

US Lawmakers Object to United Plan for Health Cuts

Reuters News

13 February 2004

WASHINGTON, Feb 13 (Reuters) - More than 100 members of Congress on Friday urged United Airlines to drop its proposal to boost health care costs for retired flight attendants as part of its bankruptcy restructuring.

The overwhelmingly Democratic group of lawmakers from the House of Representatives said in a letter to United Chairman Glenn Tilton that the proposed health care cuts would place another burden on employees who can least afford it.

The flight attendants claim United is violating an agreement on bankruptcy concessions and last week asked a bankruptcy judge in Chicago to intervene. A decision is expected next week.

United responded that it is not singling out these workers but is trying to craft the most effective restructuring plan.

"We've been very clear from the moment we filed for bankruptcy that this was a possibility. While we regret it, it's a necessary part of restructuring," said United spokeswoman Jean Medina.

Medina said the company would try to negotiate a deal with the union, the Association of Flight Attendants, before asking the court to impose new terms.

Lawmakers said the airline has already cut a deal with attendants that protect retired workers from increased out-of-pocket health care costs. Cost and coverage incentives in the agreement prompted more than 2,500 flight attendants to retire from the company as of July 2003.

"To now suggest that the retirees take additional cuts, especially after Congress has made every effort to provide the airline industry with financial assistance through retiree health benefit subsidies, pension contribution relief, and federally subsidized loans is unconscionable," the House members said.

The letter was spearheaded by Jan **Schakowsky**, a Democrat of Illinois where United is based, and George Miller of California, the ranking Democrat on the Education and Workforce Committee.

Fortunes at the No. 2 airline in many ways are tied to continued help from Washington, and Tilton has spent a good deal of time meeting with lawmakers and Bush administration officials.

House-Senate negotiators must still finalize a pension bill that provides relief for many industries but also proposes extra help for airlines. This will help United in its bid to resolve serious pension underfunding problems, which it must do before the administration will sign off on a \$1.6 billion loan guarantee the airline is counting on for exiting bankruptcy.