



International Union of Operating Engineers

AFFILIATED WITH THE AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

December 10, 2014

JAMES T. CALLAHAN
GENERAL PRESIDENT

The Honorable John Kline
2439 Rayburn House Office Building
Washington, DC 20515

The Honorable George Miller
2205 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Kline and Ranking Member Miller:

The International Union of Operating Engineers appreciates your leadership on legislation that would deliver key reforms to the nation's multiemployer pension system. We are grateful for the thorough, bipartisan effort of the Education and Workforce Committee to develop the policy that will be considered on the House floor this week.

The International Union of Operating Engineers (IUOE) represents almost 400,000 men and women in the United States and Canada. The IUOE is a progressive, diversified trade union that primarily represents operating engineers, who work as heavy equipment operators, mechanics, and surveyors in the construction industry, and stationary engineers, who work in operations and maintenance in building and industrial complexes, as well as a number of job classifications in the petrochemical industry. The IUOE sponsors, along with participating employers, the Central Pension Fund, one of America's largest multi-employer pension funds – which should be noted is in exceptionally strong financial condition.

As you know, a small segment of multiemployer pension programs are in real trouble. The problem is that this small, deeply-troubled segment of plans represents a substantial number of workers, and these plans insolvency would present systemic risk to the Pension Benefit Guaranty Corporation, threatening the viability and insurance structure of even healthy plans. That is why the IUOE worked in partnership with key stakeholders to develop the Solutions Not Bailouts proposal.

Solutions Not Bailouts simply extends the expiring Pension Protection Act and gives plan trustees the tools they need to strengthen their plans. This proposal helps deeply-troubled plans avoid insolvency, averts a broader, system-wide pension insurance crisis, and, most importantly, assists those retirees threatened with dramatic cuts to their benefits. Another central feature of this proposal is that it protects taxpayers by avoiding a massive bailout of private pension plans.

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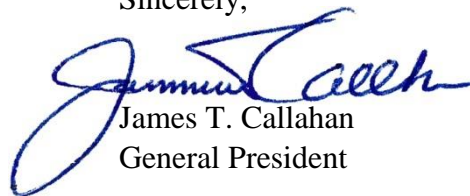
Opposition to Solutions Not Bailouts seems to rely on a misguided notion that there would be a federal bailout of private multiemployer pension plans. It should be clear to all policymakers that a bailout would be hugely expensive. It also should be clear that such a federal bailout would be politically unlikely (if not politically impossible).

Through the development of Solutions Not Bailouts and through multiple hearings of the Education and Workforce Committee, decision-makers learned that there are no easy solutions. The longer we wait to fix the problem; the harder it becomes to fix, hurting workers and retirees. Further delay would serve to increase the burden on employers struggling to fund their workers' pensions. Even the prospect of delay and the cloud of uncertainty it creates weakens the system, threatening the economic and retirement security of workers and families across America.

Pension trustees have run out of options. They have used and exhausted the policy tools at their disposal. Many have increased worker and employer contributions. A large number have reduced pension accrual rates, in addition to other painful policy steps.

The International Union of Operating Engineers strongly believes that Congress must take these essential steps to strengthen the multiemployer pension system, and we sincerely appreciate your leadership to advance this legislation. Your legislation should enable this essential element of American retirement security to thrive well into the future.

Sincerely,



James T. Callahan
General President

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