



## Rehabilitation for Multiemployer Pensions Act (H.R. 397)

### *A Bipartisan Solution to Address the Multiemployer Pension Crisis*

**Problem:** *Many multiemployer pension plans are in financial crisis. Soon, these failing plans will be unable to pay out the benefits owed to retirees.* Making matters worse, the Pension Benefit Guaranty Corporation (PBGC), which insures private sector pension plans, is rapidly running out of money to backstop failed multiemployer pension plans. If plans fail, and if the PBGC's multiemployer program becomes insolvent, retirees will see their pensions reduced to nearly zero. On top of this, there also will be catastrophic consequences for active workers and employers as well as hundreds of billions of estimated costs to the federal government.

**Solution:** The *Rehabilitation for Multiemployer Pensions Act* (H.R. 397) is a bipartisan bill, which establishes a Pension Rehabilitation Administration (PRA) within the Department of the Treasury. The PRA is authorized to finance loans to failing multiemployer pension plans, plans that have suspended benefits, and some recently insolvent plans currently receiving financial assistance from the PBGC. Those pension plans that could not remain or become solvent with only a loan could apply to the PBGC for additional financial assistance in conjunction with a PRA loan. This bill protects retirees' pensions and does not require benefit cuts.

**Costs:** While the Congressional Budget Office (CBO) has not yet provided an official cost estimate of the *Rehabilitation for Multiemployer Pensions Act* (H.R. 397), CBO reviewed versions of this bill last year and gave several preliminary estimates ranging from \$34 billion to \$100 billion. But according to a non-partisan expert, who testified at a March HELP Subcommittee hearing, the cost of doing nothing – in terms of lost tax revenue and increased social safety net spending – is estimated to be between \$170.3 billion and \$241.3 billion over the 10-year budget window and between \$332 billion and \$479 billion over 30 years.

**Supporters:** The *Rehabilitation for Multiemployer Pensions Act* (H.R. 397) has 161 bipartisan cosponsors (as of 5/31/19), including Education and Labor Committee Chairman Bobby Scott, Ways and Means Chairman Richard Neal, and 22 out of the 28 Education and Labor Committee Democrats.

The diverse coalition of supporters of H.R. 397 include: AARP, Bakery and Confectionary Union and Industry International Pension Fund, BlackRock, International Association of Machinists and Aerospace Workers (IAM), International Brotherhood of Boilermakers, International Brotherhood of Electrical Workers (IBEW), International Brotherhood of Teamsters (IBT), National Retirees Legislative Network (NLRN), Pension Rights Center, United Food and Commercial Workers (UFCW), United Steelworkers (USW), and Western Conference of Teamsters Pension Trust.