

Subcommittee on Health, Employment, Labor and Pensions
Committee on Education and Labor
Hearing on the "Impact of Bankruptcy on Delphi Workers"
Statement of Congressman John Boehner
December 2, 2009

Chairman Andrews and Ranking Member Price, thank you for holding a hearing on the "Impact of Bankruptcy on Delphi Workers."

The bankruptcy of Delphi has far-reaching impact in the 8th District. Delphi had multiple facilities in the Dayton area and many retirees live in my district. Many of these individuals spent most of their careers as General Motors (GM) employees before Delphi was spun-off as an independent company.

After over three years in bankruptcy, bankruptcy court approved a reorganization plan for Delphi at the end of July. As part of its reorganization, Delphi terminated its pension plans in June, defaulting responsibility for the pension plans of its workers and retirees to the Pension Benefit Guaranty Corporation (PBGC). Reportedly, this is the fourth-largest takeover of plans in terms of people covered and second-largest based on the amount of money PBGC will pay out. More than 70,000 workers are affected.

Subsequently, Delphi's former parent company, GM, topped off the pensions of thousands of hourly workers and retirees under UAW and other union contracts. However, 15,000 salaried retirees still face significant cuts to their pensions based on PBGC rules and maximum benefits. Affected retirees may lose up to 70 percent of their expected pension benefits. Hourly and salaried employees and retirees worked side-by-side during their careers yet now are receiving disparate, inequitable treatment.

In June, I joined Congressman Mike Turner (R-OH) in writing Ron Bloom, Senior Advisor on the Auto Industry at the U.S. Department of Treasury, asking the Automotive Task Force to support the assumption of Delphi Corporation's hourly and salaried pension obligations by GM. Mr. Bloom's response, dated October 14, 2009, states, in part, "While GM has agreed to assume Delphi's hourly pension plans, unfortunately there simply is no realistic alternative to the termination of the existing Delphi salaried pension plans and the transition of their stewardship to the PBGC."

However, the taxpayer-funded rescue of GM, combined with the government-directed bankruptcy and reorganization of GM, has resulted in unprecedented government involvement and intervention in the workings of a private company and the economy. Neither GM nor the Automotive Task Force has provided a full explanation as to why some Delphi pension obligations will be met by GM while the salaried retirees are not made whole. I commend you for highlighting these issues during this hearing, but I am disappointed that an Administration official was unavailable to testify to bring some much needed transparency to this process.

On June 26, 2009, joined by 7 of my Republican colleagues, I introduced a Resolution of Inquiry – H.Res. 591. This resolution requests that President Obama transmit all information in his possession relating to certain specific communications with and financial assistance provided to General Motors Corporation and Chrysler LLC to the United States House of Representatives. This resolution focuses on the role of the Presidential Task Force on the Auto Industry in any negotiation or approval of the companies' plans for reorganization.

In regard to salaried retirees' benefits, the resolution seeks information regarding the role of the Task Force in negotiating, reviewing, approving, determining, or in any other aspect relating to, levels of and reductions in the employee and retiree benefits of General Motors' salaried employees and non-union hourly retirees.

On July 10, the House Committee on Financial Services considered the resolution for amendment. While I am not a member of this committee, I am pleased that Congressman Chris Lee (R-NY) offered an amendment, which was adopted, to include determination of pension benefits of Delphi retirees as part of the inquiry.

The resolution passed the committee by voice vote. I am hopeful that this resolution will be scheduled for a vote on the House Floor. The American people, especially those affected by the bankruptcy proceedings, deserve to be a part of an open and transparent process.