

Press Release

**MAY 25, 2005**

**SCHAKOWSKY SPEAKS OUT AGAINST UNITED BANKRUPTCY BILL  
PARTICIPATES IN FIRST EVER ONLINE CONGRESSIONAL HEARING**

WASHINGTON, DC -- U.S. Representative Jan Schakowsky spoke out against the pending United bankruptcy bail-out in an "e-hearing" organized by Congressman George Miller (D-CA), the top Democrat on the House Education and the Workforce Committee. The hearing, which will allow discussion throughout the week of May 23-27 between United employees, Members of Congress, and other affected parties, is the first Congressional hearing to be held online.

The text of Representative Schakowsky's opening statement is below:

I am proud to join my colleague, Representative Miller, the ranking Democratic member of the Education and Workforce Committee, in the first online Congressional hearing to highlight the retirement security crisis facing United Airlines employees. The goal of this online hearing is to provide a voice to those who will otherwise not have a chance to be heard in the Congress under the current Republican leadership. Congressman Miller's decision to convene the first online hearing on the pension crisis at United Airlines is telling: we have known of the potential crisis for months, yet Republicans have refused to act in order to help the 120,000 employees whose retirement futures are in jeopardy. I look forward to hearing from all those people that may otherwise not be given the opportunity to have a say in what is happening today.

When United employees signed up for their jobs, they believed they were making informed financial decisions for today and for their retirement. United offered luring packages of benefits, including defined benefit pensions, meaning employees were "guaranteed" a set figure for their retirement when their years of work for United Airlines were done, years down the road. Because of what was offered, many believed that flying with United would not just be another job, or just a layover on the way to their final destination, but a company and career to which they could dedicate themselves. Their commitment was based on a promise, and the long years of hard work of United's employees are what helped make the company strong and successful.

Now, because United is using the bankruptcy court to back out of its pension agreements, United employees and retirees are being tossed into retirement without a parachute. Ten thousand of the flight attendants and machinists affected are in Illinois. It seems now that the only ones who were making honestly informed decisions about what they were getting into were the executives, like Chairman Glenn Tilton, who squirreled away his \$4.5 million retirement fund in a trust that cannot be touched during bankruptcy proceedings. He made sure to protect his retirement package. The executives who were supposed to give over \$100 million a year in concessions to help the airline have yet to do it, but that has not stopped them from making new, deeper cuts to their employees' financial security.

Last fall, when United's plan to throw away its employees' pensions became clear, Representative Miller, Senator Kennedy, and I were joined by 113 Representatives and 22 Senators in urging the airline not to toss out the employees' retirement security like it was excess baggage. Despite our pleas, United went ahead with its plans and recently asked the bankruptcy court to erase its pension obligation to its employees and have the Pension Benefit Guarantee Corporation, a government agency, take over. At that time, Representative Miller and I delivered an amicus brief to the bankruptcy court asking the judge to examine if United's request to jettison its pensions was necessary to emerge from bankruptcy and whether the move was a backdoor attempt to get around collective bargaining agreements. Again, our request was denied.

Because we believe United employees, who have already agreed to over \$3 billion in cuts in pay and benefits to help the airline, and other hard working employees deserve better, Representative Miller and I have introduced two pieces of legislation to stop companies from treating their employees' retirement security as if it was burdensome. One of our bills would put a six month moratorium on companies presently in bankruptcy from dumping billion-dollar pension debts onto the government. It is retroactive to cover the United employees and would give Congress time to find a better solution. The Pension Fairness and Full Disclosure Act, our other bill, would not allow payments into executive pensions if the workers' pension plans are under-funded. Additionally, the bill requires companies that ask bankruptcy courts to erase their

debt to rank-and-file pension plans to first reveal what is in the executives' plans. I believe it is time for parity in how employees and executives are treated.

Join us in fighting for the United employees. If we do not do something now, not only are United employees at risk, but so are the millions of other employees whose companies may follow United's lead and dump their pension plans on the Pension Benefit Guarantee Corporation. That move would result in reduced benefits for retirees and greater costs for American taxpayers.

Link to the Online Hearing: <http://edworkforce.house.gov/democrats/unitedhearing.html>