November 15, 2019

Dear Senators and Representatives:

The undersigned organizations urge Congress to reject H.R. 397 the Rehabilitation for Multiemployer Pensions (Butch Lewis) Act of 2019. Ultimately, this legislation would recklessly bail out hundreds of irresponsible private pension plans, costing taxpayers billions, yet still fail to fix the system that allowed these problems to exist in the first place. We similarly urge Congress to reject a selective form of such bailouts, as proposed in the American Miners Act of 2019 (S.27) and the Miners Pension Protection Act (H.R. 935). Furthermore, legislation this risky and far-reaching should be considered solely on its own. Attaching any of them to other legislation, from must-pass appropriations to the USMCA trade agreement, is unacceptable. We further urge you to either make substantial changes to these acts or reject them in their current form.

Underfunded pensions are a serious problem affecting private businesses, state and local governments, and their workers. Yet taxpayers have not caused these problems – pension managers have. Many pension plans in the multi-employer system face severe financial shortfalls and, on the whole, the system can only pay 42 cents of every dollar in promised benefits. Managers of both the pension funds and businesses created this sad problem; they should be accountable and find solutions that don’t simply transfer the burden on the taxpayers.

The multiemployer bill would create a new loan program to issue taxpayer-backed loans (unlikely to be paid back), plus a separate grant program to assist struggling multi-employer plans that meet certain criteria. These bailouts would be redundant, even contradictory, to the Pension Benefit Guaranty Corporation that currently oversees distressed multiemployer plans.

The Miners’ bills would provide the UMWA with up to $750 million per year of taxpayer dollars for both its unfunded health care and pension benefits. Every single additional dollar provided under these bills—and the money for pensions—would come from taxpayers and not the AML fund, as purported, because the UMWA has already exhausted those AML funds for its unfunded health benefits. What’s more, the Miners’ bills mean Congress would either unfairly pick winners and losers—bailing out coal miners but not steelworkers, truckers, or firefighters—or set the stage for a full-scale bailout of $638 billion in underfunded private union pensions.

But astonishingly, these bills fall well short of the reforms necessary to address irresponsible pension practices that caused these problems. Instead, they would incentivize plan managers to make further irresponsible decisions, or even additional unaffordable benefit promises. That would only make the situation worse for those in or near retirement, when they already face an uncertain future.
The Congressional Budget Office (CBO) estimates that the Rehabilitation for Multiemployer Pensions Act will cost nearly $68 billion over 10 years, but it could cost taxpayers far more since Congress would likely expand eligibility for these bailouts. The total multi-employer pension shortfall is over $600 billion. This bill sets terrible precedent for bailing out irresponsible pension fund managers which could then pave the way to bailing out not just single employer plans, but state and local government pensions that are underfunded by an additional $4 to $6 trillion.

We call on leaders from both parties to reject H.R. 397 and S. 27 whether on their own or attached to any other legislative vehicle. We further urge Congress to scrap the costly and harmful provisions this legislation would pose for American taxpayers.

Sincerely,

Americans for Prosperity
Campaign for Liberty
Center for a Free Economy
Center for Freedom and Prosperity
Center for Individual Freedom
Club for Growth
Coalition to Reduce Spending
Competitive Enterprise Institute
Council for Citizens Against Government Waste
FreedomWorks
Independent Women's Voice
Institute for Liberty
Less Government
National Taxpayers Union
Secure America's Future Economy
Small Business and Entrepreneurship Council
Taxpayers for Common Sense
Taxpayers Protection Alliance
Tea Party Patriots Action