

27 May 2010

Senate Majority Leader Harry Reid
522 Hart Senate Office Building
Washington, DC 20510

House Speaker Nancy Pelosi
235 Cannon HOB
Washington, DC 20515

Senate Republican Leader Mitch McConnell
361-A Russell Senate Office Building
Washington, DC 20510

House Republican Leader John Boehner
1011 Longworth H.O.B.
Washington, DC 20515

Dear Leader Reid, Speaker Pelosi, Leader McConnell and Leader Boehner:

We, the undersigned organizations, on behalf of millions of American taxpayers strongly urge you to oppose legislation which provides the framework for a taxpayer funded bailout for failing pension plans.

Two recently introduced bills fit that description: the Preserve Benefits and Jobs Act of 2009 (H.R. 3936) and the Create Jobs and Save Benefits Act of 2010 (S. 3157). If enacted, they would jeopardize billions of taxpayer dollars to shore up massively underfunded union pension plans.

These two bills mark a stark departure from traditional pension insurance. The Pension Benefit Guarantee Corporation (PBGC) insures the pensions of more than 44 million American workers and retirees in over 29,000 private, company-run single-employer and union-run multiemployer defined benefit pension plans. PBGC receives no funds from general tax revenues. Its operations are supported by insurance premiums—set by Congress—paid for by sponsors of defined benefits plans.

The two bills propose to use taxpayer dollars to bail out several multiemployer plans. Using taxpayer funds to pay for private pensions would be a first in PBGC history. That would be patently unjust. Most of the funds that would be eligible for this bailout were severely underfunded well before the financial crisis hit. That underfunding is largely due to mismanagement by the plan sponsors, who would now get a pass, at taxpayer expense.

In 2009, Moody's Global Corporate Finance estimated that the nation's largest 126 multiemployer plans had a collective funding shortfall of \$165 billion. In 2006, well before the financial crisis, only 59 percent of multiemployer plans had 80 percent or more—what the Department of Labor considers healthy—of the assets required to pay for their obligations. By comparison, 86 percent of non-union plans were funded above that level.

One bailed-out plan would be the Teamsters Central States Plan, which in 2007 was underfunded by over \$23 billion, and had only 46 percent of the funding necessary to pay its retirees. Taxpayers could be forced to pay much of that if these two bills are enacted.

We ask you oppose the bailouts in H.R. 3936 and S. 3157 and instead consider more sensible pension reform that will protect both workers and taxpayers.

Sincerely,

Gordon Colby, Manager
Allen's Union Farms - Maine

David Keane, President
American Conservative Union

Bill Wilson, President
Americans for Limited Government

Grover G. Norquist, President
Americans for Tax Reform

Mattie Corrao, Executive Director
Center for Fiscal Accountability

Eli Lehrer, Director
Center for Risk, Regulation and Markets

Chip Faulkner, President
Citizens for Limited Taxation

Matthew Brouillette, President/CEO
Commonwealth Foundation

Thomas Schatz, President
Council for Citizens Against Government Waste

Charles W. Baird, Ph.D.
Economist, Author, Scholar

Bob Williams, Founder
Evergreen Freedom Foundation

Jamie Story, President
Grassroot Institute of Hawaii

Greg Blankenship, President
Illinois Alliance for Growth

Joyanna Diaz, Executive VP
Land Care Incorporated

Bob Barr, Chairman
Liberty Guard

Brian M Johnson, Executive Director
Alliance for Worker Freedom

Ron Scheberle, Executive Director
American Legislative Exchange Council

Ryan Ellis, Executive Director
Americans Shareholders

Susan A. Carleson, Chairman/CEO
American Civil Rights Union

Jeff Mazzella, President
Center for Individual Freedom

Chuck Muth, President
Citizen Outreach

Jason Gloyd, Chairman
Coalition Opposed to Additional Spending &
Taxes

Fred Smith, President
Competitive Enterprise Institution

Phyllis Schlafly, President
Eagle Forum

John McClaughry, President
Ethan Allen Institute

Matt Kibbe, President
FreedomWorks

Mario H. Lopez, President
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Indiana Chamber of Commerce, Inc.

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Dustin Gawrylow, President
North Dakota Taxpayers' Association

Brandon Dutcher, President
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Todd A. Kruse, President
Property Rights Association of Minnesota

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Tradition, Family, Property, Inc.

Dane vonBreichenruchardt, President
U.S. Bill of Rights Foundation

Brent Husson, President
Worldscape Landscaping Inc.

Susan Gore, President
Wyoming Liberty Group

Jim Martin, Chairman
60 Plus Association

cc: President Barack Obama
All Members of U.S. House and Senate
Vincent Snowbarger, Acting Director, PBGC