



*Week of 5-9-16
Volume 16 | Issue 15*

Congressional Overview

The House and Senate returned to session last week. The Senate resumed consideration of H.R. 2028, which includes the FY 17 Energy and Water Appropriations bill and the House considered legislation to battle the nation's epidemic of opioid drug addiction and overdoses, a topic that presents a rare opportunity for bipartisan cooperation. Additionally, looming over the House are ongoing efforts to reach agreement on how to help with Puerto Rico's \$72 billion debt crisis.

Treasury Department Rejects Teamsters' Central States Pension Fund Proposed Cuts

On May 6, the Treasury Department rejected a proposal by the Teamsters' Central States Pension Fund to cut pension checks for 200,000 retirees. The proposed cuts would have slashed some members' income by 50 percent or more. Central States only has about half of the money it needs to meet future obligations (\$17.8 billion in assets versus liabilities of \$35 billion). The decision was made by Kenneth Feinberg, the mediator, who judged whether Central States' application to avoid insolvency followed the law and made reasonable assumptions about investment returns and membership contributions.

Central States is the first multiemployer pension to come under Treasury's consideration since passage of the Multiemployer Pension Reform Act of 2014. This law empowered the Treasury Department to make cuts to multiemployer pensions to keep them solvent. Proponents of the Central States bid to cut benefits say that if the fund (one of the largest U.S.' multiemployer plans) were to go under, that could jeopardize the PBGC's entire multiemployer program. The PBGC's multiemployer program will face more than a 90 percent chance of going insolvent by 2032. However, opponents to the 2014 law say such pension cuts violate the 1974 Employee Retirement Income Security Act's promise to guarantee retirees their earned benefits, and it could set a precedent for cutting Social Security.

Following the Treasury's decision, the Central States may have the opportunity to resubmit their plan, however, even if, after reconsideration, the fund is able to craft a plan that is acceptable to the Treasury, the required benefit reductions will be even deeper because of the delay. If the fund is not able to develop a new rescue plan, it will run out of money and, by law, all Plan benefits will be cut to the levels guaranteed by the Pension Benefit Guaranty Corporation (PBGC). This would be especially tragic for the more than 130,000 disabled and elderly Central States pensioners whose benefits would have been fully protected under the plan that was proposed, whose benefits will now be subject to the full reductions to the meager PBGC guaranty levels.

House Votes on Opioid Bills

The House voted on four opioid bills aimed to curb the epidemic, including the Comprehensive Opioid Abuse Reduction Act and another that would create an interagency task force on pain management. In April, the House Judiciary, Energy and Commerce, and Education and the Workforce committees passed numerous bipartisan bills that would serve as the House's effort to fight prescription drug and heroin abuse. To date, this has been a largely bipartisan effort with Democrats and Republicans both supporting the legislation at the committee level. Democrats have called for passing \$600 million in emergency funding to support the bill's efforts, which also came up in the Senate as

an amendment, but failed on a procedural hurdle. These bills will now go to conference with the Senate-passed Comprehensive Addiction and Recovery Act.

Hydraulic Fracturing Dominates Natural Gas Output

Per the U.S. Energy Information Administration (EIA), hydraulically fractured wells now produce about two-thirds of the nation's natural gas output, an increase from seven percent in 2000. The EIA's report furthers March's analysis that demonstrated hydraulic fracturing accounts for about half of the current U.S. crude oil production. The last decade's dramatic increases in domestic gas and oil production from hydraulic fracturing have contributed to a decline in energy prices. Pennsylvania is the nation's second-largest producer of natural gas, almost all of it produced by hydraulic fracturing the Marcellus and Utica Shale formations.