

1 OPEN EXECUTIVE SESSION TO ORGANIZE THE JOINT SELECT
2 COMMITTEE
3 WEDNESDAY, MARCH 14, 2018
4 U.S. Congress,
5 Joint Select Committee on Solvency of Multiemployer
6 Pension Plans,
7 Washington, DC.

8 The meeting was convened, pursuant to notice, at
9 10:05 a.m., in room 215, Dirksen Senate Office Building,
10 Hon. Orrin G. Hatch (co-chairman of the committee)
11 presiding.

12 Present: Representative Foxx, Representative Roe,
13 Senator Portman, Representative Schweikert, Senator
14 Brown, Representative Neal, Senator Manchin,
15 Representative Scott, Senator Heitkamp, Representative
16 Norcross, Senator Smith, and Representative Dingell.

17 Also Present: Chris Allen, Senior Advisor for
18 Benefits and Exempt Organizations; and Gideon Bragin,
19 Senior Policy Advisor.

20

1 OPENING STATEMENT OF HON. ORRIN G. HATCH, A U.S. SENATOR
2 FROM UTAH, CO-CHAIRMAN, JOINT SELECT COMMITTEE ON THE
3 SOLVENCY OF MULTIEMPLOYER PENSION PLANS
4

5 The Chairman. Well, good morning. This is the
6 first formal meeting of the Joint Select Committee on
7 the Solvency of Multiemployer Pension Plans. It is a
8 very important committee.

9 Before we get into the meat of this area, we first
10 need to establish the rules and operating procedures of
11 the committee.

12 As co-chair, I also think we should take the time
13 to hear from the individual members of the committee.
14 And in my more than 41 years of experience here in the
15 Senate, I have learned that the best way to tackle
16 complicated issues like this is to start by truly
17 listening to the concerns of each of the members and, in
18 turn, for us to be honest and up front about our hopes
19 and expectations.

20 This committee confronts an enormous and difficult
21 task. Multiemployer pension plans, like other
22 retirement savings programs, have faced a number of
23 challenges in recent years. Some of those challenges
24 include a financial crisis which has disturbed the
25 investment returns of the multiemployer plans as well as

1 demographic and economic changes, which have made the
2 operations of a substantial number of these plans
3 difficult, if not impossible to sustain.

4 Many have argued that these complexities have sent
5 some of these plans into a, quote, "death spiral."
6 Unquote. As it stands, numerous plan participants and
7 the broader viability of these plans face challenges.

8 What is more, the Pension Benefit Guaranty
9 Corporation stands near the precipice of insolvency.

10 Congress has not been sitting idly by on these
11 issues. In fact, the Pension Protection Act of 2006 and
12 the Multiemployer Pension Reform Act of 2014 were
13 designed to provide multiemployer plan sponsors,
14 trustees and the PBGC with new authority and additional
15 flexibility to alter plans in order to restore some
16 level of financial sustainability.

17 Simply because we are in dire straits again with
18 some of these plans does not mean we failed when we
19 passed those two major bipartisan bills, but it does
20 underscore how complex these issues really are. Not
21 only are the issues complex, but they often invite
22 strong sentiments.

23 This committee is tasked with studying the
24 challenges multiemployer plans face, what has worked and
25 what has not, reviewing potential solutions and, if

1 possible, developing legislative recommendations that
2 could be considered by the House and the Senate.

3 Finding a solution requires a clear understanding
4 of the issues these plans confront, which means, at
5 least for the next few weeks, we should be listening far
6 more than talking.

7 It also means that we need to learn. We need to
8 understand the magnitude of the financial shortfall
9 among plans considered critical and declining, determine
10 the likelihood of other plans falling into this status
11 and meaningfully evaluate the various proposals that
12 have been offered to address this situation.

13 Frankly, my friends, this is a heavy workload. We
14 are going to have to hear from all sides on these
15 issues.

16 During my lengthy experience in Congress and in
17 developing bipartisan solutions to problems, I have
18 learned that the best path to take involves mutual
19 respect and an open consideration of all views, even
20 views that you do not agree with.

21 The difficulty in taking that high road is probably
22 the biggest impediment to arriving at bipartisan
23 solutions. Now more than ever, it seems too easy to
24 turn our deliberations into partisan arguments and
25 political posturing. My intention, and I hope that of

1 my colleagues here as well, is to pursue the high road.

2 In that vein, I would like to underscore my belief
3 that none of this process is going to be easy. There
4 are no magic bullets. And any solutions we come up with
5 are bound to make at least some people unhappy.

6 With that, I am going to turn it over to my co-
7 chair, Senator Brown, after which we will move to
8 consideration of the rules and operations of the
9 committee.

10 Senator Brown?

11

1 OPENING STATEMENT OF HON. SHERROD BROWN, A U.S. SENATOR
2 FROM OHIO, CO-CHAIRMAN, JOINT SELECT COMMITTEE ON THE
3 SOLVENCY OF MULTIEMPLOYER PENSION PLANS
4

5 Senator Brown. Thank you, Senator Hatch. Thank
6 you for your leadership.

7 I sit in this committee way down over there
8 normally with Senator Hatch, and it is an honor to serve
9 on his committee in the Senate. And I appreciate his
10 integrity and longtime leadership.

11 Thanks to my partner, Representative Neal, and the
12 work that he has done on pensions, and so many on this
13 committee on both sides of the aisle have done so much,
14 especially Senator Portman, my colleague in Ohio, who
15 shares my convictions on this critical issue.

16 Thanks to all of you and your interest for stepping
17 up. Some of you I do not know as well as others. I am
18 reaching out to all of you regardless, both parties,
19 both houses, and we will continue to.

20 And I appreciate Senator Hatch's coming into this
21 saying it is important to listen to every member so that
22 we can assemble a strong majority on both sides and move
23 this legislation ultimately on to the Senate and House
24 floors.

25 It is not a partisan issue. We know that.

1 Teamsters, mineworkers, ironworkers, carpenters, bakers,
2 so many other Americans are at risk of massive cuts to
3 the pensions that they have earned. Small family
4 businesses that have been operating for generations --
5 Rob and I have dozens of those in our state -- are at a
6 risk of bankruptcy through no fault of their own. If
7 they fail, they take thousands of jobs with them.

8 My colleagues on both sides of the aisle understand
9 the need to work together in good faith to keep the
10 promise made to these workers. It is what I know we are
11 going to be able to do in this committee.

12 The committee has been given extraordinary powers.
13 We need to lock arms and work together to reach a
14 solution for workers and businesses who did things
15 right. They are not asking for a handout or a bailout,
16 they are just asking for what they earned.

17 My friend Mike Walden said it best. Mike served
18 our country, first in Vietnam, again for decades as a
19 Teamster and now as head of the National United
20 Commission to Protect Pensions. He said, "I have never
21 asked for anything from this country, but I do not want
22 to see things taken away, something that I have worked
23 hard for and earned."

24 We know what will happen -- and this is really the
25 critical point of my statement and I think our mission -

1 - we know what happens if we do not solve this.
2 Millions of Americans will have their retirement
3 security yanked away from them. Small businesses that
4 participate in these plans could go bankrupt. The jobs
5 of current workers at those businesses will be lost.

6 That is why the Chamber of Commerce is so
7 interested in this. And they released their new
8 principles this morning, quote, "It is critical to have
9 a program that restores the solvency of critical and
10 declining status plans while protecting the U.S. economy
11 as soon as possible," unquote.

12 The chamber notes the multiemployer pension system
13 contributed \$2.2 trillion -- \$2.2 trillion -- in
14 economic activity to the U.S. economy in 2015. If we do
15 not reach a solution after all the devastation and all
16 these lives upended, taxpayers will then be on the hook
17 for tens of billions of dollars to the PBGC.

18 This committee gives us the opportunity to avoid
19 all that, to protect businesses and workers and
20 taxpayers and the Main Street economy.

21 The reason we are here today is because of the
22 retirees and the workers and the small businesses all
23 over this country who came to see probably everybody on
24 this committee and have been for years, especially to
25 Representative Foxx and Representative Scott who in

1 their leadership positions have been at the forefront of
2 this. And I know the impact they have had by keeping
3 this issue in front of the American public, in front of
4 this Congress.

5 I have spent a lot of time individually with these
6 folks, businesspeople and mineworkers and Teamsters and
7 other workers who will see pension cuts.

8 I have spent time with Ohio businesses who have
9 done everything right, but are being punished because
10 their business thrived while so many of their
11 competitors failed.

12 Those small businesses cannot publicly say what
13 keeps them up at night for the fear that if the
14 multiemployer pension plan that they are a part of
15 fails, their business will fail. So they keep pretty
16 quiet about it publicly and talk to us. They cannot
17 tell their customers or their workers or, most
18 importantly, their creditors without risking the
19 businesses they have worked so hard to build, often
20 through several generations.

21 The fact remains, generations of jobs and hard work
22 will be laid to waste overnight if we fail this mission.
23 We have the power to fix this together and bipartisanly.

24 I have spent time with people like the incredible
25 grassroots leader in this fight, as I mentioned, Mike

1 Walden, also Rita Lewis. Rita's late husband, Butch
2 Lewis, was the head of Local 100 in Senator Portman in
3 the community he grew up in Cincinnati, in Evendale
4 actually. He passed away while fighting for the
5 retirement his fellow workers earned. Rita says, "It is
6 like we are invisible."

7 Well, she is not invisible to us on this committee.
8 We see the impact this issue has on the economy and the
9 people we serve.

10 I have spent time with people like Ed Barker in
11 Youngstown who has told me, "We did our part, now it is
12 time for members of Congress to cross party lines" and
13 do our part.

14 That is exactly what I hope we can do over the
15 course of this year. I look forward to working side-by-
16 side with co-chair Senator Hatch and each one of you in
17 a bipartisan solution.

18 I come too -- as I have talked to a number of you
19 and called all of you -- I come to this with an open
20 mind ready to listen, ready to work. I know my fellow
21 committee members do as well.

22 Thank you, Mr. Chairman.

23 The Chairman. Thank you, Senator Brown.

24 We have a quorum now present so we now need to take
25 a few minutes to organize the Joint Select Committee on

1 the Solvency of Multiemployer Pension Plans.

2 Today's first item of business is to approve and
3 set the committee rules. All members should have a copy
4 of the proposed committee rules in the materials before
5 them.

6 Number three, the rules for the committee are
7 modeled after the rules of the -- let me see here -- the
8 rules of the Senate Finance Committee with some
9 revisions to bring in the provisions of the statute
10 establishing the committee.

11 I will now entertain a motion concerning the rules.

12 Senator Brown. Mr. Chairman, I move that the joint
13 committee now adopt the committee rules by voice vote.

14 The Chairman. Okay. Can we have a voice vote?
15 Those of you in favor say "aye." Opposed "nay."

16 The "ayes" have it.

17 Is there any debate at all?

18 I guess we should have had debate before we voted.

19 [Laughter].

20 Senator Brown. That is how the Finance Committee
21 does it.

22 The Chairman. That is okay. We know how to move
23 on this committee, I will tell you.

24 [Laughter].

25 The Chairman. Well, if there is no further debate,

1 then without objection the committee rules are adopted.

2 I will now turn to my colleague Senator Brown for
3 his remarks on the activation of the committee and then
4 we will go from there.

5 Senator Brown. Well, I made my remarks. Let us
6 hear from others, Mr. Chairman. So thank you.

7 The Chairman. Okay. All right.

8 Is there anything else we need to do?

9 Senator Brown. Well, anyone who wants to do
10 opening statements.

11 We will ask people that want to share with us their
12 thoughts, we would love to hear their comments.

13 The Chairman. Yeah, if anybody cares to make any
14 comments, we would love to hear from you.

15 Representative Neal. Mr. Chairman?

16 The Chairman. Yes, you bet.

17 Representative Neal. Mr. Chairman, over the
18 Speaker's rostrum in the House of Representatives, a son
19 of Massachusetts is quoted, Mr. Webster. And he asks
20 that each member of the House assess in their time, did
21 they do something worthwhile?

22 I would submit to you today, after three decades in
23 the House of Representatives, that this is amongst the
24 most important undertaking that any of us could possibly
25 be challenged by.

1 This is a substantial issue across the country, a
2 reminder that you can outlive annuities, but you cannot
3 outlive Social Security.

4 We all subscribe to the idea that retirement is
5 supposed to be a three-legged stool, a plan set up by
6 the employer, at the same time the guarantee of Social
7 Security and some personal savings. When you consider
8 that the average Social Security benefit now is about
9 \$1,400 a month -- \$1,400 a month -- and when you look at
10 what is happening to some of these plans as proposed for
11 the multiemployers -- and incidentally, this is not just
12 a union issue.

13 In the bill that Mr. Brown and I have put together,
14 which we I have discussed with Secretary Mnuchin, there
15 is an understanding here. Ten Republicans in the House
16 of Representatives have signed on to this legislation.
17 And I think that there will be more that will sign on
18 based on the conversations we have had as we have
19 courted them.

20 When you consider that somebody at the age of 65 to
21 75 or maybe 80 years old is all of a sudden being told
22 that their entire pension plan is near elimination after
23 they have planned for a lifetime, it is one thing for a
24 pension plan to fail for somebody who might be in their
25 20s. It is quite another to have the plan fail for

1 somebody who is in their 70s or their 80s. Where do
2 they go to make it up? They took a lower salary during
3 many of those years for the purpose of guaranteeing what
4 retirement might look like.

5 And we have a chance to put together a workable
6 plan based on good will and, by the way, some of the
7 good work that you have done, Mr. Chairman, over the
8 years on this.

9 The Chairman. Well, thank you.

10 Representative Neal. And in addition, I would like
11 to highlight something else that I think that bears
12 noting here.

13 I was here for the S&Ls. I was not here to help
14 create the problem, but I was here for the solution.
15 And it was pretty painful.

16 And when you look at what happened with the S&Ls,
17 that came down to a bailout. My plan and Mr. Brown's
18 plan is not a bailout. We simply ask the federal
19 government to backstop the risk.

20 And I will say that Secretary Mnuchin had an open
21 mind during our almost 45-minute conversation.

22 So I was here during the Wall Street collapse when
23 overnight we came to the aid of people on Wall Street.
24 And in the end, what we are asking here to do is to
25 undertake seriously -- and I think you set the right

1 tone in your opening comments, Mr. Chairman, as did
2 Senator Brown -- with the suggestion that it is
3 important here to listen as well as talk.

4 I was tasked with this responsibility. I have
5 worked closely with many of the people in the audience
6 here. And I must tell you that right now the
7 uncertainty for people and their pensions is going to
8 continue to roil the electoral place across the country
9 as well.

10 So with that, Mr. Chairman, I would yield back the
11 balance of my time.

12 The Chairman. Well, thank you so much.

13 Anybody? Who is next?

14 Yes, sir.

15 Representative Scott. Mr. Chairman, I think there
16 is a speaking list.

17 The Chairman. Is there? Shall we go down through
18 this then?

19 Representative Foxx will be next.

20 Representative Foxx. Thank you, Mr. Chairman.

21 I am just going to take the admonition everybody
22 has been giving and listen.

23 I yield back.

24 The Chairman. Well, thank you.

25 Okay, Representative Neal has already spoken.

1 Senator Manchin?

2 Senator Manchin. Thank you, Mr. Chairman.

3 To both of you as our co-chairs and I know your
4 desire to fix a problem that has been festering for
5 quite some time.

6 I know Senator Brown's passion for this and I know
7 also, Senator Hatch, your compassion for this because
8 you have helped us in the miners pension and retirement
9 bill. We got half of it done and we are back to do the
10 rest of it now.

11 So to join you all in the solvency of the
12 multiemployer pension plan and I am honored to be part
13 of this committee with all my colleagues.

14 I am very happy to see our brothers and sisters
15 from the UMWA. And I want to brag because I grew up
16 with all these people. I know them. My little town of
17 Farmington, I had four major mines right where I grew up
18 and it was a tremendous experience in life seeing
19 quality people that would risk every day going down and
20 providing the energy, the patriotic pride they took in
21 their job, going down every day to provide the energy
22 this country needed, that we won every war. We fueled
23 the industrial revolution, if you will. We made the
24 middle class because of their hard work.

25 It is so important what they did in 1946 when John

1 L. Lewis by the mountain says -- my grandfather was a
2 coalminer in 1927, he tried to organize and bring people
3 together, that we cannot live this way. We just cannot
4 raise your family and have nothing to look forward to.
5 And they were working non-script. And he was ejected
6 from the mines and blackballed and never could get back
7 into mining. He changed his name five times trying to
8 get a job in the mines. They found out who he was every
9 time, so he started a little grocery store and that is
10 how we were raised.

11 But it was the town that made me who I am and the
12 towns like Farmington, West Virginia and all over the
13 coalmining communities that made this country. And what
14 they are asking for is solve a problem, it was not their
15 fault.

16 In 1946, John L. Lewis said, and made a deal with
17 Truman and Krug, that for every ton of coal that we
18 mined from that day forward, there would be a certain
19 amount of that price or the value of that coal that
20 would go towards their pension and their retirement so
21 they would have a plan.

22 And that had been honored all the way up until the
23 bankruptcy laws came into force in the 1980s and allowed
24 people to basically shed their legacy costs. They
25 walked away. And they formed companies in order to do

1 this. And the laws of this country allowed that to
2 happen in a legal way. Unbelievable.

3 The human being was not considered at all in the
4 bankruptcy filings and court proceedings. And it is
5 just something that we just have gotten here.

6 Then we had the crash of 2007, which Congressman
7 Neal has talked about and alluded to, that it was not
8 their fault. Plans were solvent; they came tumbling
9 down like everyone else's. And this is all that people
10 have to look forward.

11 It will come as no surprise that also today
12 highlights the importance of protecting these members on
13 this large multiemployer pension plan that will fail.
14 To be quite frank, it could bring down this whole
15 system.

16 There are nearly 85,000 current beneficiaries and
17 another 20,000 eligible coalminers who have invested
18 pensions in the plan, but it is expected to become
19 insolvent by 2022.

20 The United Mine Workers of America, the first on
21 the chopping block, were the first ones to get hit. And
22 if we come down, I guarantee the rest of it tumbles with
23 us.

24 So we had this fixed. We had a piece of
25 legislation last year, it was the pension and the health

1 care bill, and as I said, we got half of it done.

2 Let me give you an example of what a pension for a
3 United Mine Worker member, retired and gave their whole
4 life, and most of these are widows, older widows now.
5 It is \$595 a month. That is what it is. The average
6 pension retirement for miners is \$595.

7 And it is critical for their families that rely on
8 them. If this plan goes under, these families and
9 communities that they live in will be devastated. All
10 of our little community stores, all of our community
11 centers, health centers.

12 And so what we are asking for, I introduced a
13 bipartisan bill, the American Miners Protection Act,
14 with our colleagues here to protect these critical
15 pensions. The American Miners Protection Act provides
16 for the transfer of excess funds from the Abandoned Mine
17 Land, AML, program to the 1974 UMWA pension plan.

18 We never asked for a thing. We just said we could
19 pay for it from the coal that was mined, from the
20 resources that we have taken and that was promised from
21 1946. That is all we asked for.

22 And every miner from that day forward, from 1946,
23 has taken home less money to pay for their pension and
24 their retirement. And now they are going to lose it by
25 2022. The fund is required, and a certified solvency

1 and it is able to pay back the remaining principal and
2 interest. So again, it is not a bailout, not asking for
3 one penny, never have.

4 Coalminers have answered the call when needed and I
5 have said time and time again they always will. The
6 hardworking Americans and essential state plans spent
7 years and years supporting their families and
8 contributing to our economy and they are facing the same
9 by 2025, over 400,000.

10 So here we are. Not to mention all the thousands
11 of people that are going to be affected.

12 You know, they always say that you base your
13 priorities on your values. What is your values in life?
14 Your priorities should be based on those values. If you
15 cannot take care of those who took care of us, if you
16 cannot just basically protect the hard-earned rewards
17 that these people have worked for and planned for, who
18 are we?

19 If we allow the financial markets to take away
20 through the bankruptcy laws all the money that was
21 worked by the sweat and blood that they gave -- and I
22 have been in too many mine explosions, I have been in
23 too many funerals for miners.

24 And all we are asking for is to make sure that we
25 do what we are supposed to do and what has been promised

1 since 1946. That is where we are.

2 So we are going to fight this fight and we are
3 going to make sure that we win. And this is something
4 that I think that if you really truly are an American
5 and you believe in the American dream and you see people
6 that have provided that opportunity for you to get the
7 American dream, you are going to provide and be
8 responsible on the resources that we must provide for
9 them to have the pensions and retirements that they have
10 worked for and earned.

11 Thank you, Mr. Chairman.

12 The Chairman. Representative Roe?

13 Representative Roe. Thank you, Chairman Hatch and
14 Chairman Brown. Thank you very much.

15 I am honored to be here and serve on this committee
16 and look forward to working together to find a
17 bipartisan solution to the current crisis facing the
18 multiemployer pension system.

19 I have spent my entire career in Congress serving
20 on the House Education and Workforce Committee and had
21 the privilege of serving as chairman of the Health,
22 Employment, Labor and Pensions Subcommittee from 2011 to
23 2016. And during that time, in addition to chairing
24 multiple hearings held on the issues facing the
25 multiemployer pension plan, I worked closely with then

1 Chairman John Kline and then Ranking Member George
2 Miller to pass the bipartisan Multiemployer Pension
3 Reform Act, MPRA, of 2014.

4 If nothing else, MPRA shows if you are willing to
5 put aside partisanship and focus on the problem,
6 solutions are possible for the problems afflicting so
7 many multiemployer pension plans.

8 Unfortunately, in May of 2016, the Department of
9 Treasury rejected Central States' plan to take advantage
10 of the tools provided under MPRA to try to put the plan
11 on a more secure financial footing.

12 And today, we find ourselves in a situation where
13 the problem has only gotten more dire. There are no
14 easy solutions left.

15 Central States is on the brink and its potential
16 collapse threatens not only other multiemployer plans,
17 but also the pension system as a whole as the PBGC is
18 not sufficiently funded to meet its potential
19 obligations in the event of a system collapse.

20 As I see it, this committee has three objectives:
21 Number one, we must see if we can find agreement on
22 solutions for red zone plans like Central States and
23 others while protecting taxpayers from bailouts. Number
24 two, we must ensure millions of Americans' retirement is
25 secure by ensuring the PBGC's stability is not

1 threatened. And third, we must work to provide new
2 options for employers and workers alike to ensure
3 sustainable retirement, stable retirement options
4 continue to be available for millions of hardworking
5 Americans.

6 It is on this third point that I have been proud to
7 once again act on a bipartisan basis with a partner and
8 my fellow House colleague and member from this select
9 committee, Representative Norcross of New Jersey, to do
10 just that.

11 We have recently introduced the bipartisan GROW Act
12 which would provide plans with a new retirement vehicle
13 that combines the best aspects of defined benefit and
14 defined contribution plans.

15 This legislation is designed to modernize and
16 strengthen the multiemployer system. And I am confident
17 that this can be one piece of the multipronged approach
18 needed to address the current crisis.

19 As the committee looks at the challenges facing the
20 system and potential solutions to the problems, we must
21 balance the needs of employers, retirees and taxpayers
22 alike. And I look forward to working with my colleagues
23 to ensure that every American has a stable and
24 sustainable path toward retirement security.

25 I grew up in a union household. My dad worked at

1 BF Goodrich Company. At age 50, his job was moved
2 offshore while I was serving in the Army in Southeast
3 Asia. Fifty years old, high school education, post
4 World War II, he got a \$10,000 payment for 30 years'
5 worth of work. That was it.

6 I get this. I understand this.

7 And I think we can work to a solution that is
8 amenable to everybody. That is 10 million people who
9 look to these plans, as Senator Manchin mentioned. And
10 I look forward to working in a bipartisan way to help
11 solve this.

12 And, Mr. Chairman, thank you for your time, and I
13 yield back.

14 The Chairman. Well, thank you.

15 Mr. Schweikert.

16 Representative Schweikert. I always wondered, is
17 it "chairmans, chairmen?"

18 [Laughter].

19 Representative Schweikert. To my fellow members,
20 we have a saying in our office "the math always wins."
21 And the problem with that sometimes is that the math is
22 pretty cold. But the math is going to win.

23 So I would actually propose to all of us to
24 actually sort of think this through and bifurcating sort
25 of the mechanisms.

1 One is, what does the future need to look like?
2 The design, the statutes these operate under right now
3 as we look into the future it does not work. And so if
4 we can actually model saying here is what the future has
5 to be done statutorily, design-wise, funding-wise,
6 actuarial accrual rates and those things, this is the
7 future.

8 And then let us take the populations that are at
9 risk, who are in retirement or near retirement, and see
10 what we can model there for stability.

11 But I think it is really -- and it is hard because
12 we are all political beings who sit around here. But we
13 need to get this math right because in my heart I
14 believe and in my mind I believe what we do here becomes
15 a template for so many other types of pension systems
16 around the country, whether it be other sponsored
17 municipals, others that are on the brink. If we get
18 this right, maybe we build the template to start solving
19 this cascade of problems that are coming at us.

20 With that, I yield back.

21 The Chairman. Thank you, sir.

22 Representative Scott?

23 Representative Scott. Thank you, Mr. Chairman,
24 Chairman Brown.

25 This committee is charged with tackling a complex

1 and urgent problem, preventing the foreseeable collapse
2 of the multiemployer pension fund.

3 Hardworking Americans earn their pensions in
4 demanding industries such as construction, trucking and
5 mining and although it was no fault of their own these
6 pensions are now in jeopardy.

7 These Americans are at risk of losing nearly
8 everything for which they have worked and sacrificed
9 over their lifetime. They live in red states and blue
10 states, and they are counting on us to solve this
11 problem.

12 Employers are counting on us, too. If the plans
13 fail, participating businesses will likely confront the
14 prospects of bankruptcy or at least worsening financial
15 outlooks due to the "last man standing" rule of having
16 to absorb the pension liability of any employer that
17 goes out of business.

18 Employers also report that problems in accessing
19 capital may occur far sooner than the actual insolvency
20 date of these plans if lenders demand repayment of loans
21 due to the borrowers' pending withdrawal liability.

22 If accounting rules start requiring these
23 liabilities to be listed on financial statements, a
24 cascade of business failures could be triggered as
25 credit dries up or gets far more expensive. For these

1 businesses, the crisis is not years away, it is a threat
2 right now.

3 And if one plan goes down and takes a business with
4 it, that business may be involved in other plans which
5 may become financially strained.

6 So as we proceed in the months ahead, I would
7 encourage us to keep two things in mind. First, we
8 should fully explore the scope of the multiemployer
9 pension crisis and understand its consequences through
10 our constituents. Let us hear from all relevant
11 parties. If plans fail, which would happen if the
12 status quo continues, it would be catastrophic for
13 workers, retirees, employers, local communities and the
14 U.S. economy.

15 And second, we need to focus on the cost of doing
16 nothing to the United States taxpayers. Make no mistake
17 about it, the costs that would result from our failure
18 to act in terms of reduced tax revenues and increased
19 social safety net spending, such as food stamps and
20 Medicaid, are likely to be far greater than the price
21 tag of any solution we could reach.

22 So let me briefly read from one source that
23 discussed the far-reaching impact of plan insolvencies
24 that would have on retirees, local communities and
25 taxpayers. I quote, "Retirees will see their standard

1 of living reduced. At a minimum, they will have less
2 income to spend in local economies. The reduced
3 spending will be felt by businesses, especially in small
4 communities. Less money spent by retirees also means
5 less paid to local government in sales and other taxes.
6 When tax revenue decreases, the demand for social
7 programs will increase because many retirees will likely
8 lose their homes and/or have difficulty paying for
9 medical expenses. This will cause many to become
10 reliant on social programs that have to be funded by
11 taxpayers at a time when tax revenue will be declining.
12 Simply put, pension plan insolvencies and a PBGC
13 collapse will have a cumulative negative effect on
14 entire communities. Individuals, government and
15 businesses will all suffer unless a solution is found,"
16 close quote.

17 Now, that quote was from the United States Chamber
18 of Commerce. The understand the full cost of inaction
19 and the extent to which taxpayers are already on the
20 hook if plans fail and why we should begin our work with
21 an assessment of the extent of the problem, especially
22 the impact of doing nothing, what that impact would be
23 on the federal government.

24 I want to thank Chairman Hatch and Chairman Brown
25 for their leadership.

1 I want to thank the mineworkers for being here to
2 remind us that we are dealing with real people's lives.

3 And I look forward to working with everyone here in
4 the months ahead.

5 I yield back.

6 The Chairman. Well, thank you so much.

7 Representative Norcross?

8 Representative Norcross. Thank you, Chairman.

9 Appreciate the entire group we have here, focused
10 on a people issue, and that is what I think of when we
11 talk about a secure retirement. This is our first
12 meeting with a very true mission to help people on this.

13 I started out my career as an electrician. I
14 participated in a multiemployer plan for 37 years and
15 the last 17 as a negotiator. I not only understand it,
16 but I live it each and every day.

17 We have heard from countless unions, companies
18 laying out the very fears that they have. It is not a
19 matter of if this system is going to collapse, it is
20 when it will collapse if we do nothing.

21 Those who defer wages from those productive years
22 so they could have the golden years of a secure
23 retirement is what is at stake here. They did the right
24 thing for the right reasons and we need to be there for
25 them because the rules changed, and we have heard

1 several of them.

2 We have heard much of the discussion talking about
3 Central States, which is at the tip of the arrow, but
4 far from the only place that there is a problem.

5 We have heard from large, medium and small
6 businesses who are looking at this from the position
7 that it could collapse at a company that they have
8 worked for. That vortex, that if a failure occurs, is
9 going to suck down the entire system, taking companies,
10 but first and foremost losing your pension.

11 You might be making a \$60,000 pension -- if this
12 collapses, \$12,870 for a full year -- before BPGC
13 collapses and literally goes down to nothing.

14 We have heard tens of millions of people, this is
15 what is at stake, not just the unions, not just the
16 companies, but our financial system and those who count
17 on a safe return of their private system or their
18 private investment.

19 I strongly believe in our mission, bipartisan. I
20 am with Dr. Roe on a number of issues. But Central
21 States is just an example of, as I would describe,
22 somebody being taken into the trauma unit. Unless we
23 act, they die.

24 But the other side of this coin is, yes, we have to
25 save all those plans because of who is in them, but we

1 have to create a system that is healthier to move on so
2 plans can grow. It is not unique, the discussion we are
3 having here. Companies have been shedding their
4 obligations for years. The "last man standing" rule is
5 one of the structural flaws that we have to fix.

6 In bankruptcy, the ability to shed your obligation
7 from those who put money aside has to be addressed.
8 When you can just declare bankruptcy and walk away from
9 that obligation, that is part of the reason we are here
10 today.

11 But defining those goals is so important and
12 knowing what those issues are when we look into the eyes
13 of those who literally, 30 years old, I am going to take
14 part of that paycheck instead of taking care of my kids
15 today so I will have a better tomorrow. That is not
16 easy to do with all the challenges that they faced, but
17 they made that in good faith.

18 The retirement for millions of Americans is on the
19 line. Hundreds of thousands of companies are on the
20 line. The financial stability of our country is on the
21 line. If you cannot honor a guarantee, we are putting
22 in question what we do.

23 But the good news is we are focused on it and we
24 are here today. And I want to again thank my colleagues
25 because this is not a red or a blue issue, every state

1 in the union, every district. And quite frankly, that
2 is the American dream. Play by the rules, work hard,
3 retire with dignity. And that is where we want to be.

4 I yield back the balance of my time.

5 The Chairman. Thank you, sir.

6 Senator Smith?

7 Senator Smith. Thank you very much, Chair Hatch
8 and also Chair Brown, for convening this committee.

9 And, Senator Hatch, I listened carefully to your
10 recommendation that we listen hard and that we are
11 willing to learn from one another and that we keep an
12 open mind. And I will promise to do that.

13 And, Senator Brown, you know, you were the first of
14 my colleagues when I joined the Senate just a few months
15 ago, a couple of months ago, to reach out to me. And
16 the first thing you reached out to be about was the
17 Butch Lewis Act and this issue of such importance, not
18 only in Minnesota, but really throughout the whole
19 country.

20 A wise person once said that for every complex
21 problem there is a simple answer and it is almost always
22 wrong. And it strikes me that that is a good thing for
23 us to keep in mind as we evaluate what to do about this
24 problem.

25 You know, for me, it starts out with the 22,000

1 Teamsters that are in Minnesota, many of whom I have had
2 a chance to meet with.

3 There is Vicki, whom I met in Duluth, who retired
4 early to take care of her husband who had Parkinson's
5 disease. And she is now contemplating the reality that
6 she might not be able to take care of herself for the
7 first time in her life. And Vicki said to me, you know,
8 I do not have a plan B. Plan B for me is, what do I do,
9 live under a bridge? I do not have a plan B.

10 Just last Friday, I was in St. Paul and was talking
11 with a group of retired Teamsters. And I talked with
12 Chuck who explained his life. And he said, you know, my
13 family, we did not have the wherewithal for me to go to
14 college, but, you know, I showed up on the docks in Des
15 Moines, Iowa to learn how to drive a truck and that is
16 what I did my whole life. And I made a lot of
17 sacrifices, it was not an easy job, you know, long hauls
18 and, you know, through Fargo and Moorhead in the middle
19 of winter, not being home for Christmases and birthday
20 parties for my children. But I knew that if I
21 sacrificed now, I was going to get the opportunity to
22 have a retirement where I would be comfortable, not
23 rich, but be comfortable.

24 And now to be told that that might not be there, he
25 said, what is wrong with this, how could this happen in

1 this country?

2 Several of my colleagues have done an excellent job
3 of pointing out that this is not just about these 22,000
4 Teamsters in Minnesota or the, you know, the others that
5 are directly affected by Central States, for example.
6 It is about the underpinning of the pension system in
7 this country, PBGC and, ultimately, the promise that we
8 have made to one another that if you pay in and you
9 follow the rules and you do what is right that we are
10 going to live up to that promise.

11 In this situation, of course, this is not a
12 situation where there was a mismanagement, where there
13 was fraud or abuse. This is a situation where, in the
14 case of the Teamsters, that the Central States pension
15 fund was taken over by the federal government more than
16 30 years ago. And most of that money has been managed
17 by the professionals on Wall Street. So I think it is
18 important to understand that this is not a bailout
19 because of bad acting.

20 I am committed to working in good faith and working
21 very hard with my colleagues with an open mind, but with
22 a clear value that when any American who pays into their
23 pension, who does all the right things, everything they
24 are supposed to do, that they need to know that promises
25 made will be kept.

1 And I will be keeping that value in my mind as we
2 go forward with this work.

3 The Chairman. Thank you so much.

4 Representative Dingell?

5 Representative Dingell. Thank you, Mr. Chairman.

6 It is an honor to be here with you and with Chairman

7 Brown on an issue that is so important.

8 I am going to be brief. I am reminded of the
9 phrase "everything has been said," but when you are the
10 junior girl just not by everybody.

11 So I agree with much and most of what has been
12 said, but we do have a monumental task ahead of us. And
13 I know it every single day because, as all of my
14 colleagues have laid out, there are people and I have
15 been with these men and women for years who worked a
16 lifetime, put money in -- they are not asking for a
17 handout, they invested in their pension thinking that
18 they would have a safe and secure retirement -- and
19 suddenly the system is not there for them.

20 I continue to have grown men cry because they do
21 not know how they are going to live, they do not know
22 how they are going to eat, what they are going to give
23 their families.

24 So we have got to roll up our sleeves and get to
25 work. The select committee was created for a reason.

1 It was created because there will be an economic crisis
2 in this country if we do not act on multiemployer
3 pensions by the end of the year. It is that simple.

4 We have got to make difficult decisions. But I
5 know almost everybody on this committee and we are not
6 afraid of tough work. And that is what we owe the
7 people that we are going to work with.

8 John taught me and his father taught him God gave
9 us two ears and one mouth for a reason, we need to
10 listen, but we have to, by the end of the year, we have
11 got a moral responsibility to the working men and women
12 of this country to figure this out and come up with a
13 solution. And none of us are afraid of tough work.

14 Thank you, Mr. Chairman. Yield back.

15 The Chairman. Well, thank you.

16 Senator Portman?

17 Senator Portman. Thank you, Mr. Chairman, and
18 appreciate your leadership on these pension issues,
19 retirement issues over the years.

20 And it is good to have my colleague from Ohio,
21 Sherrod Brown, as your co-chair.

22 Ohio has been hit hard. We have been affected in a
23 substantial way. And for a lot of families in Ohio, you
24 know, they played by the rules, did everything right and
25 then the rug got pulled out from under them through no

1 fault of their own.

2 And they have been ably represented. The Teamsters
3 by Rita Lewis and Mike Walden and others, John Vargo and
4 Norm Skinner of the UMW -- I do not see them here today,
5 but with that camouflage it is hard to see you guys.

6 [Laughter].

7 Senator Portman. But also, the businesses, you
8 know, are getting more concerned. And it is the big
9 businesses like UPS, obviously they are in a little bit
10 different situation because they made a decision to pay
11 a withdrawal liability at some point, but they are
12 affected, some of their workers, but also a lot of small
13 businesses. And they know that they are going to end up
14 holding the bag also and some of them will be affected
15 significantly, some may go bankrupt. So this is
16 something we have to solve.

17 I will say, you know, it has been said here
18 already, but this has got to be not just bipartisan, but
19 we have got to figure out how to do this in a
20 nonpartisan way. You know, there are more than a
21 million participants in these critical and declining-
22 status plans now, that is plans that would be bankrupt
23 in the next 20 years.

24 And, you know, decades of hard work and dedication
25 and now everything is being threatened.

1 So Ohio, we have about 60,000 people who are
2 affected. Many worked dangerous jobs, as was said
3 earlier -- and Joe Manchin talked about that -- to build
4 power and support all of us and, in many cases, traded
5 off salary increases and health care benefits to build
6 or earn that pension because they thought the pension
7 was more important and they knew that they would need it
8 to support their families.

9 Pennies on the dollar is what they will get if we
10 do not come up with a solution. And I am not suggesting
11 this commission is the only way to do it, but frankly I
12 do not see any other way.

13 So this happens soon. You know, it could be even
14 sooner than the 2025 date, which is what the PBGC
15 estimates, so it, you know, it is right around the
16 corner.

17 I do think that we have got to look at this
18 differently than we do in a committee. And I am a
19 little concerned frankly, and I will be just frank with
20 my colleagues, some of whom I know well, some of whom I
21 do not, but how we have started off. I appreciate the
22 comments made this morning, but I also think we have got
23 to be sincere about not treating this like another
24 committee.

25 And, you know, we sit at this desk, Sherrod and I

1 and the chairman, and we have our debates and we divide
2 along party lines most of the time. If we do that, this
3 is done. I mean, our work is done, we might as well not
4 waste our time.

5 And I will be very frank. I will tell you one of
6 my concerns about the way we have started. I am told
7 that you guys have all met. We have not met,
8 Republicans have not met, this is our first meeting here
9 with a bipartisan group trying to, again, start this
10 thing off in a bipartisan way. There is even a report
11 saying you guys have not only met as Democrats only, but
12 you have agreed to stick together, particularly to
13 support one piece of legislation which, you know, that
14 report is probably not true.

15 Sherrod is about to tell me it is not true, he is
16 going to call it fake news. But that is one of the
17 reports I have seen. And it concerns me, to be frank.
18 You know, I mean, you guys are passionate about this, as
19 am I. And it is heartfelt, I do not question that.

20 And to my colleagues on the Republican side, same
21 thing. I know some of you have worked this a long time,
22 have different views, but we have got to somehow shed
23 ourselves of all those and start afresh. Because if we
24 do not, we are just right back to where we are now. And
25 that is unacceptable.

1 We all agree with that, right? We just cannot.
2 The status quo is not acceptable.

3 So I hope we can figure out how to just take off
4 our partisanship, including me, and look at the data. I
5 mean, we do not have a Congressional Budget Office score
6 on the legislation that you guys are touting this
7 morning that Richard was talking about. We do not even
8 know what it costs.

9 The scores we have gotten, the preliminary scores,
10 are pretty concerning. I am not going to talk about
11 them this morning because I want to get the actual
12 score, I actually want to have the data.

13 There is other data we need and information as to
14 the effect. You know, will this solve the problem?
15 What will solve the problem?

16 I think Representative Schweikert makes a good
17 point that we do not want to just do a short-term thing
18 here. We have got to figure out what is the long-term
19 solution so we are not right back here again.

20 So I do not mean to, you know, be the skunk at the
21 picnic or be unhappy about being on this commission
22 because I think it is a great opportunity, I really do.
23 But it is only an opportunity if we really look at this
24 differently, including me, and figure out how we go to
25 the data, go to the information, come up with a longer-

1 term solution that works and, you know, not be stuck on
2 our individual biases or strong opinions as to what we
3 think might be best.

4 We have got to sell this to our colleagues. We
5 have got to sell it to all of our colleagues. It is
6 going to be an up-or-down vote, it is not just another
7 committee exercise where we can amend it and, you know,
8 have two partisan approaches.

9 So with that, Mr. Chairman, on that happy note,
10 yield back my time.

11 Senator Brown. Mr. Chairman, before we call on
12 Senator Heitkamp, just a couple of comments.

13 And thank you, Rob, for your candor about that.

14 A number of us have met, you know, individually. I
15 have been meeting with Richie Neal on this issue for
16 months as my staff has been meeting with his, with our
17 bill as we have had those negotiations with particularly
18 Senator Portman and Senator Johnson on your side. And
19 we will continue.

20 We in fact did meet to talk about things. I also
21 met individually with Senator Hatch this last week to
22 talk about this committee and how we would do it.

23 As soon as everyone was selected for this
24 committee, I called every member in both parties on the
25 phone, left voice messages, some of you I talked to.

1 So I start with no preconditions. I like our bill.
2 I would love to see our bill -- our bill meaning
3 Richie's and my bill that a number of cosponsors
4 including House Republicans are on -- but I am not under
5 any misconception or premonition that that is the bill
6 that we are going to pass.

7 I think I would love to see others on this
8 committee in either party put legislation forward so we
9 have sort of a panoply of things to choose from.

10 But I mean, I know this, I know we need five on
11 this side and five on that side. I do not even care if
12 we sit side-by-side like this. This is different, I
13 have never been on a committee like this.

14 I know you have, Rob, and did it well. And this is
15 going to work. And this is important, as I have said to
16 you, Rob, and I have said to others.

17 This is probably the most important thing I have
18 ever done in my life is this committee because, as
19 Congressman Schweikert said, this is not just what we do
20 on Central States and these declining plans, it is the
21 template -- and you used that word, I think, "template"
22 -- for what we can do. And I would even say larger,
23 what we can do, you said for pensions generally, perhaps
24 on other issues, too.

25 And I had the honor of this committee now for five-

1 plus years and I love what this committee does. I think
2 the pension committee can do even more and it is so key
3 that we do.

4 The Chairman. Well, we have to.

5 Senator Portman. Mr. Chairman, can I just very,
6 very briefly, because Senator Brown mentioned the
7 commissions.

8 I have worked on some commissions and some have
9 been successful and some have been unsuccessful and in
10 fact disappointingly so, and the supercommittee would be
11 one, and it is because we broke down on partisan lines.
12 And that is easy to do. I mean, it is much easier
13 politically to do that.

14 But this one, we have a passion for this. It is
15 heartfelt, I understand that. We have got to figure out
16 how to break through those partisan lines and come up
17 with something that actually works for our country and
18 we can get our colleagues to agree to on a bipartisan,
19 even a nonpartisan basis.

20 Senator Brown. I think that is why, Rob, why
21 Congressman Scott quoted that lengthy track from the
22 Chamber of Commerce because they understand, as we all
23 do, that this is really, really, really important for
24 our country and our economy.

25 The Chairman. Well, it is going to take good faith

1 on all of our parts and let us just hope we can come up
2 with a way of solving this. There is no easy solution,
3 we all know that.

4 Let us go to Senator Heitkamp. You will be the
5 last one, and then we will wrap up here for today.

6 Senator Heitkamp. Thank you, Chairman Hatch.

7 And thank you co-chair or ranking member -- I am
8 not sure what role you play, Sherrod.

9 I feel like I need to respond a little bit Senator
10 Portman's statement. I find it remarkable that every
11 Democrat is here, but not every Republican is here to
12 initiate this discussion. And I think that we need to
13 have full participation as well.

14 And, you know, I have been frustrated because we
15 introduced a bill. I am not wedded to that bill. In
16 fact, there is no, you know, secret meeting where we all
17 said it has got to be this bill. We have been waiting
18 for an alternative. We have not gotten an alternative
19 and that led to the formation of this committee, which
20 Senator Brown pushed very heavily. And I will credit
21 him with his insistence that this committee be part of
22 what was in fact the CR.

23 So I think it is a little -- I mean, I think it is
24 really important that we all recognize that we have a
25 big job here. We have a human imperative and we have a

1 mathematical or economic imperative. Our economic
2 imperative is clear: We could in fact collapse in a
3 pile of rubble our pension system in this country. That
4 is a big, big responsibility and I do not take it
5 lightly and I do not think that I have all the answers.

6 But I also have a human imperative. And that human
7 imperative is about fairness. It is about people who
8 put on a hard hat every day and went to work and
9 bargained for a pension and now has it threatened.

10 You know, I think Dr. Roe mentioned the walk away
11 from Central States. I had people in my state who would
12 have lost 80 percent of their pension if that agreement
13 had been agreed to. That just was not acceptable to me.

14 I come from these communities. These are people I
15 grew up with. These are people who worked hard, a lot
16 of them veterans. You will see Vietnam hats out there,
17 you will see Korean hats out there. You will see that
18 these people worked hard their entire life.

19 It is a human imperative that we do this fairly and
20 that we do this in a way that keeps people whole.
21 Because somehow we can find the gumption and the ability
22 to treat Wall Street fairly, but we somehow cannot
23 figure out how we can treat human workers, people who
24 have given their life to their job fairly, and so I am
25 pretty passionate about this.

1 And I think that we have got a real opportunity
2 here. So it is an economic imperative. I am not
3 unmindful of the numbers, I am not unmindful of the kind
4 of potential catastrophic consequences of failure to
5 come to a bipartisan solution. But I also think that we
6 need to approach this, not just with that hat on, but a
7 hat on that says they deserve American fairness, they
8 deserve -- the people in this audience and the people
9 that I have met with, the 2,000 people in North Dakota -
10 - deserve a Congress that responds to their crisis.

11 And if we fail, if we fail, then I think that this
12 institution takes a step further down the ladder of
13 credibility in America. And so I feel very strongly
14 about this. I am willing to roll up my sleeves and look
15 and examine every package that I can. And we look
16 forward to hearing other ideas beyond the ideas that we
17 have advanced as sponsors of various pieces of
18 legislation.

19 Just know -- and I will close maybe a little more
20 positively -- know I am completely open-minded, I want
21 to see another plan, I want to see a plan that works,
22 but that plan is going to be judged not just by the
23 economics, it is going to be judged on whether it is
24 fair, whether it is fair to the people who have worked
25 hard their entire life and deserve respect and dignity

1 in retirement.

2 Thank you.

3 [Applause].

4 The Chairman. All right, let us have order in
5 here.

6 This is a very tough and difficult subject that all
7 of us should take very seriously.

8 I would like to thank every member of this
9 committee for joining us today. It is really important.
10 I think you folks have done a good job.

11 I know my colleagues on the Republican side are
12 completely obliterated with other committees. I myself
13 have all kinds of conflicts right now. We all recognize
14 the difficult work and choices ahead of us.

15 I also want to say a special "thank you" to my co-
16 chair, Senator Brown. He is a hard worker, he really
17 cares. And I am sure he will have a lot to say about
18 what goes on here and so will I.

19 I come from the working-class people. I learned a
20 trade as a young man. I was a union member, I learned a
21 skilled trade. I know what it is like to work hard. I
22 worked as a janitor even. Ted Kennedy said at one time,
23 he said, Orrin, I think you should have stuck with it.

24 [Laughter].

25 The Chairman. I will not tell you what I told him

1 he should have stuck with, I will tell you.

2 [Laughter].

3 The Chairman. We were such good friends, we would
4 rap back and forth all the time.

5 But all I can say is that we have got really good
6 people on this committee. We have got people from
7 various walks of life, various feelings, various
8 political backgrounds and that is why this committee
9 should work well together.

10 So let us hope we can, but let us be realistic. I
11 mean, let us face it, we are in trouble. There is no
12 easy solution here. The American taxpayers are called
13 upon to do all kinds of things, including this. There
14 is no real easy answer to this. It is going to take
15 every one of us in good faith to try and solve these
16 problems. And I am counting on all of you doing that
17 and we will do that.

18 I want to again thank my co-chair, Senator Brown.
19 He is a good man to work with, I enjoy him a lot.

20 Senator Brown. Thank you, Senator. It is an honor
21 to work with you.

22 The Chairman. He is a little loud from time to
23 time, but other than that he is great.

24 [Laughter].

25 Senator Brown. Thank you. It is an honor to work

1 with you, Senator Hatch.

2 The Chairman. It is an honor to be with you.

3 Thank you all for being here and we will go from
4 here.

5 [Whereupon, at 11:02 a.m., the hearing was
6 concluded.]

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