



The Multiemployer Pension Crisis Demands Action

A pension is a promise, and Leader McConnell has betrayed American workers, retirees, and businesses by refusing to honor that promise

Retirees in multiemployer pension plans spent their whole careers contributing to these plans on the promises of a secure retirement. These retirees are coal miners, truck drivers, construction workers, and many others who worked hard and gave up raises believing that their pension promises would be kept. Now those promises are under dire threat. Senate Democrats are calling on Leader McConnell to stop delaying and take action.

If Congress fails to take action, retirement security for over 1 million workers and retirees will be lost. By the end of this year, 1,200 coal miners, their widows, and family members could also lose their health care coverage.

Multiemployer Pension Plans

There are 10.6 million Americans in multiemployer pension plans, and 1 million to 1.5 million of them are in plans that are at serious risk of becoming insolvent within the next 20 years.ⁱ

- The largest multiemployer pension plan at risk, the Central States Pension Fund, is on course to become insolvent by 2025.ⁱⁱ
- Failure of the Central States Plan alone could cost communities more than 55,000 jobs.ⁱⁱⁱ
- The United Mine Workers of America 1974 Pension Plan has **over 100,000 participants and beneficiaries, and the plan faces**

insolvency by 2022.^{iv} If Congress does not act to save the health care benefits for mineworkers, **1,200 retired coal miners, their widows, and their beneficiaries will lose their health care** benefits by the end of the year.^v

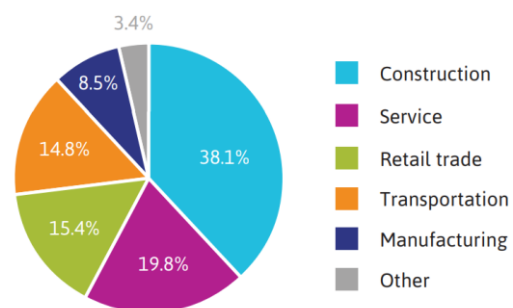
- The U.S. Chamber of Commerce noted that plan failures would “have deep impacts on the communities where participants live. Retirees will see their standard of living reduced...”^{vi}
- Congressional inaction could cost taxpayers between \$170 billion and \$240 billion over ten years and between \$332 and \$479 billion over the 30-year period between 2019-2048.^{vii}

PBGC projects a 99% probability of exhaustion of the multiemployer program in FY2025 and 100% in FY2026

Compounding this crisis is the fact that the federal backstop—which is the Pension Benefit Guaranty Corporation’s (PBGC) insurance program for multiemployer plans—is itself expected to become insolvent soon. For example, PBGC provides a \$12,870 maximum guarantee for a worker with 30 years of service; **that could be a benefit cut of 50 percent or more for the longest-tenured workers.**^{viii} By law, this already low guarantee must be slashed once the PBGC’s insurance program exhausts its trust funds. FY2025 is only six years from now.

A multiemployer pension plan is a defined benefit pension sponsored by multiple employers and administered by a board of trustees with labor and management equally represented. Contributions and benefits are collectively bargained, and the PBGC serves as a limited federal backstop.

Multiemployer Pension Plan Participants by Industry (2015)



How did we get here?

Not all multiemployer pension plans are in trouble. For those that are, each plan is different, and there are many factors contributing to the solvency problems some of these pension plans are facing.^{ix} **There's no question that the economic collapse of 2008 devastated these plans and the people who depend on them.** The retirees and workers who have done everything right did not cause this crisis, and Congress must not turn its back on them.

Other causes include, but are not limited to:

- Fewer active workers are paying into plans due to a number of factors including global competition, automation, industry deregulation, and the decline of unionization.
- Due to insolvency or bankruptcy proceedings, some employers have exited plans without paying their fair share of plan funding, leaving "orphan liabilities" for the employers that remain.

American families rely on these plans—they deserve immediate action.

The Senate Must Act

It has been 83 days since the House passed H.R. 397, the Rehabilitation for Multiemployer Pensions Act.

It has been 285 days since S. 27, the American Miners Act, was introduced.

The House has already acted by passing the Rehabilitation for Multiemployer Pensions Act with 29 Republicans voting for the bill. Senator Manchin has tried to pass his bill to protect miner pensions. **Mitch McConnell and Senate Republicans have proposed no solutions, and they have refused to take up these bills.**

Legislation to Address the Multiemployer Pension Crisis

H.R. 397: Rehabilitation of Multiemployer Pensions Act, Sponsored by Rep. Richard Neal (D-MA-01), Passed the House on July 24, 2019

S. 2254: Butch Lewis Act, Sponsored by Senator Sherrod Brown (D-OH), 30 cosponsors, introduced on July 24, 2019

S. 27: American Miners Act, Sponsored by Senator Joe Manchin (D-WV), 14 cosponsors, introduced on January 3, 2019

Pension Stability Act: Sponsored by Senator Tammy Baldwin (D-WI), introduced on October 15, 2019

Overview of State Impact

Central States Pension Fund*

State	# of Participants	Annual Benefits Paid
Ohio	42,643	\$363,210,600
Michigan	42,590	\$325,038,568
Missouri	29,384	\$255,280,078
Illinois	26,774	\$165,623,235
Texas	23,233	\$157,806,886
Wisconsin	23,074	\$171,347,860
Indiana	20,883	\$150,652,181
Minnesota	20,543	\$146,855,913
Florida	19,135	\$138,145,259
Tennessee	15,017	\$131,478,980
Kentucky	13,635	\$91,620,444
All Other States	93,981	\$733,879,290

United Mine Workers of America 1974 Pension Plan^{xi}

State	# of Participants	Annual Benefits Paid
West Virginia	25,451	\$199,570,954
Pennsylvania	11,831	\$80,560,973
Kentucky	8,558	\$48,667,105
Illinois	8,396	\$61,973,176
Virginia	6,930	\$40,428,167
Alabama	5,890	\$62,536,262
Ohio	5,485	\$41,121,557
Indiana	2,629	\$20,801,718
Florida	1,132	\$6,386,889
Utah	1,084	\$10,474,045
Tennessee	1,075	\$5,504,798
All Other States	4,609	\$24,444,099

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https://www.crs.gov/Reports/R45311?source=search&guid=4de6bb24b96a4a32bebd95bc3d1bd7cb&index=2#_toc524706452

ii https://www.washingtonpost.com/opinions/congress-public-policy-problem-from-hell/2019/04/25/cf3689e8-36bb-11e9-854a-7a14d7fec96a_story.html

iii <http://getmga.com/wp-content/uploads/2018/10/The-Crisis-Facing-Multiemployer-Pension-Plans-August-2018.pdf>

iv <http://umwa.org/policy-politics/current-legislation/>

v <http://umwa.org/policy-politics/current-legislation/>

vi https://www.uschamber.com/sites/default/files/multiemployer_report_-_chamber_-_final.pdf

vii <https://edlabor.house.gov/imo/media/doc/BeckerTestimony030719.pdf>

viii https://www.uschamber.com/sites/default/files/multiemployer_report_-_chamber_-_final.pdf

ix <https://www.actuary.org/content/overview-multiemployer-pension-system-issues>

x <https://www.voicesforpensionsecurity.com/tab-states>

xi <http://umwa.org/for-members/pensions-retiree-info/umwa-health-retirement-funds-community-expenditures/>