family...against poverty-ridden old age.” He was right. To this day, Social

Security provides the majority of income to most elderly Americans and single-handily keeps up to 15 million seniors out of poverty.

There has been a changing social model over the past decades. In 1975, 47 percent of women with children were in the labor force— most of those were part-time jobs. Now, it is 72 percent and most of them full-time jobs. Many Americans age 65 and older left the labor force in 2020 due to the pandemic, but millions remain. And, according to the Bureau of Labor Statistics, people held an average of 12 jobs from ages 18 to 52, with nearly half of these jobs held before age 25. *12 jobs from ages 18 to 52, with nearly half of these jobs held before age 25.* Meanwhile, the employer-provided retirement and wage-earning landscapes also significantly changed. These changes have been to the detriment of workers' ability to achieve a secure and dignified retirement.

Employers have shifted away from offering traditional defined benefit pension plans, which provided workers guaranteed lifetime income after they retired. Nowadays when a private sector employer offers a retirement plan, it is likely to be a defined contribution plan, such as a 401(k). But that's if employers offer one at all. Too many Americans lack access to a retirement savings plan through their employer. An estimated 7.5 million Californians and roughly 55 million people nationwide do not have access to retirement benefits through their employer.

There are also significant disparities along racial and ethnic lines when it comes to retirement savings. According to the Urban Institute, in 2016, white families had about \$130,000 more – or six times more – in average liquid retirement savings than African American and Hispanic families. That disparity has increased five-fold over the past 25 years.

Additionally, few Americans are earning enough to save for a stable, secure retirement. Workers are doing more today than ever before. Over the last 40 years, worker productivity has risen 72.2 percent. At the same time, worker wages has essentially stagnated – increasing only 17.2 percent. Worker productivity in the last 40 years has increased over 70 percent. Wages, adjusted for inflation, increasing less than 20 percent. It is incredibly hard for workers to do much on their own for retirement when, according to the Federal Reserve, many would struggle to come up with the money to finance an unexpected \$400 expense, such as a car repair or a medical bill in their daily life.

That is why I believe retirement security is fundamentally aligned with workers' wages. The more people earn, the easier it is for them to plan and save for retirement. At a minimum, we must support policies that increase workers' wages and strengthen their ability to organize and collectively bargain. The data is clear that unionized workers have greater access to retirement plans and higher participation rates than their non-unionized counterparts.

But we shouldn't stop there. We must strengthen and protect Social Security. We must address inequities and discriminatory barriers in the labor market. I also am interested in learning more from the witnesses today about the SECURE Act 2.0 and how it helps Americans plan and save for retirement.

Before I conclude, I recall a recent issue of the *New York Times Magazine* discussing how the human life span doubled over the past century. And now – with medicines combating diseases and prolonging life – the number of people who might live to be 100 years old could increase– should increase. According to a United Nations estimate cited by the *Magazine*, there were 95,000 centenarians in the world in 1990; but there could be 25 million by 2100.

A recent Kaiser Foundation report showed that the life expectancy for people over 65 is increasing exponentially. According to this study, the U.S. ranks 13<sup>th</sup> in the world in life expectancy increases for people over 65. I'm proud to say that when you separate that by region the western United States, and state of California where I live, is number one in the world in life expectancy for people over 65.

We must make sure our retirement system is equipped to support people living longer and that it provides that “measure of protection” Franklin Roosevelt mentioned in 1935.

I look forward to hearing from our expert witnesses about these issues, and I now recognize my friend and the distinguished Ranking Member, Mr. Allen, for his opening statement.