

## **Opening Statement – July 13 Ohio Field Hearing**

Thank you, Senator Brown.

I'm really glad we're here in Ohio – hearing from Ohioans directly affected by the impending multiemployer pension crisis. As I'm sure is the case with my colleagues, I have spent hours meeting with retirees and their spouses, hearing their stories. Stories like that of Jack Palush, a Teamster and Marine Corps Veteran from North Royalton, Ohio, who worked for USF Holland and a number of trucking companies over the course of 37 years. He was told by his employers that his pension was paid up – that instead of bigger pay raises, more vacation time, or other benefits, he was earning a pension that would be there when he needed it. Today, Jack's pension would likely be cut by about 90 percent by 2025 – seven years from now. 90 percent.

As Senator Brown mentioned, the purpose of today's hearing is for members of this Committee to learn more about the millions of stakeholders like Jack that are immediately impacted by this crisis. We've got some great witnesses today, and I think this hearing is a chance to get the facts so that we can come together on the severity of the problem – the first step toward a bipartisan solution. It is appropriate that our one field hearing is right here in Ohio, where we have more than 60,000 active workers and retirees in multiemployer pension plans that are heading toward insolvency if we don't do anything. Ohio also has hundreds of small businesses that contribute to these plans, including more than 200 in the Central States Pension Fund alone. And insolvency will likely force many of these small businesses out of business.

Each of our three hearings in Washington so far have provided a clearer picture of the consequences of inaction when the Central States Pension Fund, the United Mine Workers of America 1974

Pension Plan, and the Pension Benefit Guaranty Corporation (or “PBGC”) all become insolvent within the next seven years. There are many other underfunded multiemployer plans too – but either of these two large ones alone going insolvent likely means that PBGC would, too.

This is a serious crisis for people like Jack and the over 60,000 other Ohio participants in critical status plans.

In our second hearing, the Committee heard from PBGC Director Tom Reeder that *after the Corporation runs out of assets, incoming premium levels will be able to finance only one eighth of current PBGC financial assistance payments to insolvent plans.* And PBGC insures a fraction of promised pensions in the multiemployer program – about 50 percent on average for Central States participants. Therefore, the reality is that if Congress fails to act,

many participants in insolvent plans will experience pension cuts of more than 90 percent.

In our third hearing on the perspective of employers, we heard from private sector experts about several potential scenarios under current law that could result a wave of bankruptcies among employers when Central States becomes insolvent. Such a wave of bankruptcies has the potential to create an economic contagion effect that would lead to the collapse of additional pension plans and contributing employers in those plans.

Devastating cuts and bankruptcies to contributing employers would have catastrophic impacts to pensioners, jobs, and possibly the broader economy. To me, this is a completely unacceptable outcome, and our principal objective must be to pass reforms NOW to address this crisis before it is too late. That's why we are meeting here today to get input.

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Today's witnesses are all from Ohio, and are here to provide further real world context on these issues. Four of our witnesses are participants counting on the pension benefits that they earned. The other two run businesses in critical status pension plans and will speak to the risks to businesses and jobs should the plans they are funding become insolvent. Thank you all for being here today.

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This Committee has a lot of questions it must answer in order to successfully arrive at a bipartisan solution at the end of this committee process, and we'll hear a lot of those questions today. To me, none is more important than determining the right balance to fix the problem in a way that can get support from across the board.

We have tough questions to answer: First, how much should come from taxpayers? And by the way, retirees and active workers at risk

are taxpayers too – but let’s be clear: when the money comes out of general revenues, it also comes from the 99 percent of taxpayers who aren’t multiemployer pension beneficiaries facing these potential cuts. Many of these taxpayers are struggling with their own retirement – 401(k)s or IRAs or a pension if they’re lucky, and unfortunately about half of Americans near retirement have no retirement assets at all, despite the efforts of many of us on this Committee to bolster private retirement savings. Again – there are reasons for all taxpayers to be concerned about the economic consequences of insolvency – but we have to find the right balance.

Second, we need to learn what levels of PBGC premium increases can the system bear without putting contributing employers out of business, and therefore decreasing overall PBGC revenues? I think shared responsibility between all stakeholders is the only solution that we will be able to pass, and the only solution the American people will perceive as fair.

After this hearing, I believe the committee should hold another hearing to consider potential policy options as soon as we have more definitive analysis the Congressional Budget Office and the PBGC.

But for today's purposes, we should not take any options for a comprehensive solution off the table. We should listen carefully about what is at stake for active workers, retirees, and employers, and further solidify our understanding of the nature of the problem.

Workers and retirees deserve a voice in what happens to the pensions that they earned. Employers who could be put out of business deserve to be heard, too. None of these stakeholders were given any public hearings during Congress' consideration of the flawed Multiemployer Pension Reform Act, which passed over my objections back in 2014. Even after this hearing, any solution going forward must include input from retirees and active workers.

I know solving this issue won't be easy. But I hope today's hearing will make a valuable contribution toward developing a solution, and strengthens Washington's political will to address this issue in a comprehensive and bipartisan manner.