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BACKGROUNDER

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Multiemployer Pension Policy for the Next Administration and the 117th Congress

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KEY TAKEAWAYS

Pension benefits are a part of workers' compensation; employers and unions should not be allowed to make promises that they cannot keep.

The broken multiemployer pension system means that workers will lose promised pensions, and taxpayers may be forced to pay for broken private-sector promises.

Congress and the Administration should act immediately to prevent future broken promises, avoid risky bailouts, protect taxpayers, and minimize pension losses.

Pensions are supposed to provide peace of mind, with workers giving up a portion of their wages in return for a secure income during retirement. Today, multiemployer, or union, pension plans are failing to provide that security. As a whole, the system can only provide 42 cents of every dollar in promised pension benefits. For the first time in history, Congress provided a taxpayer bailout to a private-sector pension plan in 2019.[1] Some lawmakers want taxpayers to foot the bill for all private-sector union pension plans' broken promises—a $673-billion-and-rising tab.[2]

Moreover, the Pension Benefit Guaranty Corporation (PBGC), a government entity that provides insurance for failed pension plans, will be insolvent in 2026 and able to pay only a small fraction—10 percent to 15 percent—of insured benefits.[3] This means that millions of workers and retirees could lose a significant portion of their promised pension benefits, or taxpayers could be forced to pay for the broken promises made by private-sector employers and unions while trying to save for their own retirements.

This situation never should have happened, and multiemployer pension plans as well as policymakers should have acted sooner to correct shortfalls in their pension funds and in the PBGC. The longer that policymakers delay, the higher the costs and consequences will be. Congress, working with the Administration in its roles at the Department of the Treasury and the PBGC, should act immediately to fix the funding rules so that union pension plans will not be allowed to make promises that they cannot reasonably keep; to ensure the PBGC's viability; and to protect taxpayers and minimize pension losses.

1. Broken Union Pension Promises, Millions of Workers' Pensions at Stake

As of 2017, 10.8 million workers and retirees were participants in roughly 1,400 multiemployer or union pension plans across the United States.[4] These pension plans are governed by the Employee Retirement Income Security Act (ERISA) of 1974, which contains separate rules and separate pension insurance programs through the PBGC for multiemployer and single-employer plans. The rules for multiemployer plans are far less stringent, and the PBGC premiums are significantly lower, because of the case made by unions that they would work for the best interest of workers and that the unification of multiple employers would function as a form of pooled insurance. Yet, the result of these separate rules, which Congress has weakened over time, is a deeply broken multiemployer pension system.

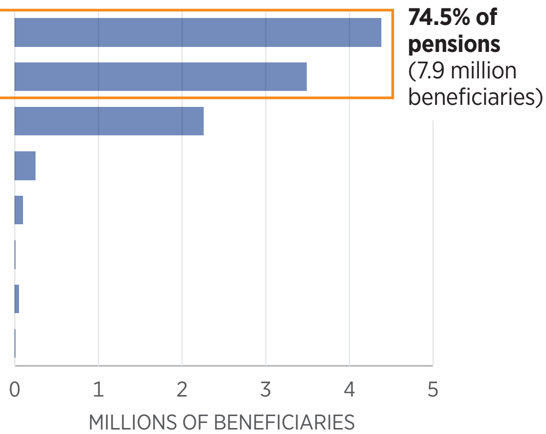
Three of every four workers and retirees with multiemployer pensions are enrolled in plans that are less than 50 percent funded, and only 4 percent are enrolled in plans that are more than 60 percent funded.[5] Collectively, with $673 billion in unfunded liabilities, the multiemployer pension system is on track to pay only 42 cents of every dollar in promised pension benefits.[6]

Without proper rules and enforcement to prevent employers and unions from making pension promises that they cannot reasonably keep, multiemployer pensions continue to spiral further into debt. Even amid the strong economic performance and investment returns in recent years (prior to COVID-19), multiemployer pension plans were deteriorating. Financial economist and professor Joshua Rauh testified that only 17 percent of plans contributed enough to avoid sinking further into debt in 2016.[7] He estimated that multiemployer plans would have to increase contributions by

CHART 1

Three of Every Four Workers' (Union) Pensions Are Less than 50 Percent Funded

Funding level	Beneficiaries	
Less than 40%	4,383,884	(41.49%)
40%–49%	3,486,915	(33.00%)
50%–59%	2,264,815	(21.44%)
60%–69%	250,719	(2.37%)
70%–79%	103,778	(0.98%)
80%–89%	12,013	(0.11%)
90%–99%	49,801	(0.47%)
100% or more	13,074	(0.12%)



SOURCE: Pension Benefit Guaranty Corporation, "Data Table Listing," Table M-13, https://www.pbgc.gov/sites/default/files/2018_pension_data_tables.pdf (accessed October 19, 2020).

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at least 55 percent just to prevent further losses. Actually paying promised benefits would require even larger contribution increases.

No employer, union, or government should be exempt from abiding by sound funding rules. Pension benefits are a part of workers' compensation, and employers and unions should not be allowed to make promises that they cannot reasonably keep.

Stopping Potential Threats: It Should Not Be Easier for Employers, Unions to Shortchange Workers. The Administration, in its management of the Treasury and the Internal Revenue Service, which oversee pension regulations, should work with Congress to:

- **Not encourage more recklessness with bailouts.** Proposals such as the Butch Lewis Act (S. 2254) and the companion Rehabilitation for Multiemployer Pensions Act (H.R. 397) would provide massive taxpayer bailouts to multiemployer pensions. The Congressional Budget Office estimated that H.R. 397, which passed the House of Representatives in 2019, would provide an estimated $100 billion in direct cash bailouts and taxpayer loans to about 10 percent of the most poorly funded multiemployer pension plans. Ultimately, closer to 90 percent of multiemployer pension plans could receive taxpayer bailouts under these bills, albeit at a significantly higher cost to taxpayers.[8] Bailouts that reward reckless behavior without doing anything to correct existing wrongs would cause the current $673 billion multiemployer pension shortfall, and taxpayers' costs, to grow even larger.

- **Not shortchange workers by providing pension "funding relief."** What constitutes pension "funding relief" to employers and unions is pension theft to workers. Congress does not allow employers to borrow from their workers' 401(k) plans when times are tough, and it should not allow the equivalent by permitting plans to skip or reduce their required pension contributions. An updated version of the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act would provide pension "funding relief" by: delaying the designation of plans in endangered, critical, or critical and declining status; delaying plans' rehabilitation periods so that they can push off necessary contribution increases and accrual reductions; and by giving plans an extra 15 years to make up for investment losses that may occur in 2019 and 2020. Even before the pandemic, hundreds of multiemployer pension plans faced insolvency within 30 years; delaying or forgoing necessary improvements would only drive up their debts and expedite their insolvency.

- **Maintain provisions that help to preserve pensions.** The most recent version of the HEROES Act would forbid multiemployer pension plans from approving partial benefit reductions to prevent insolvency.[9] In a similar and politically motivated move in 2016, the U.S. Treasury Department denied an application by the Central States Teamsters' pension fund to implement partial benefit cuts that would have significantly prolonged the plan's solvency. Since the reductions were denied, the Central State pension fund went from 29 percent funded, with $38.9 billion in unfunded liabilities, in 2016 to 23 percent funded, with $43.6 billion in unfunded liabilities, in 2019.[10] Refusing to allow pension plans to even apply for benefit reductions is like refusing to allow creditors to negotiate lower repayments and instead forcing them to wait until after the debtor becomes bankrupt to see if there is anything left for them to reclaim. This repudiation of current law would be unjust and harmful to workers, retirees, and employers.

Improving the Status Quo: Preventing Broken Pension Promises. The Administration and Congress should:

- **Apply the same rules and funding standards to multiemployer and single-employer pension plans.** Providing a dollar of pension benefits requires the same contribution whether it comes from an individual employer or from a pool of employers, yet the different funding rules for multiemployer pension plans allow them to short-change workers while indicating that they are properly funding benefits. If multiemployer plans had to use the same discount rates as single-employer plans, only 2 percent of them would be in the well-funded[11] "green zone;" yet under their own assumptions, 62 percent are in the "green zone."[12]

  There is no reason why workers with unionized pension plans should not have the same protections and rights to their promised pensions as workers with non-union pension plans. Policymakers should require multiemployer plans to gradually reduce their discount-rate assumptions until they match those required by single-employer plans. Moreover, to stop the bleeding, multiemployer plans should be subject to the same excise tax as single employers when they fail to make annual required contributions, and dangerously insolvent pension plans (such as those that are less than 60 percent funded) should be prevented from making new pension promises until they can make good on their existing promises.

- **Prohibit collective bargaining from setting contribution rates.** No one would set the price of an item without taking into account the costs of producing it. Yet, unions negotiate their pension inputs (employer contributions) and outputs (pension benefits) separately. Unions should only be able to negotiate workers' accrual rates; contribution rates should be non-negotiable, formulaic results of negotiated accrual rates. This would prevent unions from appearing to appease both sides at the expense of workers' future retirement security.

- **Require employers to recognize unfunded liabilities on their balance sheets.** Unlike single-employer pension plans that have to recognize their unfunded liabilities on their balance sheets, employers in multiemployer pension plans generally do not have to recognize their share of unfunded pension liabilities unless they withdraw from the pension plan. While employers in multiemployer pension plans do not directly own the pension plan, they nevertheless are responsible for a portion of the plan's unfunded liabilities, and Congress should require that employers gradually reflect multiemployer pension liabilities on their balance sheets, just as it requires of single-employer pension plans.

2. The Pension Benefit Guaranty Corporation's Multiemployer Program Will Soon Be Insolvent, Exacerbating Pension Losses

In the aftermath of the Studebaker automaker bankruptcy in 1963, in which more than 4,000 workers lost most or all of their promised pension benefits, Congress enacted the Employment Retirement Income Security Act of 1974, which also established the PBGC, to provide a backstop against private-sector pension losses. All private-sector pension plans must pay insurance premiums to the PBGC in return for specified benefits for participants of failed pension plans. As a government entity, the PBGC does not have access to taxpayer funds.

The PBGC's multiemployer program has never functioned like private insurance because it lacks the authority to set appropriate premiums and Congress has failed to manage it in a way to maintain its solvency. Consequently, the PBGC's multiemployer program has a $65.2 billion deficit and is projected to become insolvent and able to pay only a tiny fraction of insured benefits beginning in 2026.[13] Multiemployer pension plan failures coupled with the PBGC's multiemployer program insolvency could result in retired workers receiving mere pennies on the dollar in promised pension benefits.

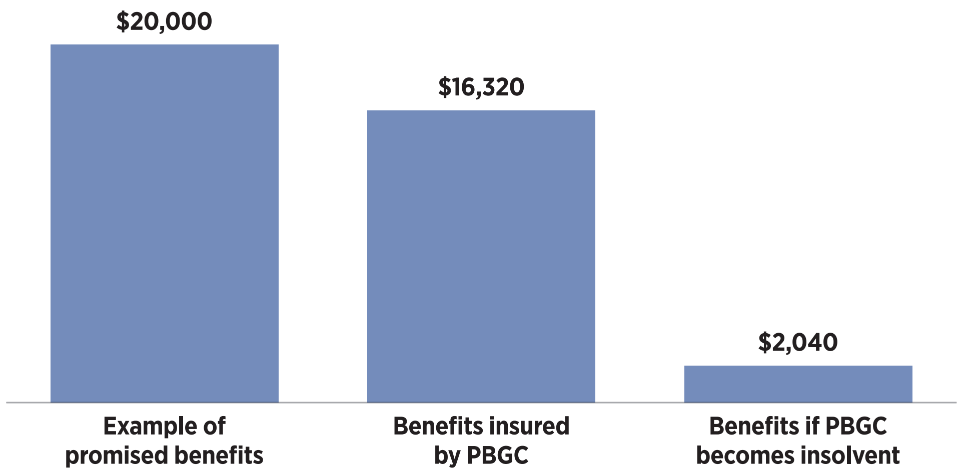
Stopping Potential Threats: Not Worsening the PBGC's Outlook Nor Transferring Shortfalls to Taxpayers. The Administration, in its role of appointing PBGC leadership and the PBGC's Advisory Committee, should work with Congress to:

- **Not exacerbate the PBGC's shortfalls by retroactively increasing PBGC benefits.** The PBGC's multiemployer program provides more limited insurance benefits than the single-employer program.[14] With more plans—some very large ones—facing insolvency, some people and policymakers have proposed increasing the PBGC's maximum benefit, going so far as doubling it. Yet, the PBGC's multiemployer program has a $65.2 billion deficit and is projected to run out of funds in 2026, at which point it will only be able to pay between 10 percent and

CHART 2

"Guaranteed" Pension Benefits Could Drop 90 Percent

Current workers and retirees with multiemployer pensions could be left with pennies on the dollar if their plans fail, and after the PBGC becomes insolvent.



SOURCES: Author's calculations based on the PBGC's benefit formula for a worker with 40 years of service and a $1,500/month promised pension. Projected percentage payable once the PBGC is insolvent based on the PBGC's estimated incoming premiums and outgoing claims, which represent a dollar ratio of about 1 to 8, beginning in the 2030s. Pension Benefit Guaranty Corporation, "FY 2019 Projections Report", Figure 2. PBGC Multiemployer Fund Assets, Assistance Payments, and Premiums by Fiscal Year, https://www.pbgc.gov/sites/default/files/fy-2019-projections-report.pdf (accessed October 19, 2020).

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15 percent of insured benefits. Increasing the PBGC's multiemployer benefits would expedite the PBGC's insolvency, add an estimated $40 billion in new debts, and unfairly shift the costs of higher benefits onto current workers and taxpayers.[15] If policymakers decide to increase the PBGC's multiemployer program benefit levels, they must first ensure that the PBGC can provide already insured benefits and then increase premiums enough to fully fund higher benefits.

- **Not allow plans to offload broken promises onto the PBGC.** Various proposals would allow multiemployer union pension plans to siphon off or "partition" so-called orphaned participants—those whose employers are no longer in business—to the PBGC while keeping the plan fully operational for non-orphaned participants. Maintaining the already earned benefits of "orphaned" workers is foundational to the multiemployer pension system. The basis for setting up multiemployer plans was to allow workers to maintain their pension benefits across employers and if their employer went out of business. Just as individuals cannot shift a portion of their unpaid bills and credit card payments to someone else because they no longer receive value from those past purchases, multiemployer pension plans should not be able to shift the costs of their broken promises onto the PBGC.

- **Not turn the PBGC into a taxpayer-financed entity.** The PBGC is a self-funded government entity with no access to taxpayer dollars, but some proposals, including one by a group of Republican Senators, would change that by putting taxpayers on the hook for the PBGC's current shortfalls ($65.2 billion and rising) as well as additional liabilities that would come from increasing PBGC benefit payments and from allowing pension plans to unload, or "partition," onto the PBGC their promised pension benefits owed to potentially millions of workers and retirees.[16] Instead of putting taxpayers on the hook for the PBGC's shortfalls, policymakers should allow the PBGC to act like an insurance company by implementing premiums and policies that enable it to pay insured benefits.

Improving the Status Quo: Ensuring the PBGC's Solvency, Enhancing Its Efficiency. The Administration and Congress should:

- **Increase the base PBGC premium and add a variable-rate premium.** At only $30 per participant, per year in 2020, the multiemployer premium is both extremely low and inadequate for financing insured benefits.[17] The multiemployer premium should be at least $90 per participant per year, bringing it closer to the PBGC's single-employer flat-rate premium of $83 per participant. In addition, the multiemployer program needs to gradually add a variable-rate premium. For the same reason that 18-year-old males are more likely to cause car accidents and thus pay higher car insurance rates than 45-year-old females, pension plans that are only 30 percent funded and almost certain to become insolvent should not pay the same pension insurance rates as plans that are financially sound. The PBGC's single-employer program, which has an $8.7-billion-and-growing surplus, receives 71 percent of its revenues from its variable-rate premium, but the multiemployer program has no variable-rate premium.[18] To encourage plans to become better funded and to preserve the PBGC's solvency, policymakers should implement a multiemployer variable-rate premium, starting at a low amount and growing over time.

- **Enact a minimum retirement age.** With standard premiums should come a standard insurance policy, yet PBGC benefit availability is tied to individual plans' eligibility ages. The PBGC should set a retirement eligibility age (tying it to Social Security's is an option), and if plans want PBGC insurance to be effective prior to that age, they should pay higher premiums.

- **Mandate that the PBGC take over plans when they fail.** When a single-employer plan becomes insolvent—or even sometimes prior to it becoming insolvent—the PBGC takes over the plan and becomes responsible for administering its remaining assets and distributing insured PBGC benefits. In contrast, when a multiemployer plan becomes insolvent, the PBGC transfers funds to the plan's trustees (technically providing loans, but with no expectation of repayment), who remain in charge of the failed plan and administer the PBGC's insured benefit payments. Congress should cut out the middlemen and have the PBGC manage insolvent multiemployer plans. With the risk of losing their jobs, pension trustees would have more incentive to maintain the solvency of their plans.

- **Impose a temporary stakeholder fee.** Either in addition to reasonable PBGC premium increases, or in place of flat-rate premium increases, policymakers should enact a per-participant stakeholder fee assessed annually on employers, unions, and participants (workers and retirees) until the PBGC is projected to remain solvent over the long term. An $8-per-month fee (less than $100 per year), assessed on each of these three stakeholder groups, would generate about $3 billion per year in additional revenues—enough to cover most, if not all, of the PBGC's shortfalls over the next two decades. This funding strategy would address plan trustees' concerns that imposing significantly higher PBGC premiums would hasten many plans' insolvency.

3. Taxpayers Who Had No Role in Private Union Pension Promises Are Being Asked to Foot the Bill

Just under 11 million Americans participate in multiemployer pension plans.[19] Those pension promises were and are part of workers' compensation and workers have a right to receive what was promised to them. But to the extent that those promises are not payable, the bill should not fall to federal taxpayers who did not have a seat at the negotiating table when these pension promises were made, and who did not share in any of the profits received by those private-sector employers and unions. Already, Congress provided a roughly $7 billion taxpayer bailout to the United Mine Workers of America pension plan in 2019, but this bailout covers only one of more than 1,000 severely underfunded multiemployer pension plans.[20] American workers have their own retirements for which to save; they should not also have to finance the broken pension promises of private-sector employers and unions.

Stopping Potential Threats: Not Exacerbating Pension Shortfalls. Congress should:

- **Not provide bailouts without reform, such as the Butch Lewis Act and Rehabilitation for Multiemployer Pensions Act.** These companion Senate and House bills,[21] the latter of which (H.R. 397) passed the House of Representatives in July 2019, call for two layers of taxpayer-funded bailouts, without doing anything to reduce or even contain multiemployer pensions' persistent underfunding. First is taxpayer-funded loans to "insolvent" or "critical and declining" multiemployer pension plans, with the intent for pension plans to arbitrage those funds in a manner akin to issuing trillions of dollars in new federal debt and investing it in the stock market in hopes of earning high returns and being able to reduce the debt. The loans could be forgiven if plans could not repay them. In addition to loans, the bills would provide direct cash assistance—as much as tens of billions of dollars to a single plan. These funds would come through the PBGC, which is currently not a taxpayer-financed entity, but would become taxpayer-funded through these acts. The CBO estimated that H.R. 397 would provide taxpayer dollars and taxpayer-financed loans to about 10 percent of multiemployer pension plans at a cost of $100 billion.[22] The loans would have an expected default rate of 80 percent, and even with the massive bailouts, a quarter of the plans receiving assistance would still become insolvent within 30 years.[23] If made equally available to all financially troubled multiemployer pension plans, these bills would likely cost taxpayers upwards of $700 billion.[24]

- **Not establish a new, hybrid pension system.** In recognizing the shortfalls of defined-benefit pensions, some have proposed a new hybrid, or "composite," pension system that would provide both a minimum benefit and a variable benefit, dependent on investment returns. The new plans would also require stronger funding rules, at least at the outset. The multiemployer system appeared similarly fool-proof at its inception, but is now falling apart due to failure to enact sound funding requirements, shortsighted or reckless management, and inadvertent legislation that resulted in rapid pension deterioration.[25] A new system could end up just as troubled as the last, further risking workers' pensions and taxpayer bailouts. Instead of enacting an entirely new system, policymakers should fix the existing system so that multiemployer pensions cannot make broken promises. Moreover, it is already possible, and many employers do provide hybrid plans. The federal government, for example, provides a defined benefit pension (the Federal Employees Retirement System) and a defined contribution 401(k) (the Thrift Savings Plan).

Improving the Status Quo: Protecting Taxpayers, Minimizing Pension Losses. Congress should:

- **Make the PBGC solvent.** If the PBGC can continue paying benefits, as it already does for participants of dozens of failed multiemployer pension plans, there will be less need for a far more costly taxpayer bailout of the entire multiemployer system. By enacting the commonsense reforms proposed above, it is possible to make the PBGC solvent without using taxpayer resources.

- **Give workers a buy-out option.** Many younger workers are being partly compensated with promises of multiemployer pension benefits 20 years or 30 years in the future when their pension plans will be insolvent within a decade. Those workers should have other options, including a lump-sum buy-out equal to a portion of their accrued benefits,[26] as well as defined contribution retirement accounts that they own, and which are not subject to potential insolvency. Eliminating future liabilities for younger workers would help employers, and many workers would rather exchange an unlikely promise of a higher benefit for a smaller amount of retirement savings that they own and control.

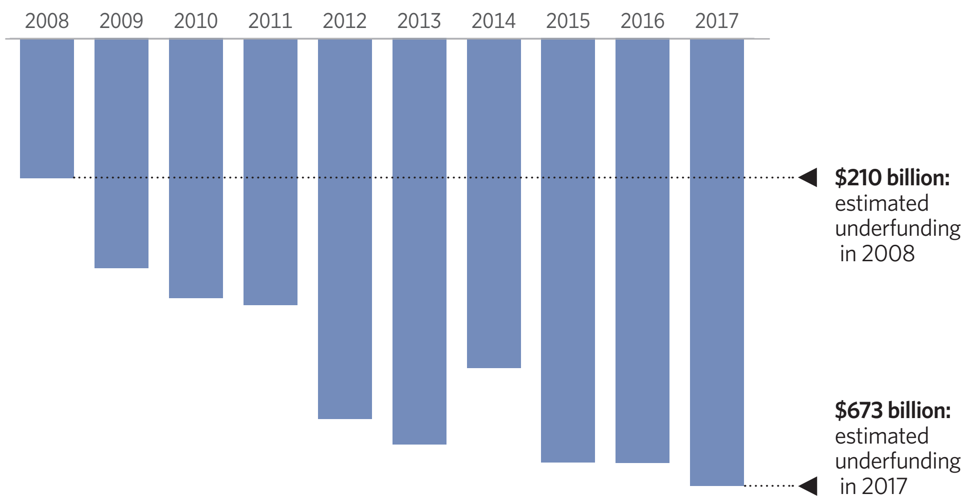
- **Enhance Multiemployer Pension Reform Act (MPRA) provisions to minimize benefit cuts across all workers.** Many

CHART 3

Each Year that Policymakers Delay Multiemployer Pension Reform Increases Pension Losses and Taxpayer Risks

Without reform, multiemployer pension plans will continue to make unfunded promises.

MULTIEMPLOYER PENSION SYSTEMWIDE UNDERFUNDING, IN BILLIONS OF DOLLARS



SOURCE: Pension Benefit Guaranty Corporation, "2018 Pension Data Tables, Table M-9," https://www.pbgc.gov/sites/default/files/2018_pension_data_tables.pdf (accessed October 19, 2020).

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economists have concluded that there is no credible solution to the multiemployer pension crisis that does not involve partial benefit reductions. The 2014 MPRA provided a pathway for reducing pension benefits before plans run out of money, thus prolonging plan solvencies and minimizing pension losses across cohorts. With only 30 plans having applied, and only 18 approved, for benefit reductions, the MPRA requirements proved too limiting.[27] Congress should ease the requirements to qualify for MPRA reductions, including changing the stipulation that cuts must lead to plan solvency, to instead require that they improve plan solvency. This would help to ensure greater equity across younger and older workers, so that some do not receive 100 percent while others receive only a small fraction of their promised pension benefits.

Conclusion

It is not fair that multiemployer pension plans promised workers benefits that they cannot pay, and policymakers must address these broken promises now and prevent them in the future. It would be even more unfair, however, to force taxpayers who had no role in those promises and who need to save for their own retirement to pay for private-sector workers' pensions. Providing taxpayer funds to private union pension plans and the PBGC, or issuing risky loans to insolvent pension plans, would set the precedent for future bailouts, including potentially state and local governments' roughly $5 trillion in unfunded pension promises.[28] Combined, taxpayer bailouts of multiemployer and state and local pensions could equal $43,000 for every household in America.

These proposals—preventing future underfunding, ensuring the viability of the PBGC, protecting taxpayers, and minimizing pension losses—seek an evenhanded resolution to a decidedly unjust situation. Congress and the Administration must act now to protect pensioners and taxpayers, because every day that they wait, the shortfalls grow even larger. Over just the past decade, multiemployer pension shortfalls increased threefold, from $210 billion in 2008 to $673 billion in 2017.[29]

While comprehensive multiemployer pension reforms, such as those proposed here, are necessary and prudent, each of these reforms is worthy of implementation in its own right. Enacting some or all of these reforms now would be far less painful and less costly than waiting until hundreds of thousands, or millions, of workers lose their pensions. There is no pain-free or easy way out of the multiemployer pension tragedy, but lawmakers must refuse ill-conceived and risky bailouts and instead correct past wrongs and minimize pension losses—without shifting the burden to taxpayers.

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Endnotes

1. In December 2019, Congress enacted the Bipartisan American Miners Act of 2019 (Division M of the Further Consolidated Appropriations Act, 2020, Public Law No. 116–94).
2. Pension Benefit Guaranty Corporation, Table M-9, https://www.pbgc.gov/sites/default/files/2018_pension_data_tables.pdf (accessed October 21, 2020).
3. The PBGC's multiemployer program is projected to be insolvent in 2026, but the PBGC's separate single-employer program is financially sound, with projected surpluses now and into the future.
4. Pension Benefit Guaranty Corporation, PBGC Tables M-5 and M-6, https://www.pbgc.gov/sites/default/files/2018_pension_data_tables.pdf (accessed October 21, 2020).
5. Pension Benefit Guaranty Corporation, Table M-13, https://www.pbgc.gov/sites/default/files/2018_pension_data_tables.pdf (accessed October 21, 2020).
6. Pension Benefit Guaranty Corporation, Table M-9, https://www.pbgc.gov/sites/default/files/2018_pension_data_tables.pdf (accessed October 21, 2020).
7. Joshua D. Rauh, testimony before the Joint Select Committee on Solvency of Multiemployer Pension Plans, U.S. Congress, July 25, 2018.
8. In a Ways and Means Committee markup of H.R. 397, the Chief of Staff of the Joint Committee on Taxation, Thomas Barthold, said that plans could apply more accurate discount rate assumptions to reveal their true underfunding and thus qualify for bailouts. Under more reasonable assumptions, upwards of 90 percent of plans could receive bailouts. The exchange between Representative David Schweikert (R–AZ) and Barthold occurs around 1:22:00 here: https://www.youtube.com/watch?v=TYp1UpQKQ-k (accessed October 9, 2020).
9. The bipartisan Multiemployer Pension Reform Act of 2014 allows plans to reduce benefits up to 110 percent of the PBGC-insured level, subject to approval by a vote of the plan members. The rationale for reductions being capped to provide a minimum of 110 percent of the PBGC-insured benefit level is that participants would receive more than they would from the PBGC, which was—and remains—the inevitable outcome absent benefit reductions or a taxpayer bailout.
10. Form 5500 filings for the "Central States Southeast & Southwest Areas Pension Plan," U.S. Department of Labor, https://5500search.dol.gov/ (accessed October 21, 2020).
11. "Green zone" plans have funding ratios of 80 percent or higher.
12. Michael D. Scott, letter to Members of the Joint Select Committee on Solvency of Multiemployer Pension Plans, National Coordinating Committee for Multiemployer Pension Plans (NCCMP), June 25, 2018. The analysis commissioned by the NCCMP was performed by Horizon Actuarial Services, LLC.
13. The $65.2 billion deficit is as of September 30, 2019. Pension Benefit Guaranty Corporation, "FY 2019 PBGC Projections Report."
14. The PBGC's multiemployer program includes an annual benefit cap equal to $4,290 for workers with 10 years of service, $8,580 for those with 20 years, $12,870 for those with 30 years, and $17,160 for those with 40 years. See Pension Benefit Guaranty Corporation, "Multiemployer Insurance Program Facts," https://www.pbgc.gov/about/factsheets/page/multi-facts (accessed October 29, 2020). Multiemployer program premiums are also only a fraction of single-employer premiums. These differences in premiums and benefits are a result of the structure of multiemployer pensions, where participating employers are supposed to provide built-in insurance to maintain the pensions of companies that go out of business.
15. The Pension Analytics Group, "Multiemployer Solvency Crisis: An Analysis of Proposed Adjustments to the PBGC's Benefit Guarantee," February 2019, http://www.pensionanalytics.org/our_papers (accessed October 15, 2020).
16. The PBGC estimated that there were between 1.6 million and 2.5 million orphaned participants in multiemployer pensions as of 2015. Some proposals would allow plans to "partition off" only orphaned participants while others, such as the Grassley and Hatch proposal, would allow plans to partition off as many participants as necessary to keep the plan solvent, but this version of a partition is closer to a cash transfer than to an actual partition, as plan managers would remain in charge of partitioned workers' pensions.
17. Historically, multiemployer pension premiums have been extremely low; a worker with 30 years of service who retired in 2015 would have had only $182 (in inflation-adjusted 2020 dollars) in PBGC premiums paid on his behalf. Although premiums have increased recently, they are still nowhere near adequate to support even current benefits.
18. The single-employer program's variable rate premium equals $45 per $1,000 of unfunded vested liabilities, up to a maximum of $561 per year, per participant. Combined with the $83 flat-rate premium, the maximum single-employer premium equals $644 per year. PBGC, "Data Table Listings," Table S-39, PBGC Historic Premium Rates (1974–2020) Single Employer Program, and Table S-40, PBGC Premium Revenue (1980–2019) Single Employer Program, https://www.pbgc.gov/sites/default/files/2018_pension_data_tables.pdf (accessed November 2, 2020).
19. In contrast, about 25 million Americans participate in single-employer pension plans, an estimated 58 million participate in 401(k) plans, and the overwhelming majority of working-age Americans are part of the Social Security system.

20. In December 2019, Congress enacted the Bipartisan American Miners Act of 2019 (Division M of the Further Consolidated Appropriations Act of 2020, Public Law No. 116–94). According to the United Mine Workers of America form 5500 financial disclosure statement, as of June 30, 2019, the plan had $9.33 billion in liabilities and only $2.38 billion in assets, for a shortfall of $6.96 billion, which taxpayers will cover under the 2019 act. U.S. Department of Labor, https://5500search.dol.gov/ (accessed November 2, 2020).
21. The two bills are virtually identical in their provisions, but whereas the Butch Lewis Act provides open-ended assistance, the Rehabilitation for Multiemployer Pensions Act limits access to taxpayer assistance to an estimated 10 percent of the most poorly funded plans based on their reported funding as of the date of enactment. This limited qualification almost certainly reduces the projected costs of the Rehabilitation for Multiemployer Pensions Act.
22. As noted in footnote 5, the Chief of Staff of the Joint Committee on Taxation acknowledged that far more than 10 percent of plans could qualify for these loans if they used more accurate discount-rate assumptions, reflecting market-based measures of their true underfunding.
23. Ibid.
24. Rachel Greszler, "Policymakers Need to Know: What Is the True Cost of a Butch Lewis Act Pension Bailout?" Heritage Foundation *Backgrounder* No. 3371, December 11, 2018, https://www.heritage.org/sites/default/files/2018-12/BG3371.pdf.
25. The Pension Protection Act of 2006 established plan-funding zones and improvements to funding rules, but it also effectively eliminated the consequences of violating funding rules by removing enforcement mechanisms, such as an excise tax on unfunded contributions and a requirement that plans freeze benefit accruals if they could not meet their required funding levels. Consequently, plans became more underfunded. Between 2007 and 2017, total multiemployer plan funding fell from 69 percent to 42 percent (even as the S&P 500 increased by 82 percent over the same period) and unfunded liabilities increased more than threefold from $193 billion to $673 billion.
26. Congress could pass legislation allowing employers and employees who mutually consent to utilize a buy-out option based on specified parameters that consider the well-being of all participants in the multiemployer pension plan.
27. Pension Rights Center, "Pension Plans That Have Applied to Cut Benefits Under the Multiemployer Pension Reform Act," August 31, 2020, http://www.pensionrights.org/publications/fact-sheet/pension-plans-have-applied-cut-benefits-under-multiemployer-pension-reform-a (accessed October 14, 2020).
28. American Legislative Exchange Council, "Unaccountable and Unaffordable 2019, Unfunded Public Pension Liabilities Total Nearly $5 Trillion," June 2020, https://www.alec.org/app/uploads/2020/06/2019-Unaffordable_FINAL.pdf (accessed October 14, 2020).
29. Multiemployer pensions' total unfunded liabilities rose from $210 billion in 2008 to $673 billion in 2017, which is the most recent year for which data is available. PBGC, "Data Table Listings," Table M-9, Aggregate Funding of PBGC-Insured Plans (1980–2017) Multiemployer Program.