

## Policy Alert

February 12, 2018

### **Congress Establishes New Committee to Solve Multiemployer Pension Plan Crisis**

With President Trump signing into law the Bipartisan Budget Act of 2018 this past Friday, Congress established a new bipartisan, bicameral committee with the express goal of improving “the solvency of multiemployer pension plans and the Pension Benefit Guaranty Corporation.”

The Pension Benefit Guaranty Corporation, the independent government agency that insures private pension plans, estimates that multiemployer plans were underfunded by \$65.1 billion at the end of 2017, an increase of \$6.3 billion from the end of 2016. Given the dire situation, the Joint Select Committee on Solvency of Multiemployer Pension Plans (the “Committee”) must hold its first meeting by March 11; it is authorized to hold at least five public hearings, take testimony and require the production of various materials.

The Committee is tasked with producing a report containing its findings, conclusions, recommendations and proposed legislative fixes no later than November 30, 2018. Any proposed legislation that receives the support of four members from each party will be fast-tracked from the relevant House and Senate committees for a vote on the House and Senate floors, with the usual three-fifths majority vote threshold required in the Senate.

The Committee will consist of 16 members of Congress to comprise eight members of each chamber divided equally between Republicans and Democrats. Speaker of the House Paul Ryan (R-WI), Minority Leader Nancy Pelosi (D-CA), Senate Majority Leader Mitch McConnell (R-KY) and Minority Leader Chuck Schumer (D-NY) will each appoint four members from their respective chambers.

Congressional leaders from both parties hailed the creation of the Committee and its mandate for proposing reforms. Sen. Sherrod Brown (D-OH) announced, “This Committee will force Congress to finally treat the pension crisis with the seriousness and urgency American workers deserve.” Sen. Rob Portman (R-OH) declared that “there is a looming multiemployer pension crisis in America, and responsible reforms are needed to protect retiree benefits, ensure the solvency of the Pension Benefit Guaranty Corporation, and allow participating employers to remain competitive.”

The creation of the bipartisan, bicameral Committee provides a unique opportunity for companies to address the issues related to multiemployer pension plans, including withdrawal liability. Generally all employers or employer associations currently contributing to a multiemployer pension plan likely will be impacted by any legislation that ultimately results from the Committee’s work. While it is too early to address the Committee’s direction, several large plans are facing imminent insolvency. Thus, it is likely

that some legislation, whether narrow or broad in scope, has a possibility for passage by the end of the year.

We have been actively engaged in developing proposals to address both employers' concerns over withdrawal liability and delaying or preventing plan insolvencies. As such, Akin Gump Strauss Hauer & Feld LLP will monitor the progress of the Committee throughout its mandate.

Several legislative proposals that have already been put forward are likely to serve as the starting point for the Committee. If you wish to discuss these proposals or any other initiatives likely to be considered by the Committee, please feel free to contact any of the individuals listed on this alert.

## Contact Information

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