

current liability basis, when in fact the plan was only 33% funded if it were terminated (by bankruptcy, for example)—a \$2.5 billion shortfall. “No wonder the U.S. Airways pilots were shocked to learn just how much of their promised benefits would be lost,” Belt said.

Belt also complained that there are no risk underwriting standards, causing risky companies to pay the same premiums as the rest. If the PBGC would try to raise premiums, it fears that healthy companies would opt out. There is also a lag time of several years in reporting funding levels. The PBGC, like Treasury Secretary Snow, wants to give the PBGC rights to force payment of pensions in bankruptcy, rather than allowing corporations to use bankruptcy as a way to shed pension obligations. There is \$350 billion in underfunding (on a termination basis) in the private “defined benefit” plans.

Rear-Guard Fights

In the onrushing financial collapse, the AFL-CIO and Rep. Bernie Sanders (I-Vt.) are warning of pension chiselling in converting defined benefit plans to “cash balance” plans, that have the option of a “lump sum” payment at retirement. The AFL-CIO has also attacked cash balance plans, for not calculating pension benefits based on pay in the last years of a worker’s career, when he or she earns more. Benefits are usually lost if a traditional benefit plan converts to a cash-balance plan, because the scale of payments will be lower.

Cash-balance plans, though they offer the legal right to monthly payments for life, also generally offer a lump sum payout. As recently as 1995, about 85% of full-time workers who participated in a defined benefit plan were *not* offered a lump sum distribution at retirement; but by 2000, this was offered to 43% of all full-time employees in a defined benefit plan. The AFL-CIO warns that most of its members tend to take the lump sum, which they risk using up quickly. AFL-CIO Treasurer Richard Trumka said, “The spread of cash balance plans—particularly conversions [of traditional monthly payout plans—ed.] without adequate safeguards—is a major threat to workers.” In 2003, Trumka said, although seven of ten *union* workers in the private sector participate in defined benefit plans, nearly one in four of these today is participating in a cash balance plan, and most of these were the result of recent conversions.

The *International Operating Engineer* said in 2000, “The offer of a lump sum is often an irresistible temptation. . . . Statistics show that lump sums taken prior to retirement . . . run out long before death, leaving retirees destitute.”

More than 25% of all employees surveyed by Towers Perrin in its 2003 Retirement Study believe that Social Security will be eliminated, just as pension rigging has deprived many of much of their pensions. The solution does not lie in tweaking the formulas in an onrushing financial collapse, but in following the leadership of Lyndon LaRouche back to rebuilding the physical economy—where pension benefits and Social Security make a vital contribution by extending longevity.

From the Congress

Democrats Denounce GOP Omnibus Funding Bill

The Democrats on the House Appropriations committee, headed by Rep. Dave Obey (Wisc.), issued this press release on Nov. 22, titled “Obey: ‘This Bill Is a Poster Child for Institutional Failure.’ ”

House Appropriations Committee Ranking Member Dave Obey compared funding levels in the 2005 Omnibus Appropriations Bill passed by the House today to House Resolution 685, legislation he introduced in June, which would have provided:

- An additional \$3 billion for homeland security, police, fire and emergency services;
- \$1.5 billion more for Title I, helping an additional 500,000 low-income children meet the high standards of No Child Left Behind
- \$1.2 billion more to meet the Special Education needs of 6.9 million children with disabilities;
- \$2.2 billion more to increase the maximum Pell Grant to \$4,500;
- An additional \$2.3 billion to fully fund the veterans healthcare system and improve housing for military families; and
- An additional \$1.3 billion to expand rural and community health centers.

The approximately \$14 billion in additional funding in his bill, plus \$5 billion to lower the deficit, came from reducing the tax cut for those with adjustable gross incomes of \$1 million and more from \$127,000 to \$87,000. House Republicans defeated the bill.

“Democrats have demonstrated our priorities,” Obey told the House during Saturday’s debate on the omnibus appropriations bill. ‘And, we have fought to improve the misguided priorities in the Majority budget. But the Majority has rejected those efforts. We are at the end of the calendar and we are out of options. So I will most reluctantly vote for it, but I will certainly not be leading the cheers because this body should have been able to do much better.’”

The full text of Obey’s floor speech is available on the House Appropriations Committee Democrats’ website: www.house.gov/appropriations_democrats.

Some examples of how the Omnibus would be different if Democratic Priorities were being voted on today rather than the Republican Majority’s Plan (see table)

The best that can be said about this bill is that if passes, it will provide \$4 billion more than a Continuing Resolution.

Issue	H. Res. 685— Democratic Priorities	FY 2005 Republican Omnibus
Health care for veterans	+\$1.3 billion over the Republican budget resolution to fully fund veterans' medical care at levels advocated on a bipartisan basis by the House Veterans' Affairs Committee.	\$235.1 million below the House Republican budget resolution
Investments in education	+\$5.7 billion over the President's request.	–\$779 million below the President's request.
Title I	+\$1.5 billion over the President's request to support reading and math instruction for 500,000 additional low-income children.	–\$607 million below the President's request.
Child Care and After-School Learning	+\$300 million over the President's request to double the number of children receiving quality after-school care in five years.	\$25 million below the President's request and last year's level.
Special Education	+\$1.2 billion over the President's request to meet the promise the House Republicans themselves made on special education funding.	–\$482 million below the President's request.
Pell Grants	+\$2.2 billion over the President's request to increase the maximum Pell Grant by \$450 to \$4,500 for more than 5 million low-income students. The average public 4-year college tuition has increased \$1,400 (36 percent) since 2001.	–\$468 million below the President's request, freezing the maximum Pell Grant at \$4,050.
Public health		
Infectious diseases and immunizations	+\$100 million over the President's request to protect the public against infectious diseases (like SARS, West Nile Virus, tuberculosis, and AIDS) and for child and adult immunization.	Provides only \$9 million over the President's request.
Health care and medical research		
Core health "safety net" programs	+\$400 million over the President's request for community health centers, rural health clinics, mental and child health programs.	–\$32 million below the President's request, including –\$103 million for community health centers and –\$12 million for mental health programs.
NIH research	+\$500 million over the President's request for health research in areas such as liver cancer, SARS, breast cancer, Parkinson's disease, and Alzheimer's disease.	\$170 less than the President's request.
National nursing shortfall	+\$35 million over the President's request for the "Nurse Reinvestment Act" authorization.	Provides only \$4 million over the President's request.
Dental care	+\$50 million over the President's request for dental services in rural and other underserved areas.	No funding included.
Clean water standards and environmental protection		
Land protection and preservation	+\$325 million over the President's request for conservation programs covered by the bipartisan commitment reached in 2001.	–\$62 million below the President's request.
Water infrastructure	+\$500 million over the President's request for the Clean Water State Revolving Fund.	–\$259 million below the FY 2004 levels.
Basic services in rural communities		
Community assistance for refugees	+\$50 million over the President's request for States and local communities to offset the cost of the dramatic influx of refugees anticipated as result of the Administration's commitment to permit resumption of refugee flow to pre-September 11 levels.	Provides only \$11 million over the President's request.

Levin: A Constitutional 'Outrage'

Sen. Carl Levin (D-Mich.) released this statement on the FY05 Omnibus Appropriations Bill on Nov. 20.

Mr. President, it is difficult to vote against this omnibus appropriations bill because it provides funding for many programs that I support. In fact, it contains many provisions that I worked to have included.

However, we are confronted with this legislation containing funding for fiscal year 2005 which under normal circumstances would have been contained in nine separate appropriations bills and which should have been done prior to the beginning of this fiscal year last October 1. Once again, for the third consecutive year, and all too frequently in recent years, the Senate finds itself considering a massive appropriations bill, in this case totaling about 3,000 pages and spending nearly \$400 billion, and containing important legislation which doesn't belong in an appropriations bill at all. We have had only a matter of hours to read and consider this bill.

This is a process which reflects poorly on the Congress both because it represents a failure to get the Nation's work done on time, and because its huge size and the inclusion of matters which were not previously considered in the Senate hinders the kind of careful consideration and debate which wise decision making demands. It is certain that Senators will only learn after the fact details about many provisions which have been added.

And perhaps most importantly, because these omnibus bills are delayed until the waning hours of each Congress, the White House is included in the meetings as the language is written, in order to avoid a Presidential veto. This weakens the constitutional prerogative of the legislative branch to control the Nation's purse strings and it undermines the critical oversight role which the Congress plays, in part, through its appropriations activities when they are conducted in the normal manner.

One example of the consequences of this hurried and extraordinary process is a provision in the bill late yesterday by our Republican colleagues that provides the chairman of the House or Senate Appropriations Committee or his or her staff access to the tax returns and other tax return information of any corporation or individual. Further, it would exempt the chairman or staffer gaining access to these returns from any provision of law governing the disclosure of income tax returns. The House did not debate that provision. The Senate did not debate that provision. However, somehow it ended up in this bill. This is an outrage. The Senate passed a resolution earlier tonight in an effort to eventually remove this provision from law, however if this bill is adopted, this provision violating the privacy of income tax returns will become law and we will have to hope that the House of Representatives will follow through and the President will sign the resolution to remedy the situation.

For every egregious provision like the one above that we

find, there could be several more that were missed. I am also concerned about the failure of this bill to adequately fund vital education initiatives. The bill before us underfunds Title I by \$500 million below the President's budget request; this critical program provides aid to states and school districts to help educationally disadvantaged children achieve the same high academic performance standards as other students. The bill before us also underfunds the important Individual with Disabilities Education Act by \$415 million and it underfunds the National Science Foundation at \$62 million below the fiscal year 2004 funding level and \$278 million below the budget request. Additionally, this legislation does not provide for an increase in the maximum Pell Grant award—the very foundation of aid for many needy students. It remains at the current level of \$4,050, rather than increasing toward the authorized maximum award level of \$5,800.

This bill also cuts funding for local law enforcement programs that could compromise the safety of communities around the country. Not only are our police on the beat essential for maintaining community safety, but they are the first line of defense against potential terrorist attacks. This bill cuts funding for the Community Oriented Policing Services, COPS, program by over \$140 million from last year's funding level. This program provides vital funding to our first responders and I cannot support such a drastic cut in funding.

Throughout Michigan and the rest of the country, our cities are struggling to finance urgent upgrades to municipal sewer systems to prevent discharges to the environment or private property. These communities have very high water and sewer rates and cannot handle additional debt. The State Revolving Loan Fund, which has received \$1.35 billion per year from Congress in the past several fiscal years, has helped to clean up polluted waters, however more money is needed to help communities such as ours in Michigan with significant needs. This bill does the opposite; it cuts funding for the State Revolving Loan Fund which will harm our ability to clean up our waters and upgrade our aging sewer systems.

This bill deletes a provision contained in both the House and Senate Labor-HHS appropriations bills that would have prohibited enforcement of the administration's overtime regulation that went into effect in August 2004.

I am also disappointed that this bill provides less funding for the IRS than the administration requested. This legislation provides \$400 million less than the President requested. This overall dollar figure reflects \$166 million less than requested for tax enforcement, which is a nonsensical and irresponsible decision. Tax enforcement is an unusual area of the budget where a relatively small increase pays for itself many times over by increasing the amount of revenue collected. . . .

Mr. President, while this bill funds many programs that I support, on balance I cannot support this legislation. For the reasons I have mentioned, and others, I will vote against this Omnibus bill.