



TOPIC: NCCMP OpEd on Multiemployer Relief Provisions of The American Rescue Plan

EXECUTIVE SUMMARY: NCCMP IS PLEASED TO REPORT THAT YESTERDAY, EXECUTIVE DIRECTOR MICHAEL SCOTT PUBLISHED AN OP-ED IN REALCLEARPOLICY URGING MEMBERS OF CONGRESS TO SUPPORT THE INCLUSION OF THE MULTIEMPLOYER PENSION RELIEF PROVISIONS IN THE AMERICAN RESCUE PLAN LEGISLATION AHEAD OF TODAY’S SCHEDULED VOTE.

IN THE OP-ED, WE IDENTIFY THE WAYS IN WHICH MULTIEMPLOYER PENSION PLANS HAVE BEEN HARMED BY THE COVID-19 PANDEMIC, INCLUDING LOST MANHOURS AND CONTRIBUTIONS AS A RESULT OF GOVERNMENT MANDATED SHUTDOWNS AND DIRECT ACTION OF THE FEDERAL RESERVE THAT, WHILE NECESSARY TO SUPPORT THE ECONOMY IN THE FACE OF A GLOBAL PANDEMIC, HAD A DETRIMENTAL EFFECT ON PLAN INVESTMENT PORTFOLIOS. WE ALSO EXPRESS SUPPORT FOR THE POST-RECONCILIATION LEGISLATIVE WORK THAT NEEDS TO OCCUR TO ADDRESS THE IMPORTANT POLICY ISSUES THAT COULD NOT BE DEALT WITH IN RECONCILIATION.

WHILE IT WAS UNFORTUNATELY REMOVED IN THE OpEd APPROVAL PROCESS DUE TO LENGTH CONSTRAINTS, OUR ORIGINAL SUBMISSION ALSO INCLUDED UPDATED FIGURES ON THE COST TO THE U.S. GOVERNMENT OF NOT ADDRESSING THE MULTIEMPLOYER PENSION CRISIS. OUR ORIGINAL ESTIMATE IN 2018 (AND UPDATED IN MARCH 2019) WAS BASED ON 2015 U.S. DEPARTMENT OF LABOR FORM 5500 DATA. OUR LATEST ESTIMATES ARE BASED ON THE ACTUAL 2015-2018 FORM 5500 DATA, WHICH SHOWS THAT OVER THIS FOUR-YEAR PERIOD, THE MULTIEMPLOYER SYSTEM PAID \$169 BILLION IN PENSION BENEFITS, \$928 BILLION IN WAGES, \$709 BILLION IN FEDERAL TAXES, \$374 BILLION IN STATE AND LOCAL GOVERNMENT TAXES, AND CONTRIBUTED \$4.6 TRILLION TO THE U.S. GDP.

WE ESTIMATED THAT ABSENT CONGRESSIONAL ACTION, APPROXIMATELY 1.3 MILLION AMERICANS WILL LOSE BETWEEN 94 TO 98% OF THEIR PENSION INCOME AND BE FORCED ONTO THE FEDERAL GOVERNMENT’S POVERTY SAFETY NET PROGRAMS BY THE INSOLVENCY OF THE FEDERAL GOVERNMENT’S PENSION BENEFIT GUARANTY CORPORATION (“PBGC”). THIS WILL ALSO FORCE THOUSANDS OF BUSINESSES INTO BANKRUPTCY OR LIQUIDATION, COSTING TENS OF THOUSANDS OF ACTIVE WORKERS THEIR JOBS. OVER THE NEXT DECADE, THIS WILL RESULT IN BETWEEN \$46 BILLION AND \$138 BILLION IN LOST TAX REVENUE FOR THE U.S. GOVERNMENT AND APPROXIMATELY \$138 BILLION IN NEW MANDATORY SAFETY NET SPENDING.

NOT ONLY HAS THE MULTIEMPLOYER SYSTEM AS A WHOLE FACED SIGNIFICANT COSTS FROM THE COVID-19 PANDEMIC, BUT THE SOLUTION WILL BE SIGNIFICANTLY LESS COSTLY TO THE U.S. GOVERNMENT AND TAXPAYER THAN ALLOWING THIS SUBSET OF MULTIEMPLOYER PLANS AND THE PBGC TO BECOME INSOLVENT.

PURPOSE: INFORMATIONAL
CATEGORY: NCCMP OpEd
ISSUER: NCCMP
TARGET AUDIENCE: TRUSTEES OF AND PLAN ADVISORS TO MULTIEMPLOYER PENSION PLANS
FOR MORE INFORMATION [NCCMP OpEd: Pensions Need Help From Congress](#)

SEND COMMENTS TO: nccmp@nccmp.org

REFERENCE: VOL. XXI, ISSUE 1

We strive to ensure that the information contained in this and every issue of Multi-Elert is correct to the extent information is available. Nevertheless, the NCCMP does not offer legal advice. Plan fiduciaries should rely on their own attorneys and other professional advisors for advice on the meaning and application of any Federal laws or regulations to their plans.

* * * * *

If you have questions about the NCCMP, or about this or other issues of Multi-Elert, please contact the NCCMP, by phone at (202) 737-5315 or by e-mail at nccmp@nccmp.org .
