



# AFL-CIO

AMERICA'S UNIONS

**American Federation  
of Labor and  
Congress of Industrial  
Organizations**

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March 21, 2020

The Honorable Nancy Pelosi  
Speaker of the House  
of Representatives  
Washington, DC 20515

The Honorable Mitch McConnell  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Kevin McCarthy  
Republican Leader  
House of Representatives  
Washington, DC 20515

The Honorable Charles E. Schumer  
Democratic Leader  
United States Senate  
Washington, DC 20510

Dear Speaker Pelosi, Minority Leader McCarthy, Majority Leader McConnell, and  
Minority Leader Schumer:

As the Co-Chairs of the AFL-CIO Retirement Security Working Group, which  
includes other labor organizations, and the Chair of its Multiemployer  
Subcommittee, we write to urge you to include much needed relief for  
multiemployer pension funds in the next economic stimulus package in response to  
the COVID-19 outbreak.

The impact of this crisis is far reaching and not yet fully understood, but we know it  
will have devastating consequences for the multiemployer pension (and health plans)  
our members rely on.

Prior to the current crisis, we were rapidly approaching a PBGC cliff. Since the  
crisis, investment losses have been severe--S&P returns are down some 25%--with  
an average investment portfolio losing in the neighborhood of 15%. Further, it is  
unclear how long this crisis will last, what employment levels will be once this is  
over, or even how many employers will survive the shutdowns.

Entire industries are seeing massive unemployment and underemployment,  
particularly in the construction, service, and entertainment industries. Construction  
jobs are completely closed down in California, Pennsylvania, Illinois, Boston, and  
Cambridge, Massachusetts. In the entertainment industry, multiemployer pension  
funds are estimating a near total loss of contribution income for March.

At the same time, food industry workers are towing the front lines in keeping grocery  
stores with their essential and needed supplies up and running.

Letter to Speaker Pelosi, Minority Leader McCarthy, Majority Leader McConnell,  
and Minority Leader Schumer

March 21, 2020

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The COVID-19 crisis will severely impact the funding of most healthy multiemployer plans and it will be devastating for the pension funds that were already deeply troubled and nearing insolvency. Pension funds depend on contributions under collective bargaining agreements that cover working men and women. As work dries up as a result of efforts to stop the spread of the coronavirus, many currently healthy pension funds that provide billions of dollars in benefits to America's working men and women will fall into trouble through no fault of their own. In our view, the immediate economic stimulus required to keep our pension plans afloat must include:

- **At least \$10 billion in Annual Federal Funding to the PBGC Until the Pension System Stabilizes for a 10 Year Period.** The current economic crisis will exacerbate the funding challenges faced by certain multiemployer pension plans, and we anticipate that additional PBGC funding will be required to deal with a new group of plans that will find themselves in critical and declining status.
- **Special Partition Program.** The current PBGC guarantee level will mean substantial benefit reductions (the average reduction is 53%) for participants in failing plans. A special partition program to move liabilities from failing plans to the PBGC with no benefit reductions will ensure that participants receive the full benefits they have earned, and that, therefore, they will continue to add financial stability to their local communities, as well as contribute to the tax base of federal, state and local governments. Eligibility should remain open for at least five years to ensure that all multiemployer pension funds that are harmed by this crisis are able to receive the assistance they need.
- **Pension Relief Act of 2010.** The 2010 language from The Pension Relief Act of 2010 (H.R. 3962), related to multiemployer pensions, allowing for the smoothing of investment and contribution losses in the funding standard account and the actuarial value of assets is necessary to assure predictability that will enable responsible funding policies and collective bargaining.

Sincerely,

Marc Perrone  
President, UFCW  
AFL-CIO Retirement Security Working Group Co-Chair

Joseph Sellers  
President, SMART  
AFL-CIO Retirement Security Working Group Co-Chair

Kenneth Cooper  
Secretary-Treasurer, IBEW  
AFL-CIO Multiemployer Subcommittee Chair