

These statements do not fairly describe joint labor-management fund administration. The Federal labor law, as noted in the introduction of this statement requires that funds be jointly trustee'd. Some funds are operated in the same offices as are used for union activities. However, the employer trustees are as responsible for the efficient operation of a fund as are the union trustees, wherever the office may be located. One of the major functions of the national foundation is to impress upon trustees this ultimate responsibility and liability.

Many jointly trustee'd funds are administered in other fashions. Some are operated by a contract administration firm. Some are operated in the offices used by an employer association representing management. Some are operated on a self-administered basis in facilities separate from either union or employer association offices.

The staff document states that there is no competition concerning plan administration that might provide a control mechanism against abuse. It is not clear whether this is intended to include the administration of joint funds, in which there is a very lively competition among approaches to administration. This competition continues after a plan is operating. From time to time plan trustees change their approach as the needs of the particular fund warrant. Through its seminars and written materials, the national foundation puts before the trustees of these funds the considerations, advantages, and disadvantages of each approach.

UNION REPRESENTATIVES AS TRUSTEES

The staff document appears to favor taking away from those who bargain contracts the right to establish a jointly trustee'd approach to fund operation. Particularly, it deplores the involvement of union trustees in the operation of the plan. The involvement of employers is also criticized, although less vehemently. Presumably, its contentions is that the Federal Government should operate all plans or one master plan.

Some of the positive advantages of union participation in the operation of plans are ignored. The typical jointly trustee'd plan is in a multiemployer industry in which each employer unit is relatively small. The labor union and an employer association, rather than any single employer, provide on-going organizational structure. The only effective way of establishing and operating plans in many situations is through direct union involvement.

In multiemployer situations it is impractical to negotiate a program under which employers pay whatever is required to provide a specified level of benefits. Where many employees move regularly from employer to employer, a fixed contribution of so many cents per hour or a percentage of pay is generally negotiated. The trustees establish the benefits that can be provided. Effective representation of employee interests requires some union involvement in the way pension liabilities are determined.

The staff document sees a conflict of interest between the union official as a joint manager and the union official as a representative of the workers' interest in pensions. It offers no substantial evidence that employees have been harmed through this type of structure. More-