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DT: 9/20/18
RE: CONGRESSIONAL UPDATE

This Week in Congress: The House was not in session this week and the Senate was only in session on Monday and Tuesday. Both chambers were silent on Wednesday due to the observance of Yom Kippur. Before departing on Tuesday afternoon, the Senate approved two spending bills, and cancelled the proposed Judiciary Committee vote on the Supreme Court nomination of Judge Brett Kavanaugh.

MUTLIEMPLOYER PENSION REFORM: While the majority of multiemployer plans have returned to financial health since the financial crisis, a substantial minority, covering about one million of the 10 million participants, face serious funding problems and could run out of money within the next 15 to 20 years. Additionally, the Pension Benefit Guaranty Corporation (PBGC) expects its multiemployer insurance program to run out of money within 10 years.

Multiemployer Pension Reform Act (MPRA) allowed plans facing impending insolvency to cut accrued benefits if approved by the Treasury. The notion was that spreading the pain could produce a more equitable outcome than paying full benefits until the money ran out and then leaving retirees with no benefits at all. A key criterion for approving MPRA cuts, however, is that the plan must be sustainable once the cuts are made.
As of Aug. 2018, 23 multiemployer plans have applied to the Treasury to cut benefits under MPRA. Seven applications have been approved, 10 are under review, two have been withdrawn, and four have been denied including that of the very large Central States Teamsters plan. At first glance, this suggests that MPRA has been successful. However, most of these approved plans are very small and represent only 5% of members in critical-and-declining plans and the potential impact of MPRA remains limited as the 10 applications currently under review are also small plans. Unfortunately, MPRA has taught us that plans cannot cut their way to solvency. Another solution is needed, and fast. Government loans have been offered as an alternative for these plans facing an impending cash-flow crisis.

OPIOIDS: On Monday, the Senate passed bipartisan legislation to combat the opioid crisis by a vote of 99 to 1, moving forward with a package of 70 bills at a cost of $8.4 billion to create, expand and renew programs across several agencies, stop the shipment of fentanyl through the U.S. Postal Service and allow physicians to prescribe more medication to treat patients addicted to opioids. The Senate will now proceed to reconciling its package with the opioid legislation passed by the House in June, before the final bills are sent to President.

DISASTER SUPPLEMENTAL: It appears that sufficient funding is available in the Disaster Relief Fund overseen by the Federal Emergency Management Agency (FEMA) to cover damages caused by Hurricane Florence. There is approximately $32.2 billion available for the initial relief in North Carolina and South Carolina, but there could be an effort to provide additional disaster relief dollars. Senate Appropriations Chairman Shelby said there was "more than a good chance" of an aid package getting drafted in the coming days, although no decisions had been made.

EARMARKS: Sen. Leahy (D-VT) joined House Democratic Whip Hoyer in bringing back earmarks with his statement, “there is no question" that once again allowing earmarks is one way lawmakers can have an orderly, timely process for annual appropriations bills. Per Leahy, "if somebody proposes something, they’ve got to have their name on it and we’ve got to vote on it, but I've never understood why the Congress has the power of the purse, we won't really say how it's spent, we’ll just turn this over to whoever's in the White House, Republican or Democrat." Senate Appropriations Chairman Shelby said that Senate Republicans could discuss a return to earmarks, if it came with "real reforms." Per Shelby, "I've used earmarks, directed appropriations before. I hope for good things, but it got a bad name."

NORTH AMERICAN SHALE GAS EXPLORATION:

- ***IEA Urges More Shale Gas Exploration:*** Per the International Energy Agency (IEA), “the export capacity bottlenecks and insufficient infrastructure investment could put downward pressure on domestic natural gas prices and force U.S. shale gas producers to curb production.”
- ***Altering Public Lands Royalty Calculations:*** The Interior Department's Royalty Policy Committee has recommended a change to how public lands natural gas extraction royalty payments are calculated by letting companies choose between two formulas. The panel also considered recommending a streamlining change to the permitting process for some oil and gas wells on public lands, but it ended up delaying a decision.