



AMERICANS FOR LIMITED GOVERNMENT

9900 MAIN STREET SUITE 303 • FAIRFAX, VA 22031 • PHONE 703.383.0880 • FAX: 703.383.5288 • WWW.GETLIBERTY.ORG

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United States Senate
WASHINGTON, D.C. 20510

To the Members of the Health, Education, Labor and Pensions Committee:

Americans for Limited Government urges your opposition to Senator Robert Casey's S. 3157 or the falsely named "Create Jobs and Save Benefits Act of 2010" which is before the Health, Education, Labor and Pensions Committee on May 27th.

Nice sounding title aside, this legislation is nothing more than a \$165 billion taxpayer bailout of union pension funds. In most cases, the big labor unions who run these pension funds have not taken any of the normal steps one would expect them to take to make these funds viable. Rather than make tough decisions like cutting back the benefits paid out, limiting benefit promises to younger employees, requiring their members to pay pension assessments to cover some of the shortfall, or cutting back on spending union member dues on political expenditures, these union leaders are asking for these funds to be backed by the Pensions Benefits Guaranty Corporation (PBGC) with taxpayer funds as the backstop.

As you know, unlike private corporations who pay a premium to the PBGC to cover potentially stranded pensioners, these multi-employer pension funds haven't contributed a dime into this already stressed system threatening its solvency.

Unlike individual corporate defined benefit pension plans covered by the PBGC, the Casey legislation would require payouts on union pension to every retiree and survivor at 100 percent value until the day they died, all backed by taxpayer dollars.

Ironically, a recent Moody's report on the financial soundness of multi-employer pension funds revealed that employee funds controlled by some of the richest unions in the world are critically underfunded. The unions controlling these funds include the National Football League Players Association, The Major League Baseball Players Association, the SEIU, LIUNA and the International Brotherhood of Teamsters.

It is difficult to imagine that at a time when the Moody's estimates that our national AAA status will be in jeopardy as early as 2013, that spending taxpayer dollars to pay the pensions of millionaire baseball and football players could be construed as anything but absurd.

Ultimately, big labor has refused to deal with the inherent problems facing the pension systems that they negotiated to get, and through S. 3157 are seeking to maintain all the benefits of offering defined benefits pension systems to their members and potential members, without incurring any of the downside costs.

Instead, they want the American taxpayer, most of whom are struggling to save for their own retirements, to absorb the cost of their failure to manage these funds appropriately. Americans for Limited Government urges you to oppose S. 3157.

Sincerely,

William Wilson
President
Americans for Limited Government