Senator Brown and Congressman Neal Make Changes to Butch Lewis Act

Amended Butch Lewis Act would not help AFM-EPF

The Trustees were made aware last week of significant changes that Senator Sherrod Brown (D-OH) and Congressman Richard Neal (D-MA) have made to the Butch Lewis Act.

After further discussion with Sen. Brown's office over the past several days, it is clear now that these changes would eliminate the AFM-EPF's access to the government loan program as defined in this new Butch Lewis legislation. Additionally, it is unclear whether the new draft legislation has any new bipartisan support.

Background: The Butch Lewis Act

The Butch Lewis Act, as originally drafted and introduced as legislation, would have provided low-interest government loans to multiemployer pension funds in "critical and declining" status. These loans would provide enough money for a multiemployer fund to pay current retirees and beneficiaries their benefits for life, which would allow the fund to grow back to stronger financial footing.

The AFM-EPF's actuary determined in December 2017 that the Butch Lewis Act, as originally presented to Congress, would address the financial issues facing our Fund. **The December 22, 2017 issue of *Pension Fund Notes*** provides a summary of how this original version of the Butch Lewis Act would work.

Since then, Sen. Brown has made clear that changes to the original bill would undoubtedly be required for a solution to gain sufficient bipartisan support to be reported out of the Joint Select Committee on the Solvency of Multiemployer Pension Plans, pass both chambers of Congress and be signed by the President.

The Trustees have anticipated such changes because of Sen. Brown's public statements and because that is generally what happens to bills working their way through Congress. Therefore, the Trustees made clear that future support for any legislative solution, including the Butch Lewis Act, was entirely conditional on the need to fully address the financial issues facing our Fund, while also treating participants fairly.

Changes to Loan Eligibility

Sen. Brown and Rep. Neal made several changes to the Butch Lewis Act to bring down its projected cost. According to the nonpartisan Congressional Budget Office, the changes reduce the projected 10-year cost of the Butch Lewis Act from more than $100 billion to $34 billion. This significant reduction in cost is achieved by proposing a major change in the loan program's eligibility criteria:

Original Butch Lewis Act: Would make loans available to **all** multiemployer pension plans that are in "critical and declining" status now or that enter "critical and declining" status in the future.

Amended Butch Lewis Act: Limits eligibility for a loan to "critical and declining plans as of the date of enactment and any critical plan as of enactment below 40% funded with an active to inactive ratio below 40%."

The AFM-EPF does not meet the criteria in the amended Butch Lewis Act. The Fund is in "critical" status, and the earliest it could enter “critical and declining” status is after March 31, 2019. The AFM-EPF is 64.5% funded and our active to inactive ratio is more than 70%. The loan program would only be available to funds that meet these criteria at the moment the Butch Lewis Act is signed into law by the President.

Make Your Voice Heard

While the amended Butch Lewis Act may help those multiemployer funds already in the very worst financial shape, it ignores the many funds projected to reach that state in the coming years. This is a band-aid. We need a solution that solves this national crisis once and for all.

The Trustees will continue to strongly advocate for a solution that fully addresses the financial issues facing our Fund, while also treating participants fairly. Clearly, the Butch Lewis Act is no longer the type of plausible solution sought by the Trustees, so many other multiemployer pension funds and their participants.

We are not giving up, and we urge participants not to give up either. Trustees will be meeting with Joint Select Committee members and staff to make their views known. You can make your voice heard by using **the tools on the AFM-EPF website** to contact your Members of Congress and the Joint Select Committee.

There is a national election in less than two months and the deadline for the Joint Select Committee to produce a legislative solution is three weeks after the election (November 30). Now is the time to demand a real solution that protects the AFM-EPF and your pension benefits.

American Federation of Musicians and Employers' Pension Fund
PO Box 2673
New York, NY 10117-0262
www.afm-epf.org