

Testimony of David M. Young
President of the Bituminous Coal Operators' Association, Inc.
before the Committee on Natural Resources
U. S. House of Representatives
Wednesday, June 23, 2010

Mr. Chairman and members of the Committee. My name is David Young. I am pleased to be here this morning to testify on a matter of critical importance to the organized coal industry. I am President of the Bituminous Coal Operators' Association (BCOA). The BCOA represents its member companies in collective bargaining negotiations for the National Bituminous Coal Wage Agreement (NBCWA) with the United Mine Workers of America. The BCOA is also the management Settlor of the UMWA 1974 Pension Plan, a multi-employer pension plan created by the NBCWA.

I am here today to testify in support of HR 5479, The Coal Accountability and Retired Employee Act of 2010. HR 5479 would make available funds generated by the provisions of the Surface Mining Act of 2006 to the 1974 Plan to offset funding needed for losses caused by the 2008 market collapse. This legislation is necessary to protect the pensions of the 1974 Pension Plan beneficiaries and to avoid either plan insolvency or plan termination under Title IV of ERISA.

Prior to the 2008 market collapse, the 1974 Plan was 94% funded and on a clear path to full funding. However, the combination of the 2008 market decline on Plan net assets and the Plan being in its peak cash flow years, that require nearly \$700 Million per year to meet pension benefit obligations, means that restoration of prior funding levels is no longer realistic.

The root cause of the Plan's difficulty has been a persistent decline in the number of contributing Employers since the 1970s, which in large part reflects the shift in coal production from east to west in response to governmental environmental policy. The result is that today the 1974 Plan has a nearly 12 to 1 ratio of retirees to active miners. This imbalance clearly creates a crushing financial burden for the remaining contributing Employers.

The result is today a last man's club of only ten employer groups support the pension benefits of over 110,000 retirees; yet the signatory contributing Employers of these groups only employ 10,000 represented active miners themselves. I should note that about one-third or more than 33,000 of the pension beneficiaries are widows of retired miners and nearly 10,000 are totally disabled miners.

Passage of HR 5479 will allow these remaining signatory Employers to continue funding pension benefits for all their current and former employees and, at the same time, help to protect the more than 66,000 retired "orphan" miners whose employers are no longer in the coal business. The companies that currently

contribute to the 1974 Pension Plan are the last line of defense for the Plan and stand in the shoes of the government when it comes to funding the pension benefits of these “orphan” miners – who, under other circumstances, would already be the responsibility of the Pension Benefit Guarantee Corporation (PBGC). For example, when Bethlehem Steel entered bankruptcy, Employees of the steel company became the responsibility of the PBGC. However, miners who retired from Bethlehem Steel remained in the 1974 Plan with their full benefits guaranteed and funded by the remaining contributing Employers.

Mr. Chairman, as you know, the government has been deeply involved in the coal industry and with these Plans since the 1940’s. Indeed, the mines were seized in 1946 with the express purpose of establishing this pension program. The pension benefits did not start until the Speaker of the House Joseph Martin (R-MA) in 1948 met with the Fund Trustees and effected the appointment of Senator Styles Bridges (R-NH) as neutral trustee. Senator Bridges then sided with John L. Lewis, the UMWA President and Trustee in agreeing to a pay-as-you-go funding structure and setting the retirement age and length of service requirements that are still the core of today’s benefit program.

Together, all of us, the miners, the companies and the government, have made a great deal of difference in the lives of people in the coalfields and for our energy needs. Today we are once again at a juncture when the historic promise to these miners is in jeopardy. We believe that HR 5479 recognizes this stark fact and provides the best way to correct it. Thank you for this opportunity to support and protect the livelihood of the nation’s retired coal miners.