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Recent Developments in the Joint Select Committee on Solvency of Multiemployer Pension Plans

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The solvency crisis bearing down on the multiemployer pension plan system has captured the attention of Capitol Hill. Since March, the Joint Select Committee on Solvency of Multiemployer Pension Plans (the "Committee") has held a series of hearings examining the multiemployer pension system. Although it is unclear whether the bipartisan Committee ultimately will agree on legislation, the hearings represent the most significant focus on multiemployer pension plans since Congress passed the Pension Protection Act in 2006.

The Committee was established by the Bipartisan Budget Act of 2018 (P.L. 115-123) and is comprised of 16 members—8 from the House, and 8 from the Senate. Committee members are tasked with devising recommendations and legislative language that will "significantly improve the solvency of multiemployer pension plans and the Pension Benefit Guaranty Corporation" (PBGC). In furtherance of this mission, the Committee has held hearings exploring the inner workings of the multiemployer pension system, the role of the PBGC, and the ways in which contributing employers are affected.

At the Committee's inaugural session on March 14th, members expressed hope that a bipartisan solution could be reached—yet the potential for a partisan divide was evident. The Committee held its first substantive hearing on April 18th, at which members received a primer on multiemployer plan issues from experts from the Joint Committee on Taxation and the American Academy of Actuaries.

The Committee's May 17th hearing focused on the impending solvency crisis facing the PBGC. PBGC Director W. Thomas Reeder cautioned the Committee that the PBGC multiemployer insurance program is headed toward insolvency. According its projections, the PBGC needs $16 billion over the next ten years to stay afloat. Director Reeder emphasized that if the multiemployer insurance program becomes insolvent, the PBGC will be able to fund only a small fraction of the benefits it currently guarantees—which, in many cases, are already significantly less than the amount promised in a pension. Committee members inquired into the structure underlying the broader multiemployer pension system, and examined the primary controls available to Congress—a loan program and PBGC premium increases—that could help remedy the PBGC's looming insolvency.

In June, the Committee shifted its attention to contributing employers' perspectives on multiemployer plans. Most of the witnesses agreed that a long-term, low-interest-rate federal loan program for troubled plans would be a significant step in the right direction. Some Republican Committee members expressed precedential concerns about creating a loan program, as well as misgivings over Congress' ability to ensure that loans would be repaid. Some Democratic members indicated that a loan program—such as that proposed in the Butch Lewis Act (S. 2147, H.R. 4444) sponsored by Sen. Brown (D-OH) and Rep. Neal (D-MA)—should be part of a legislative solution.

The Committee is anticipated to hold additional hearings, including a field hearing in Columbus, Ohio, on July 11, and a hearing featuring participants and retirees in late July in Washington, DC. November 30 is the Committee's deadline to vote on a report, which, if approved, will be submitted along with legislative language to the President, Vice President, and congressional leadership. As the Committee accelerates its negotiations over final recommendations and advances toward its statutory deadline, Covington will continue to monitor these developments closely.