

Dorothy Coleman

Vice President

Tax and Domestic Economic Policy

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Dear Member of Congress:

The National Association of Manufacturers (NAM) – the largest manufacturing association in the United States, representing small and large manufacturers in every industrial sector and in all 50 states – appreciates Congressional efforts to advance a bipartisan budget plan that includes relief from the across-the-board spending cuts in the sequester. We are concerned however, about a provision in the Bipartisan Budget Act of 2013 that would increase costs for the many manufacturers that provide pension benefits for their employees.

The NAM is a strong opponent of the blunt force, arbitrary cuts in federal spending under the sequester, which began in March 2013. While sequestration has helped to improve our deficit situation, it has wreaked havoc on some important programs in both the defense and non-defense areas.

Indeed, a 2012 NAM report, **Defense Spending Cuts: The Impact on Economic Growth and Jobs** concluded that, absent Congressional action, the spending cuts from the budget caps enacted in 2011, along with sequestration, would cost the U.S. economy 1,010,000 private sector jobs in 2014, including 130,000 manufacturing jobs. This would include both the loss of jobs at defense contractors due to a decrease in purchases for equipment, supplies and services, as well as the additional job loss at the firms that supply the direct defense contractors. Consequently, Manufacturers are pleased that the budget agreement provides \$63 billion in sequester relief over two years.

NAM members however, are deeply concerned about a provision in the bill that will increase costs for companies that provide traditional pension plans for their employees. Specifically, the legislation would increase premiums these employers pay to the Pension Benefit Guarantee Corporation (PBGC) by \$8 billion, with roughly \$4 billion coming from manufacturers. The premium increases in the budget agreement come on top of \$9 billion in premium increases enacted last year as part of the MAP-21 highway law, which has not yet been fully implemented. Every additional dollar that employers must pay to the PBGC is one less dollar that can be used to fund retirement benefits, expand their businesses and hire workers.

Manufacturers believe that one of the biggest priorities facing Congress today is addressing our nation's long-term fiscal challenges in a way that stimulates economic growth. The Bipartisan Budget Act begins that process by providing critical relief from the ill-conceived sequester cuts. At the same time however, provisions that increase pension costs for manufacturers takes us in the opposite direction. NAM members fully appreciate the challenging and difficult task before us and look forward to working with you to advance pro-growth, pro-manufacturing fiscal policy.

Sincerely,



Leading Innovation. Creating Opportunity. Pursuing Progress.