FCA INTERNATIONAL LEGISLATIVE Update
Building a Better Future for Our Families

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Congressional Overview
The Senate continued confirming appointees to the Biden Administration's cabinet. The House passed President Biden's $1.9 trillion COVID-19 economic stimulus plan, although the Senate Parliamentarian ruled that a $15 minimum wage could not be included in the bill if it were to be passed via budget reconciliation.

Details of the House-Passed COVID-19 Stimulus Package
The House passed President Biden's $1.9 trillion COVID-19 stimulus package this week, which includes several items of note to signatory contractors:

- **$86 billion to fund 185 multiemployer pension plans insured by the Pension Benefit Guaranty Corp (PBGC)**
- $75 billion for vaccinations, treatments, testing and medical supplies
- $19 billion for "public health," primarily for state health departments and community health centers
- $7.2 billion more for the Paycheck Protection Program
- $15 billion for economic injury disaster loans
- $26 billion for restaurants, bars and live venues
- $413 billion in direct checks ($1,400 per man, woman and dependent, phasing out at $75,000 of individual income)
- $400 a week in federal "enhanced" unemployment benefits through August
- $350 billion for state and local governments, cities and counties
- $129 billion for elementary and secondary schools
- $40 billion in higher education
- $35 billion for Affordable Care Act premiums
- $15 billion to Medicaid
- $39 billion for child care
- $30 billion for public transit agencies
- $19 billion in rental assistance
- $10 billion in mortgage assistance
- $15 an hour minimum wage *(*Note – the Senate Parliamentarian ruled the minimum wage increase could not be included in the package if it were to pass the Senate via budget reconciliation)*
- $500 million for grants to fund activities related to the arts, humanities, libraries and museums, and Native American language preservation

Pension Provisions in the House-Passed COVID-19 Bill
As mentioned in the breakdown above, the House-passed COVID-19 bill includes $86 billion to fund 185 multiemployer pension plans insured by the PBGC. The measure would establish a fund for the PBGC to provide financial assistance to struggling multiemployer pension plans. It would appropriate "such amounts as are necessary" from the general fund to cover the costs of the assistance, which plans would not have to repay.

The assistance would cover all benefits due through plan years ending in 2051, with generally no reduction to a beneficiary's accrued benefit. Plans receiving assistance would be considered to be in critical status through plan years ending in 2051.

A plan would be eligible for assistance if it meets any of the following:
- Is in critical and declining status, the most severe of several "zones" used to classify plans' financial distress, in any plan year beginning in 2020 through 2022.
- Is certified to be in the critical zone in any of those years with additional markers of distress, such as the ratio of assets to liabilities and active to inactive participants.
- Is insolvent and hasn't been terminated as of the bill's enactment.
- Has been approved to suspend benefit payments as of enactment.

Applications for assistance would have to be submitted by Dec. 31, 2025. The PBGC would have to consult with the Treasury Department to grant priority consideration to a plan and to determine the amount of assistance to provide. The bill would also:
- Allow plans to retain their 2019 funding zone designation for 2020 and 2021, with an exception for some plans that enter the critical zone in that period.
- Allow plans in endangered or critical status in 2020 or 2021 to extend their rehabilitation periods for an extra five years.
- Permit plans to amortize investment and other losses incurred after Feb. 29, 2020, over 30 years instead of 15.
- Set plan premiums at $52 per participant beginning in 2031. The rate would be adjusted using the national average wage index after that.

<u>Pension Smoothing</u>
The measure would extend and modify "pension smoothing," which increases the interest rates used to calculate pension fund liabilities, allowing companies to contribute less money to pension plans in the short term. The contributions are tax deductible, so lower payments would increase taxable income and federal revenue. The tactic has been used to help pay for previous laws, including the 2015 Bipartisan Budget Act (Public Law 114-74), which imposed higher rates through 2021 that were phased down by 2023.

The bill would extend the higher rates through 2026, after which they would phase down by 2030. The measure would also impose a 5 percent floor on the interest rates used in the calculation.

<u>Other Pension Provisions</u>
The measure would set previous funding shortfalls in single-employer plans to zero and extend the amortization periods for shortfalls beginning in 2020 to 15 years (up from seven). The measure would allow plan sponsors to apply the extended period for the 2019 plan year. The measure would freeze limits on defined benefit pension plans and defined contribution retirement plans beginning in 2031. The annual limits are currently adjusted for inflation.

Interior Secretary Nominee and Hydraulic Fracturing
Interior Secretary Nominee Deb Haaland downplayed past opposition to hydraulic fracturing during a confirmation hearing on Tuesday as she sought to reassure senators worried she will clamp down on fossil fuel development. Halen told the Senate Energy and Natural Resources Committee (that is vetting her nomination) that a clean energy transition is "not going to happen overnight," and that the U.S. will rely on fossil fuels even as the country advances technology and innovation.