



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 8, 2003
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3108 – Pension Funding Equity Act of 2003

(Rep. Boehner (R) OH and 5 cosponsors)

The Administration supports House passage of H.R. 3108, which is an important first step toward providing a permanent replacement for the interest rate now used to determine pension liabilities.

Earlier this year, the Administration proposed that pension liabilities be discounted for two years using a blend of corporate bond rates before phasing in a method that, while also based on corporate bond rates, would more accurately match pension plans' discounting to the durations of their liabilities. H.R. 3108's proposed discounting method for the next two years is consistent with the transitional portion of the Administration proposal over the same time frame. The Administration looks forward to working further with Congress to enact a permanent method of discounting pension liabilities that is as accurate as possible.

The Administration also supports H.R. 3108's provision expressing the support of the Congress for comprehensive pension funding reform that would protect the benefits American workers have earned. The Administration looks forward to working with Congress on this important issue.

The Administration commends the sponsors of this bill for excluding certain provisions that would worsen current levels of pension underfunding. The Administration would strongly oppose any provision in conference that would eliminate, suspend, or weaken the Deficit Reduction Contribution that was enacted in 1987 to protect against sponsors of chronically underfunded plans promising benefits they could not afford to pay.

Pay-As-You-Go Scoring

The Budget Enforcement Act's pay-as-you-go requirements and discretionary spending caps expired on September 30, 2002. The Administration supports the extension of these budget enforcement mechanisms in a manner that ensures fiscal discipline and is consistent with the President's budget. OMB's cost estimate of this bill currently is under development.

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