

VIA e-mail to: director@fasb.org

November 1, 2010

Financial Accounting Standard Board 401 Merritt, 7 PO Box 5116 Norwalk, CN 06856-5116

File Reference No. 1860-100

Exposure Draft: Compensation - Retirement Benefits - Multiemployer Plan (Subtopic 715-80)

Dear Board Members and Staff,

URS Corporation (NYSE: URS) is a leading international provider of engineering, construction and technical services. We offer a broad range of program management, planning, design, engineering, construction and construction management, operations and maintenance, and decommissioning and closure services to public agencies and private sector clients around the world. We also are a major United States ("U.S.") federal government contractor in the areas of systems engineering and technical assistance, construction and operations and maintenance. We have more than 46,000 employees in a global network of offices and contract-specific job sites in more than 40 countries.

We believe that the FASB's initiative to improve the disclosure about a company's participation in multiemployer plans is a noteworthy endeavor. We appreciate the opportunity to comment on this Exposure Draft.

<u>Question 1:</u> Do you agree that the proposed quantitative and qualitative disclosures will result in a more useful and transparent disclosure of an employer's obligations arising from its participation in a multiemployer plan? Why or why not? If not, what changes would you suggest to the proposed amendments?

The proposed disclosure is difficult and ambiguous for the engineering and construction ("E&C") industry because collective bargaining agreements are entered into for each specific project and local jurisdiction. These agreements represent various "craft" or union labor organizations, with each craft generally having a separate local pension plan. Some local pension plans are included under the umbrella of a national pension plan; however, this is an exception to the general rule. Additionally, some crafts require separate contribution to both local and national multiemployer pension plans. Building and construction projects are dynamic and range from less than a year to a few years. In any one year, the number of active and separate craft organizations with whom we contract may range from 200 to over 500. Employees belonging to these craft organizations may be permanent or temporary, with some of the employees moving from one employer to another throughout their careers. Similarly, our service union workers or non-building-and-construction bargaining agreements for employees (i.e., machinists, technical engineers, aerospace workers union, etc.) may also contribute to either local or national multiemployer pension plans or both. Their projects range from a few years to 15 years or more.

The vast number of collective bargaining agreements and multiemployer plans that would be required to be examined and the considerable amount of time it would take in order to provide the disclosures being proposed are at least daunting, if not impractical. In addition, it is unclear to use what specific information would be required to be disclosed, for example, for active, terminated, vested or retired participants.



The exposure draft also proposes a separate quantitative disclosure for "individually material" plans, but is not clear about how they should be identified. For example, is materiality a function of plan size, the employer's contributions or the estimated level of withdrawal liability? If it is based on the risks the plan presents to the employer, then it begs the question of how a reporting entity is to assess and describe the risks posed by a multiemployer plan when those risks depend on the undisclosed actions or intended actions of other employers.

The current disclosure for our employee retirement and post-retirement benefit plan is already disproportionately long compared to other footnotes in our Forms 10-Q and 10-K, and we observe that other preparers' financial statements are similar in that regard. Due to the complexity and length of the current employee retirement and post-retirement benefit plan footnote in many financial statements, we believe that most users of financial statements either do not read it or do not understand it. The proposed additional disclosure requirements will significantly increase the already excessive volume and complexity of the existing disclosures and will not necessarily provide decision useful information. For example, the underfunded position of a single-employer plan represents a true liability of the sponsoring employer, while the underfunded position of a multiemployer plan does not. Even if there are underfunded vested benefits, the withdrawal liability, which is essentially an exit fee requiring an employer to pay its share of a plan's costs or future vested benefits that have not been funded through previous contributions and investments returns, will only be assessed if an employer withdraws from the plan.

If an employer is required to disclose a potential withdrawal liability assessment when the employer has no intention to withdraw, readers of the financial statements may assume that this is an additional debt that the entity may need to pay in the future. Rather, so long as the employer stays in the plan, it represents increased employer future contribution rates to improve the funding position of the plan or reduced wages and diminished pension benefits to the employees. We believe that the vast majority of readers of financial statements are not experts on retirement plans in general, much less multiemployer plans, so disclosing the withdrawal liability amounts may be misconstrued by readers and thus, have unintended implications. We believe that the withdrawal information would provide valuable information if and only when Management intends to withdraw, which is when the disclosure should be provided and reported. (Please also refer to our comment on withdrawal liability in question #2).

ERISA §101 requires a written request to the plan administrator in order to receive the actuarial report and other financial reports. Since only the latest plan report that has been in the plan administrator's possession for at least 30 days may be provided, the information provided to an entity will often be at least one year old. Additionally, the potential withdrawal liability may be provided within 180 days after the written request or longer if certain criteria are met. Hence, the withdrawal liability information available to an employer may be two years old. Since funding and withdrawal liability varies as annual assumptions such as investment rate of return, mortality, contribution hours, etc. change, such dated information is of little value to the readers of the financial statements. Unless these data can be provided and disclosed on a current basis for all plans, then the stale data would not be meaningful and the cost of disclosure would exceed the potential benefit. Meanwhile, investors would be smothered with volumes of data with questionable utility for making investment decisions.

Question 2: Do you believe that disclosing the estimated amount of the withdrawal liability, even when withdrawal is not at least reasonably possible, will provide users of financial statements with decision-useful information? Why or why not?

No withdrawal liability exists so long as an entity continues to contribute to the pension plan. Further, in the engineering and construction industry, the liability would also not be triggered so long as an entity hires labor from member unions of the Building and Construction Trades Council. This has historically been our business strategy and we do not expect a change in our practice. Furthermore, ERISA §4203(b) provides an exemption to the engineering construction industry whereby a withdrawal liability is not triggered if the entity stops contributing to the plan but does not perform any covered work in that jurisdiction for at least five years, or if the entity resumes work after five years and does not renew the obligation at the time of resumption. This shows the



reduced risk of a withdrawal liability for this industry. We also would not incur a withdrawal liability on our service employee pension plans because, if we are not successful in the recompetition of our service contracts with our clients, the succeeding companies will continue to contribute to the pension plans; thereby not triggering any withdrawal liability. Given these factors, we believe that the proposed disclosure regarding the potential withdrawal liability of a company that does not intend to withdraw from a plan or has a remote possibility of being assessed a withdrawal liability is irrelevant and misleading.

The disclosure of the withdrawal liability is inconsistent with current accounting guidance for contingent liabilities, which requires disclosure when the loss or liability is probable to have been incurred. The withdrawal liability is a speculative loss that is not meaningful information to potential investors and may be misunderstood so as to punish an entity for their involvement in a multiemployer plan and assign risks that may not even exist against the operations of an entity. We, therefore, question the value of requiring such a disclosure.

We believe that the withdrawal liability disclosure should be determined in accordance with the contingency provision of ASC 450, "Contingencies."

<u>Question 3:</u> What implementation costs, if any, will an employer face in applying the proposed disclosures? Are these costs significantly different when applying the proposed disclosure requirements to foreign plans?

In order to begin to implement the required disclosures, we would first have to obtain all collective bargaining agreements. Much of the collective bargaining contracting and payroll administration are decentralized to the specific local project sites. We also would be required to contact all pension plans administrators and reconcile to the respective projects or services, local and or national jurisdiction, craft, etc. and any subsets to which they may belong, including identification of the numerous joint ventures and subsidiaries they pertain. Our employees currently participate in over 200 craft and service pension plans. This number is in constant flux as new projects begin and other projects are completed. We would need to hire a dedicated administrator and staff to manage the bargaining contracts and the pension plans and incur significant costs in order to provide the disclosures that we believe may not always be relevant or useful.

The actuarial and financial reports cost on average \$2,500 per plan, with additional fees for the withdrawal liability report. Based on the current number of pension plans that we have, the annual cost would be significant. In addition, the cost to gather and produce the required disclosures by the plan administrator on behalf of the employer participants is a non-productive use of plan assets.

<u>Question 4:</u> The Board plans to require that the amendments in the final Update be effective for public entities for fiscal years ending after December 15, 2010. Are there any significant operational issues that the Board should consider in determining the appropriate effective date for the final amendments?

As a large number of bargaining agreements and pension plan information will need to be obtained and mapped out, and given the significant increase in disclosures, we do not believe that the transition time is sufficient to compile, analyze and provide the proposed disclosures under an effective date of fiscal year ending after December 15, 2010. Given that the comment period ends on November 1, 2010, and our fiscal year ends on December 31, 2010, it leaves insufficient time for us to work with a third party provider to ensure that the appropriate information is being captured and analyzed in advance of the effective date or in time for our annual Form 10-K filing. Also, since the information has not been provided to member entities in the past, we believe that the plan administrators should also be given a more reasonable transition time to adequately respond to the information requests, or else they will simply not provide it too late to be included in our financial statements.

<u>Question 5:</u> The Board intends to defer the effective date for nonpublic entities, as defined in transition paragraph 715-80-65-1, for one year. Do you agree with the proposed deferral? If not, please explain why.



We believe that both public and nonpublic entities should be given a year to transition.

Question 6: In addition to the deferral for nonpublic entities, should any of the provisions in this proposed Update be different for nonpublic entities (private companies and not-for-profit organizations)? If so, which provision(s) and why?

As we try to converge with international standards to come up with a unified set of standards, setting up different provisions for nonpublic entities and not-for-profit organizations is not consistent with our goal to converge to one single standard.

<u>Question 7:</u> Do you believe that the proposed and existing XBRL elements are sufficient to meet the Securities and Exchange Commission's (SEC) requirements to provide financial statement information in the XBRL interactive data format? If not, please explain why.

We believe that the proposed XBRL elements contained within this exposure draft are sufficient to meet the SEC's requirements to provide financial statement information in the XBRL format. The proposed amendments to the XBRL taxonomy is comprehensive as it relates to disclosures required by this exposure draft and seem to include all elements required to be tagged in the proposed disclosures. Although the existing XBRL elements are not sufficient to meet the SEC's requirement to provide financial statement information in the XBRL format because it does not currently contain the elements necessary to tag the information contained in this exposure draft, these elements are included in the 2011 taxonomy.

We appreciate the opportunity to provide our comments on this proposed standard.

Sincerely,

Reed N. Brimhall Vice-President, Controller and Chief Accounting Officer

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