



## Joint Select Committee *on the* Solvency of Multiemployer Pension Plans

**FOR IMMEDIATE RELEASE**

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### **Hatch Opening Statement at Joint Select Committee Stakeholder Hearing**

**WASHINGTON** – Joint Select Committee on the Solvency of Multiemployer Pension Plans Co-Chairman Orrin Hatch (R-Utah) today delivered the following opening statement at a hearing to consider how the multiemployer pension system affects stakeholders:

*The committee has taken a rigorous approach to the issues before it – examining in public hearings the complex range of problems that have led to the dire financial condition of a significant number of multiemployer pension plans, as well as of the Pension Benefit Guarantee Corporation, or the PBGC.*

*According to the PBGC, here is where we stand with regard to funding. For 2015, the plans are underfunded by a total of \$638 billion. Almost 75 percent of multiemployer plan participants are in plans that are less than 50 percent funded. More than 95 percent are in plans that are less than 60 percent funded.*

*But if you look at them on an actuarial basis, using the plans' proclaimed discount rates, they are 80 percent funded, and only have a \$120 billion shortfall. The difference between these numbers should keep us up at night.*

*Everyone knows the plans are in dire straits, but by using unrealistic assumptions, the true extent of the problem is hidden until it's too late. Indeed, these numbers have kept this committee properly busy.*

*The committee and its staff have held dozens of meetings with stakeholders, and we are continuously bringing in experts to brief our team. This has been an intensive, time consuming but worthwhile exercise.*

*And these briefings and discussions will continue, because I believe it is important that the committee leave no stone unturned in discussing how we may address the conditions of the multiemployer plans.*

*In addition to the great deal of work that has gone into understanding the system and its challenges, the committee staff has started to consider a range of policy ideas to address the challenges faced by the multiemployer system.*

*They have started to crunch numbers on these ideas, reviewing them, and looking at the complex interactions of the legal requirements of the current system and the proposals for change. This is complicated stuff – somewhat like playing three-dimensional chess.*

*A lot of work still needs to be put into this process. At this point, the committee is not taking anything off the table, nor necessarily putting anything on the table for consideration either. But it is necessary and prudent to begin conducting in-depth due diligence on these ideas.*

*During this morning's hearing, we continue to work on understanding the current system, by hearing more from stakeholders in the system.*

*We have brought in four witnesses today to help us. The first is a retiree in an at-risk program, who will share his perspective as a participant.*

*We have also brought in two respected academics and a practitioner with years of experience in the system, who will review for us some fundamentals of these plans, and share their views on what does and does not work.*

*Their perspective is important, because clearly the system is, in certain aspects, flawed. Our witnesses today will help us delve into some key questions: What is at stake here for retirees? What is the appropriate measurement of plan funding? Are the plans generally healthy or not? What major structural reforms are needed? And one issue in which I am most interested: Are Federal taxpayers responsible under current law for funding any PBGC shortfalls?*

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