



**The
ERISA
Industry
Committee**

June 14, 2006

Dear Senator:

The ERISA Industry Committee (ERIC) strongly encourages you to support efforts to provide employees of Department of Energy (DOE) contractors with access to defined benefit pension plans by blocking Notice DOE N 351.1.

The ERISA Industry Committee (ERIC) is a non-profit association committed to the advancement of employee retirement, health, and welfare benefit plans of America's largest employers. ERIC represents exclusively the employee benefits interests of major employers who, collectively, provide comprehensive retirement, health care coverage and other economic security benefits directly to tens of millions of active and retired workers and their families in all 50 states. Many of our companies contract with Federal agencies. The association, therefore, has a strong interest in proposals affecting our members' ability to deliver those benefits, their cost and their effectiveness, as well as the role of those benefits in the American economy.

The DOE action sets a precedent that would allow government agencies to advance a patchwork quilt of benefit design preferences through its procurement procedures. This wholly inappropriate agency action undercuts the ability of employers to provide uniform benefits to its employees, and subjects employers and employees alike to arbitrary and changing directions of multiple agencies that will cause confusion, undercut long term retirement planning and pose conflicting demands on employers who contract with multiple agencies. The DOE action improperly blocks an employer's ability to design benefits that meet its particular workforce needs.

The new DOE mandate, announced on April 27, denies reimbursement for costs associated with providing defined benefit (DB) pension plans and comprehensive health coverage to new employees. Instead, the mandate arbitrarily forces contractors to provide only 401(k) and profit-sharing plans to new hires, and compels contractors to replace comprehensive health care coverage with other form of health plans.

While we understand DOE's concern with curbing its own benefits costs, DOE does not need to preclude reimbursement for any particular benefit design in order to address overall costs. DOE's decision to mandate particular benefit designs to address costs is wholly unacceptable, and jeopardizes the retirement security of millions of American workers and retirees.

Efforts are underway in both the House and the Senate to block the execution of the DOE's action. The House of Representatives recently adopted an amendment blocking spending for the new mandate as part of the Fiscal 2007 Energy-Water Appropriations bill (H.R. 5427). Legislation should also be enacted to require the DOE to permanently withdraw the mandate.

We strongly urge you to support and advance actions that will block Notice DOE N 351.1.

Very truly yours,

Mark J. Ugoretz
President

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