



*Week of 12-4-19
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Congressional Overview

The House and Senate returned from last week's Thanksgiving Congressional Recess. While Congress passed a short-term continuing resolution before recess, long-term funding remains a primary focus, with both chambers needing to reach a deal to fund the government by Dec. 20. The House Impeachment Inquiry into President Trump continued this week, with the House Judiciary Committee officially beginning impeachment hearings.

Rep. Peters Introduces "Stop Unfair Bidshopping" Act

Rep. Scott Peters (D-CA) introduced the Stop Unfair Bidshopping (SUBS) Act, which would require general or lead contractors on \$1.5 million+ federal projects to list subcontractors performing work valued at \$100,000+ as part of their original bid. If modifications are made to the original list after the contract is awarded, the lead contractor would have to notify the federal government of those modifications and disclose if those changes alter the project cost. The bill would not impede businesses from changing subcontractors after being awarded a federal construction contract, but if the cost decreases as a result of the change, it enables the federal government to collect the savings.

Sens. Grassley and Alexander's Multiemployer Pension Reform Proposal

Sens. Chuck Grassley (R-IA) and Lamar Alexander (R-TN) released their multiemployer pension reform proposal shortly before the Congressional Thanksgiving Recess. Read on for a quick review of the proposal.

- **Partition** – The proposal allows certain named plans, critical and declining plans, Multiemployer Pension Reform Act (MPRA) plans, and certain critical plans to partition enough liabilities that the plan will be insolvent indefinitely (as defined in Treasury regulations). The PBGC will reimburse the successor plans up to the new guarantees.
- **PBGC Guarantees** – The proposal increases the guarantee to 100 percent of the first \$56, which roughly translates to \$20,000 annually.
- **PBGC Premiums** – The proposal increases the flat rate premium from \$29 to \$80 per participant and imposes a variable rate premium (VRP) based on unfunded current liability (capped at \$250 per participant). Partitioned participants are included in the flat rate, but partitioned liabilities are not included in the VRP.
- **Union and Employer Copayments** – The proposal requires unions and participating employers to pay a monthly fee of \$2.50 per active employee covered under the collective bargaining plan.
- **Retiree Copayments** – All retirees (except those in plans that are funded 80 percent or more) must pay a percentage of their retirement to the PBGC ranging from 3 to 10 percent (depending on the zone status or if the plan is in the partition program). The plan collects and pays the copayment to the PBGC.
- **Discount Rate** – Phased in over five years beginning in 2020, the discount rate is the lesser of the actuary's best estimate of future investment experience under the plan or a cap. The cap is equal to the lesser of (1) a 24-month average of the third segment of the yield curve plus 2 percent, or (2) 6 percent. The cap applies to the assumptions for all plan liabilities.
- **Zone Status and Restrictions** – The proposal changes the zone statuses to unrestricted, stable, endangered and critical zones, with new restrictions and funding tools for endangered and critical plans.

- **Withdrawal Liability** – Withdrawal liability would be 100 percent of the employer’s highest contribution base units in the last 20 years, multiplied by its highest contribution rate in the last 10 years, but not less than the highest amount the employer contributed in the past 20 years. Withdrawal liability is measured the same as minimum funding. The payment schedule would be based on funding status ranging from no liability to up to a maximum of 20 years (25 years for declining and terminated plans). Partitioned amounts are not included in determining withdrawal liability after 15 years.
- **Governance Restrictions** – New governance restrictions would apply for partitioned plans.
- **Revised Funding Notices** – The proposal simplifies funding notices and requires a model notice.
- **Multiemployer Pension Reform Act** – The proposal simplifies the MPRA application process.
- **Composite Plans** – The proposal allows for composite plans with certain restrictions.

EPA Announces Methylene Chloride Paint Strippers Ban

On Nov. 23, the EPA announced the retail ban on the sale of methylene chloride paint strippers. Methylene chloride is a potentially lethal chemical found in painting stripping products, and it has been shown to release toxic fumes that can turn to carbon monoxide in the lungs. In March 2019, the EPA issued a final rule to prohibit the manufacture, processing, distribution and the import of methylene chloride in consumer paint removers.

OSHA Releases 2019 Workplace Safety and Health Inspection Numbers

OSHA released their 2019 workplace safety and health inspection numbers on Dec. 3. Per OSHA’s [trade release](#), the federal agency conducted 33,401 inspections in 2019, an increase of four percent from 32,023 inspections in 2018. The 2019 total was the highest OSHA count since 2015 when OSHA made 35,820 inspections. While inspections increased, the number of inspectors remained constant with OSHA having 957 inspectors and field supervisors (the same total as 2018). OSHA did not release details about the inspections, such as how many were construction sites and whether complaints, injuries or other concerns prompted inspection. Those specific numbers may not be released until April.

House Impeachment Inquiry Continues

The House impeachment inquiry entered a new phase this week with hearings scheduled before the House Judiciary Committee. On Monday, the White House Counsel Pat Cipollone rejected Judiciary Chairman Jerry Nadler’s (D-NY) invitation for the President’s legal team to take part in Wednesday’s hearing. Per a House resolution adopted in October, Intelligence Chair Adam Schiff (D-CA) sent the Judiciary Committee a formal report of his panel’s findings and recommendations. On Wednesday, the House Judiciary Committee held their first impeachment hearing discussing the constitutional basis for impeachment and whether the President’s actions meet that threshold.

2020 Appropriations Update

Congress passed a continuing resolution (CR) before the Thanksgiving Recess to keep the federal government funded through Dec. 20. Staff worked over the break to try and resolve the differences between House and Senate bills. Negotiations continued this week, in hopes of reaching an agreement on all 12 funding bills before the Dec. 20 deadline.

However, there still has been no agreement regarding border wall funding, which could require another CR for some, if not all of the FY 20 appropriations bills. Per FCA’s Legislative Director, it appears appropriators’ current plan is to cobble together bills into a number of minibuses in hopes of passing some of the non-controversial bills before the current CR expires.