

The [Rehabilitation for Multiemployer Pensions Act](#) (HR 397), also known as the *Butch Lewis Act*, was introduced January 9, 2019 and passed the House on July 24, 2019. On the same day, PBGC Director Gordon Hartogensis issued a [statement](#) calling for Congress to enact a bipartisan, long-term solution on the multiemployer pension system. Also on July 24, 2019 a companion bill ([S 2254](#)) was introduced in the Senate, where it is more likely to face an uphill battle for passage.

HR 397 would create a new agency called the Pension Rehabilitation Administration within the Department of the Treasury and a related trust fund to make loans to multiemployer defined benefit pension plans that are either in critical and declining status (including any plan that the Treasury approved for suspension of benefits) or insolvent, if the plan became insolvent after December 16, 2014 and has not been terminated. Plans that had been approved for a suspension of benefits under the Multiemployer Pension Reform Act of 2014 (MPRA) before HR 397 becomes enacted would be required to apply for a loan. Treasury must issue bonds to fund the loan program and transfer amounts equal to the proceeds to the trust fund established by this bill. The Pension Rehabilitation Administration may use the funds, without a further appropriation, to make loans, to pay principal and interest on the bonds, or for administrative and operating expenses. The bill allows the sponsor of a multiemployer pension plan that is applying for a loan under this bill to also apply to PBGC for financial assistance if, after receiving the loan, the plan will still become (or remain) insolvent within the 30-year period beginning on the date of the loan. For more details, see the Congressional Research Service [summary](#) on HR 397, updated July 19, 2019.

The Congressional Budget Office (CBO) released an [analysis](#) for HR 397 on July 23, 2019 estimating that loans disbursed in 2020 would total \$43.3 billion. CBO estimates that 157 multiemployer pension plans would be eligible to apply for loans under the criteria set forth in HR 397.

Note: Over 1,200 multiemployer pension plans are in healthy funding status.

Of those 157 plans, CBO estimates that eight would be ineligible for loans, 19 would receive loans but not grants, and 130 would receive loans and grants. CBO estimates that loans disbursed in 2020 would total \$43.3 billion, and \$3.6 billion of that amount would be for plans required to apply for loans. For the \$39.7 billion in loans disbursed to plans that would not be required to apply, CBO estimates that the present value of the repayments would total \$7.9 billion (discounted to 2020, the year of disbursement), resulting in a net subsidy cost of \$31.8 billion.

The International Foundation will continue to follow legislative and regulatory updates for multiemployer pension plans. Check out our [Multiemployer Pension Reform Act \(MPRA\)](#) page for future updates on multiemployer pension reform.