ED & LABOR

FACT SHEET

House Committee on Education and Labor
Chairman Robert C. "Bobby" Scott

Emergency Pension Plan Relief Act (EPPRA) of 2021 (H.R. 423)

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.

The COVID-19 pandemic has further elevated the need for Congress to address the multiemployer pension crisis as many of the failing plans cover delivery workers, food and grocery store workers, and others on the front lines of the public health crisis. According to one nonpartisan actuarial estimate, the COVID-19 crisis could **cause an additional 180 plans to become insolvent**. This means that over 300 plans—covering 2.5 million Americans—could be at risk of failure. The COVID-19 public health crisis is even threatening healthy multiemployer and single employer pension plans.

Solution: The *Emergency Pension Plan Relief Act* (EPPRA) builds upon existing PBGC authorities to provide much-needed relief to failing multiemployer plans and fully protect participants' hard-earned benefits without cuts. EPPRA also includes necessary stabilizing provisions for other multiemployer and single employer plans to help them endure the COVID-19 public health crisis. Finally, EPPRA includes two other critical and long overdue policy priorities: (1) repealing part of the regressive law enabling multiemployer plans to apply to cut participants' hard-earned benefits and (2) doubling the guarantee for participants in multiemployer plans. This means that participants and beneficiaries would receive more of the benefits they earned if their plans become insolvent in the future.

Costs: The Congressional Budget Office (CBO) has not yet provided an official cost estimate of EPPRA this Congress. However, last year, the CBO scored similar provisions in the House-passed *Heroes Act* **at approximately $52 billion** over the 10-year budget window. This is less than one-third of the estimated cost of doing nothing, which experts have indicated is the most expensive option of all. If Congress fails to act and pensions are reduced to nearly zero, retirees could be forced to turn to government assistance to make ends meet while tax revenue declines. As the United States Chamber of Commerce **has put it**, many will "become reliant on social programs that have to be funded by taxpayers at a time when tax revenue will be declining." During an Education and Labor Committee hearing on the multiemployer pension crisis last Congress, an actuary estimated that if Congress does nothing to address the multiemployer pension crisis, the total costs to the taxpayers (in terms of lost tax revenue and increased social safety net spending) **would be $170 billion and $240 billion** over the 10-year budget window.