

May 27, 2010

TO THE MEMBERS OF THE UNITED STATES CONGRESS:

As employer organizations representing companies who participate in both single and multiemployer defined benefit plans, we are writing to express our concern about misinformation that has been circulating regarding H.R. 3936, the Preserve Benefits and Jobs Act of 2009, and S. 3157, the Create Jobs and Save Benefits Act of 2010.

Recent press stories have referred to the proposals as a “union bailout” and to multiemployer plans as “union plans.” However, this is not the case. In fact, contributions to these plans are funded entirely by employers, not unions.

As you may be aware, defined benefit plans have been negatively impacted by the recent financial crisis. Certain multiemployer plans, however, have been particularly hard hit as the current financial crisis exacerbates long-term funding problems resulting from shifting demographic trends and financial problems within certain industries. Admittedly, this is a difficult problem that will require difficult solutions.

The provisions of H.R. 3936 and S. 3157 aim to correct problems associated with joint and several liability rules that govern these plans. Because of the nature of multiemployer plans, when one employer goes bankrupt, the remaining employers in the plan become responsible for paying the accrued benefits of all the workers—this is often referred to as “the last man standing.” As the number of employer participants dwindles, employers remaining in the plan see their liabilities increase exponentially—forcing them to cover retirees that never worked for them. H.R. 3936 and S. 3157 aim to address this inadequacy in the law, making these plans more stable for both employers and employees.

We appreciate the work done by Representative Pomeroy, Representative Tiberi, and Senator Casey to bring this issue to the forefront and urge you to continue to work with them to find appropriate solutions.

In addition, we thank the Senate Health Education Labor and Pensions Committee for holding a hearing on May 27th, entitled “Building a Secure Future for Multiemployer Pension Plans,” which will allow for further discussion and debate on this issue.

Without a real resolution to this problem, more employers will be forced into bankruptcy and more workers will be left without a secure retirement. We stand ready to work with Congress and all interested parties to resolve these issues as soon as possible.

Sincerely,

American Bakers Association
American Society of Association Executives
American Trucking Associations

Building Contractors Association of Westchester and Mid-Hudson, Inc.
Construction Industry Council of Westchester and Hudson Valley, Inc.
Eastern Contractors Association, Inc.
Edison Electric Institute
Engineering & Utility Contractors Association (EUCA)
Food Marketing Institute
Mechanical Contractors Association of America (MCAA)
Mechanical Contractors Association of Eastern PA Greater Delaware Valley
National Association of Manufacturers
National Association of Waterfront Employers
National Association of Wholesaler-Distributors
National Council of Farmer Cooperatives
National Electrical Contractors Association
National Retail Federation
Newspaper Association of America
Printing Industries of America
Quality Construction Alliance
Service Contractors Association of Eastern PA Greater Delaware Valley
Society for Human Resource Management
The Associated General Contractors of America
The Association of Food and Dairy Retailers, Wholesalers and Manufacturers
The Association of Union Constructors (TAUC)
The Bituminous Coal Operators' Association, Inc.
The Business Council of NYS
The Financial Services Roundtable
The Finishing Contractors Association
The Great South-Western Illinois Association of Plumbing-Heating-Cooling & Mechanical Contractors
The International Council of Employers of Bricklayers and Allied Craftworkers (ICE-BAC)
The Sheet Metal and Air Conditioning Contractors' National Association
U.S. Chamber of Commerce