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UNDERSTANDING WHAT'S AT STAKE FOR CURRENT WORKERS AND RETIREES

HEARING

BEFORE THE

JOINT SELECT COMMITTEE ON SOLVENCY OF MULTIEMPLOYER PENSION PLANS UNITED STATES CONGRESS

ONE HUNDRED FIFTEENTH CONGRESS

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UNDERSTANDING WHAT'S AT STAKE FOR CURRENT WORKERS AND RETIREES

FRIDAY, JULY 13, 2018

U.S. CONGRESS,
JOINT SELECT COMMITTEE ON SOLVENCY OF
MULTIEMPLOYER PENSION PLANS,
Columbus, OH.

The hearing was convened, pursuant to notice, at 2 p.m., in the Richard H. Finan Hearing Room, Ohio State House, One Capitol Square, Columbus, OH, Hon. Sherrod Brown (co-chairman of the committee) presiding.

Present: Senators Portman and Manchin; and Representatives Neal, Scott, Norcross, and Dingell.

Also present: Republican staff: Chris Allen, Senior Advisor for Benefits and Exempt Organizations for Co-Chairman Hatch. Democratic staff: Gideon Bragin, Senior Policy Advisor for Co-Chairman Brown.

OPENING STATEMENT OF HON. SHERROD BROWN, A U.S. SENATOR FROM OHIO, CO-CHAIRMAN, JOINT SELECT COMMITTEE ON SOLVENCY OF MULTIEMPLOYER PENSION PLANS

Co-Chairman BROWN. This hearing of the Joint Select Committee on Solvency of Multiemployer Pension Plans will come to order.

Thank you to my friend, Senator Portman, for his crucial work on this committee, and for his help in bringing this hearing to Ohio. I am grateful for that; I know we all are.

A number of our colleagues will be arriving in a moment. Senator Manchin and, I believe, four House colleagues, members of this committee, will be here.

I first of all thank the six of you as witnesses. I know what this means to you, and I am grateful for your engagement and involvement. Thank you for that.

Thanks to the thousands of Teamsters and mine workers and iron workers and carpenters and confectionary workers and bakers and others who have come to Columbus, both yesterday and today. They represent more than a million workers, Americans around the country who are at risk of losing their pensions. That is why we are here. We all know that is why we are here. It is because of their activism that we created this committee, and we must be successful.

I want to acknowledge one of those very special people here sitting next to my very special wife, Connie Schultz. I cannot leave her out. But one of those very special people is my friend, Rita

Lewis. Rita, we normally do not do this at committees, but stand up, if you would. [Applause.]

Thank you.

Senator Manchin, thank you for joining us too.

Rita's late husband, Butch Lewis, was president of Teamsters Local 100 in Rob's hometown of Cincinnati. Actually, in Evendale, but close enough. He was an activist on this, and his banner has more than been taken up by his widow and his wonderful wife, Rita. So, Rita, thank you.

Butch had helped lead the fight to save his fellow Teamsters' pensions. He passed away too soon, fighting for the retirement security they earned. Rita has continued this fight. We honored his memory by naming our bill after him, the Butch Lewis Act. Rita once told me that retirees and workers struggling with this crisis feel like they are invisible, and Rob and I and others took that to heart so that neither you are invisible nor the thousands, the literally hundreds and hundreds of thousands of people whose pensions are threatened.

You are not invisible to Senator Manchin, you are not invisible to Senator Portman, and you are not invisible to Representatives Neal and Scott and Norcross and Dingell, and every member of this committee. We would not be here without your involvement. We see you, we hear you, and we are here to fight for the solution you deserve. Today is about listening to your stories.

You have heard the numbers: 1.2 million pensioners in the United States, 60,000-plus pensioners in Ohio, in the State Rob and I represent.

It threatens current workers who are paying into pensions they might never see a penny of if we do not act. It threatens thousands of small businesses—construction companies, manufacturing companies, trucking companies especially. It threatens our economy.

It affects every American in every State in this country. It affects union workers, it affects non-union workers. That is why we see groups as diverse as the U.S. Chamber of Commerce and labor unions and the AARP all pushing for a solution.

We know it will not be easy. We created this committee bipartisanly, right down the middle: eight Republicans, eight Democrats. To pass something, we need five Republicans, five Democrats. We knew this would be bipartisan; we knew it had to be.

The committee has conducted a dozen bipartisan staff briefings, with at least 10 more to come. We have received thousands, literally thousands of comments online at *pensions.senate.gov*.

The next step is for members to sit down to begin the next round of—I underscore—bipartisan negotiations.

Rob, I am glad you are on this committee. I appreciate the work you have done.

I think people in Ohio know that Senator Portman and I have a history, I would say not quite unique in Congress, but unusual in the Senate. We have a history of putting partisanship and talking points that all of us use aside. We have gotten things done, whether it is the Leveling the Playing Field Act and fighting for the steel industry, fighting for workers, fighting for Ohio jobs at places like the Whirlpool plant in Clyde.

Whether it is making sure that the Health Coverage Tax Credit got extended for the Delphi retirees—Rob and I worked on that together. Whether it is funding the Great Lakes cleanup—we worked on that together. Or passing laws to combat the opioid epidemic—we all appreciate his leadership on that, and we worked together on that.

The people in this room know how he and I work together. It is why both Ohio Senators have had strong support from the UMWA and the Teamsters. They know the two of us put partisanship aside and put Ohio's working families first. They trust us to put that same effort into solving this together.

I have put out a proposal, the Butch Lewis Act. I think it is a good place to start. But everyone here knows we do not get anything unless we work together. That is why I am open to any solution that protects workers and retirees and businesses.

I am ready and willing to make changes or to work on new solutions. I want to hear any idea that brings us closer to a bipartisan compromise. Too much is at stake to retreat into partisan corners.

Rob, you have said this before, and I agree: we have to get away from talking points, we have to listen to all ideas, we have to work in good faith. That is what the people in this room expect. That is what people at chambers of commerce and union halls around the country expect. That is what millions of retirees expect.

I want to thank everyone here today for making your voices heard. You have refused to give up when members of Congress were not listening to you so much. You made sure that all of us did.

[The prepared statement of Co-Chairman Brown appears in the appendix.]

Co-Chairman BROWN. I yield to Senator Portman for his opening statement.

Rob? Thanks.

OPENING STATEMENT OF HON. ROB PORTMAN, A U.S. SENATOR FROM OHIO

Senator PORTMAN. Thank you, Sherrod.

How great to be here in Ohio. Mike was just asking me, are you glad to be here? And I said, anyplace but DC, yes. [Laughter.]

It is great to be here.

But more than that, it is great to be here with a bunch of friends from Ohio who are going to have the chance to tell their stories here on this panel.

Rita, good to see you. Echoing the comments of Sherrod, thank you for raising the issue and being sure that my colleagues know, from both sides of the aisle and both sides of the Capitol, how important this issue is.

I want to welcome these colleagues. They have come from really all over the country to be here today, and it shows that they are interested in hearing directly from Ohioans who are so impacted by the impending multiemployer pension crisis—and we need to hear these stories.

As I know is the case of all my colleagues up here on the panel, we have all spent many hours hearing the stories from folks we represent, from retirees, from their spouses, from their families, stories like Jack Palush's. I saw Jack earlier here today, and I said, "Jack, I want to talk about you a little bit," and he said, "As long as it is good." I said, "Well, we will see."

But Jack is a Teamster and Marine Corps veteran from North Royalton, OH. He worked at USF Holland and a number of other trucking companies for over 37 years. What Jack was told was what so many of you in this room were told, which is, your pension is all paid up. So he took less of a pay raise sometimes, he took less of a vacation sometimes, because more went into the pension, and the pension was all paid up.

But it was not paid up. Today, if nothing is done, in 7 short years, Jack's pension will likely be cut by about 90 percent—90 percent. That is just 7 years from now, 90 percent.

So, Senator Brown, I appreciate what you said a moment ago, I really do, that we have to figure out how to come closer to a solution here, and it has to be bipartisan in order to pass, frankly, the way this committee was set up. It has to be super-bipartisan, because I think there are 16 of us on this committee, and out of that 16, 10 of us have to come together. And it is worse than that, or better than that if you believe in bipartisanship, which we all do, which is it has to be five of eight Democrats and five of eight Republicans.

If we get that, then we have something that is very unusual, which is the ability to take it to the floor of the House and the Senate for an up or down vote, and I cannot tell you how important that is in the Senate, as Senator Manchin and Senator Brown will tell you, because any individual Senator could otherwise block it, which would be really tough—I would say impossible. So that is our goal here, as Senator Brown said well: to figure out how to find that common ground.

The first thing you do, I think, is you hear from people, because we have to understand the severity of the problem in order to get more people on board with some of the tough solutions. Stakeholders like Jack and others have not been shy, and that is good. This hearing is a chance to get those facts so that we can come together on at least agreeing on the problem and raising the visibility of the problem.

That is why what happened here in Columbus yesterday was so important. Because, frankly, I did some interviews today with people saying, "Well, it was a very peaceful demonstration," and I said, "Well, yes, they are very peaceful, but they are very determined, you know?" They just want to get the information out to everybody else, because there are going to be some tough decisions to be made.

Here in Ohio we have more than 60,000 active workers and retirees heading toward insolvency if we do not do something, so that makes Ohio particularly hit hard, but other States represented here on this panel also have a lot of retirees and their families who are going to get hit hard.

We also here in Ohio have a lot of small businesses that are hit by this. If you look at Ohio, we have more than 200 businesses in the Central States Pension Fund alone. By the way, about 90 percent of those are small businesses.

So, if we do not do something, it is also going to force some of these small businesses out of business, and we are going to hear from some of these small business owners here today.

We have had three hearings in Washington, DC, and that is great, but I think it is really good to get out in the field and to hear directly from people back in the home States. In these three hearings we have already had, we have been told about what is going to happen because of inaction if Central States and the Mine Workers 1974 Pension Plan and PBGC all become insolvent. There are lots of other unfunded multiemployer pension plans, and I have talked to some folks here today who are with other plans. But I mention those two big ones because, if either of those two big ones goes down, I believe that that means that PBGC would become insolvent also—just one of those two.

So this is a critical national issue. Of course, it is a personal crisis for people like Jack and over 60,000 other Ohio participants in these plans.

In the second hearing we had, we heard from PBGC Director Tom Reeder. That is the Pension Benefit Guaranty Corporation, the insurance fund, basically. And he said that after the PBGC runs out of assets, incoming premium levels will be able to finance only one-eighth of current PBGC financial assistance payments to insolvent plans. And PBGC, remember, only insures the promised pensions in a multiemployer plan up to about 50 percent. That is about the average in the Central States Plan.

So think about that: one-eighth, and only 50 percent. That is where I come up with the 90-percent figure. That means that for a typical Central States retiree, the cut would be about 90 percent.

In our third hearing we had in Washington, we heard from employers, and we heard from private-sector experts about several potential scenarios under current law that could result in a wave of bankruptcies among employers when Central States becomes insolvent. Now you know, it is hard to predict exactly what is going to happen, but common sense will tell you, and I think you will hear from some small business folks later, that that wave of bankruptcies has the potential to create an economic contagion effect—in other words, it would spread around our economy—that would lead to additional pension plans collapsing and also serious impacts, of course, on the economy. The big risk to the broader economy is something we have to talk about, because then everyone is affected. To me, this is, of course, completely unacceptable. We cannot let this happen. And our principal objective has to be to pass these reforms now. By the way, the sooner we do it, the less expensive it is. That is why we are meeting today, to get all the input.

We have a lot of questions that must ultimately be answered in order to successfully arrive at this bipartisan solution we have been talking about. To me, none is more important than determining the right balance to fix the problem in a way that can get support across the board.

We talked about how getting the support on this panel alone is going to be a challenge, because we have a super-majority we have to achieve. But we also have to go to the American people, don't we?

And we have a lot of tough questions. The first one is, how much should come from taxpayers? By the way, retirees and active workers who are at risk are taxpayers too, and I get that. But let's be honest with each other today: about 99 percent of the taxpayers who are going to be asked to contribute to something through the government, general revenues, are not in these affected plans. And for a lot of those people—and I hear from them, I can tell you, as do many of my colleagues, I am sure—they are having a tough time with their retirement too. So they may have a 401(k) or they may have an IRA, or if they are fortunate they have a pension, but they are underfunded despite the efforts. I see Richie Neal here. Many of us have worked on expanding retirement savings, and we have done a good job in the last 10 or 15 years. We have expanded it some. But still, almost half of Americans have no retirement nest egg at all, which is a real problem. But I am just saying, that is a reality we have to think about as we are going through this process.

Another question that we have to focus on is, we have to understand more about what levels of PBGC premium increases for employers can the system bear without putting contributing employers out of business, and therefore hurting more workers and decreasing overall PBGC revenues. So that is a balance, isn't it? People talk about shared responsibility, including employers. You have to be careful you do not go too far. Otherwise, you have a reaction that is counterproductive.

I believe ultimately shared responsibility between all stakeholders is the only solution that we are going to be able to pass and the only solution the American people will perceive as fair. And I also believe it can be done.

After this hearing, I believe the committee should hold bipartisan member meetings, and I also believe we ought to have another public hearing focusing on the solutions, because we have had good hearings. This will be a great hearing. But it has been more about getting input and understanding the problem and raising the level of consciousness. It has not been about so much, what should the solutions be?

And by the way, we need to know how much they cost. We need to get good analysis from the Congressional Budget Office, which are the numbers we have to live with here on this panel. We have to get numbers from the PBGC. There are some numbers out there for various proposals that are pretty darn high, and we have just got to figure this out. We have got to be transparent about it, and I think that sort of hearing is necessary to do that.

As some of you know, I have been frustrated that we do not have the final numbers on a lot of these proposals. It is kind of tough to make a decision if you do not have the numbers.

But for today's purposes, again, we should not take any options off the table for a comprehensive solution. I agree with what Senator Brown said earlier. We should listen carefully to what is at stake for active workers, retirees, employers, and our economy, and we should further solidify our understanding of the nature of the problem, the severity of the problem, the fact that we have to act.

Workers and retirees, by the way, deserve a voice in what happens to the pensions that they earned. Employers who could be put out of business deserve to be heard too. None of these stakeholders was given any public hearings during Congress's consideration of the Multiemployer Pension Reform Act, which passed over my objections back in 2014. I think it would have been a better bill had they had public hearings and listened to people. So, even after this hearing, any solution going forward must include input from retirees and active workers and those who are affected.

Look, I know solving this is not going to be easy. There are no easy solutions; otherwise, it would have been done already. But today's hearing will make a valuable contribution toward developing that solution, and I think it will strengthen Washington's political will to get there, because that is what it is going to take to get to a solution that is comprehensive, that is fair, and that is balanced.

Thank you, Mr. Chairman.

[The prepared statement of Senator Portman appears in the appendix.]

Co-Chairman BROWN. Thank you, Senator Portman.

Before I introduce the witnesses, I want to just welcome my fellow members of the House and Senate to Columbus: Congressman Bobby Scott from Virginia, Senator Joe Manchin from West Virginia, Representative Richie Neal from Massachusetts, Representative Norcross from New Jersey, and Representative Dingell from Michigan. Thank you all.

They all bring a lot of expertise to this through working on a whole host of issues in their careers, and bring a lot of perspective from a pretty wide cross-section of the country.

It is my honor to introduce the six witnesses, and we will begin with you, Mr. Martin, in testimony, and then we will all do at least one and probably two or three rounds of questions. We are going to try to keep members' questions to 5-minute segments as we do this.

Bill Martin is president of the Spangler Candy Company up in the northwest corner of the State, in Bryan, OH. He has enjoyed a 30-year career in accounting and finance, which began at the former big four accounting firm of Arthur Young in Toledo. He graduated from Bowling Green in 1988 with a B.S. in accounting. He is active in the local community as a member of St. Patrick's Catholic Church in Bryan. He and Donna, his wife of 28 years, have four grown children and two grandchildren and, I understand, one more on the way. Congratulations on that.

Roberta Dell is chief union steward at Spangler in Bryan, OH. Ms. Dell spent 46 years working at the Spangler Candy Company. She is the chief union steward, has held the position for almost 10 years. She serves as the primary contact for Spangler employees with their union, Teamsters Local 20, which is headquartered in Toledo, with obviously a big local in Bryan. She has three sons, two granddaughters. Her son Charlie, along with his wife Rebecca, work alongside Roberta at Spangler Candy. I have been to that plant a number of times. It is very much a family-friendly company. She resides in Bryan, where she has lived most of her life.

David Gardner is CEO at Alfred Nickles Bakery in Navarre, OH, known as the home of both Nickles and our former Congressman, the late Ralph Regula. David has worked in Nickles Bakery since 1971. He worked his way up to CEO, a graduate of Ohio Wesleyan.

The chairman of the board of the Long Company Bakery with cooperative headquarters in Chicago, IL, David is a veteran of the United States Air Force, and I told him when I was growing up in Mansfield, OH, we ate Nickles bread. I always thought Nickles was located in Mansfield, OH. What would a kid know? [Laughter.]

Larry Ward is a retired coal miner and former president of the United Mine Workers of America, District 6, out of Hopedale. Larry Ward lives in Hopedale with his wife Laura. They have been married 54 years. They have a son and a daughter. They have lived in Ohio all their lives. Larry is a third-generation coal miner who followed his grandfather, father, and two brothers into the coal mines when he started working in 1966 at the Wyatt Oak Coal Company. The Wyatt Oak Coal Company now owns the Number 2 Mine in Hopedale. He held various positions in the local union. In April 1987 he was elected to the UMWA's District 6 executive board. He was elected District 6 president in January 1989. He served in that position until he retired about 12 years ago, something like that.

Brian Slone is an apprentice instructor, Millwright Local 1090, out of Dayton. He is a resident of Dayton. He joined the Millwrights in 2006, where he served his 4-year apprenticeship. He took the skills he learned and created a career in rebuilding turbines in the power generation industry. He worked his way up to project manager, where he directed Millwright work on large-scale new construction and rehabilitation projects. In the spring of 2018, Brian became a Millwright training instructor. He now works as an instructor in the same facility where he earned his journeyman card, teaching others the trade and mentoring them for a successful career. He is the father of two young daughters and has been married to Jessica for 13 years.

Michael Walden from Cuyahoga Falls, OH, served in the Marine Corps from 1967 to 1971. Like so many Teamsters and coal miners, Mike is a Vietnam veteran. He has 15 months of boots on the ground in service to our country. Mike has four daughters, nine grandchildren, is a retired Teamster, worked for 31 years for Roadway Express, Local 24, Akron. Finally, Mike is one of the founders and the current president of the National United Committee to Protect Pensions, a non-partisan organization that advocates for pensions that have been earned through the collective bargaining process through a lifetime of work. Mike, thank you.

Mr. Martin, we would like to hear first from you.

STATEMENT OF BILL MARTIN, PRESIDENT, SPANGLER CANDY COMPANY, BRYAN, OH

Mr. MARTIN. Thank you, Senator Brown and members of the Joint Select Committee. Thank you for all of your work thus far on this important issue, and thank you for the opportunity to testify before you today.

The Spangler Candy Company is a 112-year-old family-owned confectionery manufacturer based in a small community of 8,000 in Bryan, OH. We are the Dum Dums Lollipop capital of the world, making 12 million Dum Dums every single day. We also make candy canes, marshmallow circus peanuts, and Saf-T-Pops.

We are the largest manufacturing employer in our city, employing 550 hard-working Americans. Bryan is a great community and a great place to raise a family. We like to think we are "the sweetest town in America." [Laughter.]

We are in our fourth generation of Spangler family management, which is extremely rare. But that is not all. We have had many families in our community work here for multiple generations. Roberta Dell is just one fine example of our employees, and we have many, many more.

Like many other employers in multiemployer pension plans, our very future is at risk due to the multiemployer funding crisis.

We became a Teamsters shop in 1959 and entered the Central States Pension Plan in 1972. For our Teamster employees, we now contribute $6,300 per year, or about 20 percent of our total wages, to Central States. Just 10 years ago, in 2008, we were contributing $3,400 per year. Our contribution rate has nearly doubled in the past 10 years. For someone to say employers are not paying their fair share is just sadly mistaken and uninformed. No other cost we have has increased 85 percent in the past 10 years like our pension costs.

The real sad truth is our Teamster employees, like Roberta, will only receive a fraction of their promised retirement benefits because the Central States Pension Plan is going to fail. Tom Nyhan, the Central States executive director, has already stated that beginning in January of 2025, the Central States retirement benefits will have to be cut.

According to Central States, 54 percent of our contribution dollars go to pay benefits of participants whose employers are no longer contributing to the fund. That is more than half. These participants have never once worked for Spangler Candy Company. As a result of all these unfunded pension liabilities, Spangler's employer withdrawal liability is in the tens of millions of dollars, going up 12 to 15 percent per year, and it seems to have little correlation to our own active workers or retirees.

Regarding withdrawal liability, we never signed up for it. We entered Central States in 1972, well before Congress passed employer withdrawal liability and "last man standing" rules in 1980. These outdated rules affect the very future of our company and must be addressed.

Let me share a hypothetical example of how the withdrawal liability rules can stifle growth. Let's say we needed to hire 100 new employees to expand in Bryan, OH. It would be a great story for our town. Everyone would be excited. Except for this: based on our own estimates, adding 100 new employees in Bryan could increase our withdrawal liability by more than $200,000 per each new employee, or $20 million total. That is outrageous. Why would we do that?

Right now, there are 130 plans careening towards insolvency, affecting 1.3 million participants and 5,400 employers. These plans need to be stabilized right away, before more employers file bankruptcy and exit these plans and worsen the problem for the remaining employers like Spangler.

I believe some form of a long-term, low-interest-rate Federal loan is needed to provide stability to these troubled plans and prevent catastrophic consequences for the multiemployer system. Given the enormity of the problem, I believe sacrifices may be needed to stabilize these plans. Having some additional tools going forward to provide retirement benefits that are portable and predictable is also critical.

Overall, there are 1,300 multiemployer pension plans affecting 10 million participants and 200,000 employers who ultimately could be affected if we do nothing. In Central States, the vast majority of 1,335 contributing employers are small businesses like ours. This issue hinders the success and growth of our businesses, which already struggle to be competitive.

We can do this, and we must do this. There is just too much at stake. I know our Bryan community would be affected forever if we were not there making candy every day. We are the business leaders in our community. We help fund our schools, our city, and many charitable organizations. There would be no one to replace what we do for our small community. And this is just one story. There could be thousands more just like this in communities all across the country. We must not let that happen.

Roberta Dell, after 46 years of impeccable service to our company, deserves to retire without fear of losing her retirement benefits, and so do all of our employees, for that matter. Please work together now to help solve these issues before it is too late.

Thank you.

[The prepared statement of Mr. Martin appears in the appendix.]

Co-Chairman BROWN. Thank you, Mr. Martin.

Ms. Dell, before you begin, try to bring the microphone a little closer to your mouth. It is a little awkward to have it this way, but there is a timer screen. You are not really going to be looking in that direction, I understand, but do your best. But pull that closer to your mouth so we can hear you.

Ms. Dell, thank you. You had a good introduction from Mr. Martin. You both should know that if you come to Senator Portman's office or my office in the main office in the capital, in the office buildings we all have, we have Dum Dums available to all Ohioans for free. So, thank you for that. [Laughter.]

Mr. MARTIN. Thank you.

Co-Chairman BROWN. We have to check with Senate ethics laws and all that.

Mr. MARTIN. Okay. [Laughter.]

Co-Chairman BROWN. But, Ms. Dell, welcome again. Thank you for coming all the way to Columbus.

STATEMENT OF ROBERTA DELL, CHIEF UNION STEWARD, SPANGLER CANDY COMPANY, BRYAN, OH

Ms. DELL. Thank you. Dear members of the Joint Select Committee, I come before you today to tell you that I believe in you, that I have faith that you all will come together as a united body to find a solution for this nightmare that so many of us are living.

On behalf of my co-workers, friends, and people I have never met, I would like to thank you for allowing me to speak with you today. This has been a privilege and an honor.

My name is Roberta Dell. I have worked at Spangler Candy Company for 46 years and am 65 years old. I am the chief union steward for Spangler employees and proud to say I belong to the Teamsters Local 20 of Toledo. I love my job and I take pride in being able to say I work at the factory that makes Dum Dums suckers. Spangler Candy Company is a great place to work, and we have a good record as union and company working together. I could tell you more of the facts about Spangler, but Bill Martin, president of Spangler Candy Company, has already done that.

I am here to tell you my story, a story of sadness, desperation, and hope. I have worked hard all my life, most times holding down two or three jobs. I met my husband, Jim Dell, at Spangler Candy Company, where he also worked for over 42 years. Jim also was a participant in the Central States Pension Plan.

I never planned on working in a factory all my life, but we were blessed with three sons—Taylor, Charlie, and Sam—and over the years, life swiftly passed. We were taking care of each other and our boys. But before I knew it, I was in my fifties, and I thought, "Oh, crap, retirement is just around the corner, and I am not prepared financially for it." We had helped our kids with college expenses and et cetera.

Then the bombshell hit. Jim found out in 2004 he had stomach cancer, and then in 2014 he told me he had liver cancer and there was not much hope.

This was not our plan. We were to take care of each other. This was not supposed to happen to us. We had planned on seeing our sons get married and give us grandchildren. But God had other plans.

On June 2nd, 2015, Jim passed away with all three sons by his side, which was his last wish. Our oldest son was married 4 days later in New York City, and then we had to return home to bury their dad. It was a very difficult time.

He thought he had taken care of all of us. Because I was still working and in pretty good health, I would have my pension and Social Security to fall back on. I would be okay. So Jim took care of our sons in his will, with my blessing. We were going to take care of each other, but Jim was gone, and I started to ask myself, "Who is going to take care of me; and now, what am I going to do?"

I now sit here before you with sadness and desperation. I had planned to work until age 68, but with the uncertainty of the pension, I do not know if that will be possible. I am not the only one. So many I have talked with are in similar situations. Several are now finding they are raising their grandchildren. Many are living paycheck to paycheck, people who have lost their jobs and had to start over after losing their savings. Some have had a major medical issue that has drained all their savings for retirement.

They, like me, thought our pensions would be there for them and they did not have to worry. None of us thought we would be in this position, living from paycheck to paycheck with our futures in such uncertainty. I have always felt the pension all these 46 years has been my savings.

We need your help. Please find it in your hearts to put differences aside and become united to find a solution. Like so many others, I look to you, I believe in you, have hope and faith in you to help us find a way to save us from this nightmare we are all facing.

I am so sorry that I have been so emotional, but this is so close to my heart. I am just one of the little guys out there who have worked so hard, as I have, and we are all looking to you to make a decision that will help each and every one of us who are sitting in this room and those who are sitting outside.

I thank you for your time and for your hard work. God bless you.

[The prepared statement of Ms. Dell appears in the appendix.]

Co-Chairman BROWN. Thank you, Ms. Dell. Thank you for your courage coming here and telling your story and for your unrelenting advocacy for your brothers and sisters, some of whom you do not even know. So, thank you for that.

Mr. Gardner, welcome to the committee.

STATEMENT OF DAVID A. GARDNER, CHIEF EXECUTIVE OFFICER, ALFRED NICKLES BAKERY INC., NAVARRE, OH

Mr. GARDNER. Thank you. I would like to thank the Joint Select Committee on Solvency of Multiemployer Pension Plans for their bipartisan effort, for their sense of urgency to address this most serious matter that affects those who have earned and who are receiving pensions, and those who are earning pensions but not yet receiving them, and for the opportunity to submit my testimony today. I am honored to testify before the Joint Select Committee.

My name is David Gardner. I am very proud of my profession. I am a baker. My grandfather was Alfred Nickles, a Swiss immigrant who founded Alfred Nickles Bakery in Navarre, OH in 1909, 109 years ago. I remember my grandma's house; it was right next to the bakery.

Our annual revenue is $165 million. In a good year, our company has a 1-percent profit. We have approximately 1,300 employees; 90 percent are in unions. We contribute to five multiemployer pension funds.

Here are three grim statistics about our company. Our unfunded pension liability is $281 million. In 2008, this liability was $93 million. So since that time, our unfunded pension liability has tripled.

Number two, our pension cost last year was $13.8 million. In 2008, our pension cost was $8.1 million. In 9 years our pension cost has increased $5.7 million, but today we have 461 fewer employees. So, if we had the same number of employees today that we had in 2008, last year our pension cost would have been $8.1 million higher. As one legislative assistant said to me, "How are you still in business?"

Why do we have 461 fewer employees? We used to have 51 thrift stores. We now have or are going to have two. We used to have 18 production lines at our Navarre bakery. We now have seven. Our pension costs are too high.

I have some questions for the Joint Select Committee and for everybody here today.

Number 1. What did we do wrong?

Number 2. Why is our business worth nothing?

Number 3. Was the Joint Select Committee created to make multiemployer pension funds solvent, or to change laws and help save businesses that generate revenue for the pensions for their employees? We are looking forward to the action that the Joint Select

Committee will take to design changes to laws to benefit retirees and benefit those companies that provide the pensions.

The Joint Select Committee, in my opinion, was created to save pensions and to save jobs.

Is it fair for multiemployer pension funds to put companies out of business due to rehabilitation plans that require huge contribution increases per employee per week?

Another question: Why can't we switch to a 401(k) plan?

Next: Why can't we get out of a multiemployer pension plan without triggering unfunded pension liability?

Why should our employees have to worry about their pensions?

Why should our company have to fund the pensions of people who never worked for Nickles Bakery?

We froze our non-union pension plan in 2016 because we could not afford it. Why can't we freeze our union pension plans that we cannot afford?

When I went to Washington on April 25th with eight other family business owners, one Congressman asked our group, "Do you have a plan?" We do not. We did not.

But here are four recommendations from us, from me.

All multiemployer pension plans with a certain level of underfunding must be immediately frozen. These pension plans cannot sustain themselves.

Companies must have the right to help fund 401(k) plans for their employees and be able to withdraw from multiemployer pension funds without liability.

The contributions made by a participant to multiemployer pension plans I believe must go back to the participant based on the contributions. Then the participants and the unions will determine pension amounts for retirees, for current employees, and for employees who left but who were vested.

And last, I believe the government must decide how to fund the pensions of orphans, the employees in the companies that went out of business.

So, why am I here? I am here representing the employees of Nickles Bakery. They are our people, and they are my friends. I am concerned with one group of people: our employees and their families.

I write a personal note to every single employee who retires from our company. I personally go out in the bakery and thank every single person who is retiring from our company. I talk about their first day worked, I talk about what they did when they were at the bakery, and I thank them and they thank me for our jobs.

Every business owner in this room wants to see their employees get a pension. But every business owner in this room has the responsibility to fight to keep their business perpetuating, growing, and surviving. I am fighting for the jobs of our employees. With the present laws in place regarding multiemployer pension plans, business owners are in a game they cannot possibly win.

[The prepared statement of Mr. Gardner appears in the appendix.]

Co-Chairman BROWN. Mr. Gardner, thank you for your insight.

Mr. Ward, welcome.

STATEMENT OF LARRY WARD, RETIRED COAL MINER AND FORMER PRESIDENT, UNITED MINE WORKERS OF AMERICA, DISTRICT 6, HOPEDALE, OH

Mr. WARD. Chairman Brown, Senator Portman, and distinguished members of the Joint Select Committee, my name is Larry Ward, and I live in Hopedale, OH with my wife Laura. I am 74 years old and my wife is 72 years old, and both of us have lived in Ohio all our lives.

My grandfather, father, and two brothers worked in the coal mines. I started working at the Y&O Coal Company Nelm's Number 2 mine in Hopedale in November of 1966. I loved working in the mine, but it was physically demanding and dangerous work. I began working in the mines before the passage of the Mine Safety and Health Act of 1969.

Miners were dying by the hundreds and even thousands every year. But after the Farmington Number 9 disaster in West Virginia that killed 78 miners, including Senator Manchin's uncle, Congress recognized that it had to act to save lives, and it did.

I suggest to the committee that there is another disaster looming in the coal fields today, slower-moving than a mine explosion but effectively just as deadly. That disaster is the crisis confronting the UMWA 1974 Pension Fund that you are tasked with solving. The fate of more than 105,000 current and future UMWA retirees and widows is in your hands.

Like most retired coal miners, I have several medical problems. I have suffered a heart attack, am a cancer survivor, and have high blood pressure. My wife has similar problems. You have heard that the average mine worker pension is $582.00 per month. My mine pension is short of that average. Most of the men I worked with, or their widows, are short of it as well.

We have health care, but paying for deductibles and prescription copays and other health-care costs makes the pension very important. We have the same monthly bills as everyone else. The pension, while not large, allows UMWA retirees across Ohio and the United States to pay these bills. I am here before you today to tell you that for most of the retirees I know, any reduction to their pensions will make paying their bills very difficult, if not impossible.

Here is just one example from the local union. One member is 75 years old, and his wife is 70 years old. They have significant medical problems. His pension is $296.00 per month. I could go on and list different members of my local union here and the story would be the same.

I am sure you already know about the legislation that has been proposed that will fix the UMWA 1974 Pension Plan, called the American Miners Protection Act. I know it does not solve every pension fund problem, and we support preserving everyone's pension, but the AMP Act is the only pension legislation that has bipartisan support in both houses of Congress. In this day and age, that must count for something.

The AMP Act predecessor, the Miners Protection Act, had widespread support in both houses of Congress and across party lines. It was passed by the Senate Finance Committee in 2016 by an overwhelming 18 to 8 vote, with the bipartisan support of both cochairs of this Joint Select Committee, as well as Senators Portman and Crapo. It would have protected both health care and pensions for retired miners, their dependents, and widows. There were significant votes in both the Senate and House to pass it had it been allowed to come to the floor for a vote, but it never did. In the end, we were able to pass that part that preserved health care for 22,600 retirees, but a great opportunity to preserve our pension was wasted.

Our pension fund is on a path to insolvency by 2022 if this committee does not act. Because of a string of coal company bankruptcies beginning in 2012, we have lost more than $100 million in annual contributions to our fund, and those companies have been relieved of more than $3.1 billion in withdrawal liabilities. We have one major employer left that is contributing more than 85 percent of all contributions to our fund. If that employer declares bankruptcy and is relieved of his contribution obligation and its withdrawal liability, then the UMW 1974 plan faces insolvency much sooner than 2022.

American coal miners put our lives and our limbs on the line every single day so that this country could have the power it needed to make our economy the strongest in the world. For all the years that I was a miner, and later as a union representative, when we negotiated a contract, we took money we could have had in hourly wages and put it toward our retiree health care and pensions because we knew we would need it. So when I hear people say we should pay for solving a problem we did not cause, or we should be okay with taking cuts in our pension, I say this: we have already paid for our pensions.

The big banks and financiers on Wall Street caused this problem when their greed put this country into the recession of 2008, and Congress sent them $627 billion as a thank-you. The Wall Street crooks used that to pay themselves huge bonuses. We use our pensions to pay for medicine and food and heat. There is something wrong with this picture.

Along with my fellow retirees, I pray every day the committee will find a solution to this problem. Thank you for this opportunity to testify before the committee, and I will answer any questions as best as I can.

[The prepared statement of Mr. Ward appears in the appendix.]

Co-Chairman BROWN. Thank you, Mr. Ward. Thank you for decades of mining coal that turned the lights on in this hearing room. Thank you.

Mr. Slone, welcome.

STATEMENT OF BRIAN SLONE, APPRENTICE INSTRUCTOR, MILLWRIGHT LOCAL 1090, DAYTON, OH

Mr. SLONE. Thank you, Mr. Chairman. First I would like to thank you all for understanding this is a bipartisan issue and working together. It is very important to many Americans across the United States.

My name is Brian Slone, and I am from Dayton, OH. I am a proud 13-year member of Millwright Local 1090 and a participant in the Southwest Ohio Carpenters Pension Plan. Our plan is in critical and declining status and is currently in the MPRA process with the Treasury Department. Over the last 20 years the area covered by the pension plan has seen drastic reduction in work opportunities due to the prolonged decline in the industry. In other words, all of our jobs went south. This has led to a significant problem with our pension plan.

In 1998, our pension plan was over 100-percent funded. Existing law at that time would not allow us to have an overfunded pension, not allowing us to create a rainy day fund. We worked with national leadership and contractor associations to change this law, but we were denied by both Congress and the Clinton administration. So, we were forced to increase benefits to get us below 100-percent funded. Soon after, we entered a 2-year recession. By the time it was over, the plan was 66-percent funded. In 2008, the stock and housing market crisis, followed by the Great Recession and the resulting 7-year construction depression in southwest Ohio, wiped out the recovery of the previous recession and left the plan funding at 45 percent, resulting in losses from which the fund cannot recover using MPRA.

Some have said, do not use MPRA, have the active members and the employers pay more to fix this pension fund. While that seems like an easy solution, it really is not. Active members and employers have already carried the extra cost of fixing the plan since 2000.

A participant who retired in 2016 will receive 20 percent less in monthly benefits than a participant who worked the same amount of hours but retired in 2000.

Similarly, a participant who retires in 2030 will receive 40 percent less than that same employee who retired in 2000.

Similarly, the 2030 retiree has contributed 3½ times more than the 2000 retiree but receives a benefit of about two thirds of the person who retired in 2000.

To put this in dollar terms, since the 2000 recession, the fund has repeatedly cut back the benefits received by the members who were active at that time. Because of these cuts, a fund participant who accrued benefits can now expect a pension that is around 30 percent less than a similar person who retired in 2000.

For example, a participant with 30 years of service working 1,500 hours a year would have contributed approximately $85,000 over their work year and receive a monthly benefit of $3,130.

A participant retiring in 2016 would have contributed approximately $153,000, and he would receive only $2,200.

But a participant retiring in 2030 will have contributed approximately $290,000, and we are only looking to receive $1,600 a month, and this is not to include inflation of what it would look like in 2030.

Another aspect that I would like to highlight is the negative economic impact that will happen if these plans fail. Our plans were created by collective bargaining agreements, with many employers across the country and our localities.

If these plans go insolvent, the unfunded liability on these employers could have them file for bankruptcy. This would lead to a large loss of jobs in our area and would also put the burden on our manufacturers to find skilled labor to keep their manufacturing plants up and running.

Doing nothing could cost the government and taxpayers more. Allowing these plans to go under will take taxpaying retirees and turn them into tax burdens. Without these pensions, our members will have no other choice but to seek help through government subsidies. This is not to mention the taxes lost by the goods and services that these retirees would no longer be able to afford.

I want to stress that the active members wish and hope Congress passes a law that will mitigate the harshest MPRA benefit suspensions. No one wants to see retirees subjected to the stress and financial insecurity of this process, but we also need to recognize the enormous sacrifices made by active members since 2000.

For years the Federal Government, both the executive branch and Congress, ignored their responsibility to oversee whether the ERISA rules it put in place were working to keep the system healthy. We are now facing a crisis that is significantly worse because of that lack of oversight. Because of this inaction, plans that could have used MPRA now cannot and face becoming insolvent and having benefits reduced to unlivable levels.

These plans have to be addressed now before they fail and possibly take down the other plans in their wake.

We need a retirement system that will be there for all workers who are depending on it in their old age, one with rules that are flexible enough to keep the plans well-funded and provide a lifetime of benefits with real active oversight designed to keep the plans healthy and strong.

Thank you.

[The prepared statement of Mr. Slone appears in the appendix.]

Co-Chairman BROWN. Thank you, Mr. Slone. Thank you for what you do to make Ohio such a leading manufacturing State.

Thank you, Mr. Walden. Welcome. Thanks for the work you are doing.

STATEMENT OF MIKE WALDEN, PRESIDENT, NATIONAL UNITED COMMITTEE TO PROTECT PENSIONS, CUYAHOGA FALLS, OH

Mr. WALDEN. Thank you.

A thank-you is in order to the committee, especially to those attending today, for allowing us retirees, the most vulnerable of all the stakeholders in this pension crisis, to have a voice at the table to explain our position and the effects of any possible reductions to our fixed pension income.

I would like to say, Senator Portman, I would like to thank you for showing us respect by coming in today, and I also want to let you know that we have respect for you coming in today. And if staff members from the other committee did not show up, but you are here, we respect you for showing up for us today too. So, thank you very much for that.

We also have a genuine concern for our fellow active participants and the majority of employers involved. We understand that the active members, the active participants in these funds, are our future, and we want them to know that we are their future too.

Many employers make their obligated contributions and have a concern for their employees. Unfortunately, there are employers that do not make their 100-percent contribution as required, which affects the other employers and participants in the fund.

One in particular has been claiming they are insolvent for 9 years, and their employees have approved concessions to their wages to keep them afloat while their executives receive stock bonuses, raises, and lucrative retirement income, as some of their employees who retired have already been reduced upwards of 40 to 60 percent. If this crisis is not addressed and solved soon, they will be reduced more, as we all will face.

Being the president of the National United Committee to Protect Pensions, a 501(c)(5) non-profit organization based out of Minnesota, I, along with other committees across the Nation, have spent time away from our families, sacrificed our time enjoying the things that we retired to do, and endured a level of stress that has affected the lives of many in so many ways since 2013 while we wait in limbo for a solution to the pension crisis, which continually gets kicked down the road.

The end of that road is now in sight. This committee must work together to solve this crisis before it has devastating effects on the national economy and the lives of over 1 million people currently, and growing at a rapid pace.

In the words of Treasury Secretary Mnuchin, it will become a tsunami. And if you do not believe in the contagion effect, you probably should not be on this committee.

When solutions to the pension crisis are discussed, there seems to be a divide as to the meaning of the word “taxpayers.” Many times, it is told the taxpayers should not bail out the pension woes facing this Nation. Let it be known and clear that the National United Committee has never asked for a bailout, though we have watched many bailouts with our paid-into tax dollars. We have asked for a solution. We have asked all of the intelligent minds, those with expertise in the bureaucratic departments in government, to find or create a solution.

Let it be clear that the union worker and retiree are every bit as much a taxpayer as anyone. We watch our tax dollars being spent in many ways that we do not approve. You should realize that while our country is in extreme debt, all the taxpayers bail out our government every day so that those in Congress and their departments and our government can still receive their income and pensions.

As the majority of the discussion involving a solution to the pension crisis revolves around the reduction of pension income to the retirees, there are many facts that some in Congress, employers’ funds, and some unions do not seem to realize. I will try to point them out, as they all have an effect on the retiree, his family, and the economy. This applies to the current active workers who will retire in the future as well.

Being president of the National United Committee to Protect Pensions, along with our other committee leaders traveling throughout the country, attending all hearings, invited to congressional briefings and press conferences with many of you on the committee and other Congress members, we have also seen and heard firsthand the stories, the tears, the declining health, the devastation, and uncertain future of retirees and active members while attending their retiree meetings and committees. It is something all on this committee should experience, as some of you have, but the rest need to see.

These are your constituents who are being put in dire straits, having done nothing wrong and everything right, only to potentially have their dignity and comfortable lifestyle—not rich lifestyle—diminished, along with their health.

The participants in these pension funds receive a fixed-income pension check. Whatever amount they are awarded when they retire will be that amount during their retirement years, with no cost of living, no raises ever. As reductions to retirees' pensions are always mentioned in the same sentence as solutions, you should be aware that inflation has already reduced the value of retirees' pensions. They cannot absorb more reductions. Thanks to the staff of Senator Portman's office, I received some figures on inflation. So just in the past 9½ years, according to the official numbers based on the Consumer Price Index for urban areas, or the CPI–U, the cost of goods has officially increased 19 percent, and the value of money has decreased by 16 percent.

As we all know, many important necessities have increased by a much greater margin, such as, in the last 9½ years gas has increased 56 percent, tuition for a 4-year public college has increased 51 percent, and health insurance 70 percent.

A retiree's pension spends like unemployment compensation. It flows right back into the economy, as usually there is not enough to save, only to survive. Their fixed-income compensation is usually spent in their local and State economy, which includes attractions and entertainment; local, county, and State taxes. As times have changed in America, many support their adult children, have adopted their grandchildren, have disabled family members they care for in their household. Their cost of medication, ordinary home maintenance so their neighborhoods are preserved, the charities and volunteer services they provide to their churches, schools, parks, food banks, and the homeless—many have been putting off remodeling and purchasing vehicles because of the uncertainty of their pensions. That is the money that fuels this economy.

The majority cannot return to work because of health issues, workplace restrictions, or re-employment restrictions within their pension fund. Many are widows or widowers and do not have a supplemental income. The loss of the value of their pension because of inflation will never be recovered because there is no raise or cost of living. The reduction in their pensions results in lower credit scores and less borrowing power when unexpected expenses arise such as auto repair, furnace, roof, or other expenses.

Bankruptcy and foreclosure will loom. It is already happening to participants in Teamsters Local 707 and Ironworkers Local 17.

We will not get rich on our pensions. Our pension income goes right back into the economy.

And keep in mind, many retirees and active workers are veterans. They fought for this country to have freedom, safety, and rights for all. They fought for the American Dream, to live the American Dream, especially in the last years of their lives. We did not risk our lives to watch our dreams and our lives diminish because of no fault of our own.

As the active workers are our future, we are their future in this fight to secure what we earned and were promised. The employers are our future as well.

The issue of employment withdrawal liability needs to be addressed and revamped. There should be a cap on withdrawal liability if they are going to have it, not to exceed the worth of the company. Possibly in the future, do away with withdrawal liability in exchange for contracts to stay in or enter a pension fund for a certain length of time. Withdrawal liability is one of the biggest concerns of employers that I have met with.

As to the issue of loans presented in almost every legislation, the repayment of loans and possible risk pools, we would suggest looking into the fines levied on the Wall Street firms from the market crash of 2008. Those fines seem to have totaled in the hundreds of billions of dollars. I think what was put out was about $320 billion. Other than the mortgage industry receiving $40 billion to recover their losses, no one seems to know where the rest of the money is other than the general fund.

As far as repayment of risk pools being questioned, why is there not enough confidence in the new tax reform legislation that is being presented suggesting more businesses coming back to America, more businesses growing, the economy growing, and investments increasing? If all that happens, the fund should increase, the repayment of loans would not be in question, and the pension funds' investment returns would be more than enough to handle the payback. If there is uncertainty in a solution presented, such as the Butch Lewis Act, which has been said to work by top actuary firms, Central States Pension Fund, and United Mine Workers, instead of looking 30 years down the road from now, try 10 years, the length of time for the congressional budget, and revisit it.

All in all, the bottom line is that something needs to be done now, not later, to save the funds, the people, and the economy. Billions are being lost every day the longer we wait. One way or another, the committee has to work together. We have Republicans, Democrats, and Independents on our committees, and we work very well together. The Joint Select Committee needs to do the same as we are putting our trust in you to create a solution.

Thank you all for your work and the consideration you gave us today.

[The prepared statement of Mr. Walden appears in the appendix.]

Co-Chairman BROWN. Thank you, Mr. Walden.

We will begin the questioning. I will question first, then Senator Portman and Congressman Neal, and go down the line.

I know there is a frustration among all of us, and Senator Portman mentioned in his opening statement that the staff here, the staff director—my staff director, Gideon Bragin—and Chris Allen, Senator Hatch's staff director, committed to make sure that as soon as we get the numbers and information on the cost of the Butch Lewis Act, that that will be shared immediately with every member of this committee, so you can count on that.

For the first round, I will ask one question for the six of you. Try to keep it close to 1 minute, because there are six of you.

We know there are 1.3 million workers and retirees potentially hurt by this crisis. We know there are thousands of small businesses, as many of you have said. We know it harms the economy. We know that allowing the system to collapse will put taxpayers at risk. So if you can each highlight, as briefly as you can—tell us what it will cost you or your business or your employees if Congress fails to act.

Mr. Martin, we will start with you, and as briefly as you can. I apologize for that.

Mr. MARTIN. I think, Senator Brown, it just continues this uncertainty, this black cloud that we have experienced for a long time now. If we do not find a solution, as an employer of 550 people, I cannot stand to wait. I have to figure out what I need to do to protect our company and our community from this catastrophic event that could be coming our way. Action is so badly needed by this committee, as you heard all of our members testifying here. It has tremendous impact.

You asked about cost. Our pension costs are our highest, fastest-growing cost in our company, and there does not appear to be any end in sight. It is making an impact now on decisions that we make as a company going forward, and that is something that 10, 15, 20 years ago did not happen. It now becomes part of our discussion at the table.

Co-Chairman BROWN. Thank you.

Ms. Dell?

Ms. DELL. So you are asking me——

Co-Chairman BROWN. Make sure your microphones are on as we do this.

In 1 minute or so, if we do nothing, what happens to you and your fellow men and women in the Teamsters?

Ms. DELL. A lot of us will go belly up. That is the bottom line. A lot of us, like I said before, live paycheck to paycheck. I thought I was invincible. I thought I would live forever and could work forever. I thought that I would never age. But here I am, and retirement is around the corner, and I am not prepared. It was my decisions I made through my life on what I decided to do with my money. So unfortunately, I am in this pickle, as so many of the other ones who are sitting here are.

Co-Chairman BROWN. Thank you, Ms. Dell.

Mr. Gardner?

Mr. GARDNER. Senator, because of increasing pension contributions, our business is in jeopardy. Every day we try to figure out ways to cut costs rather than invest in our business and grow our business, and that is what we would like to do with the money that we are now spending on the increased cost for pensions.

Could I add one thing to my talk?

Co-Chairman BROWN. Of course.

Mr. GARDNER. I forgot the third grim statistic I was supposed to give all of you and this group. The third grim statistic is, 3 years ago our two loans with our banks were called. The reason that they gave us that our loans were called was our unfunded pension liability is too much of a liability and a risk for us and for them.

Co-Chairman BROWN. Thank you, Mr. Gardner.

Mr. Ward, what does it mean to you and to your members?

Mr. WARD. Chairman Brown, I think it is well known that 80 percent of our retirees and/or widows are from orphan companies, and failure on the part of this committee to act and act now—our pension fund will go insolvent. One turndown in the market will make that happen sooner. So if this committee fails to do what we hold you responsible to do, our retirees will be without a pension check as early as 2022 or before.

Co-Chairman BROWN. Thank you.

Mr. Slone, what does it mean to your fellow millwrights?

Mr. SLONE. For us—you guys may not be familiar with what we do, but we go all across the United States. We are in every manufacturing plant that makes everything from electricity, the cars that you drive, even the beer that you drink. We are the people who keep that up and running, and we work hard to do that.

If nothing happens, these people who have worked their whole lives to give you the luxury to do what you enjoy will not have that same luxury themselves, myself included. In 2030—I want you to ask yourselves—in 2030 would you want to retire on $1,600 a month? Is that something that you could think is even possible in 2030?

Co-Chairman BROWN. Mr. Walden?

Mr. WALDEN. If something is not done, the dignity—in Central States alone, 1,000 people a month die; 1,000 people a month. And because of the stress created now, waiting to see what is going to be done, we have people in dire health. We have people who have passed because of stress, things of that nature. If something is not done, we lose our dignity, your neighborhoods go downhill, our houses go up for foreclosure, our lives are reduced, we cannot enjoy what we retired to do, to spend the last years of our life with our kids and our grandchildren. We cannot enjoy a comfortable life to be able to purchase vehicles and things of that nature, homes, remodeling, to put back into the economy.

Many of my friends here today, our lives would just be reduced to nothing. Some of us would be—as it was pointed out by the committee, if something is not done now, we will get $100 a month. Why even give us $100 a month? That is ridiculous. Why even have a cap of $13,000 a year through the PBGC? Who can live on that? Homeless people I know are getting more than that taking donations, getting donations, receiving care at homeless shelters, things of that nature. We cannot live on that.

We did not do one thing wrong. We lost money on Wall Street, and in some cases the funds did not have anything to do with that. They gave that money to investment firms. Those investment firms played with our money. Why aren't we getting some of that fine money back to help us out?

But our lives? Totally reduced. We would look so embarrassed in our neighborhoods that we have now, the upkeep of our neighborhoods to keep our communities safe, to keep our communities looking nice, like we all should. We should enjoy those. We should be fishing today. We should not be sitting here talking about what dire straits we will be in if something is not done very, very soon.

Co-Chairman BROWN. Thank you, Mr. Walden. Thank you.

Senator Portman?

Senator PORTMAN. I want to go fishing with you sometime, Mr. Walden.

Mr. WALDEN. Let's go. [Laughter.]

Senator PORTMAN. I did not know you were a fisherman until now.

Thanks for the testimony, everybody; really heartfelt and sobering, you know? I am glad you, Mike, got back into the 90 percent issue because that is something we have to remember. If we do not do anything, a 90-percent cut.

We also have to remember what Mr. Gardner and Mr. Martin were saying about what is going to happen to some of the businesses that employ a lot of your active workers.

Mr. Slone, one thing I thought was interesting in your testimony was, you gave us some pretty shocking numbers about what has happened in terms of the additional contributions that your brothers and sisters in your trade are having to put in, and yet they are getting less back, about a 20-percent reduction you said, over just the last couple of years.

The other thing I think sometimes we forget—and again, I am trying to figure out a way here—how do you get all the people who are not in this room focused on this issue and paying attention to this issue and understanding it affects them too? Let's say, since I know that you are an apprentice instructor, right, so you know a lot of young men and women who are coming up through the system, let me ask you this. And it is a leading question, I guess they call it.

But don't you find, with those people coming into your trade, that they are saying, why should I work for you, for this company? It is in one of these multiemployer plans, whether it is Southwest Carpenters or whether it is Central States or whether it is Mine Workers. Because I can work somewhere else and not have to worry about those lower wages that are necessary because of all this additional cost per worker that has to be paid, primarily because the system is broken, as Mr. Walden said well, the orphan system is broken, the withdrawal liability system is broken. It just does not work anymore.

So let me ask you that. I mean, do you find that when you are talking to some of these folks who are future industrial engineers, do you hear that they are not sure they want to work for an employer who is in the system?

Mr. SLONE. Yes, absolutely. In my position, I am asked a lot of hard questions by my apprentices. "Hey, Brian, how is this happening? How is this going to work? What are we going to do?" And it is very difficult for me to answer that question. These people, these men and women, they are in a unique situation.

Our apprenticeship, what it does is, we give a 4-year education, just like a college does, at no cost to the taxpayer, at no cost to them. It is a free education that allows them to make sometimes a 6-digit income. But then they look at the long term: how am I going to retire?

So they are in this pickle. Do I maybe stop this and go to college and try to learn this trade, but then build up a substantial amount of student loans? Or do I ride this out and hope that we get it fixed? That is what I tell them; that is what I am going to go up this Friday for. I had a whole class this week just pounding me rather than worrying about what the class is. "What are you going to do? What are you going to ask? How are we going to get this fixed?" And that was the majority of my class, so they are definitely scared, and to look at their future, they are worried. If this does not work, now I am going to have to worry about student loans. If that does not work, how am I going to be able to make that amount of money and still be able to pay those back?

At least here I can ride this out and hopefully get a fix and still——

Senator PORTMAN. I was thinking about this when you were talking too, Mr. Walden. You talked a lot about this issue. As you know, Senator Manchin—we work on a lot of different scenarios, but one of the objectives is to keep the coal mining business alive. So this is about pensions, but also for Americans who believe that there is a future for a diverse portfolio of energy. As you know, I am a big fan of clean coal technology too, and I have some ideas on that that are bipartisan. We can burn some of the coal we have in this country and in this State, but because of this issue, it is hard, isn't it?

Mr. WALDEN. Yes, it is.

Senator PORTMAN. I mean, it is hard for the companies, but it is also hard for a young man or woman in your community who has been in a coal mining community to want to step up and say, "I want to get into this business."

Mr. WALDEN. That is true. The reality today is, one employer is paying 85 percent of the contributions into our fund. In the event that that employer, if something happens where he falls into bankruptcy, we have a big-time problem. Not only us, but the country does. The more coal-fired plants we shut down——

Senator PORTMAN. Yes, higher cost for all consumers. Again, this is a broader issue than just the people who are so-called directly affected.

Mr. Gardner, I was going to ask you about your loans, because you did not mention it in your testimony, and I knew you told me about that story. But this guy cannot get loans from the bank. So it is a broader issue.

The other issue you did not reference in your sobering statement, it was bad enough, but how much do you pay per participant every year to PBGC?

Mr. GARDNER. How much do we pay per year to the PBGC?

Senator PORTMAN. Yes.

Mr. GARDNER. I would not know that.

Senator PORTMAN. Per participant.

Mr. GARDNER. I do not know that.

Senator PORTMAN. I think it is about $18,000. Is that possible? That is the number I have: $18,000 to the plan every year.

And how much do you pay, Mr. Martin? Do you know?

Mr. MARTIN. Are you talking about the PBGC premiums?

Senator PORTMAN. How much do you pay per employee to the plan?

Mr. MARTIN. Well, we pay $6,300 a year.

Senator PORTMAN. $6,300 a year.

Mr. MARTIN. Yes.

Senator PORTMAN. I think you pay about $18,000.

Mr. GARDNER. To each plan, we have different amounts that we pay.

Senator PORTMAN. You have five different plans.

Mr. GARDNER. Five different plans. I can give you some numbers. We pay $335 per week per employee for one plan. We pay about $190 for another plan. We pay $234 per week per employee for Central States. We pay $280 to another plan.

Senator PORTMAN. I think that adds up to about $18,000. My point is, if you are in a 401(k) and let's say you decided to do 100-percent match as a generous plan, on 6 percent of income, which would be a generous 401(k), what would that number be, do you think?

Mr. GARDNER. I do not know.

Senator PORTMAN. Two thousand dollars.

Mr. MARTIN. It would be a third of what we pay now.

Senator PORTMAN. Yes, yes, about $2,300. My point is, this is a broader issue that is, again—as Mr. Walden said, it is not working. It is not working, and it is going to result in, for active workers, fewer jobs, lower paychecks, and, as Roberta said, more pressure.

So we have to figure out how to explain this to people in a way that they understand. This is unfair to everybody, and it was never meant to be this way. If we do not fix it, it is going to be even more unfair.

I am sorry I took so much time. Thank you.

Co-Chairman BROWN. Thank you.

Congressman Neal?

Representative NEAL. Thank you. Thanks very much.

Thanks for your really excellent testimony. It could not have been any better. What I thought was interesting was the unifying theme of your testimony. Nobody said anybody did anything wrong, nobody said this was about fraud, and what worked in a different period of time does not work today because of the factors that took place in the marketplace. Every one of you did the right thing.

So I submit this to you: if we do not act on the suggestions that have been made, it is going to take down the PBGC. That is well known.

Now, some satisfaction for those of you who are here today: I have laid out a plan. To my knowledge, it is the only plan that has been put forward so far, and that is that the Federal Government would backstop the risk on a loan guarantee.

We have been able to secure a commitment from Manulife, a big life insurance company—it owns Hancock in Boston—where Manulife, with others, would purchase the bonds that the United States Treasury Department would sell.

Now, I want to thank a fellow whom many of you might not know, and that is John Murphy in Boston with the Teamsters. He worked with me on this for one solid year. We sought testimony everywhere from colleagues, and as Mr. Martin noted in his testimony, which I was very happy about, the United States Chamber of Commerce has embraced my concept, and they have said this is what is going to have to be done.

Now, retirement is supposed to be a three-legged stool—some personal savings, a pension, and the bedrock guarantee of Social

Security, which, incidentally, on average, is about $16,000 a year. That is the average Social Security benefit. That is a little bit more than $300 a week. So nobody is getting rich on Social Security.

Remember this as well: you can outlive an annuity; you cannot outlive Social Security.

So what we are going to continue to look at is, when you measure actuarial realities, in the year 1900 the average male lived to be 46 years old in America—average. That is, of course, above and below. The average female, just 3 more years than that. So we are now on the verge of getting close to 80 years old for a male, and a little bit more than that for a female. So our attention has to be devoted to what retirement savings are going to look like and not telling people at 63 years old that we are going to change their retirement plan. You can tell somebody who is 23 years old that you are going to change their retirement plan, because they have plenty of time to make it up.

Today, retirement plans are subject to the vagaries of the stock market, so we all have an interest in growing the American economy. But more and more it is about the defined contribution rather than being about the defined benefit. But for these plans, they were carefully negotiated, and the two men who are here today who own businesses, you laid out the reality of where we find ourselves. And for those of you who submitted at an earlier stage of life to take a reduced salary because you knew you would take that benefit later on in life, that is just a reality of what happened.

So the loan plan that I have laid out, I worked on with the administration, I talked with them about it, and to my knowledge, at the moment it is the only plan that anybody is talking about. So I hope that we will have a chance for you to embrace that plan, or a variation thereof.

Senator Portman did say—we have known each other for a long, long period of time. I have spent a career working on retirement issues, and this is going to be a catastrophe if we do not straighten out the multiemployer pension plans here.

So I want to ask Mr. Martin if you would carefully explain for us, because your testimony was very good, tell us about the "last man standing" rule, because that is what we are up against today here.

Mr. MARTIN. Sure. Thank you for the opportunity. The last man standing rule—we entered the Central States Pension Plan in 1972 through our bargaining agreement with the Teamsters Local 20. And at that point there was no discussion of employer withdrawal liability or us taking the responsibility for the pension obligations of employers that failed, whether that was through bankruptcy or just shutting down, whatever the reason. Employers have been allowed to exit these plans stage right, and we are successful employers. We have been in business for 112 years, and we hope to stay in business much longer than that. And we are standing here now with different folks telling me—and I get different answers from different attorneys and different people—yeah, if you keep staying in this plan, you could be the last man standing.

What does that mean? It means if there is no one else to cover all the benefits of people whose companies have failed, it is going to fall on us, and we cannot shoulder that burden. There is no way we can cover 400,000 people in the Central States plan. It is impossible for a small business, and it is not just our small business. There are 1,300 other small businesses in Central States that could be asked to shoulder that, and it is not feasible, cannot work.

Representative NEAL. So the dilemma that you have outlined was not created by unnecessary or undue risk, was it? You were out in Las Vegas saying, "How can I improve the retirement plan for my employees?" You were doing what you were supposed to do.

Mr. MARTIN. Correct.

Representative NEAL. All along the way.

Mr. MARTIN. We never have missed a payment to Central States Pension Fund.

Representative NEAL. That is exactly the point that I am trying to drive home. The intentions that were undertaken by the witnesses here today were entirely honorable, and they were based on a series of suggested guarantees. But changes in the marketplace, not based on fraud, not based on unnecessary risk-taking, occurred.

So I will close on this note. I have been in Congress for a long time, and I was not there to create the S&L problem, but I was there for the solution. The S&Ls were a bailout. Wall Street was a bailout. What my legislation does is not a bailout, and that is really important to point out. It is a loan that will have to be paid back. But we have also laid out a manner and shape in which you can do it, and I hope that by the end of the year, when our recommendations are due, that we are going to take into consideration the exceptional testimony that you all offered here today.

Thank you, Mr. Chairman.

Co-Chairman BROWN. Thank you, Congressman Neal.

Senator Manchin?

Senator MANCHIN. Thank you, Mr. Chairman.

I thank all of you for being here, because it makes a difference. It made a difference in Washington. It makes a difference when we hear from you.

I come from a coal mining community. I was raised in a little coal mining town, Farmington. We had 400 people, and we had eight of the largest mines in the world, and it was just unbelievable, the quality of work that people did.

In 1946, this pension and health care was at that time guaranteed by the Federal Government through the Krug-Lewis Act; these people have worked under that premise. Every ton of coal that was mined would go into a retirement pension plan. Every contract they have had in the UMWA, and usually back in the 1940s, 1950s and 1960s, up to the 1970s and even early 1980s, most anyone who mined coal was a member of the UMWA. Things did change.

We are dealing with something now. We have what we call an AML Fund, Abandoned Mine Land Fund, and that fund there—I had a piece of legislation which I had co-sponsors for all sitting here with me in the Senate, both Sherrod and Rob, and this piece of legislation was the Miners Protection Act. That legislation did not ask for a bailout, did not ask for a loan. We were able to take care of that, but because of politics, that thing was split. The baby was split in two. We got to miners' health care. If we would have gotten this fixed at that time, we would not be sitting here. We would be sitting here helping everybody else.

But it did not get done because of the toxicity that we live in in Washington, DC. Now we are sitting here facing the need for almost $4 billion in loans just for the miners, and it is growing exponentially. So we've got to do something.

Here's the other thing about that. Most of my miners' pensions are going to widows. Their husbands have passed on. And the average pension is $582. Think about that. I know we have talked about $1,600—but $582. Think what that does to them. This is what we are dealing with. I mean, we are going to destroy people's lives, and we are just not going to sit here and let it happen.

I am going to ask you all a few questions, because I need to get your temperament, I need to know where your minds are right now, because you are going to have to pull all of us together. You are going to have to pull us together as Americans. Forget about being a Democrat or a Republican. We are on the same team here. We have to figure this one out. This one could take us down quicker and faster and harder than anything that has faced the United States since the Great Depression. I truly believe that. I see this train wreck coming. I see the light in the tunnel, and it sure as hell is not the daylight on the other side. It is the train coming right at us.

So here's what I would ask you: do you believe the pension disaster that we are facing was caused by politics?

We will go down the line. Do you believe it was caused by politics or just by the market?

Mr. WALDEN. I will address some of that.

Senator MANCHIN. Well then, we will start here, Mr. Walden. Just real quick. Do you think it was——

Mr. WALDEN. Yes. Our pensions——

Senator MANCHIN. So Democrats and Republicans are both to blame?

Mr. WALDEN. Yes. A couple of things concern me about the question you asked.

Senator MANCHIN. I have a couple more, so I am going to ask them, if I can, as quickly as possible, because I have to get a feeling where you are. But you believe politics plays a part in this?

Mr. WALDEN. Yes.

Senator MANCHIN. Okay.

Mr. Slone?

Mr. SLONE. Yes, I do. If you are talking about finding a solution, absolutely it does.

Senator MANCHIN. I mean to cause the problem that we are facing.

Mr. SLONE. Well, that is true, yes.

Senator MANCHIN. Okay.

Mr. Gardner?

Mr. GARDNER. I would say no.

Senator MANCHIN. Okay.

Ms. Dell?

Ms. DELL. Myself, I do not like to point fingers at anybody or anything. So on that note——

Senator MANCHIN. You do not think it was a political problem?

Ms. DELL. I think it was everything all mixed together.

Senator MANCHIN. I got you.

Mr. Martin?

Mr. MARTIN. I would say partially. You know, there have been so many attempts to fix pension problems——

Senator MANCHIN. I can sit here and talk about bankruptcy laws and everything else that kind of contributed to it. My goodness, we let people walk away from their obligations, and all of a sudden who is left holding the bag? Those of you last men standing are holding the bag, absolutely. So those were political decisions that were made in the '80s.

Here it is about 50/50. So let me ask, do you believe that your union or your company is responsible for the possible loss of your pension? Do you blame it on your union or your business decisions, or people who came before you?

I will start with you, Mr. Martin.

Mr. MARTIN. No, I do not blame this on the Teamsters Union.

Senator MANCHIN. Okay.

Mr. MARTIN. I do not blame this on Spangler Candy.

Senator MANCHIN. And that is what Rich has said. I just had to get a temperament here.

Ms. Dell?

Ms. DELL. No.

Senator MANCHIN. You are not blaming it on your union?

Ms. DELL. No.

Senator MANCHIN. You are not blaming yourself for not putting more in, or you have already put enough in? So you are not hearing that; that is not it.

Ms. DELL. No.

Senator MANCHIN. Okay.

Mr. Gardner?

Mr. GARDNER. Senator, I would say that we have a bipartisan effort every day in our company between the union people and the management to succeed every day.

Senator MANCHIN. Got you.

Mr. WARD. No.

Mr. SLONE. I would say, doing my research, the largest reason that I see is legislation that allowed the unions not to mess with the pension plans, so they were kind of forced, in a way, to be blamed, if that makes sense.

Senator MANCHIN. Yes.

Mr. WALDEN. I personally believe there was possibly a little bit of fault on each side of the fence.

Senator MANCHIN. Both sides. Okay.

Mr. WALDEN. But I think one major issue was that it was not that long ago, I believe in the '90s, every pension fund in this country had billions of dollars in excess.

Senator MANCHIN. Everything that you all have said is everything that Rich evaluated here, because he was saying no one who is sitting here is responsible and no one is blaming anybody; everybody wants this fixed.

So I think I would ask this final question. Here we are representing the Federal Government. We work for you. Do you believe that the Federal Government should be involved in helping to fix the challenges that we have? And we are not talking about bailouts. We are talking about absolutely a commitment and a loan, believing in the people of America.

Now, I am asking from business to labor.

Mr. MARTIN. Yes.

Senator MANCHIN. Business, yes.

Ms. DELL. Yes.

Mr. GARDNER. One hundred percent, yes.

Senator MANCHIN. Business, labor, business, labor.

Mr. WARD. Since 1946, the Federal Government has found a way to fix the mine workers' problems, until now. So, yes.

Senator MANCHIN. And we still have a way to fix that one, but we are trying to help all our brothers and sisters, all the working people. Okay, I got you.

Mr. WARD. That is the solution we are absolutely looking for.

Mr. WALDEN. I feel the same.

Senator MANCHIN. So this is not political. You are basically thinking that we have to fix this thing, and here we are sitting, Democrats and Republicans, and you are asking for a loan program. You are not asking for a bailout, but to change some of the regulations. Got you.

Co-Chairman BROWN. Thank you, Senator Manchin.

Congressman Scott, welcome.

Representative SCOTT. Mr. Chairman, do you anticipate a second round?

Co-Chairman BROWN. Yes. Some may have to get to the airport. I will certainly stay for a second round.

Representative SCOTT. Richie has to go. He will not be here for a second round. Do you have additional questions? Okay. Thank you.

Thank you, Mr. Chairman.

Mr. Chairman, I thank you and Senator Portman and the others for being here today. This is a very important hearing. This is the first time that the Joint Select Committee has actually heard from workers and retirees whose pensions are in jeopardy, and these pensions are in jeopardy through no fault of their own. Mr. Slone has pointed out that his pension was in good shape in 1998, and he wanted the opportunity to set up a rainy day fund to keep this from happening but was prevented by congressional action from doing that.

We have heard from our witnesses, hard-working Americans who are at risk of losing everything, and we have heard about the contagion effect, the solvency of local businesses. That solvency hangs in the balance because of the multiemployer crisis, and the Federal Government has a significant interest: lower tax revenues from those who are not getting pensions, lower tax revenues from businesses that go out of business, increased safety net and social services that have to be paid. The Federal Government has a significant interest in fixing this, and what is abundantly clear is that all of the witnesses, everybody here, in fact everybody outside at the rally, they are all counting on this committee to come up with a solution.

Let me begin with Mr. Slone again. You indicated your pension was in good shape in 1998. Did you do anything to create this problem?

Mr. SLONE. Well, in 1998 I was still in high school, sir. [Laughter.]

But as far as the union members are concerned, I am very active in this specific scenario. The union members by no means did anything to put them in this situation. From 1998 to 2000, the millwright carpenters in this area were booming. I mean, it was not, get done with one project and wait around for another one. You got done with one, and you had five other employers begging you to come to work.

Representative SCOTT. But this was not, as Richie has said, this was not your fault.

Mr. SLONE. Absolutely not, sir.

Representative SCOTT. The cause was really the stock market collapse in 2008, and a lot of pensions were in good shape up to that point. That collapse was not caused by accident. It was caused by the greed, mismanagement, and some actual criminal activity on behalf of Wall Street. To the best of my knowledge, virtually no one has been punished for this. In fact, isn't it true that they got bailed out?

Mr. SLONE. That is absolutely true.

Representative SCOTT. So the perpetrators got bailed out. You think maybe the victims ought to get a little assistance?

Mr. SLONE. Absolutely.

Representative SCOTT. I think so too.

Mr. Martin and Mr. Gardner, you both kind of alluded to your business operations being in jeopardy because of this. Mr. Gardner, you mentioned the loans. Can you say what effect the challenge of having to put your potential liability on your financial statement has on your ability to operate and get routine business loans?

Mr. GARDNER. When you have to get new loans, it costs you more money because of attorney fees, because of higher interest rates, et cetera.

Representative SCOTT. And, Mr. Martin, have you had problems getting business loans because of this potential liability?

Mr. MARTIN. We have not yet had those issues, but we fear that it is coming. If we do not solve this problem, banks are going to become more and more aware as employers begin to fail that this is a real crisis, and they will make it very difficult for us to get credit.

Representative SCOTT. So when they talk about the plan going broke in 2025, it is actually more of an immediate problem than that, because this problem is affecting your businesses as we speak. Is that right?

Mr. MARTIN. That is correct. Most loans are 5 to 10 years long. So, if a banker is looking at your credit, he is looking at all potential liabilities and business issues with your company. We are now in that window where a bank will see that, oh, you are in Central States, it is projected to fail in 2025. The executive director has stated when it is going to fail, in June of 2025. That will affect their decision to extend us credit, yes.

Representative SCOTT. Mr. Chairman, I have 14 seconds left. I will wait until the second round.

Co-Chairman BROWN. You have more than that. Do you have another question? Okay.

Representative Norcross, welcome.

Representative NORCROSS. Thank you, Mr. Chairman. It is good to be in Ohio. Having spent 38 years in a multiemployer plan, I understand this at a level of many of our witnesses who are giving testimony. We want to thank you for bringing the actual truth, but it is the hard truth. Certainly, Mr. Ward, it is great to see you here again. Thank you for your advocacy for the men and women I see up above and for the ones outside.

Mr. WARD. Thank you.

Representative NORCROSS. Sometimes I certainly felt that way, that Washington did not hear us. So that is one reason I am here, and certainly why my colleagues are here.

But people like you who bring the real stories back to us—this is a national emergency, and that is not overstated in any way. The employers involved—without the employer, there would be no employees. There would be nothing to have a retirement from. Certainly the employees—our next generation is going in today. How do you explain to them putting this amount of money aside for the little bit they get out, for what you have to do each and every day? Quite frankly, each year is nothing short of remarkable. If it was not for that solidarity that unions carry, it would not happen.

Then we look at the retirees who did everything right. They deferred their dreams, that little bit of dream each week that you could have taken your kids to an ice cream store or sent them away to a summer camp. You deferred that so in your golden age you could enjoy it with dignity.

Certainly the pension trustees who have to make those tough decisions—I have to just echo what Richie Neal was talking about in terms of whose fault it is. Listen, we have had the last three meetings, and the reasons that we are here today—it is like blaming the hurricane on a member here. Hurricanes came in, unpredictable, wiped out Florida, wiped out Texas. But for some reason, we do not blink an eye when it is time to help them, nor should we. That is our obligation, to help those. Why not look at this as a hurricane that has hit the pension plan? The difference is, you give the money to those States that have been impacted, and they are not expected to pay it back.

The plan that Richie has put forth gives you a road map to help you out when you need it, and you are going to pay it back, or, as he says, backstop it. So that contagion effect is so real, and the cost of doing nothing here is that vortex that will literally suck down, first those who are in the pensions, but then you are going to break down the belief that Americans have that you can put money aside for those golden years and it is going to be there. That is going to be in question. That literally is going to be in every American's mind when they go to put aside.

Yesterday it was the defined benefit, and there are some healthy plans there. But tomorrow we will see more and more that it is that defined contribution, that you now are your investor, you have to make those big-money decisions.

So the question that we have in this national emergency—and again, Richie Neal was talking about whose fault it is. I look at the front line, those who have to put together enough capital to open up a business. You talked about how you are within the 10-year window, and that could fluctuate depending on the market as we get there. But the value of your company, reinvesting in the company, no matter which side of the ledger you are on, if you are in the union, the labor side, or the management side, everyone believes that a healthy company is good for all.

The value of your company if you were to try to sell it, tell me where that goes.

Mr. MARTIN. That would be a difficult situation for us. Our company is not for sale. We want to remain independent forever. But if it were, this would be a significant issue in the negotiations. It could probably stop a sale.

Representative NORCROSS. So if somebody wanted to come in and make that huge investment, as many companies do, that is the same effect that you would get when you try to have access to capital. If you want to put in a new line to make more Dum Dums—is that what they are called?

Mr. MARTIN. Yes.

Representative NORCROSS. If you want to put in another line of Dum Dums, you either self-fund that or you are not going to get that capital.

Mr. MARTIN. We are now within that window. For a 7- to 10-year loan, 7 years is 2025. So we are within that window. It could be an issue.

Representative NORCROSS. Mr. Gardner, what would you have to do? They called in your loans, correct? Were you able to satisfy that?

Mr. GARDNER. We were able to get another loan from another bank.

Representative NORCROSS. How did they address the issue of the unfunded liability? Because I am going to guess between the time that you took it out and the time now, it has changed considerably.

Mr. GARDNER. Yes, our unfunded liability has gone up. But our new bank has confidence in us to move forward.

Representative NORCROSS. That speaks volumes about how you run your business. When I look at my brothers and sisters in the Mine Workers, $500 a month, how do you live? How do you do that? The dignity of working all those years in the mines, and then somehow you pull together. Because you are talking $500. The most that anybody could get in the event that Central States were to go under is that $12,870—$12,870. And then, as we know, the PBGC goes and collapses from there.

So the cost of doing nothing here, we hear you loud and clear, and it certainly is our obligation, as we have been trying to work across the aisle, because this is the hurricane effect hitting the pensions.

I yield back. Thank you.

Co-Chairman BROWN. Thank you, Congressman.

Congresswoman Dingell, welcome. Nice to see you.

Representative DINGELL. Thank you, Mr. Chairman. It is great to be here in Ohio. I am from Dearborn, MI, and 364 days a year we are all close friends, and the Saturday after Thanksgiving——

[Laughter.]

Whichever city I am in, we fight hard.

I see people in this room from Michigan who have been talking to me for a long time.

I also, because nobody else did it—maybe it is a girl thing—the bill that Mr. Neal has sponsored in the House and which Senator Brown has in the Senate is known as the Butch Lewis Act. I see Rita, his wonderful spouse who has become a good friend, in the audience, and it is good to see you. You both have worked hard. And she is sitting next to the eyes and ears of the Senator from Michigan. I have sort of been a spouse, and I am a member, and I know how lucky you are, everybody at this table, to have spouses who are in the community and listening and understanding. So, it is good to see you.

I did 10 town halls last week. I know Dennis is in the audience. I heard very tragic stories. I mean, it was really upsetting. I had one man—I had two Teamsters who came, and I think one of them came with the other because he was suicidal at this point. He did not know what to do.

I was with two of my local union presidents at a meeting that had been organized, and a man came up to me and said, "My wife is dying; what do I tell her?" Greg Nowak, who is the president there, was with me, and I said, "Do you have insurance?" He said he did. And I said, "Then take care of her and let us fight for you. You need to be with her right now."

And another family came up with a kid—it was several generations in the home, mother an opioid addict, but they did not know how they were going to feed people.

So what I think you have all done today is to also help put a human face on this, and people do not understand that these are people, as everybody here has established, who played by the rules. They worked their lifetime. They worked hard. They worked overtime. And they did not take pay raises because they thought they would have a safe and secure retirement, and it is not there.

So I am going to ask all six of you one question, and then I really want to also talk about the economic impact in the communities. But would all of you quickly maybe comment about what is the impact of the stress and the uncertainty of not knowing what your future benefit level is going to be and how it is impacting your everyday life or your business?

Why don't we start at this end, Mike?

Mr. WALDEN. Well, as far as my future goes, and I think I speak for many, we want to do things. We want to put money back in the economy. We would like to. That is what fuels the economy. But we do not know what to do. We do not know whether to spend our money, save our money, where we go. We do not know if we are going to have food next month or if we can eat all we have right now. It is devastating.

In my case, I am a single person. I do not have a supplemental income coming from a spouse who still works or is going to be retired, so I have to be very, very careful with what I do. The widows and widowers have the same issue. They get very little of what their husbands or wives contributed to the pension fund or what their pension was, and it is just totally stressful. It is taking a toll.

Representative DINGELL. A personal toll.

Mr. WALDEN. A personal toll.

Representative DINGELL. A health-care toll.

Mr. WALDEN. I have a passion to fight this. I care about the employers, active workers, and retirees. I have a passion.

Representative DINGELL. I know, Mike. I just want to hug all of you. I know.

Mr. WALDEN. I cannot tell you how many stories I have listened to and how many times I have sat down and cried because it is so overwhelming. Why are we going through this? Sometimes we look at the food chain; we always start at the top. Let's look at the bottom of the food chain.

Representative DINGELL. That is why we are here today. This hearing is doing that.

Mr. WALDEN. I respect Mr. Martin to the utmost, but he makes 12 million Dum Dums a day. Those Dum Dums, if nobody is down there at the bottom to buy them and eat them, his business is out of business, and that money that fuels these employers to be able to hire active workers and keep it going, if we down here right now, and especially the middle class, do not buy those Dum Dums or those loaves of bread that David Gardner and his company are making, those employers and those active workers have nothing, and it is going to have a devastating effect, and that is part of the contagion effect.

But the passion for this, the times I sit down and just weep because of what is going on—why did I fight for this country? Why did my fellow veterans fight for this country? Why do we have to go through this? You know, there are a lot of reasons, but let's settle it. Let's settle what is happening right now, today, for the people who earned it—today.

But I also agree, we have to look into the future for the baby born today and for the active workers who just started their jobs today. You have to come up with something. You have to help those people.

401(k)s—listen to the Ways and Means Committee on September 14th. Pat Tiberi was the subcommittee chairman, and everybody on that committee agreed after that hearing that 401(k)s are not the answer. Concessions given to employers are not the answer. It only digs you a deeper hole. The PBGC is so discriminatory between the single-employer plan and the multiemployer plan. Those things need to be fixed.

But right now, we need the critical and declining plans fixed now, not next year, not 10 years from now. You can work on something for the future, but do not put us through this stress. These are the last years of our lives. My grandkids when I started this, some of them were just born. They are 5 and 6 years old now. I have not seen them anywhere near the amount of time that I would like to see them and spend with them, and kids need their grandparents today. They need their grandparents to guide them in what used to be and how it used to be.

You have to fix this. Thank you.

Representative DINGELL. Thank you. And it is important what you are saying.

Let's go down the row, Mr. Slone, and then, because I am only going to get one question in because this is so hard for all of you, maybe some of you can talk about how you are not making some investments, if that is the case, because of some of this liability.

Mr. Slone?

Mr. SLONE. For myself, my wife always wanted to be a stay-at-home mom. She was not a woman who wanted to go to work. She wanted to raise her kids. So I agreed, that is what we are going to do. So I sacrificed my time with my children. As a millwright, I traveled to almost every State to work, away from my family. But with this upcoming crisis that we are seeing, my wife decided to go to work, because now we are going to use her money to kind of put back in an extra savings plan because we are uncertain. Are we going to have that pension that I was promised when I started this? And then on top of that it has added more burden to us, because now we are trying to find babysitters or somebody to watch our children. So it is a compounding effect on a personal level.

Representative DINGELL. Thanks.

Mr. Ward?

Mr. WARD. Since 1946, our government promised mine workers cradle-to-grave health care and a pension when they retired. As all of you have heard, those pension amounts are not a great deal of money. So we are not talking about people who have $3,000 or $4,000 we are going to cut off. We are talking about people who have $500 or less, which they use to pay their bills or buy medicine. And on top of that, we constantly hear that we have to cut Social Security.

Now, Social Security and that pension allow these people to live. Failure on your part to do something to fix it will not. It is that simple. They will not be able to buy medicine. They will not be able to pay their bills.

Somewhere along the line, and I think all of you here recognize it, there has to be a fix for everybody here talking. There has to be a fix for each one of us, and I think you have the ability to do that. You have proved it in the past, and I think you can do it again.

Representative DINGELL. Thank you.

Mr. Gardner?

Mr. GARDNER. Congresswoman, all companies with loans have covenants. When you have covenants, your capital expenditures are restricted. When we are paying $5.7 million more per year for pension benefits, we cannot invest in new products, new equipment, nor ways to grow our business to employ more people.

Representative DINGELL. Thank you.

Ms. Dell?

Ms. DELL. When my husband and I had filled out our wills, I was in pretty good health. Right now I sit here with an aneurysm, not knowing from day to day whether I will be sitting up again. And so with that, I worry about being a burden to my children financially because, are they going to be able to take care of me? I do not want them to have to go through that. I wish I could move into a one-story house, but I do not know if I can ever do that because of the fact that I do not have any idea if I would even have the income to help pay for that.

I would love to travel. I put all that on hold. I even have my folder here; on the outside I wrote the word "travel," and I had my ideas in there, and they are all out now because I do not want to take that money that I am getting now from working to spend it that way. I am trying to save every penny I can to prepare myself what little I can. Medical coverage is a big worry, as it is with so many others.

We just need you guys so desperately.

Representative DINGELL. I know.

Mr. Martin?

Mr. MARTIN. Thank you. I would like to quote from the U.S. Chamber of Commerce report on June 13, 2018, "Businesses and Jobs at Risk." This is just one sentence: "It is likely that plan insolvency will lead to employers going out of business, filing for bankruptcy, or both. It is just a matter of time."

I will tell you that if that happens, there will be no investment. There will be no investment in our community, which desperately needs it. And I will talk about our employees for just one second. I have employees come into my office every week. They know that Roberta and I are actively involved in this effort. They are very concerned. They are very emotional. They have tears in their eyes. And I just look at them, and they think this is about retirement, and it is, but they do not understand it is about way more than that. This is about their job. This is about their wages. This is about their health care. This is about their savings, because if we are not there to provide it, all those things go away.

I understand their concern about their retirement, but in a bigger picture, if the whole system goes under, so do we, and all those other things go away too, and that is catastrophic. In our small community, they cannot run out and just grab a job. It is catastrophic.

Thank you for working on this problem for us.

Representative DINGELL. Thank you, all of you.

I yield back.

Co-Chairman BROWN. Thank you, Congresswoman Dingell.

I think what Mr. Martin just said is, it is about way more than retirement. It is about retirement, about their jobs, and what you and Ms. Dell have done as a team is inspiring to us, so thank you.

We will do a second, much quicker round. I will start, but I will keep it within 5 minutes. Some people flew in, and they did not have a chance to speak as Senator Portman and I did. But we will keep this to 5 minutes, this second round. I will start and set an example to keep it to 5 minutes. Thank you.

Following up on what Mr. Martin read from the Chamber of Commerce report, Ms. Alia Wong came and spoke to us. She is the executive director of retirement policy at the U.S. Chamber, and she said in her testimony, "The risks to businesses include employers not only in declining plans but also in healthy plans. The job risks impact not only union employees but non-union employees too. Moreover, this is not a future crisis. It is a current crisis. Employers and workers are being impacted today. It will only get worse," as a number of people have said here. "It will only get worse the longer we wait."

So my question is to the two employers here, to Mr. Martin and Mr. Gardner. You face the threat of withdrawal liability that in many cases is larger than the value of the entire business. More than 200 small Ohio businesses are part of the Central States plan. We know that. Many of these businesses have come to talk to Rob and to me in private about the fears that you have but you cannot really share in public because it would alarm creditors, it would alarm employees, and it would alarm business partners; it would alarm the banks.

So as much as you can say, Mr. Martin and Mr. Gardner, speak on their behalf and explain what impact withdrawal liability has on small businesses and what will happen if nothing is done, and each take a couple of minutes so we can stay close to the 5 minutes.

Mr. Martin?

Mr. MARTIN. The 204 employers that you speak of in Ohio, I have spoken personally to at least 20 of them, almost 10 percent. Most of them have revenues in the range of $2 to $4 million a year, and they are looking at withdrawal liabilities that are in the $4- to $5-million range. So it is even more than the revenues that their businesses generate.

Most of their businesses were handed down to them from family members. At that time, no one realized how serious the crisis was, so a lot of these business owners inherited—they paid for the business, inherited the business, and now they have inherited this huge withdrawal liability. They cannot add employees because of what I said before. It adds another $200,000 to the liability. They cannot sell their companies because, who wants to take on the liability, and they cannot shrink because it would trigger withdrawal liability.

So they are stuck, and it is a serious issue, and they have really nowhere to go. I think it is something—Ohio is ground zero, and that is why I really appreciate you, Senator Brown and Senator Portman, taking real leadership on this issue. Ohio is ground zero for this problem.

Co-Chairman BROWN. Thank you.

Mr. Gardner?

Mr. GARDNER. Senator Brown, I would like to talk about my role as the chairman of the Long Company. The Long Company is a co-operative of independent and some national bakeries all over the United States. So not only is this problem a Nickles Bakery problem, it is a problem and a crisis for every family-owned bakery in Ohio, and there are many of these. There are family-owned bakeries that operate in Cleveland, in Cincinnati, there is a family-owned bakery in Sidney, OH, in Youngstown. I have the presidents of these bakeries calling me and saying, "What do we do?" and "We need your help." That is why I am here. I am also representing these bakeries in the Long co-op to try to send the message to you to work together to help us.

Co-Chairman BROWN. Thank you.

That was very helpful from both of you. Thank you.

Senator Portman?

Senator PORTMAN. You know, in the interest of just getting more information out there and broadening the scope of this thing, Mr. Walden, I might ask you to comment on this, because I know you are familiar with it. One thing I think a lot of people do not recognize is the number of people in healthy plans that would be affected. They do not recognize the impact, as Mr. Martin and Mr. Gardner have just talked about, about whole communities being impacted. Think of Bryan, OH without Spangler, God forbid. By the way, my family first came to Ohio as Swiss immigrants. They must have known the Nickles. They worked on a dairy farm. But that community, a small community, is totally dependent on you guys.

So you talked about the payments you make every year, the $6,300, and I think yours is more than that. I suggested $18,000. Maybe I should not have said that, but I think that is what it is to your plans. More than half of that probably goes for workers who are not your workers, right?

Mr. MARTIN. That is what Central States tells us, yes.

Senator PORTMAN. Yes, that was your point earlier about the orphan issue, "orphan" meaning someone gets orphaned because their company goes out of business, but they are still in the plan. So the other companies and workers then have to pick up the tab. It just does not seem fair, does it?

But, Mike, what I want to ask you about is the other insolvent plans, because there are 72 plans in the country that are insolvent, 93,000 participants, and they are getting the minimum guarantee from PBGC, for the most part, and that is the $12,870 figure we heard earlier.

Now, if we do not do anything, what is going to happen is Central States, the Mine Workers plan, the Southwest Carpenters plan are going to go insolvent. In fact, Mr. Ward, you have made the good point that for the Mine Workers, which is the $582 a month, that is probably going to go under in the 2022/2023 time frame, not 2025 but even sooner. But when that goes under, and then PBGC goes under—and I am told by the experts in two hearings on this that if even one of those plans goes under, it is likely PBGC goes under—then those workers in the insolvent plans are not going to get the minimum guarantee anymore, are they?

Mr. WALDEN. No, definitely not.

Senator PORTMAN. They are also going to get cut.

Mr. WALDEN. Yes.

Senator PORTMAN. Now, it will not be 90 percent, because they are already at the minimum, but it will be down to this minimum amount that would be the equivalent of the 90-percent cut that the Teamsters are going to get. Maybe you can talk about that for a moment, Mr. Walden, because you have a lot of brothers and sisters out there who are looking at you to help protect them who are not in this room today, because they are already in insolvent plans that are going to get hurt even worse if we do not figure this out for Central States.

Mr. WALDEN. Well, that is very true. This is not just a Central States problem, though it is the biggest problem. But as we talk about the contagion effect, it is going to affect employers, everyone, even a large company like UPS. They are looking into possible bankruptcy if something is not done. I am meeting with them, because they are the next biggest plan in the Central States western conference. They are the biggest employer in the western conference.

As far as the insolvent plans, I do not know what those people are going to do, because, as I mentioned earlier, we have a company, YRC, that has already reduced the participants' pensions who retired after September 24th of 2010. If they retired, they already had their pensions reduced 40 to 60 or 70 percent. Now they are looking at more cuts if something is not done with Central States. That is an employer problem, and it is not a fund problem, so to speak. It is ridiculous to me to claim 9 years of going out of business, that they do not have money, they are insolvent, allowing them to only contribute 25 percent, but allowing them to give bonuses and raises in excess of tens of millions of dollars a year and not contributing.

We signed an MOU contract back in 2008–2009 that we thought we were signing. It was called a Memorandum of Understanding. But it was going to be somewhat in that contract—I do not remember the exact language, but they would not be able to give raises and things of that nature unless we were made whole. But my people——

Senator PORTMAN. My time is coming to a close here.

Mr. WALDEN. I am sorry.

Senator PORTMAN. I am trying to respect the chairman's 5 minutes.

Let me just mention two other issues quickly, and I want to ask you to respond. I know how you feel about it, but retirees ought to be on the boards of these pension plans, in my view, and people ought to have their vote counted. The Pension Accountability Act says that, and there was a recent plan—Mr. Slone, your plan is in front of Treasury right now. There was a recent plan where the plan got accepted for cuts because a lot of people did not vote, and their vote was automatically counted as a "yes." That is not democracy, in my view.

Mr. WALDEN. No. It is not what I fought for in Vietnam.

Senator PORTMAN. So going forward, how do we do all this? Part of it is these governance changes where we can get more transparency and democracy into these plans.

Thank you, Mr. Chairman.

Co-Chairman BROWN. Thank you, Senator Portman.

Senator Manchin?

Senator MANCHIN. Very quickly, again, you all have been eloquent as far as bringing a face and real people's lives to what we are dealing with, whether it is in the business arena or in the workers' arena. We are all in this together.

The biggest problem that I see is the bankruptcy laws. This is going to repeat itself. We are not going to fix this problem for the future generations unless we fix the bankruptcy laws, until people understand or the courts understand that a human being should have as much placement in the priority list when it comes to dissolving a company or bankrupting a company as the financial institutions. They say, well, if you do that, then the banks will not loan them money.

The market will adjust itself, but the human being cannot be denigrated down to the point where we are non-existent. That does not mean anything. There is nothing left. When the bankruptcy laws get done with what they get done with, and the courts get done, when do you ever see a pension plan being considered in bankruptcy? I have never seen it. It has never been done, and yet we are sitting here talking.

We need a major fix, we really do. You all have fought the good fight in your businesses, your family-owned businesses. You are fighting the good fight, and you are caught between a rock and a hard place. You probably do not have anybody beating down your door wanting to buy, and on the other hand you cannot expand, really compete in the market the way you want to compete. I get it. I have been in business all my life, in small and all different types. But we have to fix this.

The only thing I can say to you, unless your voice is heard, we need the Federal Government to step up, because if not, this could be the greatest financial crisis we face in our lifetime, and I mean it. This does not just affect your business or the pensions that we have for our dear miners and our widows and all that, and Ms. Dell and your workers, who are looking forward to, how do you survive after work? It goes right down the line, and nobody is going to be unscathed.

Have you spoken to your representatives? I would ask all of you, are you getting favorable responses from your Democrats and Republicans, or are you getting no commitment, or non-committal responses? Because you too, you are involved. I am not going to ask you to name names. I am not going to embarrass anybody that way.

But I want you to think, think of what you are as a business person or an individual relying on a pension right now, what type of response are you receiving from us? Are we trying to help? Are we looking for an answer? Are we saying we are working on this? Are you getting any commitment at all? Someone has got to speak to it.

Mr. WARD. In the case of Senators, you are looking at mine. So, yes. [Laughter.]

Mr. MARTIN. Same here.

Senator MANCHIN. You are involved nationwide with all the bakers in the Nation, right?

Co-Chairman BROWN. Senator Manchin, we do not allow West Virginia witnesses, so that is why you got that answer. [Laughter.]

Senator MANCHIN. I have a lot of West Virginians out here somewhere. They are here.

But anyway, yes, sir?

Mr. WALDEN. Senator, I went to Washington with eight other family business owners, and I thought we had a great response and meeting with seven Congressmen or the legislative assistants for these Congressmen.

Senator MANCHIN. Let me be more specific. Do you know how many of us are on this committee? There are only 16 of us out of 535; correct?

Mr. WALDEN. Right.

Senator MANCHIN. You do not have to go to everybody. Just go to us 16 first. Just go to us 16. Put the hammer on us.

Mr. WALDEN. Okay.

Senator MANCHIN. And I mean from business and labor, put the hammer on us. We are going to fool around. We are going to get to November and say, well, we tried everything, it is just falling apart. I can see it coming.

Mr. GARDNER. One other thing. I have been employed for 47 years, full time. I started working in 1967 as a part-timer, and this is the greatest crisis facing our family-owned business in its 109-year history.

Senator MANCHIN. And the Chamber of Commerce is agreeing that there should be a loan program, which represents most of small businesses. As a small business, you understand. I wrote all my checks. I never cashed them all, but as a business person, I wrote them. A small business person understands that. You are the last one to be paid.

So I am saying there are 16 of us, and it is not hard to get who we are and what we represent and get to all of us. I am telling you, we need your help. Thank you, sir.

Co-Chairman BROWN. Thank you, Senator Manchin.

Congressman Scott?

Representative SCOTT. Thank you, Mr. Chairman.

Mr. Chairman, first, we have heard a lot of different numbers about what is actually going into the PBGC and what is going into the pension funds. I would like to ask the two employers if you could provide for the record what you are paying into the PBGC per employee and what you are putting into the pension funds per employee, and how much they expect to get out. Because when I listen to some of the numbers, you are putting in a whole lot more than the eventual benefits, the meager benefits would justify. So if you could do that for the record, I would appreciate it.

Mr. MARTIN. Congressman Scott, Central States pays the PBGC premium in the multiemployer space for our participants, so I do not know that number.

Representative SCOTT. If you could get it for the record after you go home——

Mr. MARTIN. I sure will.

Representative SCOTT. Good. Thank you.

Mr. MARTIN. And I know we pay $6,300 a year into Central States for our people, for each employee that we have, and I know that they expect to get all of that money when they retire. But as you know, it is all at risk.

Representative SCOTT. Well, if you can give us those numbers for the record after the hearing, I would appreciate it.

We have heard a lot about the individual effects and trying to live on this money and what happens if the money is not going to be there, or you do not know if the money is going to be there, the effect it has on your life. We also heard about the idea of contagion.

Mr. Gardner, can you tell me how many plans you pay into and what would happen if your company stopped paying into all of them. What would happen to all of those funds?

Mr. GARDNER. Well, we pay into five plans: Central States, the Cleveland Bakers and Teamsters Fund, Western Pennsylvania, the BCTGM, and we pay into one more, Local 52 in Cleveland. And if we stop paying into one of those, the largest pension fund—we pay the most money into the Cleveland Bakers and Teamsters Pension Fund, because we have the most employees in that fund. If we stop paying into, let's say that fund, and if we go out of business, if our unfunded pension liability is called, then all of the other pension funds will have trouble, because we will be bankrupt.

Representative SCOTT. And what would happen to those other funds?

Mr. GARDNER. I am not certain.

Representative SCOTT. Some of the funds are doing okay now, but if a couple of businesses went under and stopped paying, the contagion idea would suggest that a problem in one fund brings the business under and the other funds now become in jeopardy, and then all of the problems come from that.

Mr. Walden, you had indicated a problem with, I think you mentioned foreclosure as a possible result. People, if they do not get their pensions, they are going to have trouble paying their mortgages. How many of these funds have a lot of people in the same neighborhoods drawing pensions from the same plans?

Mr. WALDEN. Well, without looking at the figures—Central States has put those figures out per district in every State that Central States is involved in, especially in Ohio. How that would affect, as far as foreclosure and everything, the Iron Workers Local 17 here in Cleveland, 707 in New York—those people are already——

Representative SCOTT. And if a lot of people in the same city started into foreclosure, and you live down the street, totally unrelated to the mortgage, and you decide to sell your house, if there is a foreclosure down the street, you are going to have trouble selling your house.

Mr. WALDEN. Well, the problem with that is, if you have whatever community you are talking about, and several people live in a certain community, and they do not have enough money to update their property, the value of your house goes down. So if it is sold, whether through foreclosure or for personal reasons, it is not worth——

Representative SCOTT. And what happens to the real estate values in that area?

Mr. WALDEN. They drop heavily, and your property taxes——

Representative SCOTT. And your property taxes are affected as a direct result.

Mr. WALDEN. Exactly, your county taxes. It is a contagion effect.

Representative SCOTT. There are some neighborhoods in southwest Virginia where so many people are depending on mine workers' pensions that the county revenues are in jeopardy if the fund goes under.

Mr. WALDEN. Correct.

Representative SCOTT. Thank you, Mr. Chairman.

Co-Chairman BROWN. Thank you, Congressman Scott.

Congressman Norcross?

Representative NORCROSS. Thank you.

Just really quickly, when the fund is entering the red zone, as you well know, there are a couple of things that can happen. It can go insolvent, which many are, or you can have a mass withdrawal. One of the things that we have realized, and we have heard from testimony, is that there are healthy plans, and then there are yellow-zone plans. The premiums could not be raised to a level to absorb the problem that happens in PBGC.

So what we heard very clearly is, Central States is the tip of the arrow. They are the one, along with Mine Workers, that would potentially go first, and it would take less than a year for PBGC in its present form to literally go out of business if something is not done.

The idea of shifting the entire burden to last man standing on the company side is something that got us into this. We need to be extremely careful not to do the same thing to healthy plans, because they need a future as much as you do.

The immediate problem is what we see with the collapse of Central States and the Mine Workers, and the plan that has been put forth by Richie Neal and Butch Lewis is a condition that will address your immediate issue, which is so important to people who are in retirement in a few years.

My question is, how do we prevent this from happening again? What do we need to do to make sure—certainly we heard the bankruptcy issue, but what and how can we act so that we take care of you with the loan program, and how do we prevent the next one, Mr. Martin, from happening?

Mr. MARTIN. Boy, I do not know. I know that there are three loan proposals out there that are being evaluated, and I think we need to—each proposal has this Federal loan as the centerpiece of the proposal, and I think we need to combine all the best features of all those proposals and get this thing done.

Then going forward, I think we have to be honest with ourselves on the type of benefit structures that people really want. We have a lot of young people who are now working for our company, and they actually get in arguments with the older workers about pension versus a portable benefit like a 401(k). I think a lot of our younger workers, when they come in, they do not expect to work 46 years, like this fine lady has done, and they would like something that is more portable and more predictable that could be passed down to their family if something were to happen to them.

Representative NORCROSS. They want it now, until they start getting older and doing the math, and then all of a sudden they want the other one, right?

Mr. MARTIN. Yes, they want to switch.

Representative NORCROSS. That is the difference between age and wisdom.

Mr. MARTIN. Right. But I think we have to be honest with ourselves, that the current promises that we are making are not possible. We have to look at other structures going forward that are more predictable.

Representative NORCROSS. So, I look at our youngest panelist. When you think about trying to invest, obviously you would not be where you are today if you did not care about those who came before you, but we understand the basis for this system is that it continues and that the health of the program and the pension is, in large part, that next generation who continues to pay into it.

You talked about some of the apprentices who talk to you. What answers do you give them? Do you say it is the best of both worlds?

Mr. SLONE. Yes. I tell them that we are working on things to get things going, and I tell them my perspective, and I would like to tell you my perspective as well.

One of the biggest problems we are hearing concerns that legislation that prevented us from building rainy day funds. Like I said, in 1998 we were over 100-percent funded. So if we were able to remain 100-percent funded through 2008, maybe we would have been 70 now. I mean, I do not know what we would have been, but we would not have been 20.

Representative NORCROSS. Remind the rest of the panel. You were allowed to go to 115 percent?

Mr. SLONE. One hundred and fifteen percent.

Representative NORCROSS. And then if you went over it, it would take away your status?

Mr. SLONE. It would take away our status. Yes, correct.

Representative NORCROSS. So had you had that ability, you could have built it up to 125, 130, whatever it was, during the boom days, so when it came back down——

Mr. SLONE. Correct.

Representative NORCROSS. So that would be one thing you would change?

Mr. SLONE. Yes. And then the other—the UBC is international. We are one of the largest unions in the world. Our Canadian counterparts, their pension plans allow for flexible changes based on the economy. So as the economy fluctuates, our benefits fluctuate. But none of our retirees see cuts that get to 50 and 60 percent. We are talking 5 and 10 percent based on the economy as it fluctuates.

Representative NORCROSS. So if you had a defined contribution, obviously you could do that yourself based on the market, but it does not allow you to do it with a defined benefit.

Mr. SLONE. Correct.

Representative NORCROSS. Okay.

Thank you. I want to keep to my 5 minutes.

Co-Chairman BROWN. Thank you, Congressman Norcross.

Congresswoman Dingell?

Representative DINGELL. Mr. Chairman, I know, in the interest of time, that some people have planes. I am not going to ask any more questions because I want to be able to hug some of the witnesses before we leave. But I do want to say that the purpose of today's hearing was to have a field hearing, and I am very glad to be in Ohio with these two Senators you have, both really good friends, and they care.

But you are reflective of communities throughout this country, and we need people to understand what is happening to working men and women across this country, and how scared they are, and how we can address the problem, and how we are going to try to prevent it from ever happening again.

So thank you for sharing your stories, and I hope this can help educate some of our colleagues about the realness of it.

Ms. Dell?

Ms. DELL. I would like to say one thing on the question about how we could prevent it from happening again. You learn from your mistakes in life, and you work at it to try to never do it again, and I think with all the difficulties that this has created that there will be people watching. There will be people checking to make sure that this never happens again to anybody else. I am praying and hoping for that.

Representative DINGELL. That is what we hope, and that is what we want to learn. It is our job.

Co-Chairman BROWN. It is our job. Thank you.

Thank you all. Your testimony has been illuminating and helpful and constructive.

Is there anything that any of the six of you would like to say that you have not been able to say in this hearing? I will give you each a chance to do that.

Mr. Ward?

Mr. WARD. I sit here thinking that I listen and understand the business side of it, but when we are talking about mine worker retirees, and we know it is not a large check—and Senator Manchin has this problem more in West Virginia than we have in Ohio, because he has more miners. But the retirees who receive a check in Ohio in large part live in southeastern Ohio. The businesses there, our guys are not saving this $500 check. They are spending it either on gas or on groceries. So those businesses will suffer also.

Co-Chairman BROWN. Thank you.

Thank you all. Thanks to the six of you.

Thanks to my colleagues, the ones who drove in, the ones who flew in. Thanks for staying here.

And thanks to the audience, especially up in the galleries up there. Thanks for joining us. [Applause.]

Thank you.

Chris Allen, Senator Hatch's staff director, and Gideon Bragin, my staff director—we will report this information back to our colleagues among the 16 of us. This is important to pensioners, it is important to businesses, it is important to all of us.

So, thank you, and the committee is adjourned.

[Whereupon, at 4:31 p.m., the hearing was concluded.]

APPENDIX

Additional Material Submitted for the Record

Prepared Statement of Hon. Sherrod Brown, a U.S. Senator From Ohio

WASHINGTON, DC—U.S. Senator Sherrod Brown (D–OH)—co-chair of the Joint Select Committee on Solvency of Multiemployer Pension Plans—released the following opening statement at today's hearing.

This field hearing of the Joint Select Committee on Solvency of Multiemployer Pension Plans will come to order. Thank you to Senator Portman for his work on the committee and for helping us bring this hearing to Ohio.

Thank you to all the witnesses here today.

Thank you to the thousands of Teamsters, mineworkers, ironworkers, carpenters, bakers, and so many others who have come to Columbus both yesterday and today. They represent more than a million Americans around the country who are at risk of losing the pensions they earned over a lifetime of work.

It's because of their activism that we created this committee. And we must be successful.

I want to acknowledge one of those very special people, Rita Lewis.

Rita's late husband, Butch Lewis, was the head of Teamsters Local 100, in Evendale, OH.

He helped lead the fight to save his fellow teamsters' pensions, and he passed away far too soon, fighting for the retirement security they earned.

Rita has continued Butch's fight. And we honored his memory by naming our bill after him—the Butch Lewis Act.

Rita once told me retirees and workers struggling with this crisis feel like they are invisible.

Well you aren't invisible to me. You aren't invisible to Senator Portman and Senator Manchin and Representatives Neal, Scott, Norcross, Dingell, and every member of this committee—both those who could be here today and those who could not.

We see you. We hear you. And we are here to fight for the solution you deserve.

Today is about listening to your stories.

This crisis threatens the pensions of more than 1.3 million Americans and more than 60,000 Ohioans—pensions they earned through a lifetime of hard work.

It threatens current workers who are paying into pensions they might never see a penny of if we don't act. It threatens thousands of small businesses. It threatens our economy.

It affects Americans in every State in the country. It affects union and non-union workers alike.

That's why we see groups as diverse as the Chamber of Commerce and labor unions and the AARP all pushing for a solution.

We know it won't be easy. But we created this committee so that Congress would be forced to stop ducking hard choices.

For the past 3 months, we've been educating members and their staffs. We have assembled a team of experts from the Pension Benefit Guaranty Corporation and the Department of Labor.

The committee has conducted a dozen bipartisan staff briefings, with at least ten more to come. We've received thousands of comments online at *pensions.senate.gov*.

We are committed to getting this done.

Rob, I'm glad you're on this committee.

I think people in Ohio know that we have a history of putting partisanship and talking points aside, and getting things done—whether it's the Leveling the Playing Field Act and fighting for our steel industry, or fighting for Ohio jobs at places like the Whirlpool plant in Clyde.

Whether it's making sure that the Health Coverage Tax Credit got extended for the Delphi retirees, funding the Great Lakes cleanup, or passing laws to combat the opioid epidemic. I'm proud of the work we've done together.

The people in this room know how we work together—it's why both Ohio Senators have had strong support from Teamsters and miners. They know the two of us have always put partisanship aside and put Ohio's working families first.

They trust us to put that same effort into solving this, together.

I've put out a proposal—the Butch Lewis Act—and I think it's a good place to start. But everyone here knows we can't get anything done unless we work together.

That's why I am open to any solution that protects workers, retirees, and businesses. I am ready and willing to make changes. Or to work on new solutions. I too want to hear any idea that brings us closer to a bipartisan compromise.

Too much is at stake to retreat into partisan corners.

You've said this before, and I agree—we have to get off our talking points, listen to all ideas, and work in good faith.

That's what the people who are counting on us deserve—the people in this room, and the millions of retirees and workers, and thousands of small businesses they represent.

I want to thank everyone here today for making your voices heard and helping the committee and the American people understand what is at stake.

You have refused to give up, and we won't either.

Prepared Statement of Roberta Dell, Chief Union Steward, Spangler Candy Company

I come before you today to tell you that I believe in you, that I have faith that you all will come together as a united body to find a solution for this nightmare that so many of us are living.

On behalf of my co-workers, friends, and people I have never met, I would like to thank you for allowing me to speak with you today.

My name is Roberta Dell. I have worked at Spangler Candy Company for 46 years and am 65 years old. I am the chief union steward for Spangler employees and belong to Teamsters Local 20. I love my job and take pride in being able to say I work at the factory that makes Dum Dums suckers. Spangler Candy Company is a great place to work. I could tell you all the facts about Spangler, but I will let Bill Martin, president of Spangler Candy Company, do that.

I am here to tell you my story. A story of sadness, desperation, and hope. I have worked hard all my life, most times holding down two or three jobs. I met my husband, Jim Dell, at Spangler Candy Company where he also worked over 42 years. Jim also was a participant in the Central States Pension Plan. I never planned on working in a factory all my life, but we were blessed with three sons, Taylor, Charlie, and Sam. Over the years, life swiftly passed. Jim and I worked hard. We had a plan, we bought a house, and raised our wonderful sons. We were taking care of each other and our boys. But before I knew it, I was in my 50s and thought, oh crap, retirement is just around the corner and I am not prepared financially for it. We had helped our kids with college expenses, etc.

Then the bombshell hit . . . Jim found out in 2004 he had stomach cancer, and then in 2014 he told me he had liver cancer and there wasn't much hope. This wasn't our plan. We were to take care of each other. This wasn't supposed to happen to us. We had planned on seeing our sons get married and give us grandchildren. But God had other plans. On June 2, 2015, Jim passed away with all three sons by his side, which was his last wish. Our oldest son was married 4 days later in New York City, and then we had to return home to bury their dad. It was a very difficult time.

He thought he had taken care of all of us. Because I was still working and in pretty good health, and I would have my pension and social security to fall back on, I would be okay. So Jim took care of our sons in his will with my blessing. We were going to take care of each other but with Jim gone, I started to ask myself, who was going to take care of me and what was I going to do?

I now sit here before you with sadness and desperation. I planned to work until age 68, but with the uncertainty of the pension I don't know if that will be possible. I am not the only one. So many I have talked with are in similar situations. Several are now finding they are raising their grandchildren; many are living paycheck to paycheck. People have lost jobs and had to start over after losing their savings. Some have had a major medical issue that has drained all their savings for retirement.

They, like me, thought our pensions would be there for them, and they didn't have to worry. None of us thought we would be in this position, living from paycheck to paycheck with our futures in such uncertainty. I have always felt the pension all these 46 years has been my savings. We need your help! Please find in your hearts to put differences aside and become united to find a solution. Like so many others, I look to you, I believe in you, have hope and faith in you to help us find a way to save us from this nightmare we are all facing! Thank you for your time and hard work.

God Bless you all.

Prepared Statement of David A. Gardner, Chief Executive Officer, Alfred Nickles Bakery Inc.

INTRODUCTION

My name is David Gardner. I am very proud of my profession; I am a baker. My grandfather was Alfred Nickles, a Swiss immigrant who founded Alfred Nickles Bakery in Navarre, OH, in 1909, 109 years ago. I remember my Grandma Nickles's house; it was right next to the bakery.

DESCRIPTION OF OUR BUSINESS

Our annual revenue is $165 million. In a good year, our company has a 1-percent profit! We have approximately 1,250 employees. Ninety percent are in unions. We contribute to 5 multiemployer pension funds.

STATISTICS

Here are three grim statistics about our company: (1) our unfunded pension liability is $281 million; (2) our pension cost last year was $13.8 million. In 2008, our pension cost was $8.1 million. In 9 years, our pension cost has increased $5.7 million.

But today, we have 461 fewer employees. So, if we had the same number of employees today, our pension cost last year would have been $8.1 million higher. As one legislative assistant said to me, "How are you still in business?"

Why do we have 461 fewer employees?

(a) We closed 49 of 51 thrift stores; and (b) we went from 18 production lines at our Navarrre bakery to seven!

Our pension costs are too high!

(3) Here is the third grim statistic. Three years ago, our two banks called their loans. Their reason was: "Your exorbitant unfunded pension liability is too much of a liability and a risk for your business and for us!"

QUESTIONS FOR THE JOINT SELECT COMMITTEE

I have some questions for the Joint Select Committee.

(1) What did we do wrong?

(2) Why is our business worth nothing?

(3) Is it your charge to: (a) make multiemployer pension funds solvent, or is it your charge to; (b) change laws and help save the businesses that generate revenue for the pensions for their employees?

(4) Is it fair for multiemployer pension funds to put companies out of business due to rehabilitation plans that require huge annual contribution increases—per employee per week?

(5) Why can't we switch to a 401(k) plan?

(6) Why can't we get out of a multiemployer pension plan without triggering unfunded pension liability?

(7) Why should our employees have to worry about their pensions?

(8) Why should our company have to fund the pensions of people who never worked for Nickles Bakery?

(9) We froze our non-union pension plan in 2016 because we could not afford it. Why can't we freeze our union pension plans that we cannot afford?

RECOMMENDATIONS

When I went to Washington on April 25th with eight other family business owners, one Congressman asked our group, "Do you have a plan?"

We did not.

Here are my four recommendations:

1. All multiemployer pension plans with a certain level of under-funding must be immediately frozen. These pension plans cannot sustain themselves.
2. Companies must have the right to help fund 401(k) plans for their employees and be able to withdraw from multiemployer pension funds without liability.
3. The contributions made by a participant to multiemployer pension plans must go back to the participant. Based on the contributions, the participants and the unions will determine pension amounts for retirees, for current employees, and for employees who left but who were vested.
4. The government must decide how to fund the pensions of orphans, the employees in companies that went out of business.

OUR EMPLOYEES

So, why am I here? I am here representing the employees of Nickles Bakery. They are our people, and they are my friends. I am concerned with one group of people—our employees and their families.

I write a personal note to every single employee who retires from our company.

I personally thank every employee at our bakery in Navarre who retires. I go see that person, and I ask them about their first day. We laugh a little. We cry a little. And, we thank each other!

Every business owner in this room wants to see their employees get a pension.

But, every business owner in this room has the responsibility to fight to keep their business perpetuating and growing and surviving. I am fighting for the jobs of our employees.

With the present laws in place regarding multiemployer pension plans, business owners are in a game that they cannot possibly win!

PREPARED STATEMENT OF BILL MARTIN,
PRESIDENT, SPANGLER CANDY COMPANY

Dear members of the Joint Select Committee, I am Bill Martin, president of the Spangler Candy Company, from Bryan, OH. Thank you for the opportunity to testify before you today.

The Spangler Candy Company is a family-owned confectionery manufacturer based in a small community of 8,000 wonderful people in Bryan, OH. We are the Dum Dums Lollipop capital of the world, making 12 million Dum Dums every day. We also make candy canes, marshmallow circus peanuts, and Saf-T-Pops. We are the largest manufacturing employer in our city, employing 550 hard-working Americans. Bryan is a great community and a great place to raise a family. We like to think we are "the sweetest town in America."

We were founded by Arthur G. Spangler in 1906 when he purchased the Gold Leaf Baking Company for $450. If only Arthur could see us now, still making candy every day right in his home town, he would be so proud.

We're in our fourth generation of Spangler family management, which is extremely rare. But that's not all; we have had many families in our community work here for multiple generations. Roberta Dell is just one fine example of our employees; we have many, many more.

Like many other employers in multiemployer pension plans, our very future is at risk due to the multiemployer funding crisis. We became a Teamster's shop in 1959 and entered the Central States Pension Plan in 1972. For our Teamster employees, we now contribute $6,300 per year, or about 20 percent of their total wages, to Central States. Just 10 years ago, in 2008, we were contributing $3,400 per year. Our contribution rate has nearly doubled in 10 years! For someone to say employers aren't paying their fair share is just sadly mistaken and uninformed. No other cost we have has increased 85 percent in the past 10 years like our pension costs. The real sad truth is, our Teamster employees will only receive a fraction of their promised retirement benefits because the Central States Pension Plan is going to fail. Tom Nyhan, the Central States executive director, has already stated that beginning in January 2025, the Central States retirement benefits will have to be cut.

According to Central States, 59 percent of the retirees in this plan are orphans, meaning their contributing employer no longer pays into the fund. Fifty-four percent of our contribution dollars go to pay benefits of participants who never once worked for Spangler. As a result of these unfunded pension liabilities, Spangler's withdrawal liability is in the tens of millions of dollars, going up 12–15 percent per year, and it seems to have little correlation to our active workers or retirees. I want to add that the withdrawal liability and the "last man standing" rules were passed by Congress in 1980, 8 years *after* we entered Central States in 1972.

Let me share a hypothetical example of how the withdrawal liability rules stifle growth. Let's say we needed to hire 100 new employees to expand in Bryan, OH. This would be good for everyone in our small community. It would be exciting, a great story! Except for this—based on internal Spangler estimates, adding 100 new employees in Bryan, OH could increase our withdrawal liability by more than *$200,000 per new employee,* or *$20,000,000!* What company in its right mind would sign up for that?

Right now, there are 130 plans careening towards insolvency, affecting 1,300,000 participants and 5,400 employers. These plans need to be stabilized right away, before more employers file bankruptcy and exit these plans and worsen the problem for remaining employers like Spangler. I believe some form of a long-term, low interest rate Federal loan is needed to provide stability to these troubled plans and prevent catastrophic consequences for the multiemployer system. Given the enormity of the problem, I believe sacrifices may be needed to stabilize these plans. Having some additional tools going forward to provide retirement benefits that are portable or predictable is critical.

Overall, there are 1,300 multiemployer pension plans affecting 10,000,000 participants and 200,000 employers who could be affected if we do nothing. In Central States, the vast majority of 1,335 contributing employers are small businesses. This issue hinders the success and growth of many businesses and could have a devastating impact on communities across the country. The U.S. Chamber of Commerce did an excellent study of this broader impact in its June 13, 2018 report entitled "The Multiemployer Pension Crisis: Businesses and Jobs at Risk." Many employers are in multiple multiemployer pension plans. Once employers start to fail, a rolling crisis with a domino effect will hurt the broader U.S. economy and many communities.

We can do this, and we must do this—there is just too much at stake. I know our Bryan community would be affected forever if we weren't there making candy every day. We are the business leaders in our community; we help fund our schools, our city, and many charitable organizations. There would be no one to replace what we do for our community. This is just one story; there could be thousands more just like this in communities all across the country. We must not let that happen.

Thank you.

SUBMITTED BY HON. RICHARD E. NEAL,
A U.S. REPRESENTATIVE FROM MASSACHUSETTS

Multiemployer Pension Reform Principles 2018

> In 2015, the multiemployer system provided $2.2 trillion in economic activity to the U.S. economy, generated $158 billion in Federal taxes, $82 billion in State and local taxes, supported 13.6 million American jobs, and contributed more than $1 trillion to U.S. GDP. This includes $41 billion in pension payments and $203 billion in wages to active employees.

Why a Solution is Necessary. Over one million retirees in multiemployer plans are in danger of losing benefits because the plans that pay them will go insolvent. In addition, the Federal agency that acts as a backstop—the Pension Benefit Guaranty Corporation—is also in danger of insolvency. Without a resolution to this crisis, there will be billions lost in retirement benefits.

The Multiemployer Pension Reform Act of 2014 ("MPRA") provided pension plan trustees with a powerful solvency restoration tool that enabled them to ensure solvency of the plan. This was specifically designed to protect retirees from the even larger benefit reductions that they will see when their plans go insolvent and subject to the Pension Benefit Guaranty Corporation ("PBGC") guarantee. Treasury was provided approval authority over MPRA applications. Unfortunately, Treasury rejected the largest, most systemically important plan, Central States Teamsters Pension Fund ("Central States"). The insolvency of Central States threatens not only the employers in the fund, but the PBGC and the entire multiemployer system itself.

Rescue Legislation is Urgently Needed. Some multiemployer plans are in imminent financial danger. Legislation to save them must be passed as soon as possible. While these are difficult issues and we encourage thorough consideration of the legislation, it is critical to have a program that restores the solvency of critical and declining status plans while protecting the U.S. economy as soon as possible.

Financial Assistance Through Loans Is a Necessary Part of Multiemployer Reform. The financial and demographic circumstances of certain plans will not allow them to survive without cash infusions. The loan program should optimize solvency of the plan and provide the taxpayer with confidence that the Federal loan will be repaid.

All Parties Should Contribute to the Resolution. It is unfair for only one party to bear the brunt of the reform efforts. Employer contributions and PBGC premiums have increased exponentially, while workers have suffered reductions in accrual rates and the loss of ancillary benefits, all in a proactive attempt to address the financial distress of many plans. We encourage Congress to consider options that put "skin in the game for all." This may be in the form of benefit modifications or other provisions. At the same time, these options should provide flexibility for plans.

PBGC Premium Increases Should Be Evaluated After the Solvency Restoration Tools Are Implemented. We understand that the proper funding of the PBGC is important to the viability of the multiemployer system and to ensuring that the PBGC can meet its statutory obligations. However, this cannot be the only—or even the primary—solution to this crisis. Premiums should be raised only as part of a comprehensive reform plan. The PBGC's net deficit in its multiemployer program is currently $65 billion. An effective implementation of MPRA and the loan proposal are tools that would restore the solvency of plans that comprise the PBGC's net deficit. These tools need to be allowed to work in order to understand what exactly the unresolvable net deficit at the PBGC is, which should serve as the basis for any future premium increases inclusive of those that are already in current law.

Composite Plan Legislation Is Necessary to Ensure Continued Viability of Certain Plans. While the crisis focuses on plans in the critical and declining stages, there are healthy plans that also need tools to remain viable. Composite plans are a voluntary tool to help those plans.

PREPARED STATEMENT OF HON. ROB PORTMAN, A U.S. SENATOR FROM OHIO

I'm really glad we're here in Ohio, hearing from Ohioans directly affected by the impending multiemployer pension crisis. As I'm sure is the case with my colleagues, I have spent hours meeting with retirees and their spouses, hearing their stories. Stories like that of Jack Palush, a Teamster and Marine Corps Veteran from North Royalton, OH, who worked for USF Holland and a number of trucking companies over the course of 37 years. He was told by his employers that his pension was paid up—that instead of bigger pay raises, more vacation time, or other benefits, he was earning a pension that would be there when he needed it. Today, Jack's pension would likely be cut by about 90 percent by 2025—7 years from now, 90 percent.

As Senator Brown mentioned, the purpose of today's hearing is for members of this committee to learn more about the millions of stakeholders like Jack who are immediately impacted by this crisis. We've got some great witnesses today, and I think this hearing is a chance to get the facts so that we can come together on the severity of the problem—the first step toward a bipartisan solution. It is appropriate that our one field hearing is right here in Ohio, where we have more than 60,000 active workers and retirees in multiemployer pension plans that are heading toward insolvency if we don't do anything. Ohio also has hundreds of small businesses that contribute to these plans, including more than 200 in the Central States Pension Fund alone. And insolvency will likely force many of these small businesses out of business.

Each of our three hearings in Washington so far has provided a clearer picture of the consequences of inaction when the Central States Pension Fund, the United Mine Workers of America 1974 Pension Plan, and the Pension Benefit Guaranty Corporation (or "PBGC") all become insolvent within the next 7 years. There are many other underfunded multiemployer plans too—but either of these two large ones alone going insolvent likely means that PBGC would, too.

This is a serious crisis for people like Jack and the over 60,000 other Ohio participants in critical status plans.

In our second hearing, the committee heard from PBGC Director Tom Reeder that *after the Corporation runs out of assets, incoming premium levels will be able to finance only one-eighth of current PBGC financial assistance payments to insolvent plans.* And PBGC insures a fraction of promised pensions in the multiemployer program—about 50 percent on average for Central States participants. Therefore, the reality is that if Congress fails to act, many participants in insolvent plans will experience pension cuts of more than 90 percent.

In our third hearing on the perspective of employers, we heard from private-sector experts about several potential scenarios under current law that could result a wave of bankruptcies among employers when Central States becomes insolvent. Such a wave of bankruptcies has the potential to create an economic contagion effect that would lead to the collapse of additional pension plans and contributing employers in those plans.

Devastating cuts and bankruptcies to contributing employers would have catastrophic impacts to pensioners, jobs, and possibly the broader economy. To me, this is a completely unacceptable outcome, and our principal objective must be to pass reforms *now* to address this crisis before it is too late. That's why we are meeting here today to get input.

Today's witnesses are all from Ohio, and are here to provide further real world context on these issues. Four of our witnesses are participants counting on the pension benefits that they earned. The other two run businesses in critical status pension plans and will speak to the risks to businesses and jobs should the plans they are funding become insolvent. Thank you all for being here today.

This committee has a lot of questions it must answer in order to successfully arrive at a bipartisan solution at the end of this committee process, and we'll hear a lot of those questions today. To me, none is more important than determining the right balance to fix the problem in a way that can get support from across the board.

We have tough questions to answer: First, how much should come from taxpayers? And by the way, retirees and active workers at risk are taxpayers too—but let's be clear: when the money comes out of general revenues, it also comes from the 99 percent of taxpayers who aren't multiemployer pension beneficiaries facing these potential cuts. Many of these taxpayers are struggling with their own retirement—401(k)s or IRAs or a pension if they're lucky, and unfortunately about half of Americans near retirement have no retirement assets at all, despite the efforts of many of us on this committee to bolster private retirement savings. Again, there are reasons for all taxpayers to be concerned about the economic consequences of insolvency, but we have to find the right balance.

Second, we need to learn what levels of PBGC premium increases can the system bear without putting contributing employers out of business, and therefore decreasing overall PBGC revenues? I think shared responsibility between all stakeholders is the only solution that we will be able to pass, and the only solution the American people will perceive as fair.

After this hearing, I believe the committee should hold another hearing to consider potential policy options as soon as we have more definitive analysis the Congressional Budget Office and the PBGC.

But for today's purposes, we should not take any options for a comprehensive solution off the table. We should listen carefully about what is at stake for active workers, retirees, and employers, and further solidify our understanding of the nature of the problem.

Workers and retirees deserve a voice in what happens to the pensions that they earned. Employers who could be put out of business deserve to be heard too. None of these stakeholders were given any public hearings during Congress's consideration of the flawed Multiemployer Pension Reform Act, which passed over my objections back in 2014. Even after this hearing, any solution going forward must include input from retirees and active workers.

I know solving this issue won't be easy. But I hope today's hearing will make a valuable contribution toward developing a solution, and strengthens Washington's political will to address this issue in a comprehensive and bipartisan manner.

PREPARED STATEMENT OF BRIAN SLONE, APPRENTICE INSTRUCTOR, MILLWRIGHT LOCAL 1090

Mr. Chairman, members of the special committee, thank you for giving me the opportunity to speak today. My name is Brian Slone, and I'm from Dayton OH. I am a proud 13-year member of Millwright Local 1090 and a participant in the Southwest Ohio Carpenters Pension Fund. Our plan is in critical and declining status and is currently in the MPRA process with the Treasury Department. Over the last 20 years, the area covered by the pension has seen drastically reduced work opportunities due to a prolonged decline in our industrial base. In other words, our jobs went south. This has led to a significant problem with our pension fund.

In 1998 our pension fund was over 100-percent funded. Existing law at that time would not allow us to be overfunded and create a "rainy day" fund. We worked with our national leadership and contractor associations to change this law and were denied by both Congress and the Clinton administration. So, we were forced to increase benefits to get below 100 percent funding. Soon after, we entered a 2-year recession. By the time it was over the plan was 66-percent funded. In 2008, the stock and housing market crashes, followed by the Great Recession and the resulting 7-year construction depression in southwest Ohio wiped out any recovery from the previous recession and left the plan funding level at 45 percent, resulting in losses from which the fund cannot recover without using MPRA.

Some have said, "Don't use MPRA; have the active members and employers pay more to fix the pension fund." While that seems like an easy solution, it really isn't. Active members and employers have carried the entire cost of fixing the plan since 2000.

A participant who retired in 2016 will receive 20 percent less in monthly benefits than a participant who worked the same amount and retired in 2000.

Similarly, a participant who retires in 2030 retiree will receive 40 percent less in monthly benefits than someone who retired in 2000.

A participant who retired in 2016 made more than twice the contributions than a participant who worked the same amount and retired in 2000.

Similarly, the 2030 retiree will contribute 3.5 times more than the 2000 retiree but receive a benefit that is about two thirds of the person who retired in 2000.

To put it in dollar terms, since the 2000 recession, the fund has repeatedly cut back the benefits received by the members who were active at that time. Because of these cuts, a fund participant who has accrued benefits can now expect a pension that is around 30 percent less than a similar person who retired in 2000. For example, a participant with 30 years of service working 1,500 hours a year would have contributed approximately $85,000 over their working years and received a monthly benefit of about $3,130. A participant retiring in 2016 would have contributed approximately $153,000 and received a monthly benefit of about $2,210 per month. A participant retiring in 2030 will have contributed approximately $290,000 and receive a monthly benefit of approximately $1,640. This participant will contribute 3.5 times more than the 2000 retiree and receive 40 percent less in monthly benefit, 30 years later, not adjusted for inflation.

Another aspect that I want to highlight is the negative economic impact that will happen if these plans fail. Our pension plans are multiemployer pension plans. These plans were created with collective barging agreements, with many employers across our area and many national employers. If these plans go insolvent, the unfunded liability on these employers could cause them to go bankrupt. This would lead to a large loss of jobs in our area and also place burdens on our area manufacturing plants who would be unable to find skilled works to keep their plants running.

I want to stress that the active members wish and hope Congress passes a new law that will mitigate the harshest MPRA benefit suspensions. No one wants to see retirees subjected to the stress and financial insecurity of this process. But we also need to recognize the enormous sacrifices made by active members since 2000 to keep this pension fund afloat.

For years the Federal Government, both the executive branch and Congress, ignored their responsibility to oversee whether the ERISA rules it put in place were working to keep the system healthy. We are now facing a crisis that is significantly worse because of that lack of oversight. Because of this inaction, plans that could have used MRA now cannot and face becoming insolvent and have benefits reduced to unlivable levels. These plans have to be addressed now before they fail and possibly take down the other plans in their wake.

We need a retirement system that will be there for the workers who are depending on it in their old age. One with rules that are flexible enough to keep the plans well-funded and provide lifetime benefits but with real active oversight designed to keep the plans healthy and strong not just bureaucratic butt-covering.

Prepared Statement of Mike Walden, President, National United Committee to Protect Pensions

A thank-you is in order to the committee, especially to those attending today, for allowing us, the retirees, the most vulnerable of all the stakeholders in this pension crisis, to have a voice at the table to explain our position and the effects of any possible reductions to our fixed pension income.

We also have a genuine concern for our fellow active participants and the majority of employers involved. That is, those employers that make their obligated contributions and have a concern for their employees. Unfortunately, there are employers that do not make their 100-percent contribution as required, which affects the other employers and participants in the fund. One in particular has been claiming they are insolvent for 9 years, and their employees have approved concessions to their wages to keep them afloat. While their executives receive stock bonuses, raises, and lucrative retirement income, some of their employees who retired have already been reduced upwards of 40–60 percent. If this crisis is not addressed and solved soon, they will be reduced more, which we all will face.

Being the president of the National United Committee to Protect Pensions, a 501(c)(5) non-profit organization based out of Minnesota, I, along with our other 65 committees across the Nation, have spent time away from our families, sacrificed our time enjoying the things we retired to do, and endured a level of stress that has affected the lives of many, in so many ways, since 2013, while we wait in limbo for a solution to the pension crisis, which continually gets kicked down the road. The end of that road is now in sight.

This committee must work together to solve this crisis before it has devastating effects on the national economy and the lives of over 1 million people currently and growing at a rapid pace. In the words of Treasury Secretary Mnuchin, it will become a tsunami. And if you don't believe in the contagion effect, you probably should not be on this committee.

When solutions to the pension crisis are discussed, there seems to be a divide as to the meaning of the word "taxpayer." Many times it is said the taxpayer should not bail out the pension woes facing this Nation. Let it be clear, the National United Committee has never asked for a bailout, though we have watched many bailouts with our paid-into tax dollars. We have asked for a solution. We have asked all of the intelligent minds, those with expertise and the bureaucratic departments in government, to find or create a solution. Let it be clear that union workers and retirees are every bit as much taxpayers as anyone. We watch our tax dollars being spent in many ways we don't approve. You should realize that while our country is in extreme debt, all taxpayers bail out our government everyday so those in Congress and other departments in our government can still receive their income and pensions.

As the majority of discussion involving a solution to the pension crisis revolves around the reduction of pension income to the retirees, there are many facts that some in Congress, employers, funds, and some unions do not seem to realize. I will try to point them out, as they all have an effect on the retiree, his family, and the economy. This applies to the current active workers who will retire in the future as well.

Being president of the NUCPP, along with our vice president and other committee leaders, traveling throughout the country, attending all hearings, invited to congressional briefings and press conferences with many of you on this committee and other congressional members, we also have seen and heard first-hand the stories, the tears, the declining health, the devastation, and uncertain future of retirees and active members while attending their retiree meetings and committees. It is something all on this committee should experience, as some of you have but the rest need to see. These are your constituents who are being put in dire straits, having done nothing wrong and everything right only to potentially have their dignity and comfortable lifestyle, not rich, diminished along with their health.

The participants in these pension funds receive a fixed income pension check. Whatever the amount they are awarded when they retire will be that amount during their retirement years with no cost of living, no raises ever. As reductions to retirees' pensions are always mentioned in the same sentence as solutions, you should be aware that inflation has already reduced the value of a retiree's pension. They cannot absorb more reductions.

Thanks to the staff of Senator Portman's office, I received some figures on inflation. So, just in the past 9.5 years according to the official numbers (based on the consumer price index for urban areas or "CPI–U"), the cost of goods has officially increased 19 percent and the value of money has decreased by 16 percent. As we all know, many important necessities have increased by a much greater margin. Such as, in the last 9.5 years gas has increased 56 percent, tuition for a 4-year public college 51 percent, and health insurance 70 percent.

A retiree's pension spends like unemployment compensation. It flows right back into the economy as usually there is not enough to save, only to survive. Their fixed income compensation is usually spent in their local and State economy, which includes attractions and entertainment, local, county, and State taxes. As times have changed in America, many support their adult children, have adopted their grandchildren, have disabled family members they care for in their household. The cost of their medication, ordinary home maintenance so their neighborhoods are preserved, the charities and volunteer services they provide to their churches, schools, parks, food banks, and the homeless are all in jeopardy.

Many have been putting off remodeling and the purchase of vehicles because of the uncertainty of their pensions. That is the money that fuels this economy. The majority cannot return to work because of health issues, workplace restrictions, or reemployment restrictions within their pension fund.

Many are widows or widowers and do not have a supplemental income. Their loss of the value of their pension because of inflation will never be recovered because they get no raises or cost of living. The reduction in their pensions results in lower credit scores and less borrowing power when unexpected expenses arise such as auto repair, furnace, roof, or other expenses. Bankruptcy and foreclosure will loom. It is already happening to participants in Teamsters Local 707 and Ironworkers Local 17.

We will not get rich on our pensions. Our pension income goes right back into the economy.

And keep in mind, many, many retirees and active workers are veterans. They fought for this country to have freedom, safety, and rights for all. They fought for the American dream, to live the American dream, especially in the last years of their lives.

As the active worker is our future, we are their future in this fight to secure what we earned and was promised. The employers are our future as well.

The issue of employer withdrawal liability needs to be addressed and revamped. There should be a cap on withdrawal liability not to exceed the worth of a company. Possibly in the future do away with withdrawal liability in exchange for contracts to stay in or enter a pension fund for a certain length of time. Withdrawal liability is one of the biggest concerns of employers that I have met with.

As the issue of loans is presented in almost every legislation, the repayment of the loans and possible risk pools, we would suggest looking into the fines levied on the Wall Street firms from the market crash of 2008. Those fines seem to have totaled in the hundreds of billions of dollars. Other than the mortgage industry receiving $40 billion to recover their losses, no one seems to know where the rest of the money is other than the general fund.

As far as repayment or risk pools being questioned, why is there not enough confidence in the new tax reform legislation that is being presented suggesting more businesses coming back to America, more businesses growing, the economy growing, and investments increasing? If all that happens, the funds should increase, the repayment of loans would not be in question, and the pension funds' investment returns would be more than enough to handle payback.

If there is uncertainty in a solution presented, such as the Butch Lewis Act—which has been said to work by top actuary firms, Central States Pension Fund, and the United Mine Workers—instead of looking 30 years from now, try 10 years, the length of time for the congressional budget, and revisit it.

All in all, the bottom line is, something needs to be done now, not later, to save the funds, the people, and the economy. Billions are being lost everyday the longer we wait. One way or another, the committee has to work together. We have Republicans, Democrats, and Independents on our committees and work very well together. The Joint Select Committee needs to do the same, as we are putting our trust in you to create a solution.

Thank you all for your work and the consideration you gave us.

PREPARED STATEMENT OF LARRY WARD, RETIRED COAL MINER AND FORMER PRESIDENT, UNITED MINE WORKERS OF AMERICA, DISTRICT 6

Chairman Brown, Senator Portman, and distinguished members of the Joint Select Committee, my name is Larry Ward, and I live in Hopedale, OH with my wife Laura. We have been married 54 years and have a son and a daughter. I am 74 years old and my wife is 72 years old, and both of us have lived in Ohio all our lives.

My grandfather, father, and two brothers worked in the coal mines. I started working at the Y&O Coal Company Nelm's Number 2 mine in Hopedale, OH in November of 1966. I loved working in the mine, but it was not just physically demanding work, it was dangerous work. I began working in the mines before the passage of the Mine Safety and Health Act of 1969. Back then, there was very little emphasis on safety in the mines. There were few controls on how much dust was in the mine atmosphere, what kind of ventilation was required, how the mine operator was going to control the roof from falling in.

Miners were dying by the hundreds and even thousands every year before 1969. But after the Farmington Number 9 disaster in West Virginia that killed 78 miners, including Senator Manchin's uncle, Congress recognized that it had to act to save lives. I suggest to the committee that there is another disaster looming in the coalfields today, slower-moving than a mine explosion or a fire or a roof fall but eventually just as deadly. That disaster is the pension crisis confronting the UMWA 1974 Pension Fund that you are tasked with solving. The fate of more than 105,000 current and future UMWA retirees and widows is in your hands.

Now a little about me. After working in the mines for 20 years, I was elected to the UMWA District 6 executive board in 1987, and I was elected District 6 president starting January 1, 1989. I served as District 6 president until January 2005, when I retired.

Like most coal miners, I have several medical problems. I've suffered a heart attack, am a cancer survivor, and have high blood pressure. My wife has similar problems. But we have been blessed in so many ways. You have heard that the average mine worker pension is $582.00 per month. My mine pension is short of that average. Most of the men I worked with, or their widows, are short of it as well.

While we have health care, the cost associated with deductibles, prescription drug co-pays, and other health-care costs makes the pension very important. We have the same monthly bills as everyone else, such as power and heat, real estate taxes, and insurance. We have to eat, which means we have to buy groceries. We have to put gas in our cars. The pension, while not large, allows UMWA retirees across Ohio and the United States to pay these bills. I understand that there are those who are advocating for retirees to take cuts in their pensions to help solve this problem. I sit here before you today and tell you that for most of the retirees I know, any reduction to their pensions will make paying their bills very difficult, if not impossible.

Here are a couple of examples from my local union. One of them is 82 years old, has had cancer several times, and now has diabetes and lives with a pacemaker. His wife is 76 years old and has serious health problems as well. His pension is $252.97 per month. Now imagine him trying to stay above water if this committee fails to act.

Another member of my local union is 75 years old, and his wife is 70 years old. They have similar medical problems as the other member and his wife. His pension is $296.00 per month. Again, any reduction in his monthly pension would create serious financial problems for him and his wife. I could go on and on listing different members of my local union here in Ohio and it would be the same. Any reduction puts them in the position where they simply cannot make it.

In 2017, there were 5,616 people who received a pension from the UMWA 1974 Plan in the State of Ohio. The total pension payments in Ohio were $41,159,277 last year. This money is not coming here into Columbus, or Cleveland, or Cincinnati. It is not going to Akron, or Toledo, or Dayton. It is going into rural counties in eastern and southern Ohio that are already economically depressed. Along with the money that goes to pay for retiree health care, our pensions are key parts of the economies where we live. The impact of cuts would be devastating to those areas, which are already hard-hit by the decline of coal mining and other industries, like steel and aluminum manufacturing.

Mr. Chairman and members of the committee, you have been tasked with preserving America's multiemployer pensions, and I know that is a huge thing to fix. I'm sure you already know about the legislation that has been proposed that will fix the UMWA 1974 Pension Plan, called the American Miners Pension Act (AMP Act). I know it doesn't solve every pension fund's problem, and we support preserving everyone's pension, but the AMP Act is the only pension legislation that has bipartisan support in both houses of Congress. In this day and age, that's got to count for something.

The AMP Act's predecessor, the Miners Protection Act, had widespread support in both houses of Congress and across party lines. It was passed by the Senate Finance Committee in 2016 by an overwhelming 18–8 vote, with the bipartisan support of both co-chairs of this Joint Select Committee as well as Senators Portman and Crapo. It would have protected both health-care benefits and pensions for retired miners, their dependents, and widows. There were sufficient votes in both the

Senate and the House to pass it, had it been allowed to come to the floor for a vote. But it never did. In the end, we were able to pass only that part that preserved health care for 22,600 retirees, which we count as a tremendous victory. But a great opportunity to preserve our pensions was wasted.

My great concern, and a concern of so many retirees whom I talk to, is that this committee will get trapped by partisanship and ideology and in the end do nothing. You are here because the rest of your colleagues gave you extraordinary power to address and prevent this disaster in the making that will affect so many elderly and retired people here in Ohio and across the Nation. Yet we have heard nothing about how the committee will actually do that.

Those collecting a pension from the UMWA 1974 Plan do not have a lot of time to wait. Our pension fund is on a path to insolvency by 2022 if this committee does not act. Because of a string of coal company bankruptcies beginning in 2012, we have lost more than $100 million in annual contributions to our fund, and those companies have been relieved of more than $3.1 billion in withdrawal liabilities. We have one major employer left that is contributing more than 85 percent of all contributions to our fund. Things have stabilized in the coal industry lately, but most companies are not out of the woods and are just one more market shock away from serious trouble. If our last major employer declares bankruptcy, is relieved of its contribution obligation and its withdrawal liability, then the UMWA 1974 Plan faces insolvency much sooner than 2022.

Failure by this committee to act will destroy my pension and the pensions of all UMWA retirees. When our pension plan falls to the Pension Benefit Guaranty Corporation, it will hasten that agency's insolvency. When the PBGC goes insolvent, it will then only have the resources to pay about one-eighth of the amount it is supposed to guarantee. If that happens, the average 1974 Plan pensioner would see a cut of about 90 percent, which would devastate us but will also mean the loss of over $500 million per year to already struggling coalfield families and communities.

I cannot believe that there are those who would advocate allowing that scenario to occur, but perhaps there are. And that makes me wonder what happened to the American values of rewarding hard work and loyal service to our Nation that I grew up with.

America's coal miners put our lives and our limbs on the line every single day so that this country could have the power it needed to make our economy the strongest in the world. I've seen more severe injuries and death in the mines than I care to remember or discuss. Those men didn't make it long enough to have a retirement. Some of their widows are collecting a small pension right now.

Those of us who did make it this long are suffering the results of decades of coal mining. Our bodies are beat up. But we did it so we could provide some measure of comfort for ourselves and our families while we were working and when we retired. For all the years I was a miner and later as a union representative, when we negotiated a contract, we took money we could have had in our hourly wages and put it toward our retiree health care and our pensions, because we knew we would be in bad shape today and would need it.

So when I hear about people who say we should pay for solving a problem we did not cause, or we should be okay with taking cuts to our pensions, I say this: we have already paid for our pensions. Neither our union nor our employers caused the 2008 recession. The 1974 Pension Fund did not cause this problem; it was and is noted as a well-managed pension plan. The big banks and financiers on Wall Street caused this problem when their greed put this country into the recession of 2008, and Congress sent them $627 billion dollars as a thank-you.

I don't understand how it is that Congress would even consider asking us to take a cut to our pensions, or see them go away entirely, when it had no problem sending billions to the Wall Street crooks who caused this problem in the first place. They used that to pay themselves bonuses. We use our pensions to pay for medicine and food and heat. There is something wrong with this picture.

Along with all my fellow retirees, I pray every day that this committee will find a solution to this problem and allow us to live out what remains of our lives with whatever peace and comfort we can find along the way.

Thank you for this opportunity to testify before the committee, and I will answer any questions you have as best as I am able.