

# Rocky Road To Disclosure

*Even If You've Been And Will Be A Union Business Forever, Withdrawal Liability Could Be On Your Balance Sheet In 2012*

As one of the nation's foremost experts on multiemployer pension funds, Rocky Miller has logged a lot of airline miles in over 20 years as a labor lawyer.

These days, contractors are in need of his expertise more than ever.

Miller presented the program **Plugging Pension Holes** to a packed house of Builders Association members and AGC executives from chapters all over the Midwest at The Drake Hotel in February. He alerted contractors to how the industry's woefully underfunded pensions could impact their business, and what they could do about it in the meantime.

The advice of Rocky and experts like him have taken on more importance in the last year, as the Financial Accounting Standards Board has moved to force construction companies to record withdrawal liability on their balance sheets. The AGC of America has been fighting the proposal since it came out, and the number of negative comment letters received from the construction industry pushed FASB to postpone implementation.

At a Financial Accounting Standards Advisory Council meeting in March, the Council decided the following:

- To conclude an ongoing field test by March 31 focused on how to gather financial information on unfunded liability and its attendant issues.
- To perform industry outreach and address construction's concerns after receiving unfavorable comments on the initial proposal. The Board referred to previous and an upcoming meeting (at which the AGC of America will participate) with the construction industry.
- Staff discussed the need to have an additional two to three Board meetings to deliberate a new multiemployer disclosure standard, with the first meeting to discuss quantitative issues in late April or



*Rocky Miller (left) speaks at Plugging Pension Holes, an event designed by the Builders Association to give Presidents and CFOs a better handle on what pension troubles and withdrawal liability mean to their business. Above, AGC of California CEO Tom Holsman speaks to BA members about FASB.*

early May. A second meeting would discuss qualitative issues.

- To create and implement the new rule by the end of the Second Quarter 2011.

“They are undecided as of now of an effective date for the new rule,” said Builders Association President Albert Leitschuh in a notice to members. “My opinion, we’re most likely to see it for the 2012 Fiscal Year, but no later than that date.

“The bottom line is that FASB is still interested in increasing disclosure, but recognizes that it should be done in a cost-effective manner for companies. It appears that FASB is committed to this disclosure and is now working on the how.”

Originally scheduled for implementation in December of 2010, FASB's first postponement put the item off until the second quarter of third year. Had the draft passed as written, it would have greatly increased the difficulty in securing financing for contractors. The AGC of America

submitted comments urging FASB to reconsider the entire draft on the basis that it under-appreciates the costs associated with compliance and overestimates the relevancy of the required information. The draft also didn't take into account the complexity of the relationship between employers and multiemployer plans.

The AGC formed committees to better articulate its position on four major sticking points in the proposal:

- Loss contingency
- Revenue Recognition
- Multiemployer disclosure
- Leases

An AGC press release pointed out that, while the comments have been received well, it's unclear what impact they will have on the final rule.

The AGC of America continues to provide input on these standards and how they may change. The Builders Association will keep members updated on developments as they occur. For more information, contact Al Leitschuh at [aleitschuh@bldrs.org](mailto:aleitschuh@bldrs.org).