

Statement
U.S. Senator Sherrod Brown
Health, Employment, Labor, and Pensions Subcommittee Hearing: Examining the Delphi
Bankruptcy's Impact on Workers and Retirees
U.S. House of Representatives
December 2, 2009

Good Morning.

I would like to thank Chairman Andrews, Ranking Member Price, and all of the Members of the Subcommittee for holding this hearing.

I appreciate the opportunity to join my colleagues in the House and the representatives of the Delphi retirees to speak out on behalf of the tens of thousands of Ohioans who are paying the price of the Delphi bankruptcy in lost health care and reduced pensions.

For many workers and retirees in Ohio and across the nation, there is a crisis of confidence in our social contract. Pension benefits earned over a lifetime of service are dramatically reduced in the wake of bankruptcy.

When PBGC assumes trusteeship of a pension plan, it can only pay benefits up to what is guaranteed in law. Final benefits can sometimes take months or years to calculate, with the retiree responsible for any overpayment.

Early retirement, supplemental benefits, and health benefits are not guaranteed. Retirees are in no position to make up for these losses when their pension is assigned to the PBGC. They feel betrayed by the system that was supposed to protect them.

The federal government stepped in to bail out the auto industry. TARP financing has enabled General Motors to quickly move through bankruptcy. TARP financing enabled GM to address its pension obligations. TARP saved thousands of jobs in a key sector of our economy. However, some workers, many of whom spent most of their careers as GM employees, were left out.

Tom Rose, a Delphi retiree who started his career with General Motors in 1969, summarized the sentiment of many Delphi retirees when he told the Dayton Daily News: "Our defined pension depended on a trust that was broken."

In the case of Delphi hourly employees under certain collective bargaining agreements, GM agreed to make up the difference between the PBGC benefit and what the retiree had earned. The Delphi salaried employees and some of the hourly employees such as those represented by the International Union of Operating Engineers, the International Brotherhood of Electrical

Workers (IBEW), and the Machinists unions had no such agreement and are facing drastic reductions in their pension benefits. They are looking for fair treatment.

Other Delphi retirees are facing the loss of their health benefits, which is why Congressman Ryan and I introduced legislation with Representatives Fudge, Kucinich, Turner, and other members of the Ohio delegation to fund a Voluntary Employees' Beneficiary Association to help them with the cost of health care. They, too, are looking for fair treatment.

At our Senate HELP Committee hearing last month, we heard testimony about how Delphi pushed many workers into early retirement with the assurance that their pension benefits would be safe. That was not true. Now these retirees face the greatest losses in income.

John, a 55-year old Delphi Salaried retiree wrote my office, "Thirty-one years of effort to secure a pension are being ruined. In the bankruptcy court, creditors who only have several years of revenue at risk are being given higher priority. I have been looking for a job for 10 months without any success. If my pension goes to the PBGC, my family will probably be living below the poverty level."

The loss of pension and health care benefits will add to the economic devastation of an area already reeling from job losses. A Youngstown State University study estimated an annual fiscal impact of nearly \$58 million, resulting in over 1700 employment losses.

Protecting the pensions supports economic recovery.

Protecting retirement security was one of the purposes of the bailout of our financial system.

We cannot bail out an industry while leaving thousands of retirees who have loyally served it out in the cold.

We should be able to resolve this.

Thank you for inviting me to testify.