



Opening Statement

COMMITTEE ON EDUCATION & LABOR

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The Hon. Robert C. "Bobby" Scott • Chairman

Opening Statement of Chairwoman Frederica Wilson (FL-24), Subcommittee on Health, Employment, Labor, and Pensions

Subcommittee on Health, Employment, Labor, and Pensions

The Cost of Inaction: Why Congress Must Address the Multiemployer Pension Crisis

2175 Rayburn House Office Building

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Today we are here to discuss the multiemployer pension crisis and what will happen to retirees, workers, businesses, and our economy if Congress does not address it.

This crisis is one of the most important and urgent issues within our Committee's jurisdiction, and that's why Chairman Scott and I wanted it to be the focus of the first HELP Subcommittee hearing of the 116th Congress.

More than 100 multiemployer pension plans are projected to run out of money in the next 20 years, if not sooner.

More than a million people and thousands of employers participate in these plans.

These plans cover workers and retirees in every state and most congressional districts.

For instance, more than 900 workers and retirees in the Central States Teamsters Plan—which is a hugely important plan that is projected to fail in the next few years—are in my district.

The plan that's at the most immediate risk is the one covering our mine workers. It is projected to be insolvent in the 2022 timeframe.

Our miners put their health and safety on the line every day.

We need to protect their pensions before it's too late.

Making matters worse, the Pension Benefit Guaranty Corporation – the PBGC – which insures private sector pension plans, is rapidly running out of money to backstop failed multiemployer plans.

If plans fail and the PBGC becomes insolvent, retirees would see their pensions cut by 90% or more. Essentially, they would receive pennies on the dollar.

But retirees are not the only ones facing catastrophic consequences if Congress does not act.

Active workers are in jeopardy of losing their jobs.

According to one conservative economist, the failure of the Central States plan would result in the loss of 50,000 jobs in 2025. And that's just one plan in one year.

Think about what could happen if scores of other plans fail as is currently projected!

Participating employers are at real risk, too.

Employers tell us that their pension liabilities are hurting their ability to hire personnel or expand operations. They also tell us that some of their banks and lenders are already starting to question their creditworthiness.

For these employers, the multiemployer pension crisis is not years away. It is hurting their businesses right now.

Chairman Scott and I invited the U.S. Chamber of Commerce to be one of our witnesses here today to highlight the urgency of this crisis to America's businesses and their workers.

The Chamber and others have correctly noted that if retirees see their pensions cut to essentially zero, they will become reliant on social safety net programs that will have to be funded by taxpayers. At the same time, there also will be a loss of tax revenue.

So, we should be mindful of the cost to the taxpayers if Congress does not act to address the multiemployer pension crisis.

According to one estimate, congressional inaction would cost as much as \$103 billion in lost federal tax revenue and \$138.3 billion in increased social safety net spending over the next decade.

To date, there's been just one bipartisan legislative solution introduced to address the multiemployer pension crisis.

H.R. 397, the Rehabilitation for Multiemployer Pensions Act, upholds the pension promise made to these retirees who are at risk of losing everything for which they worked and sacrificed over a lifetime.

I am proud to be one of the leading supporters of this bill, and I believe that Congress should act on it.

Today's hearing is an important opportunity to learn more about the multiemployer pension system, the urgency of the crisis confronting it, and the bipartisan solution to fix it.

It's also a reminder that the fundamental question for Congress to consider is NOT how much it costs to fix the multiemployer pension crisis, but how much it will cost retirees, employers, and taxpayers if we do not act.

I want to thank all of our witnesses for being with us today and I look forward to your testimony.

I now recognize the distinguished Ranking Member for the purpose of making an opening statement.