



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: Criticism of the Finance Committee's pension bill
Da: Tuesday, Nov. 11, 2003

Sen. Chuck Grassley, chairman of the Committee on Finance, made the following comment in response to the Pension Benefit Guaranty Corporation's criticism of the committee's pension bill.

"Instead of focusing solely on what he perceives as a defect in the Senate Finance Committee proposal, the PBGC director should look at all parts of the proposal. The Finance Committee proposal is the only proposal on the table on Capitol Hill that provides a long-term solution to the 30-year Treasury interest-rate problem. It recognizes the long-term problem and provides a long-term solution. The long-term solution, patterned after the administration's yield curve proposal, provides transparency for the funding obligations of the nation's defined-benefit plans. Finance Committee members, over strong opposition from corporations and labor unions, voted for a tough long-term measure. In order to place in effect the long-term solution, it was necessary to include measures to help defined-benefit plans recover from their recent troubles. Those short-term transition measures, such as the suspension of the deficit reduction contribution, were the legislative glue that brought together the larger proposal.

"The director seems fixated on criticizing the only plan that implements the long-term administration proposal. As chairman of the Finance Committee, I urge him to focus equal attention on all of the alternatives, including open-ended multi-year extensions of the deficient current policy. He should also pay attention to the compromises suggested by those pursuing alternatives. Some who advocate short-term alternatives are also interested in adding the very measures that the PBGC director so vehemently criticizes. In the meantime, the Finance Committee will pursue a proposal that provides a responsible glide path to long-term transparency and minds the taxpayer's interest as the insurer of last resort for the defined-benefit plan system.

"Short of this long-term solution, the Finance Committee – including Senator Baucus, the ranking member – will continue to discuss alternatives with other interested members such as Chairman Gregg, Ranking Member Kennedy and others on the HELP Committee. In considering these alternatives, the Finance Committee will look to balance measures to help defined benefit plans recover from their recent troubles with elements of the long-term reforms."