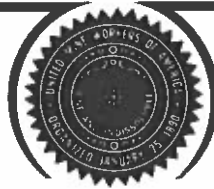


United Mine Workers of America

CECIL E. ROBERTS
INTERNATIONAL PRESIDENT



TELEPHONE
(703) 291-2420
FAX (703) 291-2451

UNITED MINE WORKERS' HEADQUARTERS
18354 QUANTICO GATEWAY DRIVE, SUITE 200

Triangle, VA

22172-1779

July 24, 2018

The Honorable Orrin Hatch, Co-Chair
Joint Select Committee on the Solvency of
Multi-Employer Pension Plans
104 Hart Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown, Co-Chair
Joint Select Committee on the Solvency of
Multi-Employer Pension Plans
713 Hart Senate Office Building
Washington, DC 20510

Dear Co-Chairs Hatch and Brown:

I want to first thank you for your leadership of the Joint Select Committee on the Solvency of Multi-employer Pension Plans. You have taken on an immense and difficult challenge, but one that must be confronted and solved. Millions of retired American workers are counting on you and the Committee to arrive at a solution that preserves the pensions that they earned after decades of hard work. You must not fail them.

That is especially true of the retired members of the United Mine Workers of America who are covered by the UMWA 1974 Pension Plan. As you know, the 1974 Plan is projected to become insolvent in the 2022 Plan year. But that projection may prove to be optimistic, as any further shocks to the financial markets or another sudden downturn in the coal industry will accelerate insolvency.

In December 2007, before the Wall Street crash that drove the country into the Great Recession, the 1974 Plan was 94% funded and the actuaries projected that it would become fully funded over the coming decade. In April 2009, immediately after the Wall Street crash, the actuaries projected that instead of being fully funded, the 1974 Plan could become insolvent in the coming decade.

Bankruptcies in the coal industry have devastated the 1974 Plan's contribution base. In 2014 employers contributed over \$120 million to the Plan; by 2017 employer contributions had plummeted to about \$20 million because of bankruptcy court actions, and about 80% of that

contribution now comes from just one employer group. The bankruptcies have also increased the ratio of inactive to active participants. In 2014 there were 10.6 inactive participants for each active participant. Because of the withdrawal of companies in recent bankruptcies that ratio is now about 33-1.

Adding insult to injury, bankruptcy courts also voided \$3.1 billion in withdrawal liabilities from former contributing companies.

The retirees did not create these problems. Yet here we are. Legislation is now the only option to prevent insolvency of the 1974 Plan. We can't invest our way out of the problem, nor cut our way out, nor contribute our way out.

Congress has had proposals before it since 2010 to bring the 1974 Plan into the Coal Act and allow it to access the same federal financial support as Congress has provided to these very same retirees in the Coal Act health plans. The option to allow the 1974 Plan to participate in Abandoned Mine Land (AML) transfers is still available to Congress, although the AML transfers alone will no longer prevent insolvency but merely delay it.

I am aware that there are some advising the Committee to do nothing to help pension plans, like the UMWA 1974 Plan, that are currently in critical and declining status. "Just let them fail," these advisors say. In addition to ignoring the cruel outcome for the retirees and their communities in this scenario, this advice will inevitably lead to increased costs for the government than if the Committee simply solved the problem now through passing a low-interest, long-term loan program.

There are several proposals to provide low interest loans to critical and declining pension plans. All have their merits and flaws, but they will work, provided that Congress acts now. It is the job of the Committee to sort through those proposals and find the best way forward.

Acting now will allow troubled plans to stop the bleeding and grow their core assets, which can be used later to repay the loans. You will not only preserve much needed benefits for retirees and surviving spouses throughout the coalfields, you will help prevent the collapse of the Pension Benefit Guaranty Corporation (PBGC), which will be a much more expensive problem to fix. If Congress delays action, the 1974 Plan will soon reach the point of no return.

Action by Congress now will benefit millions of retired American workers who will otherwise see their pension plans become insolvent. These workers live in every state in America, in thousands of communities large and small. The loss of pension income, especially in rural areas, will be devastating to already struggling local economies.

Retirees covered by the 1974 Plan do not live in luxury. They live in some of the most economically depressed areas of our nation. Their average pension is \$582 per month. They earned every penny that they receive by years of hard, dangerous work in the nation's coal mines.

They spend their pensions in their communities, providing the majority of whatever economic activity those communities are able to generate. Cutting or largely eliminating these

pensions will not just devastate the retirees and widows, it will drive a stake through the heart of hundreds of struggling communities, especially in Appalachia and the Midwest.

It is easy to say, "Do nothing to help these distressed pension plans" from the marbled halls of Washington, DC. But go to Madison, West Virginia; Cadiz, Ohio; Price, Utah; Brookwood, Alabama or Carmichaels, Pennsylvania and you will see what the impact of losing these pensions will be on real, living American senior citizens and their communities.

The retired coal miners worked hard, in often dangerous conditions, so that the rest of us could live in comfort. They are counting on you and your Committee to provide a way for them to live out the rest of their lives in the dignity and security they were promised and have earned. Please do not let them down.

Sincerely,

A handwritten signature in black ink that reads "Cecil E. Roberts". The signature is written in a cursive, flowing style.

Cecil E. Roberts

cc: Members of the Joint Select Committee on the Solvency of Multi-employer Pension Plans
Senator Shelley Moore Capito
Representative David McKinley