July 29, 2020

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20515

The Honorable Charles Schumer
Democratic Leader
U.S. Senate
Washington, DC 20515

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Pelosi, Leader McConnell, Leader McCarthy, and Minority Leader Schumer:

We are writing to urge Congress to include in the next stimulus bill provisions that would help stabilize our skyrocketing single-employer defined benefit pension funding obligations. Stabilizing pension funding obligations now will help us effectively meet the immediate needs we have so we can more quickly focus on our employees and our recovery from the devastating economic impact of the coronavirus pandemic.

Two proposals included in the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act (H.R. 6800) would go a long way to addressing the concerns we have about the impact of escalating funding obligations. One proposal extends and enhances "interest rate stabilization," which adjusts current interest rates to be closer to historical norms. The other proposal allows employers to pay for long-term pension liabilities, including those attributable to the crisis, over 15 years instead of seven years.

The economic consequences of the COVID-19 pandemic have created significant challenges for companies across the country. It has exacerbated challenges we, as sponsors of defined benefit pension plans, faced prior to the pandemic from continued historically low interest rates, which have inflated pension contributions to an extreme degree. Of course, the fact that interest rates have continued to fall during the crisis makes this situation even more serious.

Even with the recent uptick in the market, many companies are facing material losses in plan asset values. Given that the existing pension funding rules presume that there will be sizeable growth in pension plan assets, these material losses have a severely negative impact on all of our companies. Furthermore, for many of our companies, reduced company revenue combined with the pension plan volatility experienced during the crisis are creating the perfect storm in which pension plan funding obligations are soaring while company revenues are significantly reduced.

The time to act is now. Companies are making plans to meet their obligations for the coming months and years. If funding stabilization legislation is not enacted until the fourth quarter or beyond, many companies grappling with the pandemic's impact will have already been forced to take otherwise unnecessary cost-cutting measures – measures that run counter to the goal of restoring the U.S. economy as quickly as possible.

The funding stabilization proposals can be made without harming the Pension Benefit Guaranty Corporation (PBGC) to which we pay premiums and in which we are stakeholders. In fact, based on the recent Congressional Budget Office (CBO) report, the PBGC's financial condition would improve substantially if the proposals described above were enacted. Similarly, these proposals would not cost the U.S. government anything if enacted.

We urge Congress to pass as soon as possible the pension funding reforms from the HEROES Act, which have been extensively reviewed and vetted in the period of over three months since they were first proposed by the House – including by the Joint Committee on Taxation and the CBO. Such reforms would greatly enhance our ability to invest in our employees and our businesses, and thus to help shore up the U.S. economy, during this critical time.

Mark Volpe
President and CEO
Boston Symphony Orchestra

Daniel B. Poneman
President and Chief Executive Officer
Centrus Energy Corp.

Jeff Storey
CEO
CenturyLink

Jeff Alexander
President
Chicago Symphony Orchestra Association

Lourenco Goncalves
Chairman, President and Chief Executive Officer
Cleveland-Cliffs Inc.

Alexander C. Taylor
President and CEO
Cox Enterprises, Inc.

Jim Fitterling
Chairman and Chief Executive Officer
Dow

Leo Denault
Chairman and Chief Executive Officer
Entergy

Chris Crane
CEO
Exelon

Mike Perry
President and CEO
Hallmark Cards, Inc.

Steve Kean
Chief Executive Officer
Kinder Morgan, Inc.

Martine A. Ferland
President and Chief Executive Officer
Mercer

Peter Gelb
General Manager
Metropolitan Opera

Persio Lisboa
President and CEO
Navistar

Enrique Ortiz d Montellano
President and CEO
Puerto Rico Telephone Company, Inc.

Ralph Izzo
CEO
PSEG

Yves Laflamme
President and CEO
Resolute Forest Products

Eric Hutto
President and Chief Operating Officer
Unisys