AFTER THE FINANCIAL CRISIS: 
ONGOING CHALLENGES FACING 
DELPHI RETIREES

FIELD HEARING
BEFORE THE
SUBCOMMITTEE ON 
OVERSIGHT AND INVESTIGATIONS
OF THE
COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES
ONE HUNDRED ELEVENTH CONGRESS
SECOND SESSION
JULY 13, 2010

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AFTER THE FINANCIAL CRISIS:
ONGOING CHALLENGES FACING
DELPHI RETIREES

Thursday, July 13, 2010

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON OVERSIGHT
AND INVESTIGATIONS,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The subcommittee met, pursuant to notice, in the Canfield High
School Auditorium, 100 Cardinal Drive, Canfield, Ohio, Hon. Den-
nis Moore [chairman of the subcommittee] presiding.
Members present: Representatives Moore and Lee.
Also present: Representatives Wilson and Ryan.
Chairman MOORE OF KANSAS. This field hearing of the Sub-
committee on Oversight and Investigations of the House Financial
Services Committee will come to order. Our hearing today is enti-
tled, “After the Financial Crisis: Ongoing Challenges Facing Delphi
Retirees.” This is our 15th Oversight and Investigations hearing this
Congress, and our 4th field hearing.

Before we begin with today's hearing, I want to take a moment
of personal privilege to first thank Representative Charles Wilson
for asking that we come to Ohio and focus on this important issue
of Delphi workers and retirees and how they are doing following
the recent financial crisis. Congress can learn much more about
particular issues or challenges when we get out of Washington and
hear directly from the people we represent, as we will today.

I also want to thank the other Members who have traveled to be
with us today: Representative Chris Lee of New York; and Rep-
resentative Tim Ryan of Ohio. Finally, I want to thank the City of
Canfield for welcoming us to Ohio, as well as Representative Wil-
son's staff and others who made today's field hearing possible.

We'll begin this hearing with Members' opening statements up to
10 minutes per side, and then we will hear testimony from our wit-
nesses. For each witness panel, Members will each have up to 5
minutes to question our witnesses. The Chair advises our witnesses
to please keep your opening statements to 5 minutes to keep things
moving so we can get to Members' questions. Also, any unanswered
questions can be followed up in writing for the record.

Without objection, all Members' opening statements will be made
a part of the record. I now recognize myself for 2 minutes for an
opening statement.
I don’t need to remind anyone that our country has been through the worst economic recession and financial crisis since the Great Depression and everyone knows, whether you’re a Democrat or Republican, that lax oversight and poor regulation of our financial system for too many years sowed the seeds of a near collapse of our entire economy.

Who paid the price for these mistakes? Unfortunately, it was not Wall Street but our constituents on Main Street and the people from places like right here in Canfield, Ohio, who paid the price. American households lost about $14 trillion in net worth over the course of 2 years. Retirement accounts saw an over 20 percent decline in value, forcing many Americans to delay their retirement.

Millions of Americans lost their homes through foreclosure. Bernie Madoff’s Ponzi scheme defrauded $65 million from investors. In response to all of this, the House responded by approving the Dodd-Frank Wall Street Reform Act which will end “too-big-to-fail,” end taxpayer bailouts, and put tough cops on the beat watching out for consumers and investors. I hope the Senate will act soon so these needed reforms become law.

But this is not the end of the story. As if the financial crisis was not bad enough, the auto industry in our country has struggled in a major way this past decade, and as a result we have seen far too many bankruptcies, layoffs, and plants being closed. Representative Charlie Wilson invited our subcommittee to visit Ohio as he told me about the Delphi retirees we will hear from today and the challenges they have faced before, during, and after the financial crisis.

I look forward to hearing from them, how the financial crisis has impacted them and their communities, and what particular issues with respect to pension plans and other challenges they continue to face.

I now recognize my colleague, Representative Chris Lee, for as much time as he may consume, up to 10 minutes. Mr. Lee is a valued member of our Oversight Subcommittee who, like other Members present, has been very active on this Delphi issue we are discussing today. Mr. Lee?

Mr. Lee. Thank you, Mr. Chairman, for convening this hearing today, and thank you, Congressman Wilson and Congressman Ryan, for requesting this field hearing and for your hard work on this issue which truly is near and dear to all of our hearts. This is something that early on in this Congress when this—we heard the plight of the Delphi workers. I think all of us around this table have gravitated towards, because it’s true—it’s an issue of fairness, and the part that I have respected the most out of all the retirees I have met since coming to this Congress is the fact that nobody’s looking for anything special. They’re looking for fairness, to be treated like all others have during the difficult economic time, and that’s really what has separated you and that’s really gravitated me to try to be a champion for this issue.

The treatment of retirees is one of the less discussed aspects of the restructuring of the auto industry but one that needs our attention. We’re talking about close to 20,000 families who ultimately will be affected by this issue. Through no fault of their own, those who assumed that after working side-by-side with their fellow workers for 20, 25, 30 years and working hard, that they would
have something left at the end of the day, to have their life insurance, their health care, and now potentially their pensions cut drastically surely is not right.

And the fact is after they have seen their pensions defaulted to the Pension Benefit Guaranty Corp, this is a direct result of the negotiation discussions between Delphi, GM, and the Treasury Department’s Task Force. Unfortunately, these discussions raised far more questions than answers about how and why these pensions were terminated, which is now having a lasting impact on, I assume, almost everybody in this room’s financial security.

I welcome the committee’s willingness to conduct its congressional oversight and investigate this issue. I agree with the thousands of people around this country and those in this auditorium, retirees and their families who demand real action, not just talk, but real action. Delphi retirees and their families need help. They deserve action and an investigation into why this unfair and unjust decision was made.

However, there’s little this committee can investigate without a witness here from the Treasury Department. That, to me, is the most unnerving situation to have people come here, we want to have an open discussion, and for the Treasury not to show up, to me, is incredibly frustrating and the fact that Delphi retirees deserve answers, all taxpayers deserve an answer. Dozens of Members of Congress have tried over the year to seek answers from the Treasury Department on behalf of Delphi workers, retirees, as well as the American taxpayers since they now own 60 percent of General Motors. However, we have received very little. On April 21, 2010, I received a response from Ron Bloom, who was one of the acting chairs of the Auto Task Force. He sent the letter to me on April 21; it was a response to the letter I had sent to him on June 5, 2009, nearly 10 months after the letter had been sent out. Unfortunately, this is not an isolated issue and, Mr. Chairman, I ask unanimous consent to have these letters submitted into the record.

Chairman MOORE OF KANSAS. Without objection, they will be made a part of the record.

Mr. LEE. Literally, here, I have over a dozen letters that were sent in the last year to the Administration, to the Treasury Department, to the Auto Task Force, to General Motors. How many responses did I get back? Very few, and I think that is wrong when we are here representing the American people and not to have sufficient answers on what truly is going on.

Outside of that frustration, since a December 2009 Education and Labor Subcommittee hearing, new information has emerged that should focus the attention of this committee and indeed the entire Congress. One critical piece of evidence, according to a report prepared by the consulting firm of Watson Wyatt at the request of Delphi on September 30, 2009, the salaried pension plan was 85.62 percent funded, yet the average funded status of the 100 largest pension plans in America was only 81.7 percent in 2009. This truly calls into question exactly why the Delphi salaried plan was considered severely underfunded and necessitating termination.

Were there other motivations involved in the termination? It’s the answers to these questions that Democrats and Republicans
alike in Congress have been seeking for more than a year. On behalf of Delphi's workers and retirees, and the American taxpayers who are financing General Motors recovery, I'm here today to seek the support of this committee to demand action and to urge the Treasury to correct this injustice and treat all Delphi workers and retirees fairly.

This is not a Republican issue; it's not a Democrat issue. This is not a union versus non-union; this is a fairness issue. Delphi workers deserve to be treated fairly. I would like to leave the committee with one thought expressed by the UAW president, Ron Gettlefinger. In January, he wrote, “We are advocating for the salaried retirees whose pensions have been eroded, though their dedication to the company and their years of service remain steady. No one should sit silently by and say nothing about the unfair and inequitable treatment these people are receiving. Such silence goes against the founding principles of our Union.”

Mr. Gettlefinger is absolutely right, and for those reasons I, again, commend this committee for holding this hearing to try to reach the goals of fairness, transparency, and equity. Simply put, we want, and we deserve, answers. With that, I yield back.

Chairman Moore of Kansas. My thanks to Congressman Lee for his statement. I now ask unanimous consent that our colleagues, Representatives Charlie Wilson and Tim Ryan, participate in this subcommittee field hearing. Without objection, it is so ordered. I recognize Representative Charlie Wilson for 3 minutes for your opening statement.

Mr. Wilson. Thank you, Mr. Chairman, and let me thank you formally for coming here to host this meeting for us today and welcome and thank you, Lieutenant Governor Fisher, for being here with us today and have testimony for all of us. I thank the Delphi retirees for being here and please know that we're trying to help in any way we can. I would like to thank Dr. Akpadock for coming before our panel today to talk about how the situation has affected our community financially and I am pleased to have other Members of Congress, Congressman Tim Ryan and Congressman Chris Lee, both here with us today. Thank you for all your efforts on behalf of Delphi retirees.

While I am pleased to have great panelists before us today, I am also submitting testimony for over 100 Delphi retirees who wanted to make sure that their official statements are placed in the record. And though they can't be here with us today, I would like to thank Governor Strickland and Senator Brown for their continuous efforts and support on behalf of Delphi retirees. I'll also be submitting statements from both of them for the record.

First and foremost, we are here today to listen. My office has worked for many months to ensure that the Delphi retirees are listened to and that your plight is understood. I'm so pleased that we're able to hold the Financial Services Committee field hearing right here in our own backyard and you can hear firsthand from the people who have been affected by what has happened. I believe this hearing will provide the necessary platform for Congress to examine more closely the benefits reductions the Delphi retirees have suffered.
We all know the histories of Delphi and General Motors are closely intertwined. GM made certain promises regarding pensions when Delphi was spun off into its own entity, and GM was there for Delphi when it filed for bankruptcy in 2005, assuming additional responsibility Delphi worker pensions and benefits, but when GM was forced into bankruptcy in 2009, times got tough for both companies.

Promises made to some Delphi retirees were broken entirely, while benefits promised to others were reduced in order to remain afloat. GM asked for help from the Federal Government, and eventually they took TARP funds which were originally offered by the U.S. Treasury to banks that were in trouble, and that's where the Financial Services Committee comes in.

Our committee has oversight over all TARP funds, and since GM has received TARP funds we have a responsibility to look into how these funds were used. In this case, we are looking into why Delphi retirees were left out of the equation as GM tried to return to its financial solvency.

What GM ultimately decided to do was to turn over Delphi pensions to the Pensions Benefit Guarantee Corporation, the PBGC. On July 31, 2009, just a year ago, the PBGC assumed responsibility for these pension plans resulting in sizeable cuts of up to 80 percent of some members for thousands of hard-working Delphi retirees.

All of these retirees, all of you here today worked hard and put in your time counting on what you had been promised in retirement. You worked hard for benefits that you saw crumble before your eyes. Having these promises broken is just unacceptable. Unfortunately, this is not the first time we have seen this in our Mahoning Valley nor is it in my district at large. The steel industry is a good example of the same type of horror story.

Ladies and gentlemen, hard-working men and women across the valley and across the country have made their long-term retirement plans based on what they were promised by their companies. It is simple as that. They don't make contingency plans for their company filing bankruptcy and they certainly don't expect to be victimized because of poorly managed pension plans. They just go to work every day and expect to be compensated fairly and earn the retirement benefits that they were promised, and I think when those promises are broken, it's up to Congress to make sure companies honor commitments to their employees.

That is why I'm the co-sponsor of a new bill called the Protecting Employees and Retirees in Business Bankruptcies Act. This legislation reforms the Bankruptcy Code by making sure that employees and retirees are treated fairly in corporate reorganizations. It would also modify existing limits on the termination of curtailment of employee and retirement benefits.

While this pending legislation could help some in the future, it does not solve our problem today. I look forward to hearing from each of you. I hope that today can be a constructive step towards resolving the unfair treatment of Delphi retirees.

Thank you, and I yield back the balance of my time, Mr. Chairman.
Chairman Moore of Kansas. Time has expired. Next, Representative Tim Ryan is recognized for 3 minutes.

Mr. Ryan. Thank you, Mr. Chairman. I appreciate you coming to Ohio to help us make the case and continue to make the case for this important issue for many of our constituents. I would also like to thank Congressman Lee for getting up early and making the drive down. We appreciate that as well. Also Governor Strickland, Lieutenant Governor Fisher, Senator Brown, and Mike Turner from Dayton, as well, have been great advocates for this.

Before I do my formal remarks, Mr. Chairman, I ask unanimous consent to submit some testimony for the record from someone who the committee was not able to accommodate—Elizabeth Knauff is the president of the IUE–CWA Local 717 retirees organization, wants to encourage us to take some action for the record.

Chairman Moore of Kansas. Without objection, it is so ordered.

Mr. Ryan. Mr. Chairman, the outpouring of support you see here today is a true reflection of a terrible impact of the loss of pension and benefits caused by this bankruptcy.

During the time the company was in bankruptcy, the various pension funds fell further and further behind on the balance required to meet their obligation. This was compounded by an aggressive push for early retirement by Delphi’s management to trim the workforce, and when Delphi terminated the pension plans and sent their obligations to the PBGC, they covered approximately 700,000 workers and were underfunded. While the PBGC will pay retirees a percentage of their promised benefits, many retirees, many here today, will see substantial losses. The younger retirees were promised the largest early retirement benefits as a part of the buyout Delphi forced on them, and will see the largest cuts as many of those payments are not insured by the PBGC.

Many retirees from Delphi see substantial reductions in or outright elimination of health care coverage. Without the stimulus bill, the situation would be even worse, as many retirees are eligible for an 80 percent health care tax credit.

Mr. Chairman, the direct impact is enormous. I have spoken with many retirees about how they will be able to afford their mortgages, their health care costs, their children’s education bills. These retirees and their families, quite frankly, have been devastated. They worked for years to earn these benefits and now they are gone. These are our brothers, our sisters, our baseball coaches, pillars of our community.

But the impact does not stop with the direct losses. There are many retirees in my congressional district that the losses will flow to everyone in the region, and one of our families will testify to that today. So the people least responsible for the bankruptcy of a company like Delphi are, in the end, the ones who lose their jobs and pensions over it. The bankruptcy system must be reformed to give a higher creditor status to retirees, not the banks.

Many of the creditors currently above retirees are in a position to make informed decision about the creditworthiness of borrowers and set rates accordingly. Retirees are in no position to make those kinds of decisions. Furthermore, we need to tighten ERISA and other pension protection laws to preserve promised benefits. H.R. 1322, introduced by Congressman John Tierney, is a great example
of exactly what needs to be done to prevent more situations like Delphi’s, and what my region saw in the steel industry.

An employee cannot possibly plan for unexpected cuts and promised benefits after the game has already been played. They cannot go back 25 years and invest more to cover the investment losses and mismanagement of their employer. Once again, we see systematic misalignment of who pays for other people’s risks, other people’s recklessness, and other people’s mistakes.

But unfortunately, even if these steps are taken, it’s too late to help many of my constituents. While many GM workers and retirees will receive their full pension and assistance with their health care through the GM bankruptcy, I am extremely disappointed that the Obama Administration has not directly addressed the many Delphi retirees who need assistance for their pension and benefits. My disappointment was compounded when the Administration recently announced recess appointment of a director of the PBGC who has recused himself from Delphi decisions because of his previous involvement in the bankruptcy. This simply does not make sense to me to appoint someone to a position who is unable to address a major concern for the American citizens.

I have urged the Administration on numerous occasions to provide assistance at every opportunity and have yet to see any accommodations. Mr. Chairman, I appreciate the committee allowing me to participate in today’s hearing. I look forward to the testimony of today’s witnesses. It is a problem when anyone in this country loses their pension no matter how, and today, we have a chance to better understand and hopefully, in the short term, address this problem.

Chairman MOORE OF KANSAS. Thank you, Mr. Ryan. I’m pleased to introduce our first witness, Lieutenant Governor for the State of Ohio, the Honorable Lee Fisher. Lieutenant Governor Fisher’s career has spanned the private, public, and nonprofit sectors. In fact, Lieutenant Governor Fisher has more than 17 years of public service, serving as Ohio Attorney General, State Senator, and State Representative. He has also worked as a private attorney, public company board director, and as a law clerk for the U.S. 6th Circuit Court of Appeals.

While Lieutenant Governor Fisher led the State’s economic development efforts as Director of the Department of Development in 2007 and 2008, Site Selection Magazine awarded its prestigious Governor’s Cup to Ohio for both of those years. In 2008, the magazine recognized the Ohio Department of Development, under Fisher’s leadership, as the top economic development agency in the country for business expansion.

I know Governor Strickland’s official duties prevented him from joining us this morning, but we’re glad to have you, sir, to represent the State of Ohio in today’s hearing.

Without objection, Lieutenant Governor Fisher, your written statement will be made a part of the record. You have 5 minutes to provide an opening statement.
STATEMENT OF THE HONORABLE LEE FISHER, LIEUTENANT GOVERNOR OF OHIO

Mr. FISHER. Good morning, Chairman Moore and Congressman Lee. Thank you very much for traveling here today and a special thanks to my two friends who have been tireless advocates for the men and women here today; Congressman Charlie Wilson and Congressman Tim Ryan have been two of the leading advocates of this issue and, in fact, along with Senator Brown, were the ones who brought this issue to the attention immediately of Governor Strickland and me, and both of you deserve very special credit for the fact that you have continued to make this a top priority for you and for the valley.

As Chairman Moore said, Governor Strickland wanted very much to be here. This is an extremely high priority for him, but unfortunately he has a very sensitive situation he is dealing with today that prevents him from being here, but I'm pleased to be here as well. I think it's fair to say that if we look out on the audience today, the men and women who are here, in many ways they represent the great recession that has been brought to our doorstep. In many ways this is ground zero for the effects of a recession, and if we were to write a book about it, I think the title would be, "Through No Fault of Their Own."

These are people, as all four of you have already pointed out, who have worked hard. They played by the rules, they paid their bills on time. They have saved for their children's education and now, without notice, I think it's fair to say they have been evicted from the American dream. We owe it to them. We owe it not just to the men and women here today but to other men and women throughout the valley and even throughout this State who have been hurt through no fault of their own by this recession.

So I'm here today to testify on behalf of more than 20,000 non-union Delphi retirees and 100 workers represented by the International Union of Operating Engineers and the International Brotherhood of Electrical Workers. These employees, many from Northeast Ohio, have worked as secretaries, engineers, technicians, and salespeople, devoting in many cases as much as 4 decades to their company, General Motors. And now, the very people who helped build General Motors through their labor are losing the retirement that they earned over a lifetime of service.

I also want to point out something that Congressman Lee mentioned. I think it is important to note that although many of the men and women who have been affected here today are not necessarily members of unions, the UAW and other unions, to their credit, have stood up for their brothers and sisters. That's a story that ought to be told as well. You mentioned Ron Gettlefinger, and I would also mention Jim Graham and Dave Green, who have been tireless advocates as well for these men and women. Even though many would suggest that people look out for their own, that's not the case. Certainly not in the valley. People look out for each other and not just for themselves.

When Delphi spun off from General Motors, most had no choice but to go to work for this new company and to continue their careers, and now they're being denied the full pension benefits that
their colleagues at General Motors receive, and I agree with the four of you that this is, in the end, an issue of fairness. This is forcing many families near to the poverty level. People who have been in the middle class and always felt that they had a chance to reach higher, and now, through no fault of their own, are wondering if they really are still in the middle class. These retirees will lose over $300,000 in pension payments, on average, and let's make it clear, pension payments are not handouts. They are earned through years of hard work.

Men and women like Louis Liguore, who was forced to leave GM/Delphi after over 25 years of service during those years, Louis was even inducted into the General Motors Hall of Fame. He has been looking for work and has applied for well over 300 jobs but unfortunately, at 60 years old, it's nearly impossible for him to find work, so now he and his wife are facing a monthly income close to the poverty level and faces what he calls a shattered future.

Mary Ann Hudzik who is going to be sharing her story with you on the second panel, worked for 30½ years, 22 of those years at GM; and she and her husband counted on the pension and the health benefits and the life insurance that they earned through years of hard work in accounting and in customer service. The loss in her benefits was something she could not, as you pointed out, Congressman Ryan, plan for or anticipate. She's happy that her friends from General Motors are receiving the benefits. She's not angry at them, but she can't understand why she is not being treated fairly.

I think it’s fair to say that we owe it to them and to all the retirees to take all possible steps to secure their pensions. So that's why I join the four of you and Governor Strickland and Senator Brown and the UAW in encouraging the Administration to, in turn, encourage General Motors to do the right thing and to meet its obligations to the Delphi retirees.

I would be remiss if I also didn’t say that the legislation introduced by Congressman Tim Ryan and Senator Sherrod Brown that would restore benefits to these retirees through available funds in the Troubled Asset Relief Program, I think, is a giant step forward, and I know that Congressman Wilson is a strong advocate of that.

We should use these dollars that were available to the companies on Wall Street that were responsible, in large part, for this economic crisis, to help out the families here today on Main Street who have shouldered the burden through no fault of their own.

Thank you, Mr. Chairman.

[The prepared statement of Lieutenant Governor Fisher can be found on page 68 of the appendix.]

Chairman MOORE OF KANSAS. Thank you, sir, for your testimony, and for joining us for this important hearing. I recognize myself for up to 5 minutes for questions. Lieutenant Governor Fisher, it seems that the financial crisis and economic recession that followed has made matters worse, not only for the auto industry, which was already struggling, but particularly for these Delphi retirees. You did address this, but do you have anything to add? To what degree do you believe the financial crisis has made matters worse for these Delphi retirees and others here in Ohio?
Mr. FISHER. I don't think there's any question that even if this had not occurred the men and women here today were already, in many cases, suffering and been hit hard by this recession. So this is one of those cases where we're adding insult to injury. I think it's also fair to point out that there is an economic loss to the valley, and you're going to hear that very specifically this afternoon, so I won't go into those statistics. But this is—every person in the valley, whether they know these men and women or not, they're going to be adversely affected because this is going to affect the economy of Mahoning Valley. What happens to the Mahoning Valley affects Northeast Ohio. What happens to Northeast Ohio affects the entire State of Ohio. I don't think it's an exaggeration to say that 11½ million people in this State, our population, can be affected by what has happened here today.

Chairman MOORE OF KANSAS. Thank you. What is your response, sir, to the people who say that the auto industry made their own mistakes for a number of years, and so if they go bankrupt, and their workers lose their jobs and pensions, they're only reaping what they sowed years ago? Is there something unique about this issue with Delphi retirees and their pension plan that warrants a closer look?

Mr. FISHER. Mr. Chairman, first let me say that no one wants the government to own a company or own a large share of the company, but I believe that 20 years from now, one of the stories that will be written is that because this Administration decided to save General Motors, in many cases they saved manufacturing, and they have also, I believe, said that we're not going to turn our backs on the men and women who with their brains and their backs and their hands have literally built the middle class; and now they're facing the prospect of losing that middle-class retirement.

I also think it's fair to say that if there's any State in the country, Mr. Chairman, that is an example of reinvention, it is here, and because of the work of Congressman Ryan and Congressman Wilson, Governor Strickland, Senator Brown, and others, we're seeing the hopeful side right here at Lordstown, with the Chevy Cruze.

We all live in two worlds. We live in the world of Mansfield and Twinsburg and Lorain where people feel like they have been evicted from the American dream, but we also live on the other side that seeing that when we don't turn our back on the men and women who have worked for us, we can see great things like we're seeing at Lordstown. So I would argue that this is the time to double down and invest in the auto workers and the auto industry, not to turn our backs.

Chairman MOORE OF KANSAS. Thank you, sir. Would you please compare the actions the State of Ohio and the Federal Government have taken with respect to these Delphi workers; they have both taken actions. What further appropriate actions should Congress take, in your estimation?

Mr. FISHER. Chairman Moore, I mentioned Congressman Ryan and Senator Brown's bill. I also would, of course, mention Congressman Wilson's bill, which I think, in a sense, is the fence at the top of the cliff. I had a law professor who once said to me, "It's better to have a fence at the top of the cliff than to have an ambu-
balance below." Today, we're at the bottom of the cliff and we're taking the ambulance to help these men and women, but Congressman Wilson's legislation will be the fence at the top of the cliff so this doesn't happen again.

So if you take Congressman Ryan and Senator Brown's legislation to help these men and women who have already fallen off the cliff and then you pass Congressman Wilson's legislation to build a fence at the top so it never happens again, we have the ideal solution.

Chairman MOORE OF KANSAS. Thank you, sir. My time has nearly expired. I'm going to recognize Representative Charlie Wilson at this time for 5 minutes, for questions.

Mr. WILSON. Thank you, Mr. Chairman. One point that I really would like to get in, Lieutenant Governor Fisher, is that the effect, the catastrophic effect, that it would have had on Ohio had we not moved forward with the work with General Motors and Chrysler; and I have heard that it's up to 100,000 jobs would have been affected in this State and would have just been catastrophic for our economy. Can you comment on that?

Mr. FISHER. Yes, Congressman Wilson. Ohio is the third largest manufacturing State in the country. And one of the pillars of that manufacturing piece of our economy are those who worked directly and indirectly in the automobile industry, and that includes suppliers. Ohio is second in the Nation in the production of motor vehicles, second in the Nation. And we're also the second largest State that has tier one suppliers in all of North America.

So if you take all that, our current workforce in Ohio with regard to motor vehicle and automotive parts is well over 75,000 men and women. And so I think it's fair to say that if we had not stepped in, or I should say, more importantly, if you had not stepped in, you and your colleagues, then the story we're hearing today, it would have been multiplied by 75,000, and you wouldn't have been able to have this hearing today at this high school. You would have had to do it at the stadium because you would have had 75,000 people here today had you not and Congressman Ryan and others stepped forward to save General Motors.

Mr. WILSON. Thank you, Lieutenant Governor. I'll yield back the balance of my time so that others may ask questions.

Chairman MOORE OF KANSAS. Next, I would like to recognize Representative Chris Lee for 5 minutes.

Mr. LEE. Thank you, Mr. Chairman. And thank you, Lieutenant Governor, for lending your support here today on behalf of the primarily salaried retirees who, as you know and you pointed out, and we both mentioned the fact that UAW President Gettlefinger has been supportive, and I think that is key because he also recognizes the fact that the Treasury and the Auto Task Force had negotiated to ensure that UAW retirees did, in fact, get topped off on their pensions; and that's why it boils down to fairness, and I think the frustration we all share for these retirees and the fact that they have been stonewalled in terms of getting answers or trying to find relief, and that's why I do think it's important that we do keep the heat up and this—because this is yet—this is a bipartisan issue. This affects all Americans, all hard-working Americans and these retirees surely need it. From your perspective, is there anything
that can be done from Ohio from a State level or from your office to help us apply the heat?

Mr. Fisher. Yes. I don’t think there’s any doubt that, of course, many voices are always more effective than one voice, and so Governor Strickland and I have already joined the list that includes, of course, Congressman Wilson, Congressman Ryan, Senator Brown, the UAW, and so many others. And I think it’s fair to say that although we have been disappointed and frustrated, as you heard from Congressman Ryan, I think it’s also fair to say that hearings like this, I think, are a giant step forward in making sure that those people who can make the decisions here, especially when I think it’s fair to say it is bipartisan.

Let’s be very frank here. I believe that this Administration has done great things to pull us back from the edge of the cliff. One of the best examples is what has happened with General Motors. But this isn’t a Democratic issue, and this isn’t a Republican issue, certainly not to the men and women here, and frankly not to any of us here either. So that when the Administration that I support makes mistakes, we have an obligation to point those mistakes out and to do everything we can to say to them that while we agree with your policies, in some cases, you need to do better.

Mr. Lee. Thank you, Mr. Chairman. I yield back.

Chairman Moore of Kansas. Thank you, sir. Next, the Chair will recognize Congressman Ryan for 5 minutes.

Mr. Ryan. Thank you, Mr. Chairman. I know, Lieutenant Governor, that you have been involved in the past 3 or 4 years in economic development and we have benefited from that and testimony coming after you will completely outline, in detail, as to what the economic impact is going to be, but I think it’s important for the Administration to hear this and others to hear this on the ground—$57 million of economic impact annually. Given your background in economic development, the department here in Ohio, how difficult is it to find any company to come into any community in Ohio and distribute $57 million every single year that you can, we thought, take to the bank with a consistent development within that community to buy cars, to buy homes, to buy—how difficult is it, you on the front lines in Ohio in the recession to get that kind of business to come to Ohio?

Mr. Fisher. Congressman Ryan, the Governor and I, I believe, are the only Governor and Lieutenant Governor in the country who travel to Detroit 4 times a year to meet with the executives of all the big three major auto makers. We do that because we don’t think that just writing letters or making phone calls is enough. So over the last several years, both of us have been in Detroit many times, and when we’re meeting with GM or meeting with Ford, or meeting with Chrysler, we hear the same thing, and that is the competition is intense. We have won some battles and we have lost some.

I believe, however, that because we have developed relationships and we have made it clear to them that this is our priority, good things have happened as well; and there is no better example, no better example not just in Ohio, there’s no better example in the United States of America than Lordstown, because of your work, Congressman Ryan, because of the work of Congressman Wilson
because of the work of Senator Brown, Governor Strickland, the UAW, the Mayor, team effort, bipartisan team effort, Lordstown in many ways has become the crown jewel for General Motors, and I have to tell you that almost every day we get calls from companies who tell us the following: We can pick up and move anywhere and we have States who want us all the time.

Make no mistake about it that in this recession, saving a job is the same thing as creating a job, because the competition is so intense. And so when you not only save jobs but you add jobs, what you have done is something that the history books will say is remarkable and no one person deserves the credit. Everybody in this room, everybody in this valley but especially, of course, those of you who are elected to represent the valley do deserve the credit.

And I can tell you that because of what we have done with Lordstown, now we not only have to protect it, but we also have to make sure the legacy is not besmirched and that there's not a smudge on that legacy because of what happened here. Let's make it a proud legacy that said we not only brought the Cruze and added a third shift, but that we looked at the men and women who were the backbone of the auto industry and we helped them as well.

Mr. Ryan. Just to make the comment, here we have an opportunity, how difficult it is to go out to compete. Ohio is not competing with Pennsylvania anymore. Ohio is competing with India and China for this work, and to have on the table $57 million a year that can be kicked into this local economy here I think is absolutely significant, so we spent, all of us here, a lot of time, lot of resources going out, trying to get more companies here or expand the companies we have.

That's why I feel so strongly about this issue. We have an opportunity here, something that's laying on the table. There are personal stories here, but there's also an economic impact here, and I think we can focus on what would have a great stimulating effect on our local economy. With that, I thank you, Lieutenant Governor.

Chairman Moore of Kansas. Thank you, gentlemen, and thank you, Lieutenant Governor Fisher, for your public service and for your testimony. You, sir, are now excused. I'll invite the second panel of witnesses to please take their seats. Thank you.

Mr. Fisher. Thank you very much.

[recess]

Chairman Moore of Kansas. I'm pleased to introduce our second witness panel, and the hearing will reconvene: Mr. Bruce Gump, director of Warren Legislative Council and board member, Delphi Salaried Retiree Association; Mr. James Frost, vice chair of DSRA and a constituent of Representative Lee; Ms. Mary Ann Hudzik, Delphi salaried retiree; Mr. Milan Dragojevic, Delphi hourly retiree; Mr. Milan Dragojevic, Delphi hourly retiree; Ms. Mary Ann Hudzik, Delphi salaried retiree; Mr. Milan Dragojevic, Delphi hourly retiree; Mr. Norman Wernet, Ohio director, Alliance for Retired Americans; and Mr. Frank Akpadock, Ph.D., senior research associate and regional scientist for Youngstown State University.

I welcome our witnesses who are testifying today. Without objection, your written statements will be made a part of the record. You will each have up to 5 minutes to summarize your statements and touch on the key messages you would like to share. Mr. Gump, sir, you are recognized for 5 minutes.
STATEMENT OF BRUCE GUMP, DIRECTOR, WARREN LEGISLATIVE COUNCIL, AND BOARD MEMBER, DELPHI SALARIED RETIREE ASSOCIATION (DSRA)

Mr. GUMP. Good morning, Chairman Moore, and members of the subcommittee. We greatly appreciate the concern this subcommittee has expressed concerning this issue and hope we can offer some insight and ideas on ways to correct—

Chairman Moore of Kansas. Move your microphone a little closer, if you would, please. Thank you.

Mr. GUMP. Can you hear me now? I'll speak as clearly as I can. We greatly appreciate the concern this subcommittee has expressed concerning this issue and we hope we can offer insight and ideas on ways to correct what the Ohio Senate, the Speaker of the Ohio House of Representatives, the Ohio and Michigan Democratic Party Executive Committees, and numerous others have called unfair and inequitable.

My name is Bruce Gump, as you recognize, and I worked for General Motors for 23 years and then Delphi for 10 more years as senior engineer before being involuntarily terminated and pension eligible. I'll try to describe how the misconceptions and misunderstandings about our pension plan and other benefits and our connection to the economy of the United States led to decisions that have hurt not only the group I represent, but also other groups, and indeed the entire country.

As we have stated in previous testimony offered in other committees in both the House and the Senate, we were assured by the company and the PBGC that our pension plans were being well cared for. The more than 20,000 salaried workers made up of secretaries, clerks, technicians, customer service representatives, accountants, cost estimators, engineers, and dozens of other classifications believed that we would receive appropriate protection for the promise deferred compensation that makes up a pension.

However, as we have learned since the bankruptcy of Delphi and then General Motors, to executives of the company, and to the United States Treasury Auto Task Force, we were nothing but a commodity to be thrown out like yesterday's trash. And so our government determined we did not have enough commercial value work or maybe political power to deserve any protection during the Treasury-orchestrated bankruptcy.

The effect of this decision on our community was calculated by the Youngstown State University Department of Urban and Regional Studies. When the study is extended to include the other lost benefits for all the affected groups, both hourly and salary, the overall cost to the economy of the United States is about $1.6 billion per year every year for the next 20 or 30 years. In addition, because the economic activity is reduced so significantly, nearly 85,000 American citizens who had nothing to do with the automotive industry will see their employment simply evaporate.

When the Emergency Economic Stabilization Act of 2008 that created the Troubled Asset Relief Program, called TARP, was written, Congress wrote in Section 113, titled “Minimizing Negative Impact,” “The Secretary shall use the authority under this Act in a manner that will minimize any potential long-term negative impact on the taxpayer taking into account the overall economic bene-
fits of the program, including economic benefits due to improvements in economic activity and the availability of credit, the impact on savings and pensions of individuals, and reductions in losses to the Federal Government.”

We respectfully submit that the Secretary of the Treasury did not do everything possible to meet this obligation. Consider that in just a short 10-year time horizon, $16 billion of economic activity will have been lost because the Delphi retirees did not receive the same benefit protection and support that other groups in the auto industry did. Each of those transactions represents income for somebody, and if taxed at 15 percent, the average tax that the IRS claims for people who owe tax liability, then the United States Government will not collect $2.4 billion and local governments will not collect another $960 million in sales taxes calculated using an average 6 percent rate.

This does not include the increased cost to the United States Government for programs such as unemployment compensation, retraining, and numerous other programs. Nor does it include the devastating long-term costs of personal bankruptcies and home foreclosures, many of which have already happened, along with family breakups, and even suicides.

The Delphi retirees number around 70,000 people. In general, each will have spouse, children, brothers, sisters, perhaps grandchildren plus friends and neighbors. The old marketing saw about each dissatisfied customer affecting several other potential purchasing decisions implies that three quarters of a million to maybe even a million purchasing decisions will be affected by the Delphi retirees.

If the goal of the Treasury and their unprecedented involvement in the GM bankruptcy was to rescue that company and make them able to survive well into the future, it would seem appropriate to try to hold onto loyal customers like the Delphi/GM retirees. Instead, they incorrectly determined that our group had no commercial value to General Motors and so deserves no support or protection from the United States Government.

And so as a result of the discriminatory decision by the United States Treasury to fully fund pensions and benefits for one group while leaving other groups out, economic activity has been significantly reduced. There is a strong negative impact on savings and pensions of thousands of individuals, and the Federal Government will see significantly more losses than they would otherwise.

To me, that’s obviously not living up to the requirements of the TARP, and it’s a policy error that simply must be corrected. Furthermore, and maybe even more importantly, there are the intangible effects of the decision on the country. This decision was immoral because it was unfair and inequitable. Just imagine what would happen if the United States Government was allowed to determine the fate of citizens or citizen groups based on perceived commercial necessity. Think of anything else government does like Social Security, military, and now even health care. That certainly goes against the very foundational principles of our country like equal protection.

The decision is also unethical because it affects so many downstream of us in the economy, people who had nothing to do with
the industry or the decision and had no way to protect themselves. We believe it may even be illegal, and we're pursuing that issue in the Eastern District of Michigan. It certainly destroys the credibility of the Administration when the President himself said it was necessary to protect the auto workers, and his party published a platform saying they would protect pension plans. It causes commercial value and political influence to reign supreme over the United States Constitution. Only those with enough political power and enough commercial necessity will receive any benefit from the involvement of the United States Government. In the written testimony, we provide thoughts on best ways to resolve and correct the situation. Numerous pathways are open, but only one needs to be followed.

The bottom line is that we believe the United States Government has a responsibility to follow both the letter and the spirit of the United States Constitution to determine how they will interface with the citizens of this country, not commercial necessity.

That concept is simply abhorrent in American political history. The Secretary of the Treasury must be held accountable to requirements of TARP and not allowed to discriminate between citizen groups. Thank you.

[The prepared statement of Mr. Gump can be found on page 74 of the appendix.]

Chairman Moore of Kansas. Thank you, sir. Mr. Frost, you are recognized for up to 5 minutes.

STATEMENT OF JAMES FROST, VICE CHAIR, DELPHI SALARIED RETIREE ASSOCIATION (DSRA)

Mr. Frost, Chairman Moore, and distinguished members of the subcommittee, thank you for the invitation to testify at today's hearing. I'm representing 20,000 current and future Delphi salaried retiree employees and 70,000 union salaried retirees across this great country.

As a salaried retiree who worked for Delphi and its predecessor General Motors for 31 years, events of the last 18 months have been devastating to me, my family, my community, and many other Delphi retirees. It has forced large numbers of us into an unsustainable economic situation at a time in our lives when recovery is difficult or, in some cases, impossible. What is even more disturbing is that as we dig into the details of how this all happened, as we have taken the PBGC to court, we see the hand of the Federal Government deciding the fate of our pensions for the benefit of others. Uniqueness of the GM bankruptcy and the Treasury's role in determination of the Delphi Salary Pension Plan, coupled with the loss of all health and life insurance, is a reason Delphi salaried retirees are urging Congress to take a close look at this blatant disregard for law.

Intervention in the fate of Delphi pensions by the U.S. Treasury, GM, and the presidentially-appointed Auto Task Force ventured well outside the bankruptcy and labor law to the great detriment of Delphi retirees. Public and non-public documents clearly show that the salaried Delphi pension plan was terminated by the PBGC upon the urging of the members of the Auto Task Force working to expedite the GM bankruptcy.
Time was of the essence, and they could not take a chance that the matter would languish in a contested court termination proceeding. In sworn depositions, key members of the Auto Task Force freely admitted that the route taken to terminate the Delphi pension plans was crafted to avoid due process afforded to holders of vested benefits under Sections 1113 and 1114 of the Bankruptcy Code.

I had the opportunity to chair the 1114 committee as we were trying to get money from Delphi for health care, and we were successful, but I know what that process is all about and we were helpless.

Now that our pension plan has been terminated, many retirees have seen pension reductions in excess of 40 percent less than what they had earned. In my case, personally, I lost in excess of 30 percent of my already modest pension. I have a son who's still in college, and with the added cost of replacing health care and life insurance, my net disposable income has been cut to about half of what it was 18 months ago.

While the PBGC has given various and sometimes contradictory reasons for rapidly terminating Delphi’s salaried pension plan, the most often stated reason is inability to pay benefits due to severe underfunding. The PBGC has stated that they consider the plan to be funded at just below 50 percent of outstanding liabilities; however, actuarial experts disagree with that assessment. An independent actuarial report by Watson Wyatt, as Representative Chris Lee mentioned, after determining 4 weeks before the action to terminate pension plans showed planned funding at at least 86 percent of its liabilities, based on generally accepted accounting methods prescribed by ERISA. A second actuary confirmed the accuracy of the Watson Wyatt estimates and further observed that the funding status of the Delphi salaried plan was at or above the largest 100 viable pension plans in this country. In other words, there was no funding crisis as the PBGC claimed as their reason for swift termination.

Since time is extremely limited in today’s hearing, I can’t walk you through volumes of testimony and evidence that we have pored through that verifies the abuses of bankruptcy and labor laws that allowed the PBGC and the U.S. Treasury to get away with this government taking of our pension, but I would like to briefly paraphrase testimony of Harry Wilson and Matthew Feldman of the Auto Task Force as they discussed how they crafted and executed the termination and subsequent disparate treatment of the various Delphi pension plans.

When questioned about the disparate treatment of different groups, Mr. Wilson admitted that certain groups of retirees were more politically sensitive than others, leading to the decision of whether or not they would be compensated by payments from GM and funded by the U.S. Treasury. The salaried retirees and non-UAW represented hourly retirees were obviously not considered politically worthy. UAW President Ron Gettlefinger wrote a letter on our behalf, saying that this was morally wrong, and asked the Federal Government to make it right.

When asked about the termination of the Delphi pension plan, Matthew Feldman confirmed that one of his primary tasks was to
resolve the Delphi pension plan disposition so that GM could exit bankruptcy rapidly. He made it no secret that he never considered any other scenario than termination of the salaried plan and moving the hourly plan intact to GM. When that scenario failed, Plan B was to terminate all plans but then have GM make up the loss for UAW-represented retirees in a separate payment. This was a clever work-around for the prohibition against successor plans established after a pension plan has been terminated and trustee to the PBGC.

In closing, I would like to leave you with a few thoughts. First of all, the men and women in this audience today have donated whatever money they have left to helping us continue to push the PBGC and the Treasury in the court of law, so I give credit to these people here who are continuing to try to do whatever they can to fight this. There is irrefutable evidence that the Delphi salaried pension plan was a viable plan that was terminated by political appointees for the benefit of General Motors and the Treasury. In the process, evidence shows that significant violations of constitutional and statutory law occurred as the Federal Government picked winners and losers. These violations of the law have imposed serious economic and personal harm upon innocent Americans whose only sin was being in the wrong group at the wrong time. In the words of Edmund Burke, “All that is required for evil to prevail is for good men to do nothing.” I refuse to do that. That is why I continue to fight this injustice and I ask you to join me in that fight. Thank you for caring. Thank you for listening. We need your help and, as Chris Lee mentioned, we need action now.

[The prepared statement of Mr. Frost can be found on page 72 of the appendix.]

Chairman Moore of Kansas. Thank you, sir. Ms. Hudzik, you are recognized now for up to 5 minutes.

STATEMENT OF MARY ANN HUDZIK, DELPHI SALARIED RETIREE

Ms. Hudzik. Good morning, Chairman Moore, and other members of the subcommittee. Thank you for inviting me here today to testify about the Delphi salaried pension loss impact. My name is Mary Ann Hudzik. I retired from Delphi in 2008 after 30½ years of service; 22 of those as a GM employee being involuntarily terminated and pension eligible. I worked 11 years in accounting, 19 years in sales, and a short time in customer service.

I retired believing that I would have health care, life insurance, and a pension for the rest of my life, which were part of my overall compensation package, and because even in bankruptcy, we were assured our pensions were securely funded.

Not long before I retired, I was presented with an excellence in action award for, “Providing valuable leadership and increasing Delphi’s overall cash flow by being instrumental in reducing the unbill sales by approximately $3 million.” Shortly after retiring, it was decided that I, and those like me, had no commercial value, so I lost all earned post-employment benefits including my pension, which, after the PBGC takeover was reduced by 40 percent. So my dedication and years of loyal service to both GM and Delphi were irrelevant to those companies, but worse, irrelevant to our own gov-
ernment who agreed that I had no commercial value and therefore was not entitled to my full pension, while friends who were in the union working for the same company were entitled to theirs utilizing TARP funds.

I'm not unhappy for my friends; I'm only perplexed at why we were treated so differently, and what will be done about it. I will tell you how this injustice has affected me personally. My husband is self-employed and therefore on my benefits. He is a chronic pain patient. Often, he cannot sleep due to the pain, and he sits up all night, leaving for work having never even gone to bed or sometimes not even being able to go to work.

As anyone who is self-employed knows, no work equals no pay. He has endured many nerve blocks as well as surgery and still he suffers. Additionally, due to multiple chemical allergies, I myself must seek out specialists for things like dental treatments because anything that's used on me must be custom designed and appropriately applied. The cost associated for these things are 3 times higher and not always covered by insurance.

My pension reduction, along with the added cost of our lost health care and life insurance, were not something we anticipated. Our hope was that at least one of us would have a livable pension and other needed benefits. There are far worse situations within our retiree ranks and Delphi is not the only story of pension and benefit loss in this Mahoning Valley and throughout this country.

My father and grandfather were steel workers. I know the heartache that came with the doors to those plants closing. It is inhumane, in my opinion, to rip away pensions when people are least able to replace the income. Work a Senior Fair and you will hear one story after another of widows living on $50 a month pensions. The story here, though, is that the U.S. Government stepped into a private sector bankruptcy and decided, with taxpayer dollars, who should be hurt and who should not.

If you were politically strong and powerful, as one committee director actually told me, you were taken care of. I am personally outraged by this treatment, that we have to fund an expensive lawsuit on reduced income in the hopes of justice, an expensive process, while our opponents have deep pockets thanks to taxpayer dollars. How demoralizing to essentially be used to help line the pockets of CEOs and then to be, in effect, discriminated against by our own government—$8 million awarded for a health care VEBA which retirees had to fight for in court at their own expense which amounts to roughly $300 per retiree over their lifetime, while a handful of GM execs will get millions in stock and compensation packages while shedding selected baggage. How shameful, really. We have plenty of pent-up demand for GM cars within our retiree ranks, but loyalty works both ways. Our treatment should be a wakeup call to all salaried workers in this country, including those at GM.

I agree with the President when he says, "We face a deficit of trust. We need to do our work openly. People have lost faith in their government." Almost 100 Congressmen and Senators have repeatedly voiced their concern about and support for us. We have had House and Senate H.E.L.P. committee hearings, support from governors, attorneys general, State representatives, and union and
community leaders for over a year now and still no response from this Administration.

Dr. Ed Montgomery, the President’s former Auto Czar visited with us and was presented with the Youngstown State University (YSU) economic impact study, which incidentally YSU did gratus, and I thank you, Doctor, for that. We presented it to Dr. Montgomery, and he assured us he himself would take it back to the President. That was a year ago. Thousands of letters written, e-mails, phone calls, volunteers devoting hundreds of thousands of hours to this pursuit of justice when many of us now need to be working instead to make up for the losses, pleading for someone to listen to our voices and yet silence from those who can right this wrong.

We are present today for our 3rd hearing in 9 months. My hope is that enough has been heard to move towards a resolution or to quote the President, “I’m not interested in words; I’m interested in action.” The 2008 Democratic National Platform, page 13 says, “We will make it a priority to secure for hard-working families the part of the American dream that includes a secure and healthy retirement. We will adopt measures to preserve and protect existing public and private pension plans.”

Once this government, my government, stepped into the GM/Delphi bankruptcy, all impacted retirees should have been dealt with fairly and equitably. We did nothing to deserve to be robbed of our dreams, our hopes, and our plans for a secure future, and to be sent into a downward spiral of existence while protecting the favored. Mr. Chairman, I sincerely request that this be the hearing to end all hearings, and that you move quickly to facilitate a resolution discussion between Treasury, PBGC, GM, and DSRA. It is well past time for all affected parties, hourly and salaried, to be treated fairly, and I thank you, sir.

[The prepared statement of Ms. Hudzik can be found on page 77 of the appendix.]

Chairman MOORE OF KANSAS. Thank you. Mr. Dragojevic, you are recognized, sir, for 5 minutes.

STATEMENT OF MILAN (NICK) DRAGOJEVIC Jr., DELPHI HOURLY RETIREE

Mr. DRAGOJEVIC. Good morning, Chairman Moore, Congressman Lee, and members of the subcommittee. Welcome to the Mahoning Valley, what we consider the real heartbeat of America. Thank you for this opportunity that allows me a chance to voice my concerns regarding the issues facing IUE, CWA, and GM Delphi retirees. My name is my Milan Dragojevic, Jr. I retired as an IUE–CWA hourly retiree after 34-plus years of service, of that, 27 years as a GM employee.

Many of us were enticed into retirement at an early age because of assurances given to us by GM to maintain our earned and promised benefits. Many people are not aware of the fact that not all GM Delphi IUE–CWA retirees were treated the same. Let me explain those differences.

Those employees who retired prior to spin-off in 1999 are what we refer to as “GM retirees,” due to the simple fact that they never worked a day of their lives for Delphi, strictly General Motors. So
when the dust cleared after the bankruptcy, although this group’s pensions remain intact, their health care had changed dramatically. They were now to receive what is referred to as a catastrophic health care plan, and since their pensions were not reduced, they had few, if any, other health care options.

The next group of retirees are Medicare eligible, people 65 and over. This group was now required to purchase a supplemental plan to suit their individual needs, where previously these additional costs were assumed through their health care plans. For many of these folks who never had to look for or select a plan, this was difficult and traumatic, to say the least.

And the last group, which I am part of and I know firsthand, are the post-spin-off employees. Our pensions were turned over to the PBGC. My pension, if I live on just the PBGC supplement, will be reduced by 50 percent. But since PBGC had taken control of my pension, we were able to qualify for the health care tax credit known as the HCTC subsidy to help pay for our health care costs and some of us were able to search and find an additional plan.

Let me give you an example of the changing coverage I experienced if I remained with the catastrophic plan. In 2006, I received an ICD, an implanted cardiac defibrillator. When it was originally placed into my chest, there was no copay for me, and no out-of-pocket expenses. Today, just to replace the battery, it will cost me $8,000 out-of-pocket. This is just one example. All retirees simply want is their earned and promised benefits, nothing more. For some retirees, decisions must be made whether to take medication or use those funds to pay utility bills or other homeowner expenses.

Others allow medical problems to go untreated as they simply cannot afford to get sick. As one retiree stated, we used to be afraid of dying, now we’re afraid to live. The changes to our health care plan have tremendously increased the amount of disposable income used simply for health-related expenses. I have been able to return to the workforce to offset some of these increases while others have not. The increases we must sustain are the premium out-of-pocket expenses and copay.

Lastly, retirees would simply like to know, how did this happen? Are there not ERISA laws in place to prevent this very thing? Who was involved in negotiations and what were their roles in determining what was fair? H.R. 3455, introduced by Congressman Ryan, and legislation introduced by Senator Brown, will help pay health care premiums for all GM/Delphi retirees, and H.R. 1322, proposed by Congressman Tierney, will protect future retirees’ earned and promised benefits.

As Chairman Andrews stated at the House subcommittee hearing this past December in Washington, D.C., workers need to have secured creditor status and move to the head of the line in all bankruptcy legislation. And lastly, the HCTC subsidy that is due to default to a higher rate at year’s end needs to be continued at the present rate.

Retirees simply want their earned and promised benefits and ask your help in making them whole, as anything short of this should be considered unacceptable.
Thank you for this opportunity to speak. I would welcome any and all questions either later today or in the future. I am willing to return to Washington, D.C., to discuss these issues, if needed.

I would also like to thank Chairman Frank for allowing this hearing to take place here in our valley. Also, I would like to thank Congressman Wilson and the rest of the Ohio congressional delegation for working so diligently on these issues and making this hearing here in this valley a reality. Thank you.

[The prepared statement of Mr. Dragojevic can be found on page 64 of the appendix.]

Chairman Moore of Kansas. Thank you. Mr. Wernet, you are recognized for 5 minutes.

STATEMENT OF NORMAN WERNET, STATE DIRECTOR, OHIO ALLIANCE FOR RETIRED AMERICANS

Mr. Wernet. Thank you, Chairman Moore, Representative Lee, Representative Wilson, and Representative Ryan for allowing us to appear. My name is Norman Wernet, and I'm here before you as the State director and field organizer for the Alliance for Retired Americans, and on behalf of our Community Advocacy Network in this area, the Alliance for Senior Action here in the valley. The Alliance has more than 250,000 members, consisting of union retirees and other activists here in Ohio dedicated to improving the quality of life for older Americans.

I appreciate the opportunity to testify about retirement income security in Ohio. My purpose for appearing is as a showing of solidarity with retirees of Delphi in their fight for fairness and equitable treatment and to highlight the ongoing pervasive weakening of retirement income security.

The auto industry's employment in Ohio has been cut by half since 2001. Ten percent unemployment has forced many to retire and tap their pensions to have a source of income. The workforce retiring now has been through the decade of 1970's stagflation, wage price freezes, income restructuring, downsizing, and periods of unemployment to control inflation. It's also this generation who spent enough to bring us out of the last couple of recessions. These workers limited pay demands and gave concessions and found ways to work and assist their employers to stay in business. The payoff is in essence, to have that life of work devalued in retirement.

The Delphi workers fighting for full pension or at least top off of the reduced pension from PBGC are asking for some measure of economic justice for the compensation they have earned through a life of work. To allow those who managed this company into bankruptcy to walk away with millions of dollars at the expense of retirees; it's not just an injustice. It's a weakening of economic structure, as some folks have already testified to today.

The Youngstown State University study shows $58 million a year in economic losses are suffered right here in this valley. That structural weakening has played out across all of the Ohio economy and has been continued time and again over the last 30-plus years. The fiscal crisis caused by the manipulation of financial markets has diminished savings of retirees of Delphi and all Ohio retirees and workers.
The situation argues for strengthening the financial regulations which you have been starting to do in Congress, and we appreciate that. But citizens’ personal savings, pensions, and Social Security need to be strengthened. Over the last 3 decades, we have seen a continued weakening of those three legs of retirement income.

Those at greatest risk of outliving their retirement are women. A study by the Institute for Women’s Policy Research showed median personal income for women in Ohio over 65 years of age was $12,321. I had a call this past week from a woman who is 82. She’s a retiree from this valley, and worked for GE. She was asking, are there more supplements, is there a way that I can help find—is there something I have missed in my retirement so that I can make up the difference. I need to pay for my supplemental Medicare insurance. She wants to do the right thing. She wants to do the American thing and pay for it herself but her income is so low she cannot pay for the currently available supplemental insurance because her pension was reduced by a bankruptcy.

Retirees have been left frustrated, and we have heard a lot of that frustration today. Let me give you a couple of headlines from the weekend: “Many sectors sustain while Wall Street is hiring.” “Repairing Social Security may cause fiscal pain.”

What can Congress do? Immediately, Congress can support the mechanisms that would make Delphi retirees whole. Topoffs might be a way to do that. Congress can pass H.R. 4677 and its companion S. 3033, the Protecting Employees and Retirees Act, and we thank you, Congressman Wilson and Ryan, for supporting that legislation and cosponsoring it. Immediately, Congress can support Social Security by raising the payroll tax cap on the wealthiest Americans. Freezing the estate tax at 2009 levels so that those revenues will go to Social Security and putting Americans back to work in American jobs, good-paying jobs.

Immediately, Congress could enact S. 2927 or H.R. 4191, a modest tax on speculative investments by Wall Street, a 0.25 percent tax that would raise $75 billion a year.

Congress could allow shareholders a greater voice in corporate governance to reign in some of the executive excesses and engage a better conversation and dialogue about American business practices. Building trust might actually build investment.

Congress, in the long term, could adopt into law the principles of the retirement income security of the Retirement USA Conference: universal coverage; secure retirement; and adequate income and principles and specifics as adopted by the AFL-CIO.

To you, Chairman Moore, Congressman Lee, Congressman Wilson, and Congressman Ryan, we appreciate the time that we have had here on behalf of the 250,000 members of the Ohio Alliance and Delphi workers. I want to thank you for the opportunity today to testify. Americans who played by the rules during their working lives should be able to live out their retirement with security and dignity. Thank you.

[The prepared statement of Mr. Wernet can be found on page 79 of the appendix.]

Chairman Moore of Kansas. Thank you, sir, for your testimony. Next, the Chair will recognize Dr. Akpadock for 5 minutes, sir.
STATEMENT OF FRANK AKPADOCK, PH.D, SENIOR RESEARCH ASSOCIATE AND REGIONAL SCIENTIST, YOUNGSTOWN STATE UNIVERSITY'S CENTER FOR URBAN AND REGIONAL STUDIES

Mr. Akpadock, Chairman Moore, and Representatives Wilson, Ryan, and Lee, thank you for inviting me to share with you how the impending pension and health care reductions by Delphi Packard Electric Systems will impact the social and economic lives of its retirees from the Mahoning Valley, Ohio, in particular, and the Mahoning Valley’s economy in general. My name is Frank Akpadock, Ph.D., and I am a senior research associate and regional scientist at the center for Urban and Regional Studies. I have been there for over 18 years, mainly conducting pure and applied economic development research, not only here in the valley, but also in Northeast Ohio, in the Midwest, and in the Nation.

When I was asked to testify, I was asked to make a few statements regarding the Mahoning Valley economy. I will start with population. Population in 2000 in Mahoning County was 257,560. In Trumbull County, it was 225,114, for a combined total of 482,674 people. And in 2009, the estimate for both counties came out to 446,892 people, giving us a loss of 35,782 or 7.4 percent. The household income in 2008 the median for Mahoning and Trumbull Counties, was $40,508 and $41,409 respectively, compared to the State of Ohio median household income of $48,011. Poverty in 2008 in the valley in Mahoning and Trumbull Counties was respectively 17 percent and 16 percent compared to the State’s percentage of 13 percent.

The shipments in 2002, manufacturer’s shipments in Mahoning Valley total $11.1 million. And for the same period, wholesale trade sales was $3.3 billion and $4.5 billion.

The house foreclosures in 2008 were 1,489 in Mahoning County and 936 in Trumbull County.

Unemployment: In May 2010, Mahoning County had a labor force of 116,300, out of which 103,000 were employed, for an unemployment rate of about 11.4 percent; while the City of Youngstown recorded an unemployment rate of 13.3 percent. Also, Trumbull County had a total unemployment rate of 11.9 percent. Unemployment rates from these counties exceeded the national rate of nearly 10 percent.

Now, when I was asked to come—I just want to give you—of my conducting this so I really was not a fly by night. You do this economic regarding the retirees, salary retirees, I have had a ton of experience conducting this, so I could refer you to my resume or my vitae 1999 when I conducted a study I did at the request of the Congressman. The Youngstown Municipal Airport was about to be shut down because they felt it was not giving any financial impact, so I went and found that annually brought in about $11 million, and so it brought about the unification of the Mahoning County and Trumbull County initial to call, and if you will, that the impact study that I conducted we would not be having all these other people coming.

I did set economic about Youngstown for familiar references. And it was at that time that wanted to close airports initial one so wanted to find out if air reserve Vienna was viable initial to the
airport. So I did that report and it was found out it was very viable and that base is still doing very well today, and I been doing a lot of jobs for the Nation.

A study I did at Youngstown State level where the initial in Columbus wanted to trip down the public financial support for public investors to show that not only does public university have admission in the State contribute to development.

And last is the one I did for President Sweet, when they asked me to conduct economic impact for Mahoning and Trumbull County about the $50 million earmarked for the construction of the school of business. So I did that, in other words, trying to prove that when I—the result I can see the study is not something (inaudible) even though I'm a part of it, I understand, but I am just an outsider looking in.

I have no part to play. So what comes out is true (inaudible) what I would like.

Chairman MOORE OF KANSAS. Your testimony—

Mr. AKPADOCK. What I did two sections pre and post that pre what the retirees would obtain in terms of salary retirements and after the PBGC before the retirement they were head to $43.2 million and after retirement—I mean, after the takeover, it's only entrance $6.1 million. That was and that was put into a model that is called Reams 2. (Inaudible) use in doing economic process. Hearing about this testimony so far and the result—$58 million was found to be lost, not only to the retirees but to Mahoning Valley.

Where does this loss come from and how much it come from because some saving produced not only here in the valley but surrounding. So that will be cut off. As I said and also because of downstream economic development when these people, and it would bring about the development of smaller industries downstream it would amount to losing a 1,740 not only that are working now but down the road. So—

Chairman MOORE OF KANSAS. Time has expired. I remind each of the witnesses that your testimony will be received in the record, and I do appreciate the gentleman's testimony. We have to keep going so we can have questions by the panel, and I thank you for your testimony.

Mr. AKPADOCK. Let me continue.

[The prepared statement of Dr. Akpadock can be found on page 46 of the appendix.]

Chairman MOORE OF KANSAS. Last point, sir. I want to thank all of the witnesses for their testimony. As I said, all of the witnesses' testimony, written testimony, will be received in the record and be considered by the committee and passed onto our fellow Members of Congress when we return. I recognize myself for up to 5 minutes for questions.

First, Mr. Frost, and Mr. Gump, I would like to start with you.
We are all aware of the struggles the auto industry has had, especially in the past decade. What would you say sets Delphi retirees apart from the larger auto industry or even other businesses with respect to how their pension plans have been handled?

Mr. GUMP. I didn't understand your question.

Chairman MOORE OF KANSAS. Okay. The auto industry obviously is going through a terrible struggle right now and in the past dec-
ade. What would you say sets Delphi retirees apart from the rest of the auto industry or the businesses with respect to how their pension plans have been handled. Is there any difference or have they been treated the same?

Mr. GUMP. Actually, the Delphi retirees, because of the bankruptcy situation, obviously have been treated very differently.

Chairman MOORE OF KANSAS. Right.

Mr. GUMP. The issue, I think, that we’re fighting is the fact that some groups received preferential treatment in that bankruptcy while other groups were ignored or determined to be not worthy of that preferential treatment. The effect of that, as Dr. Akpadock was explaining, is devastating, quite honestly, to individuals and to communities in where we live. We’re all aware that no man’s an island. We all affect many people. We go to restaurants and laundromats and buy gas and groceries and whatnot. If we don’t have the money to do that, then the people downstream of that suffer from that also.

So how have we been treated differently—I’m having trouble understanding the question. That’s why. The fact is that because of the disparate treatment and we claim potentially even illegal treatment that we have received, it’s very possible that thousands downstream, the last point Dr. Akpadock was making, right here in this community 1,700 people will lose their jobs just because we can’t go out anymore to restaurants and buy as many groceries, etc. They didn’t do anything, so why is it right for them?

As Mary Ann said, we are overjoyed that the folks at General Motors have received their pensions. They earned it, they should get it; but so did we. We should get it, too.

Chairman MOORE OF KANSAS. Do any other panelists have comments?

Mr. DRAGOJEVIC. Yes, I guess I would like to make a statement regarding that myself. When this bankruptcy first occurred, we attempted to find out the amount of funding in the pension plans at the time of the 1999 spin-off. I personally was unable to do that. I had to utilize the Freedom of Information Act to go to the Department of Labor to try and ascertain that information because neither GM nor anyone locally would give us that information.

At the health committee hearing in D.C., in December, there was a professor from Georgia who attempted to ascertain the same information for the committee and he ended up with the same results I did. He got stonewalled and we couldn’t figure that out.

As near as I can tell from the Department of Labor’s information, the hourly pension plan was never fully funded. It shows us a funding rate of about 70 percent, a little higher and, in short, it also showed a shortfall to maintain that fund by 31.8 percent, so I guess the question would be if you can find out if this was ever fully funded, we could answer that question for you a lot better.

Chairman MOORE OF KANSAS. Do any other panelists have a comment to make in response?

Mr. FROST. Yes.

Chairman MOORE OF KANSAS. Mr. Frost?

Mr. FROST. First of all, most of the bailout, most people didn’t lose their pensions. They stayed with the companies and there’s
one group that didn't get a topoff, so there is a difference in the bottom line for a certain small group of people.

Chairman Moore of Kansas. Thank you, sir. Mr. Lee, you're recognized for 5 minutes for questions.

Mr. Lee. Thank you, Mr. Chairman, and I appreciate the panel coming out here today and sharing your stories because, like you, I believe that all Americans should be protected by the Constitution of the United States and the Federal Government, their action really shouldn't be predicated solely by the ability of a group's ability to wield political power. In your case, you weren't united in that regard. At the end of the day, fairness is what should count above and beyond everything else.

And that, again, is my frustration as well. And as Mr. Frost had mentioned in his testimony, there's truly a danger when the government is picking winners and losers. And I couldn't agree more with Mrs. Hudzik who illustrated this point perfectly. It's indeed shameful that our government showed favoritism to one group over another that resulted in financial devastation of thousands of retirees. The Treasury Department has said repeatedly that no commercial necessity existed to act on behalf of salaried retirees. Unbelievable. Unbelievable.

I just—I would like any—if you can you please elaborate why the Treasury, here's your chance, is fundamentally wrong? Anyone want to take a shot? I would love to hear it.

Mr. Gump. Let's start off with the foundational principles that we have in the United States Constitution. The reason that document exists is because we felt here in America that we were not being treated fairly. That's why our country exists. The principle of equal protection, while it's oftentimes identified with narrowly defined groups, is a foundational principal of the document itself.

The people of the United States pride themselves on the fact that in America you don't have to be part of the gentry or the elite or in some specific group in order to receive benefits. The very fact that we're here today petitioning our government for redressing grievances demonstrates that.

That's why we're here. We have been damaged by the discriminatory decision that the Administration made during the process of the bankruptcy. The only way to correct that is to treat people fairly.

This committee can only do so much. I mean, it's not like you can write a check and make this all go away. You don't have a magic wand; we understand that. But you're a very powerful committee and what you can do is bring us together, start conversations. One thing we know for certain is that until the groups who are warring with each other, if you will, start to talk to each other, there can be no resolution.

So we ask very clearly and directly, please, facilitate mediated conversations between the Treasury, the PBGC, and the Delphi retirees. Bring General Motors into it if you feel you must. At this point in time, General Motors is a government actor. They are majority-owned—General Motors is majority-owned by the United States Government. Their CEO was appointed by this Administration who is directly involved in the day-to-day decisions that corporation is making.
If they need to come to the table, if that’s the best way to propose it, fine, bring them to the table, but let’s start talking instead of trying to battle this out in court.

These people out here who are trying to get by on $1,500 a month are sending in $10 and $15 so that we can fund over a million dollars in our lawsuit so far. It’s not right, not when our next door neighbors have their full pensions and the people down the street have their full pensions and their full health care just because they were in the group with the right initials, they have the political power to scare the United States Government into fully funding them. Unions do—they protect their people; that’s their purpose. They succeeded in this case.

That union succeeded in protecting all their people. The UAW did an outstanding job of that; however, the fact that makes us different is the United States Government stepped into it.

Mr. LEE. I want to jump in. I thank you.

Mr. GUMP. I can go on for hours.

Mr. LEE. I think you hit the nail on the head. I do appreciate that. There’s another point I do think is a conflict of interest. I do think it is worthy of this committee to continue to delve and move forward for fairness. I think that’s the reason all four of us are here. And hopefully, people are aware of the fact that Treasury Secretary Timothy Geithner sits on the board of the PBGC, and he also is the co-chair of the Auto Task Force. Keeping that in mind, you think about it and we all know—these were difficult times when the auto industry was melting down, but I think we all agree that the PBGC terminated the Delphi pension to help expedite the GM bankruptcy period to get this thing done at the sacrifice of the salaried retirees. It’s strictly a matter of fairness, and I can assure you I will do my part. I believe my committee members here are all in the same boat. We want to have fairness. We ask that you continue to push as well.

Mr. GUMP. We’re not going to give up.

Ms. HUDZIK. I have a comment on what you said.

Chairman MOORE OF KANSAS. One brief comment. Time has expired.

Ms. HUDZIK. The comment I want to make is in meetings, we have had two pretty outrageous comments made to us. One of those was that we, the salaried workforce, are viewed as all Republicans, and therefore, that would be a reason to harm us, and that is really a very, very bad position to take because, first of all, it’s not true because it’s not across-the-board; but second, I don’t understand what that has to do with this conversation whatsoever. Whatever you are, Republican Democrat, or Independent, it doesn’t make any difference.

And the second outrageous comment that has been made to us is that the salaried workforce was seen as well-compensated enough to weather this loss and that, again, I say that’s an outrageous comment. I think and I hope I don’t speak out of turn, but I think somewhere in the YSU economic impact study somewhere in there it was determined that the pension is within $200, hourly and the salary, within $200, so I think those are really comments that have been made to us in meetings which have just further outraged us and we just can’t understand those being used, and we
would like those two reasons taken off the table because they're an excuse; they're not a reason.

Chairman MOORE OF KANSAS. Thank you, Ms. Hudzik. Representative Wilson, you are recognized for 5 minutes.

Mr. WILSON. Thank you, Mr. Chairman. My question will be to Mr. Gump. Mr. Gump, what's the status of the proceedings, the court proceedings with Delphi at this point?

Mr. GUMP. I'll try to make this very short. You want to do—

Mr. FROST. We're currently waiting for the judge to decide to move on, so that we can get into discovery and maybe get a chance to actually find out what's really going on. Each of the parties has submitted their motions and have submitted all of the responses to the court, and so right now we're just waiting for the judge to decide that he wants to move forward.

Mr. WILSON. Mr. Chairman, if I may, has there been any time-frame offered in that?

Mr. FROST. No. We continue to ask questions and we don't get any timeframes, but we continue to move the motions and the responses along so that we don't hold up the court. One of the concerns we have is we don't have deep pockets and the people on the other side do, and so every once in a while a new roadblock jumps in. They went to bankruptcy court and did some things so we had to have our lawyers do some things in bankruptcy court. So this could go on for a couple of years, and we're pulling the money out of our pockets and all the donations that we have when on the other side we have the PBGC, the Treasury with our taxpayer money and deep pockets to keep this moving forward.

Mr. WILSON. Let's assume for a moment the task force had not intervened, as you think may have happened here, what would you predict General Motors would have handled this pension issue?

Mr. GUMP. General Motors would have probably gone eventually to a liquidation. Whether or not they should have entered into it really isn't the question. The fact is, they did enter into it. If those things had happened, the effect on this community, as we have all discussed, would have been far more devastating than what has happened already. I think that was a point made before.

It was a good thing, if I could put it that way, that General Motors was put into a position of being able to continue, and I want to be very clear that we need General Motors to be a strong, viable company. We don't want to harm General Motors in any way. We just refuse to be made into sacrificial lambs so that Mark Reuss can collect a $7 million bonus that he just got this last quarter, right, the General Motors president—North American president. So, you know, we think that the right answer here is that while it would have been a bad thing to have allowed General Motors to simply fail, absolutely, it's a better thing that when General Motors is allowed to succeed that people are treated evenly, equally with fairness and equity, not one group favored over another group, and that's really the issue. When bad things happen in bankruptcies, things can become pretty evil, quite honestly. People are cut off and a lot of people get hurt. We're not just investors in a company. We're not speculators in a company. We put our lives in a company doing what we were told by the executives. So now we're put into
a position that the executives are getting bonuses while we’re trying to figure out how we’re going to buy our next tank of gas.

Mr. Wilson. I think it has been said certainly by Congressman Lee and all of us up here that we think fairness is one of the biggest things that we need to strive for. And so that being said, Mr. Chairman, I yield back the balance of my time.

Chairman Moore of Kansas. Thank you, gentlemen. And next, the Chair recognizes Congressman Ryan.

Mr. Ryan. Thank you, Mr. Chairman. Let me respond a little bit to what Mary Ann said. There are a lot of Democrats up here and we have not always pleased the Administration by continuing this fight. I will tell you that speaking on behalf of myself and I represent all my constituents in Washington and this is something that I recognize not only the personal stories you shared with us today but the economic impact that this is having to our region and to our State, and so I want to kind of build on what Bruce talked about a little bit earlier. One of the issues we have I think in this country is we stopped making things. We stopped manufacturing in the United States, part of the problem we have we get into this big financial scheme where people are moving money around and not bringing any real value, and the auto industry has always been an essential component to the manufacturing base of the United States, not just for auto, but for defense capabilities, should we need them. Losing the auto industry is something that we went through great lengths to prevent, and this is obviously a negative byproduct of that.

We need to find a fix. One of my concerns, and I will ask questions I know you already know the answers to. I want to make the point here publicly is that this situation not being fixed is going to have economic consequences for the American car manufacturers, so if I could ask Bruce and at least the four of the workers from Delphi could answer this. I just want to ask, Bruce, what was your—what are you making now, if you don’t mind saying, I think I heard you say it before with your pension and what would you have made if the bridge continued and you got your ‘topoff?’

Mr. Gump. My major high paid salary pension was $3,400 a month, and it’s been reduced to about—my wife’s sitting there. She knows better, I think $2,300 is about—

Mr. Ryan. What’s the allowance—she gives you an allowance?

Mr. Gump. Actually, we tend to work things out pretty carefully, so—yes. I think I have $5 more in my wallet today than she does, so I’m buying lunch.

Mr. Ryan. You were at $3,400.

Mr. Gump. I was at $3,400, down to $2,300 now.

Mr. Ryan. Mr. Frost?

Mr. Frost. Almost the same exact numbers.

Mr. Ryan. Mary Ann?

Ms. Hudzik. I was at $3,050, roughly. Right now I’m at, I don’t know, maybe $1,800. Maybe.

Mr. Ryan. If you wanted to chime in here?

Mr. Dragojevic. I will. Let’s face it. Fair and equitable. I will speak to this issue. My pension originally was about $3,100, or thereabouts. The portion that I’m receiving from the PBGC is about
$1,500 a month due to my surviving benefit, but General Motors has agreed to a topoff so I really haven’t noticed a difference at all.

Ms. HUDZIK. I want to add something to that I forgot.

Mr. RYAN. Really quick.

Ms. HUDZIK. What I forgot is many of us are kind of holding our breath because we know that the PBGC has told us in 2 to 3 years, they’re going to calculate these pensions again, so my fear—my true fear is that money will decrease substantially again.

Mr. RYAN. I’ll do this. So you have seen a substantial reduction. Mary Ann, how many, if you can just guesstimate, don’t give me specifics, how many American cars have you purchased in your lifetime?

Ms. HUDZIK. I can’t recall, but I have always purchased General Motors cars my entire life and so has my family. So—

Mr. RYAN. Are you more inclined or less inclined to buy an American car?

Ms. HUDZIK. No, I will not be purchasing a GM car in the near future. Unless GM takes care of this, and then I would be ready and willing to come back into the GM family.

Mr. RYAN. Mr. Frost? How many cars have you purchased in your lifetime?

Mr. FROST. I would probably say 30, and that’s only myself personally, and then there’s all of my friends and families that we had under the GM program.

Mr. RYAN. Would your friends and family be less inclined probably to buy General Motors cars?

Mr. FROST. More than likely. One of my clients right now is a large Ford supplier so it will probably be a Ford so we can keep it American.

Mr. RYAN. Mr. Gump?

Mr. GUMP. We’re a little more frugal and made it last a little longer. Altogether we have had six or eight GM vehicles, always General Motors. I want to be clear because I’m here representing our organization that the DSRA takes a total and neutral stance on buyer decisions. We make no recommendations one way or the other. Me, personally, I am not anxious to buy another General Motors car until General Motors chooses to and the United States Government, and I want to be careful that we’re not aimed at General Motors; we’re aimed at the situation that was orchestrated by the Treasury.

Mr. RYAN. I appreciate that.

Mr. GUMP. Until we’re treated fairly.

Mr. RYAN. I don’t mean to be smart, but I think it’s important for everyone to recognize this ripple effect of what’s happening here. The economic impact obviously from the millions and millions of dollars that won’t get circulated. The fact that you have thousands of American traditional GM buyers as we’re trying to stand up General Motors, got the Cruze going, making good cars and doing a great job. We don’t want that to be deleted. We want that to take off.

We need to manufacture in the United States. I feel like things like this can harm those initiatives. I know some of us are working on in Washington. Thank you for that. I wanted to make it apparent to everybody; I wanted it to be on the record. I will ask you,
you don’t have to answer here, but I would love for DSRA to help us push Congressman that has been mentioned here. It’s critical that we do not allow these situations to continue for others, that we’re not back here if not the Delphi salary with some other organization that is deeply devastated, many catastrophes we’re dealing with now, so I hope you can join us with that effort. I want to say thank you. I know how difficult it is for all of you to come up in front of public and TV cameras to share your story. It’s quite courageous. Thank you for that as well, thank you, Mr. Chairman, for your generosity.

Chairman Moore of Kansas. Thank you, sir. And I want to, again, thank all the witnesses for your testimony here today. I know my colleagues will take what we have learned back to Washington and share with our colleagues. The Chair notes that Members present may have additional questions for our witnesses which they may wish to submit in writing. Without objection, the hearing record will remain open for 30 days for Members to submit written questions to our witnesses and to place their responses in the record, as well as for other committee members of Ohio, council members not present to enter their own witness statements into the record; and, again, I thank all of you in the audience for coming. I thank our panelists and the people up here today for attending this hearing. This hearing is adjourned.

[Whereupon, the hearing was adjourned.]
APPENDIX

July 13, 2010
Statement
U.S. Senator Sherrod Brown
Financial Services Committee
Subcommittee on Oversight and Investigations
Field Hearing – After the Financial Crisis:
Ongoing Challenges Facing Delphi Retirees
Canfield, Ohio
July 13, 2010

I would like to thank Chairman Moore and Congressman Wilson for calling this hearing. As we wind down the Troubled Assets Relief Program (TARP) and as one of the major recipients of TARP funds, General Motors, begins to turn the corner to profitability, it is important that we not declare “Mission Accomplished” too soon.

One of the purposes of the Emergency Economic Stabilization Act of 2008 that created TARP was for the Treasury Department to exercise its authority in a manner that “protects home values, college funds, retirement accounts, and life savings.” We should expect that TARP funding directed to the Automotive Industry Financing Program would be used in a manner consistent with these purposes.

Unfortunately, we have already seen in the case of the Delphi pension plans the human and economic costs of not protecting earned pension benefits. Today, thousands of Delphi salaried retirees and members of the International Union of Operating Engineers, the International Brotherhood of Electrical Workers (IBEW), and the International Association of Machinists and Aerospace Workers are facing draconian cuts to their retirement income. The bankruptcy process for Delphi and GM, which was made possible through the Automotive Industry Financing Program, protected the pensions of some Delphi workers but not others. The retirees who were left out are still seeking fair treatment. Their families and communities are suffering severe economic hardship as a result of these losses.

As the committee responsible for the Congressional oversight of the TARP, I appreciate that the Subcommittee on Oversight and Investigations is holding this hearing in Ohio to hear firsthand about the impact of decisions made under this program on communities such as the Mahoning Valley, Dayton, and other areas that are home to large numbers of Delphi retirees.

Simply put, the Delphi retirees are asking for fairness. They are asking that the pensions that they earned during a lifetime of service to General Motors and Delphi be honored. They are asking their government to be on their side in this fight for fairness.

That is why I was so disappointed that the Administration went ahead and appointed the new director to head the Pension Benefit Guaranty Corporation (PBGC) before taking steps to resolve the Delphi pension issues. The new director has excellent qualifications to lead the agency but must recuse himself from decisions related to the Delphi pension plant because of a conflict of interest with his previous employment. That said, the decision to go ahead with the appointment does not and must not preclude action to ensure that Delphi retirees receive the pensions they earned.
The Ohio delegation has been working to bring the key parties together to develop a fair resolution of the Delphi pension issues. We have written to the leadership of General Motors. We have written to the Department of Treasury and the Auto Task Force. We have organized and testified at Congressional hearings. And we have even written to the President requesting that the Administration bring the parties together to work out a solution.

I ask that the Committee include in the hearing record our letter to the President, signed by nine Senators and 24 Members of Congress. In that letter we included personal statements from Delphi retirees who were receiving notice of their pension reductions from the Pension Benefit Guaranty Corporation. I would like to highlight one Ohio family’s experience.

James Donauer, a Delphi salaried retiree from Dayton wrote:

“I am a Delphi salaried retiree. The PBGC has notified me that they are reducing my pension by 28%. My working career included 32 years with GM. GM gave me a 30-year-service recognition award honoring my service and loyalty, yet the government-subsidized new GM will not honor my full earned pension. I was forced to retire early from Delphi. — General Motors is providing a "top-off" of the PBGC pension payments for Delphi hourly (union) early retirees to make up for their pension shortfall. But not for us Delphi salaried retirees. I was a clerical office worker making less money than many union workers.”

He ended his statement with a plea:

"Please help my family. We need the full pension that was promised. We have a mortgage, property taxes, and monthly bills to pay that will exceed my monthly pension income. I am not eligible for unemployment compensation. I am writing to respectfully request immediate end to the disparate treatment of GM/Delphi Corporation’s pension obligations and its impact on me and on thousands of salaried retirees and their families. My wife and I appreciate your help."

I would like to thank the Subcommittee for holding this hearing. I hope that it will move us one step closer to a fair outcome for families like the Donaues.
President Barack Obama  
The White House  
1600 Pennsylvania Avenue, NW  
Washington, D.C. 20500  

Dear Mr. President:

The auto industry helped build America's middle class. Now, the very people who built GM through their labor are facing the prospect of losing the middle class retirement that they earned over a lifetime of service. Today, we write to ask for your assistance and intervention on behalf of the Delphi retirees, many of whom stand to lose a substantial portion of their pensions in the aftermath of the Delphi and GM bankruptcies.

In 1999, Delphi was created through the spinoff of the automotive components group from GM. The majority of the Delphi employees spent two-thirds of their careers as GM employees. In 2005, Delphi entered bankruptcy protection. As part of the restructuring of the company, many long-term employees were forced into early retirement. Early retirement or supplemental benefits are not guaranteed by the Pension Benefit Guaranty Corporation. In February 2009, the Delphi salaried retirees lost their health care benefits for themselves and their families. On July 31, 2009, the Pension Benefit Guaranty Corporation terminated Delphi's pension plans and became the trustee as of August 10, 2009.

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. More than 20,000 salaried retirees and 100 union retirees were left with no additional pension benefit guarantee. They are looking for fair treatment.

Instead, they are receiving notification from the PBGC of the reduction in their benefits. We would like to share with you information collected by the Delphi Salaried Retirees Association on the reductions that went into effect on February 1, 2010. They will have a profoundly negative impact on the individual retirees, their families, and their communities, which are already struggling to survive the most severe economic downturn since the Great Depression.

As a 60 percent shareholder in GM, the federal government is in a position to do something to restore fairness for these retirees and to minimize the economic impact of
the pension loss on their communities. We request that the Administration bring GM to
the negotiating table to work out a fair solution for the Delphi retirees.

Sincerely,

SIGNED

[Signatures]

Herb Kohl

Charles Schurz
Lori A. Swier
Pete Smith
Kurt E. Schibbel
Engel
M. G. Baxi
Don Kelli
Betty Sullivan
Christopher
Laurie A. Slagel
Sue Lord
Chile Wilk
B. C. Pelt
Mary Jo Ilerf
Stevie Oram
T. Riordan (Ret.)
Delphi has played a significant role in the city of Kokomo, Indiana in my district for decades, enabling tens of thousands of Hoosiers to make a living and raise their families. Delphi employees dedicated their careers to the company, working hard for good wages and the promise of a financially secure retirement.

In the decade following the spin-off of Delphi from General Motors (GM), the company fell on hard times and filed for bankruptcy, endangering their employees’ retirement benefits. Ensuring that Delphi emerged from bankruptcy last October and continues to be a major employer in Kokomo for decades to come is crucial to the area’s future, but protecting the financial well-being of the company’s retirees is just as important. For example, last year, Delphi announced that it would discontinue retirement health and life insurance benefits for all of its retirees. In response, Rep. Dan Burton and I wrote Delphi CEO Rodney O’Neal requesting him to reconsider the decision and to stand behind the promises that Delphi made to its workers and retirees.

I have also met with members of the Delphi Salaried Retiree Association to discuss the crisis they face today. Following the Pension Benefit Guaranty Corporation’s (PBGC) takeover of the Delphi retirees’ pensions, GM honored a previous agreement with Delphi hourly retirees to make up the difference in what the PBGC pays and what the retirees were promised, but the salaried retirees were left out.

The salaried retirees in my district—many of whom were GM employees for the majority of their careers—are now looking at pension benefit cuts as steep as 70 percent. These workers dedicated their careers to making Delphi a global leader in mobile electronics and transportation systems with a bright future. With their hard work, Delphi prospered, and so did the Kokomo economy. Yet now these same workers face financial uncertainty in their own lives.

Additionally, with an average loss of more than $300,000 in pension payments for the salaried retirees, it is not only the salaried retirees and their families who will suffer. The Kokomo region—an area already coping with high unemployment and other difficulties related to the auto industry’s troubles—will bear a burden as well, with reduced economic activity resulting from reduced pensions.

The Financial Services Committee, on which I serve, has already passed a resolution requesting information on the federal government’s role regarding the Delphi salaried retirees’ pensions. I would like to see this information made public. Additionally, I would like the U.S. Treasury, PBGC, and the Auto Task Force to work with the salaried retirees and their organization, the Delphi Salaried Retirees Association, in pursuit of fair treatment of all Delphi retirees.
Thank you Chairman Moore and the members of this subcommittee for holding this hearing today and inviting me to submit a statement for the record. I want to also thank you for allowing retirees who weren’t invited to testify in person to submit statements for the record.

The Dayton region was the birthplace of Delphi Corporation. The company was founded as the Dayton Engineering Laboratories Company which evolved, through the hard work of Ohioans, into Delco, a division of General Motors. General Motors subsequently spun off Delphi Corporation, which at one point, was the largest parts supplier to General Motors. My father worked for General Motors for over 40 years.

When Delphi declared bankruptcy in 2005, the company decided to close or sell several facilities in Ohio, and in my congressional district including two facilities in Dayton, as well as facilities in Kettering, Moraine, and Vandalia. The job loss at these facilities has been estimated at over 5000 jobs.

The effect of these plant closures has been felt throughout the Dayton region as many of our family members, neighbors, and friends were Delphi employees.

The closure of these facilities also has an impact beyond individual job loss. Whole neighborhoods have been affected by Delphi’s bankruptcy through increased foreclosures, and community services have been affected because of an eroded tax base.

The job loss associated with Delphi’s bankruptcy was further increased by the closing of the General Motors assembly plant in Moraine, Ohio, which resulted in the loss of five thousand additional jobs. The job losses also extend to small manufacturers and suppliers throughout Ohio who lost Delphi and GM as clients.

Since Delphi entered bankruptcy in 2005, many of us in Ohio have worked on a bi-partisan basis to assist those affected in our state. Specifically, I have worked with my colleague Senator Brown to help provide emergency assistance for auto workers and with Representative Tim Ryan to help provide trade adjustment assistance to dislocated workers.

Today’s hearing is in response to yet another loss to the Dayton at the hands of Delphi Corporation.

Last summer, Delphi petitioned for, and the United States Bankruptcy Court granted authority to turn over pensions for salaried retirees to the Pension Benefit Guarantee Corporation (PBGC). Their actions have resulted in approximately 15,000 salaried Delphi retirees from across the country taking a severe cut in their promised pension benefits. By some estimates, this means a 70 percent reduction in pensions, and for some retirees, this news compounds the prior loss of health care benefits.
Earlier this year a bi-partisan group of Ohio representatives petitioned the Administration to help retirees from General Motors plants in Dayton and Warren, Ohio to receive insurance benefits. While these retirees were not entirely made whole, some were able to achieve a baseline of benefit protections.

However, not all groups have had these results. Delphi Salaried Retirees, as well as some so-called “splinter unions” such as the IUOE, IBEW, and IAM still face benefit reductions.

Local leadership for the Delphi Salaried Retirees in my district estimate that nearly 1000 retirees in the Dayton area will be affected by the Bankruptcy Court’s decision. This treatment of salaried retirees is particularly troubling in comparison to the benefits received by some in organized labor organizations. In fact, the UAW and the Ohio AFL-CIO have written letters in support restoring benefits for the Delphi Salaried retirees. I have worked along with all the members of this panel to advocate on behalf of both union and non-union labor to ensure that all retired workers receive whatever benefits they were promised.

Mr. Chairman, our colleagues in the House and Senate have written GM and Delphi leadership, have written House leadership, and have written the Administration requesting assistance in this matter. I am troubled that despite the efforts of both congressional Democrats and Republicans alike, the Administration has refused to answer questions, come to the table with helpful information, or assisted in finding a solution to this problem.

Earlier this year for example, I asked Secretary Geithner to respond to 30 questions that my office drafted inquiring about the Department of Treasury’s role in the cutting of Delphi salaried retiree pensions. After months of waiting for a response, the Secretary declined to answer a single question. I have attached my questions and the Secretary’s “responses” for the record. Tom Greene, a Delphi salaried retiree from the Dayton region said it best in his written testimony for the record: “The process has made a mockery of the current Administration’s position of transparency.” The Administration owes these retirees answers, and should be working with Congress, General Motors, and Delphi to restore these promised benefits.

Mr. Chairman, all of these retirees, regardless of labor affiliation or not, worked alongside each other during their careers. They should not be treated differently in their retirement.

Salaried retirees made their careers by supporting Delphi Corporation. Congress and President Obama’s Administration owe it to these hard working men and women to pursue aggressive oversight in this matter, and to work toward a solution.

Mr. Chairman, I appreciate your willingness to hold this hearing, as well as the leadership of this Committee and the House Education and Labor Committee, which held a hearing on this issue last year. While Delphi has been permitted to survive, their retirees continue to struggle. This problem should not even have been allowed to occur. It is my hope that we work in a bipartisan basis on a solution to this issue, and look forward to working with the Committee to help ensure these retirees are made whole.
Thank you.
Committee on Financial Services, Subcommittee on Oversight and Investigations hearing:
“The Financial Crisis Aftermath on Delphi Workers and Retirees”

Opening Statement: Congressman Charlie Wilson
July 13, 2010

Let me start by thanking Chairman Moore for coming to Ohio to host this important oversight hearing. Also, let me thank Lieutenant Governor Fisher, all of the Delphi retirees, and Dr. Akpadeck for coming before our panel to talk about this situation that has deeply affected our community. I am pleased to have other Members of Congress and state officials here with us, and I thank you for all of your efforts on behalf of the Delphi retirees.

While I am pleased to have great panelists before us today, I am also submitting testimony from well over a hundred Delphi retirees who wanted to make sure that their officials statements are placed in the record. And though they can’t be here with us today, I would like to thank Governor Strickland and Senator Brown for their continuous efforts on behalf of the Delphi retirees. I will also be submitting statements from both for the record.

First and foremost, we are here today to listen. My office has worked for many months to ensure that the Delphi retirees’ plight is understood. I am so pleased that we are able to hold this Financial Services Committee field hearing in our own backyard so that we can hear from you firsthand. I believe this hearing will provide the necessary platform for Congress to examine more closely the benefits reductions of Delphi retirees.

We all know that the histories of Delphi and General Motors are closely intertwined. GM made certain promises regarding pensions when Delphi was spun off into its own entity. And GM was there for Delphi when it filed for bankruptcy in 2005, assuming additional responsibility for Delphi worker pensions and benefits. But, when GM was forced into bankruptcy in 2009, times got tough for both companies. Promises made to some Delphi retirees were broken entirely, while benefits promised to others were reduced. In order to remain afloat, GM asked for help from the federal government and eventually took TARP funds, which were originally offered by the US Treasury to banks that were in trouble.

And that’s where the Financial Services Committee comes in. Our committee has oversight of all TARP funds, and since GM received TARP funds, we have a responsibility to look into how those funds were used. In this case, we are looking into why Delphi retirees were left out of the equation as GM tried to return to financial solvency.

What GM ultimately decided to do was to turn over Delphi pensions to the Pension Benefit Guaranty Corporation (PBGC). On July 31, 2009, the PBGC assumed responsibility for those pension plans, resulting in sizable cuts of up to 80% for thousands of hard working Delphi retirees.

All of these Delphi retirees – all of you here today - worked hard and put in your time counting on what you had been promised in retirement. You worked hard for benefits that you saw crumble before your eyes. Having those promises broken is unacceptable.
Unfortunately, this is not the first time we have seen this in the Mahoning Valley, nor in my district at large. The steel industry is a good example of the same type of horror story.

Ladies and Gentleman, hardworking men and women across this valley and across the country have made their long-term retirement plans based on what they were promised by their companies. It’s as simple as that. They don’t make contingency plans for their company filing for bankruptcy, and they certainly don’t expect to be victimized because of poorly managed pension plans. They just go to work every day and expect to be compensated fairly and earn the retirement benefits they were promised.

And I think that when those promises are broken, that it is up to Congress to make sure companies honor commitments to their employees. That is why I am a cosponsor of the Protecting Employees and Retirees in Business Bankruptcies Act. This legislation reforms the bankruptcy code by making sure that employees and retirees are treated fairly in corporate reorganizations. It would also modify existing limits on the termination or curtailment of employee and retiree benefits.

While this pending legislation could help some in the future, it does not solve our problem today. I look forward to hearing from each of you. I hope that today can be a constructive step towards resolving the unfair treatment of Delphi retirees.

Thank you and I yield back.
Testimony
On the Study entitled:

Measuring the Economic Impact of Pension Reductions and Health Care Cuts
on the Salaried Retirees of Delphi Electric Packard Electric Systems from the
Mahoning Valley, Ohio

Conducted by
Frank Akpadow, Ph.D., Senior Research Associate and Regional Scientist
Youngstown State University’s Center for Urban and Regional Studies
One University Plaza, Youngstown, OH 44555

Before
The Subcommittee on Oversight and Investigations
House Committee on Financial Services

July 13, 2010
[I.] Introduction

Chairman Moore, Ranking Member Biggert, and distinguished members of the Subcommittee, thank you for inviting me to share with you how the impending pension and health care reductions by Delphi Packard Electric Systems will impact the social and economic lives of its retirees from the Mahoning Valley, Ohio, in particular, and the Mahoning Valley's economy in general. My name is Frank Akpadock, Ph.D. from Texas A&M, College Station, Texas; and I am a senior research associate and regional scientist at the Center for Urban and Regional Studies, Youngstown State University, Youngstown, Ohio. I have been at the University for over 18 years, mainly conducting pure and applied economic development research studies for the public and private sectors of the Mahoning and Shenango Valleys, the northeast Ohio region, the Midwest and the nation.

[II.] The Mahoning Valley Economy

1 Population: For purposes of definition, the Mahoning Valley consists of two counties: Mahoning and Trumbull counties with a 2000 census population of 257,560 and 225,114 respectively, for a combined total of 482,674 people. However, the 2009 population estimate for Mahoning County was 236,735, while Trumbull County was 210,157 for a combined total of 446,892 people. In the aggregate, between 2000 and 2009, the Mahoning Valley sustained a population loss of 35,782, or 7.4%.

2 Household Income: In 2008, the median household income for Mahoning and Trumbull counties was $41,419 and $41,419 respectively, compared to the state of Ohio median household income of $48,011 for the same period. Also in 2008, the percentage of persons below poverty level in Mahoning and Trumbull counties was respectively 17% and 16%, compared to the state's percentage of 13%.

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1 U.S. Census Bureau: State and County QuickFacts. Data derived Population Estimates, Census of Population and Housing, Small Area Income and Poverty Estimates, State and County Housing Unit Estimates, County Business Patterns, Economic Census, Survey of Business Owners
2 Ibid
3 Ibid
3. **Manufacturers’ Shipments**: In 2002, Manufacturers’ shipments in the Mahoning Valley (Mahoning and Trumbull counties combined) were $11.1 billion. For the same period, Wholesale Trade Sales in the Mahoning Valley were $3.3 billion; and $4.5 billion in Retail sales.

4. **Housing Foreclosures**: In 2008, the total housing foreclosures by banks were 1,489 in Mahoning County, and 936 in Trumbull County.4

5. **Unemployment**: In May 2010, Mahoning County had a labor force of 116,300, out of which 103,000 were employed, for an unemployment rate of about 11.4%; while the City of Youngstown recorded an unemployment rate of 13.3%. For the same period, Trumbull County had a labor force of 106,200, with 93,600 that were employed, for an unemployment rate of 11.9%.5 Unemployment rates from these counties each exceeded the national rate of nearly 10%.

6. **The General Economy**

   The Mahoning Valley’s economy has always been manufacturing-based, dating back to the first stoking of the blast furnace in the 1800s. As shown above in 2002, income from the Manufacturers’ Shipments of $11.1 billion is three times as much as that from the Wholesale Trades of $3.3 billion; and a little over twice as much as that from the Retail sector. Youngstown, the capital city of Mahoning County, was chartered in 1868, and grew to become the center of steel production west of Alleghenies. In the middle of the nineteenth century, it was one of the fastest-growing economies in the Midwest. That growth slowed to a crawl during the 1973-74 recession period, and completely came to a standstill following the phenomenal corporate restructuring of the U.S. economy in the late 1970s to early 1980s in what was characterized as the de-industrialization of the U.S. economy.6

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5 Ohio Department of Job and Family Services, Bureau of Labor market Information

Akpadock indicated that U.S. steel manufacturing companies were experiencing declining demands for their products, because not only were they facing global competition from the newly industrializing countries (NIC) of the Pacific Rim that applied more advanced technology to steel production and sold it for cheaper prices in the U.S. markets, but also because steel-related hardware and software products were systematically being replaced by new breeds of products that were made from plastics, aluminum and other non-steel products. These changes were instrumental in the cataclysmic plant closings nationwide that rendered hundreds of thousands of their employees jobless, especially for those steel mill-based communities in the northeast and Midwest of the country such as Youngstown in the Mahoning Valley.\(^7\)

The Youngstown Sheet and Tube Company, the largest employer in the Valley, closed its doors on September 17, 1977, a day touted regionally as Black Friday, when about 5,000 of its employees were laid off. As a propulsive industry in the region, the demise of this mill triggered a tidal wave of economic destruction in Youngstown and the Mahoning Valley in general as other companies and businesses vertically and horizontally integrated with the steel mill operation closed their doors as well, laying off approximately an additional 40,000 of their highly paid blue and white collar employees in the Mahoning Valley.\(^8\) It was the toughest economic time the Mahoning Valley has ever witnessed in its history. For example, Youngstown’s population went from 116,000 in 1980, to 82,000 in 2000 as people left the city in droves to seek greener pastures outside the city and the Mahoning Valley as a whole.

[III.] Economic Impact Study Experience

I have conducted numerous economic impact studies in my career for small and large companies and institutions. I would like to cite four (4) examples here as follows:


I conducted an Economic Impact Study of the then Youngstown Municipal Airport to assess its financial impact on the Mahoning Valley’s economy in 1991 at the request of then-Congressman Jim Traficant. The study’s findings were instrumental in the Airport stewardship reorganization from Youngstown Municipal Airport to the current Western Reserve Port Authority.


In 1999, I was requested by the Western Reserve Port Authority to conduct another Economic Impact Study of the now-named Youngstown/Warren Regional Airport to include the U.S. Military Reserve Wing of the Airport to assess its strategic importance to the location and its regional economic importance in the Mahoning Valley in the wake of military airbase closings across the country during that period. The study was successfully carried out. Today, the U.S. Military Reserve Wing of the Airport is of national strategic importance in all its ramifications.


In 2000, following a successful impact assessment of the Youngstown/Warren Regional Airport study, my expertise was again tapped by the University administration to assess the Economic Impact of Youngstown State University on the regional economy using Income and Expenditure flow variables:

**Income Flows**
- State of Ohio Appropriations
- Federal Government Appropriations to the University
- Local and private grants
- Funds from campus events
- Bookstore services
- Tuition, fees and other miscellaneous student charges

**Expenditure Flows**
- Education and General Expenditures
- Intercollegiate Athletics
- Athletics Concessions
- Athletics Facilities
- Housing Services
- Kilcawley Center
- Parking services
- Bookstore

The study once again proved to Ohio’s Education Legislators that higher education in the state needed continuous financial and moral support as a catalyst of economic growth at the local and regional levels. The fiscal and employment impacts affect an increased city tax base that opens
up more government employment positions and increased consumptions of goods and services downstream.


YSU President Dr. David Sweet requested that I conduct a study that would measure the economic impact on the Youngstown-Warren-Boardman Metropolitan Statistical Area of the University’s FY2009-2010 expenditures of $50 million for general campus refurbishing programs which also encompassed the construction of the new Williamson College of Business Administration building. The study was successfully carried out and found to have strong construction-related fiscal and employment impacts on the Mahoning and Shenango Valleys.


Overview: The Packard Electric Company started in Warren, Ohio, in 1890 as a company that produced incandescent light bulbs. During this period of growth and change, the company branched out into automobile manufacturing when it built its first car in 1899. In 1902 the car manufacturing division separated from the parent Packard Electric Company. Packard Electric itself was acquired by the General Motors (GM) Company in 1932, supplying GM with the wiring systems for all GM vehicles.

During the 1980s and 1990s the Packard Electric Company expanded rapidly, becoming the leader in the production of wire harnesses, as well as other electrical automotive components, with branch locations nationally and internationally. At its peak, roughly 14,500 salaried and hourly employees worked in the Warren, Ohio, and other Mahoning Valley Packard Electric facilities. By the time Delphi Packard Electric Systems was spun off from General Motors in 1999, about 4,000 employees remained in the Mahoning Valley.

Following the spinoff from GM, Delphi began to experience financial difficulties. The severity of these financial conditions forced Delphi to seek Chapter 11 bankruptcy protection in October 2005, in part because of the company’s inability to maintain its pension plans and other legacy costs for retirees. During this time the PBGC (Pension Benefit Guaranty Corporation) was asked to step in to keep Delphi retirees’ pensions solvent. The PBGC’s move made it obvious to the retirees that the pension plans they had retired under were likely to be seriously reduced. The
PBGC’s takeover would only pay them the highest amount allowed by law, rather than the pension benefit plans agreed to between them and the Delphi Company. This has been the crux of the retirees’ agitations and frustrations throughout the rank and file of Delphi’s current employees and the retirees.9

As these retirees’ anger and frustrations grow louder and louder across the country because of their perceived risk of the loss of their pension plans, these same frustrations and aggravations are being echoed by all the Mahoning Valley’s retirees. Putting it in perspective, the Buffalo News-McClatchy-Tribune Information Services via COMTEX of July 23, 2009, succinctly reported that by law, the PBGC would only pay a 65-year old retiree a maximum of $54,000 annually. The paper went on to say “While that cap impacts higher-paid retirees who receive more, a greater number of retirees will be affected by the reduced benefits the agency [PBGC] pays out for each year a worker retired at the age younger than 65.” For instance, the report quoted one of the retirees as saying that “the agency’s maximum annual payout for someone who retired at 60 is $35,100, or about $19,000 less than someone who retired at 65.”

Delphi’s defined early employee retirement plans (retiring before the age of 62) included the loss of 6% a year of salary payments. However, a financial compensation called a “bridge,” or early retirement supplement, was put in place, which Delphi pays to a retiree until the age of 62 years, when Social Security kicks in. Unfortunately by law, the PBGC does not recognize such financial bridge arrangements for early retirees. This is one of the central arguments in the retirees’ opposition to, and rejection of the PBGC’s management of their pension benefit payments. During its news release on July 22, 2009, the PBGC announced its plans to resume responsibility for the pension plans of 70,000 workers and retirees of Delphi Corp., the nation’s largest producer of automotive parts. The PBGC estimated that for the Hourly Pension Plan with 47,000 participants, Delphi had about $3.7 billion in assets, and over $8 billion in liabilities. Out of this amount, the PBGC would be responsible for a maximum disbursement of only $4.0 billion from “the Plan’s shortfall of $4.4 billion.” Apparently, the $4 billion shortfall is to be absorbed by the retirees.

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9 The PBGC, a federal corporation created under the Employee Retirement Income Security Act of 1974, currently guarantees payment of basic pension benefits earned by 44 million American workers and retirees participating in over 29,000 private-sector defined benefit pension plans. The agency’s source of funding is largely from investment returns of companies, and insurance premiums paid by companies that sponsor pension plans.
For the Salaried Pension Plan, which covers 20,000 workers and retirees and has an estimated $2.4 billion in assets and $5 billion in liabilities, the agency would be lawfully responsible for about $2.2 billion in payments out of Delphi’s “estimated $2.6 billion in underfunding.” Again, the remaining $4 billion shortfall is presumably to be absorbed by the 20,000 salaried workers and retirees.

The PBGC will also be responsible for the payment of four smaller Delphi defined benefit plans with $50 million of underfunding for 2,000 participants, namely: *AEC Manufacturing Retirement Program*, *Delphi Mechatronic Systems Retirement Program*, *Packard–Hughes Interconnect Bargaining Retirement Plan*, and *Packard Hughes Interconnect Non-Bargaining Retirement Plan*. As has been described previously for the first two, their benefit plans, even when paid to the full extent of the law by the PBGC, will not be without the risk of underpayments to these 2,000 participating employees.

**SIDEBAR:** At the initial stage of this study, the full pension payments of both hourly and salaried retirees in the Mahoning Valley were reviewed. However, on September 1, 2009, the IUE-CWA brokered a tentative agreement (for hourly retirees) with the new General Motors (GM) that indicated that the company will “provide baseline security for retirees who are facing the loss of their health care and pensions.” Under this agreement, Delphi retirees have a “top-up” from the new GM for retirees whose pensions were taken over by the PBGC. In other words, GM will honor the MOU (Memorandum of Understanding) signed in 2007 that will “ensure that all eligible retirees at Delphi are made whole if the PBGC reduces their pensions.” This agreement, unfortunately, leaves the “Salaried Retirees” hanging out to dry, and is therefore the raison d’être for this study.

[V.] **SALARIED RETIRED EMPLOYEES**

Out of the 20,000 Delphi salaried pension employees identified by the PBGC, an estimated 1,200 live in the Mahoning Valley, consisting of 471, or 39%, registered members of the Delphi Salaried Retiree Association (DSRA). The age groupings of the registered members are: 42, or 9%, of persons under 55 years old; 109, or 24%, of persons between 55-58 years old; 134, or 28%, of persons between 59-62 years old; and 120, or 25%, of persons between 62-65 years old; while those over 65 years of age make up 14.0% (see Table 1).
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Source: Data from Sampling of 110 hourly, and 50 salaried, Mahoning Valley Delphi Retirees.

*Does not add up to 100 because of rounding of numbers.
SECTION 1

PRE-TAX AND PRE-PBGC SALARIED EMPLOYEES’ AVERAGE PENSION EARNINGS

SCENARIO 1

Currently on average, salaried retirees (up to and including 62 years of age) each receive a **monthly** total base pension of $3,338 (a base pension income of $1,926 plus a $1,412 supplement), or **$40,056 a year**. Since there are a total of 817 retirees in this cohort, a pre-tax grand total pension of $32,725,752, or **$32.7 million annually**, was calculated.

Those from 63 to 65 years of age each also receives a **monthly** pre-tax pension of $3,650 (a base pension of $2,027 plus a Social Security payment of $1,623), or **$43,800 a year**. Since there are 239 retirees in this cohort, a pre-tax grand total of **$10,468,200**, or **$10.5 million annually**, was calculated. A pre-tax grand total pension of **$43.2 million annually** for the two cohorts (up to and including age 62, and 63-65 years of age) was calculated. (See Table 2 following.)

**TABLE 2**

<table>
<thead>
<tr>
<th>AGE</th>
<th>NUMBER OF RETIREES</th>
<th>MONTHLY PENSION</th>
<th>PRE-TAX ANNUAL EARNING</th>
<th>PRE-TAX GRAND TOTAL (PRE-62-65)</th>
<th>BASE PENSION</th>
<th>SUPPLEMENT</th>
<th>SOCIAL SECURITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>62 TO 65</td>
<td>817</td>
<td>$3,338</td>
<td>$40,056</td>
<td>$32.7 million</td>
<td>$1,926</td>
<td>$1,412</td>
<td></td>
</tr>
<tr>
<td>63 TO 65</td>
<td>239</td>
<td>$3,650</td>
<td>$43,800</td>
<td>$10.5 million</td>
<td>$2,027</td>
<td>$1,623</td>
<td></td>
</tr>
<tr>
<td>SUBTOTAL</td>
<td>1,056</td>
<td></td>
<td>$83,856</td>
<td>$43.2 million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,296</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Data from Sampling of Actual Salaried Pension Recipients during the Retirees’ Breakfast Meeting of August 13, 2009.

*125 are over 65 years old and excluded.
POST-TAX AND PRE-PBGC SALARIED EMPLOYEES’ AVERAGE PENSION EARNINGS

SCENARIO II

In this scenario, we assume that a 13.5% federal and state tax will be levied on the retirees’ pensions, giving each salaried retiree in this cohort (up to and including 62 years of age) a net income of $2,887 a month, or $34,644 a year, for a grand total of $28,304,148, or $28.3 million annually for the 817 retirees in the cohort.

For those 62-65 years of age, each retiree receives $3,157 a month, for an annual income of $37,884. Since there are 239 retirees in this cohort, a grand total of $9,054,276, or $9.1 million annually, was calculated. The grand total for the two age cohorts (up to and including age 62, and 63-65 years of age) was $37.4 million annually (see Table 3).

TABLE 3

Post-Tax and Pre-PBGC Salaried Employees’ Average Pension Earnings

<table>
<thead>
<tr>
<th>AGE</th>
<th>NUMBER OF RETIREES</th>
<th>TOTAL MONTHLY PENSION</th>
<th>FEDERAL AND STATE TAXES 13.5%</th>
<th>POST-TAX ANNUAL EARNING</th>
<th>POST-TAX GRAND TOTAL (UP TO 62-65)</th>
<th>BASE PENSION</th>
<th>BASE PENSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>UP TO 62</td>
<td>817</td>
<td>$3,338</td>
<td>$451</td>
<td>$34,644</td>
<td>$28.3 million</td>
<td>$1,926</td>
<td>$3,412</td>
</tr>
<tr>
<td>63 TO 65</td>
<td>239</td>
<td>$3,650</td>
<td>$493</td>
<td>$37,884</td>
<td>$9.1 million</td>
<td>$2,027</td>
<td>$3,631</td>
</tr>
<tr>
<td>Total</td>
<td>1,056</td>
<td></td>
<td></td>
<td></td>
<td>$37.4 million</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Data from Sampling of Actual Salaried Pension Recipients during the Retirees’ Breakfast Meeting of August 13, 2009.

*2% or 44 are over 65 years old and excluded.
SECTION 2

POST-PBGC AND PRE-TAX SALARIED EMPLOYEES’ AVERAGE PENSION EARNINGS

This portion of the study discusses pension earnings after the PBGC takes over the pension disbursement for salaried Delphi retirees. In the post-PBGC takeover of management of the Delphi retirees’ pension, Ringer of the Tribune newspaper of July 24, 2009, wrote that “Retirees face cuts of 30 percent to 70 percent in their monthly pension after Wednesday’s announcement of the Pension Benefit Guaranty Corp., the federal agency that insures private pensions, that it will take over six Delphi pension plans covering 70,000 workers and retirees including salaried and hourly people.”

SCENARIO III

POST-PBGC AND PRE-TAX AVERAGE EARNINGS OF SALARIED RETIREES

In the post-PBGC period, a total pre-tax monthly pension of $1,630 (base pension of $1,348 plus a $282 supplement) was assessed for each retiree (up to and including 62 years of age), for a total of $19,560 a year. Since there are 817 retirees in this group, a grand annual total of $15,980,520, or $16.0 million, was calculated. When the pre-PBGC monthly pension earning of each retiree is compared with the post-PBGC earning, a difference or loss of $1,708 monthly was calculated, for a total of $20,496 annually. For the 817 retirees in this cohort, a grand total post-PBGC pension loss of $16,745,232, or $16.7 million annually, was calculated.

In the same manner, the post-PBGC retirees in the 62-65 years of age cohort each receive a pre-tax average income of $3,245 a month, or $38,940 a year. For the 239 retirees in this cohort, a grand total of $9,306,660, or $9.3 million annually, was calculated. This results in a loss of $405 a month per retiree in the post-PBGC period for a total of $4,860 annually. Since there are 239 retirees in this cohort, a grand total loss of $1,161,540, or $1.2 million annually, was calculated. The grand total loss/difference in pension income for both age cohorts (up to and including age 62, and 63-65 years of age) was $17.9 million annually ($16.7 + $1.2 million) (see Table 4).

SIDEBAR:

It should be realized that the loss of $17.9 million in Delphi retirees’ income in the post-PBGC takeover of the employee pensions is invariably a loss to both the federal and state government in tax revenues.
TABLE 4

Post-PBGC and Pre-Tax Salaried Retirees’ Pension Earnings

<table>
<thead>
<tr>
<th>AGE</th>
<th>NUMBER OF RETIREES</th>
<th>TOTAL MONTHLY PENSION</th>
<th>TOTAL ANNUAL PENSION</th>
<th>COMBINED ANNUAL GRAND TOTAL PENSION LOSS (PRE-62 TO 65)</th>
<th>BASE PENSION</th>
<th>SUPPLEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>UP TO 62</td>
<td>817</td>
<td>$1,630</td>
<td>$19,560</td>
<td>$16.7 million</td>
<td>$16.7 million</td>
<td>$1,340</td>
</tr>
<tr>
<td>63 TO 65</td>
<td>239</td>
<td>$3,245</td>
<td>$38,840</td>
<td>$9.3 million</td>
<td>$1.2 million</td>
<td>$1,622</td>
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<tr>
<td>TOTAL</td>
<td>1,056</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Data from Sampling of Actual Salaried Pension Recipients during the Retirees’ Breakfast meeting of August 13, 2009.

*12% are over 65 years old and excluded.

[VII] SCENARIO IV

POST-PBGC AND POST-TAX SALARIED RETIREES’ AVERAGE PENSION EARNINGS

In the post-PBGC takeover and the assumed tax deductions of 13.5% from the retirees’ income, each retiree has a monthly income of $1,410 ($1,348 base pension, plus a $282 supplement) for a total of $16,920 a year. This cohort consists of 817 retirees, hence the grand annual total pension was calculated to be $13,823,640, or $13.8 million annually.

In the post-tax deductions, each retiree receives $2,807 a month from the cohort consisting of 63 to 65 years of age, for a total of $33,684 a year. Since this cohort consists of 239 retirees, a grand total pension of $8,050,476, or $8.1 million annually, was calculated. The grand annual total pension for both cohorts (up to and including age 62, and 63-65 years of age) in the post-PBGC and post-tax period amounted to $21.9 million annually (see Table 5).
### TABLE 5

**Post-PBGC and Post-Tax Salaried Employees' Average Pension Earnings**

<table>
<thead>
<tr>
<th>AGE</th>
<th>TOTAL REVENUE</th>
<th>PRE-TAX MONTHLY PENSION</th>
<th>TAx (FEDERAL AND STATE)</th>
<th>POST-TAX MONTHLY PENSION</th>
<th>ANNUAL TYPICAL POST-TAX PENSION</th>
<th>COMBINED ANNUAL TOTAL PENSION (PRE-PBGC)</th>
<th>SUPPLEMENT</th>
<th>TOTAL PENSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>UP TO 62</td>
<td>817</td>
<td>$1,630</td>
<td>$220</td>
<td>$1,410</td>
<td>$16,929</td>
<td>$3.8 million</td>
<td>$3,148</td>
<td>$3,282</td>
</tr>
<tr>
<td>63 TO 65</td>
<td>239</td>
<td>$3,245</td>
<td>$438</td>
<td>$2,807</td>
<td>$33,684</td>
<td>8.3 million</td>
<td>$3,623</td>
<td>$1,623</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,056</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>32.1 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>144*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,200</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Data from sampling of actual Salaried Pension Recipients during the Retirees’ Breakfast Meeting of August 13, 2009.

*127 or 144 are over 65 years old and excluded.

### HEALTH CARE BENEFIT REDUCTIONS/CUTS FOR SALARIED DELPHI RETIREES

The loss of health care benefits is another variable that the salaried Delphi retirees will lose in the event of a takeover of pension management by the PBGC. Based on the skyrocketing cost of health care insurance today, and the fact that buying private insurance is about three times as much as buying from one’s employer (on average), about 75% of the salaried Delphi retirees will pay about $4,000 per year or even more in deductibles. This part of the study illustrates that these costs will add to the economic losses that these retirees will face in a post-PBGC takeover. Assuming that, on average, these retirees selected a Gold insurance coverage plan for themselves and their families, each participant would face a monthly deductible of $320, in addition to a monthly out-of-pocket cost (co-pay) of about $330 (doctors’ visits, dental, vision, eyeglasses, etc.) for family members. **Monthly, each retiree is assumed to spend on average, a total of $658, or $7,880 a year, in out-of-pocket expenses. Since there are a total of 1,056 target retirees, a grand total of $8,236,800, or $8.2 million annually, was calculated.**
[VIII.] Study Methodology and Findings

This study is an analysis of how the economic well-being of 1,056 salaried Delphi retirees living in the Mahoning Valley will be affected in particular, and the Mahoning Valley’s economy in general, by the reduction in their defined pension plan and health care cuts due to the Pension Benefit Guaranty Corporation’s (PBGC) takeover of these programs as a result of Delphi’s filing for Chapter 11 bankruptcy protection.

The Input-Output (I-O) RIMS II model was applied in the estimation of both the fiscal and employment impact multipliers. In the mid-1970s, the Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce developed a benchmark model for estimating regional input-output multipliers known as the Regional Industrial Multiplier System (RIMS), based respectively on the works of Garnick (1970)10 and Drake (1976).11 Later, following further refinements and analyses of RIMS, the BEA developed an enhanced form of the former RIMS model, now known as RIMS II.12 RIMS II, like its predecessor, is based on an accounting framework input-output table that shows industry interrelationships associated with the purchase and sale of inputs and outputs in a production process leading to final demand. The RIMS II model is widely used in both the public and private sectors for the estimation of impacts of projects and programs of varying economic sizes.13 The RIMS II model provides regional industry multipliers for output, employment, and earnings using 500 detailed industries and 38 aggregated industries.


A fiscal multiplier of 1.21 was estimated, using the RIMS II (I-O) Model. This means for every $1 million of retirees’ income reductions, an equivalent of $21,000 would be lost to the retirees, and by extension, to the Mahoning Valley’s economy due to reduced propensity of these retirees...
to consume goods and services produced in the Valley. Since a direct impact of $26.1 million was assessed, a total fiscal impact of $31.6 million was calculated for a grand total fiscal impact of $57.7 million annually.

**FISCAL IMPACT ESTIMATES**

- Grand Annual Average Pre-PBGC Total Pension (without Tax) of 1,056 Salaried Delphi Retirees $43.2 million
- Grand Annual Post-PBGC Total Pension (without Tax) of 1,056 Salaried Delphi Retirees $25.3 million
- Grand Annual Average Total Loss of Pension Income of 1,056 Salaried Delphi Retirees in the Post-PBGC Period $17.9 million
- Grand Annual Average Total Pension Income of 1,056 Salaried Delphi Retirees in the Post-PBGC and Post-Tax Period $21.9 million
- Average Annual Health Care Cost from Out-of-Pocket Expenses of the 1,056 Salaried Delphi Retirees $ 8.2 million
- Estimated Total Loss in a Year $26.1 million
- Impact Multiplier 1.21
- Annual Gross Fiscal Impact $57.7 million

**EMPLOYMENT IMPACT ESTIMATES**

It was estimated that the annual loss of nearly $58 million in pension income by the 1,056 salaried Delphi retirees would result in a reduced consumption of goods and services produced (directly or indirectly) in the Mahoning Valley. Since these goods and services create employment opportunities downstream, an employment multiplier of 1.3 was assessed for this loss. This means that for every $1 million of reduced retirees’ pension, an equivalent of 30 employment positions that are currently in existence, or would have been created in the future, would be lost. A grand total of 1,740 employment losses annually was estimated from the primary, secondary, and tertiary (downstream) sectors of the Mahoning Valley (see Fig. 1) for the economic interconnections.

**SIDEBAR:** It should be noted that if the out-of-pocket expenses of health care plans of the 700 JUE members were factored into the total loss of the salaried retirees, we would have had a different outcome both for the fiscal and employment multipliers, and invariably in the grand total losses.
FIGURE 1
SCHEMATIC DIAGRAM OF THE ECONOMIC IMPACT OF DELPHI PACKARD ELECTRIC SYSTEMS RETIREES' PENSION REDUCTIONS IN THE MAHONING VALLEY

PACKARD ELECTRIC COMPANY

DELPHI PACKARD ELECTRIC SYSTEMS

PENSION BENEFIT GUARANTY CORPORATION (PBGC)

REDUCTION IN RETIREES' PENSION PLAN AND CUTS IN HEALTH CARE BENEFITS UNDER PBGC (DIRECT IMPACT)

REDUCTION IN THE CONSUMPTION OF GOODS AND SERVICES IN THE MAHONING VALLEY BY DELPHI RETIREES (INDIRECT AND INDUCED IMPACTS)

LOCAL, STATE, AND FEDERAL TAX LOSSES

LOCATIONS TO CHARITABLE ORGANIZATIONS

CUTS IN DONATIONS TO CHARITABLE ORGANIZATIONS

REDUCED BENEFITS TO TARGET POPULATIONS

Reduced Output Reduced Employment Reduced Earnings

Multiplier Effect
Conclusion

The goal of this study was to show analytically how a reduction in their defined pension plans, and cuts in their health care coverage, will fiscally impact the 1,056 salaried retirees of the Delphi Packard Electric Systems Company from the Mahoning Valley, and by extension, the Mahoning Valley’s economy, due to the financial constraints that would reduce the retirees’ propensity to consume more goods and services produced in the Mahoning Valley Area, as a result of the takeover of Delphi’s pension disbursement by the PBGC. This study used data samplings of current salaried pension recipients during their Breakfast Meeting held August 13, 2009, in the Mahoning Valley. It has been estimated that a significant loss of about $58 million and 1,740 employment positions will be lost downstream annually in the Mahoning Valley due to the reduction in the consumption of goods and services produced both within and around the country by these retirees if their pensions are not made whole.

Recommendations

I commend the Subcommittee for holding this hearing to better understand the problem surrounding the Delphi retirees’ dilemma. I also unequivocally suggest that the Delphi retirees’ pension guarantees be made whole because of the financial and associated long-term social problems such loss may cause to the well-being of the affected retirees and the Mahoning Valley’s economy at large. It is also suggested that the laws governing Chapter 11 Bankruptcy be revised to close loopholes that hold employees hostage, but permit the employer to go free when a business goes belly-up.

Thank you for the opportunity to speak with you today. I would now be happy to answer any questions you may have.
Written Testimony of Mr. Milan (Nick) Dragojevic Jr., Delphi hourly retiree
“After the Financial Crisis: Ongoing Challenges Facing Delphi Retirees”
9:00 a.m., Tuesday, July 13, 2010, Canfield High School Auditorium, Canfield, OH

Good Morning Chairman Moore, ranking Member Biggert, and members of the committee, I am a GM/Delphi IUE-CWA retiree who retired after 34+ years of service. While employed at Delphi I held many positions associated with production and manufacturing. I was privileged to hold the position of Manufacturing Technician for roughly 10 years. In that position my job was to act as a liaison between Manufacturing, engineering, and skilled trades which maintained the equipment required to build many different products. It was a very fulfilling position for me and highly rewarding.

The issues facing the GM/Delphi retirees have a direct impact on my family, friends and community thus I have traveled to Washington to attend the Senate’s and the House HELP committee hearings on these issues, I have walked the halls of Congress and spoke to any and all who would listen. I testified before the Ohio House and Senate, I have meet with political figures at the Local, state and at the Federal Level, I have contacted the President, his chief of staff, his deputy chief of staff, the Auto Task Force, Treasury, GM, Delphi, and the IUE-CWA leadership. I have left no stone unturned in my attempt to get answers and to try and correct some of the injustices put on the GM/Delphi retirees.

I am here today to explain what changes I and my family have had to make as a result of the Delphi and GM bankruptcies and I would hope to voice and explain some of the concerns of the other GM/Delphi Retirees I have been in contact with. First and foremost the Committee must understand that not all GM/Delphi IUE-CWA Hourly Retirees where treated the same, and let me explain. There are basically 3 groups of retirees. Those whom retired before the spin-off who never worked for Delphi, retirees who worked their whole careers for GM and are referred to as Pre-Spin-off GM retirees. So when the Bankruptcy filings occurred their pensions where NOT turned over to the PBGC, but GM continued to pay their normal benefit, however their Healthcare changed to what I refer to as a catastrophic plan and since GM continued their pensions they had few if any other options but to purchase a full price plan. The second group are the Medicare eligible employees, prior to the Bankruptcy’s they did not have to purchase a supplement to their healthcare plan. When the plan changed many had to seek a supplemental plan to the catastrophic plan that they were now enrolled in, that would suit their individual needs. Some made the right choices some did not. There were 2 problems I have heard of personally, the first was many retirees had never had to deal with search for a healthcare plan. So this was all new and for some became overwhelming. We had tried to get Representatives from the health care plan to come to Warren to explain in detail what was agreed to in Bankruptcy court and how it would effect us as individuals. We were unable to accomplish this. And the second was some unknowingly made either the wrong decision or it was simply made to late and thus was untimely.
The third group of retirees are the ones that retired after the Spin-off in 1999 and of those many were induced into retiring early because of benefit guarantees made by GM (in the form of Doc.99) should Delphi, default on those obligations. Thus, when the PBGC reduced my earned pension from Delphi/GM by almost 50% GM stopped in and topped-up our pension (they agreed to supplement the amount paid to me by the PBGC). The only good to come from PBGC taking control of our pension plan was that we were now eligible for the HCTC subsidy, but no other group of IUE-CWA retirees qualified for this subsidy.

Now that I have had the opportunity to explain those difference, let me talk about the effects these bankruptcy’s have had on my family and I. Personally I have heart issues, therefore I was unable to go to a lot of other insurers for coverage due to my pre-existing conditions. And since the premiums of my GM plan have risen about 700%, I had few options. With the new premium amount, along with the deductible and the out of pocket maximum, a new battery for my Implant Cardiac Defibrillator would cost me $8000.00 out of pocket. I’m sure those retirees in attendance can attest that on a fixed income that is quite a sum of money.

Fortunately for me I’ve been able to return to the workforce and found employment to help offset those costs. Due to the take-over of my pension by the PBGC I was able to get insurance that could be subsidized by the HCTC to help offset the plans cost.

Many retirees however are unable to return to work. For them a decision must be made to buy medications or pay utilities. This is due to the increased premium costs, the increased deductibles, and out of pocket expenses. These items have a direct impact on so-called disposable income. Many have let medical problems go untreated because they simply can’t afford to get sick. Many are no longer afraid to die but afraid to live.

Many retirees had asked and are still asking, “How did this ever happen?” “Wasn’t there ERISA laws in place to prevent this from happening?” Who decided what benefits we would receive, what benefits would be reduced, or eliminated? Who all was involved in the negotiations and what role did each play in the final outcome? How long will the aggregate net value of $467 million provide healthcare to all the parties enrolled in plan as referred to in the bankruptcy settlement agreement Page 7 of 15 item 5B? And lastly what funds are being used to top-up the IUE-CWA retirees pensions.

One question retirees continually asked is if the Delphi Hourly Pension had been fully funded at the time of the spin-off. I could not find any entity that would discuss this issue so I turned to the Department of labor/Freedom of Information Act, and at my own expense, requested form 5500 which had direct funding information regarding the Hourly Pension Plan. The information in their possession would only go back to the year 2004. However, when then CEO, Richard Wagner appeared before the House Financial Committee requesting a loan in October 2008 he stated that all GM Pension plans
where 100% funded, and at the November hearing prior to the loan that was received by GM, he stated the plans were 80-85% funded due to market downturn.

In an another attempt to communicate with GM some of the retirees concerns, I had written to then CEO Fritz Henderson (I received a standard form reply) and also with Mr. Ed Whitaker, the new CEO to which I have not received a reply. I also I reached out to the new President of North America operations, Mr. Mark Reuss, and although we have had limited communications, I feel good in the fact that he instructed members of the Human Resource staff Ms. Jean Rose and Mr. Preston Crable to communicate with me about regaining the loyalty of the Delphi/Gm retirees, to the GM brand.

I chose that subject matter because when talking to many in the car business locally, I learned that due to the financial crisis, and the bankruptcy’s direct impact, sales had been reduced dramatically. Many Gm/Delphi retirees who always had been loyal consumers felt that due to the betrayal regarding earned and promised benefits after years of service and loyalty that they just could not support GM in good conscience.

Also along the financial crisis impact I have spoken to many in the healthcare field in our area and they agree that the bankruptcies, have had a major impact on their practices as well as facilities they frequent such as Forum Health. Some have even stated, that if they were just beginning to practice this would not be an area that would provide long term opportunities for them.

As was instructed in my invitation I believe the Congress can be of help to all retirees not just those of us at Delphi. H.R.3455 introduced by Congressman Ryan can help GM/Delphi retirees with their health care concerns. H.R.1322 sponsored by Congressman Tierney would be beneficial to all retirees. And as Chairman Rob Andrews stated at the House H.E.L.P. committee hearing in Washington D.C this past December, workers need to gain secured creditor status and moved to the head of the line.

Lastly, the HCTC subsidy, which is due to expire and default to a higher rate at years end, needs to be extended. If these issues would have been addressed when the Steel Industry was affected years ago we would all be in different situations today. So if Congress would really like to help, make sure all retirees affected by these and future bankruptcies are made whole. And also make sure that all the parties involved in these bankruptcies are held accountable for their part in the proceedings.

Thank you for this opportunity to speak and I would welcome any and all questions either later today or at the committees leisure. I will return to Washington D.C. if needed to discuss these issues if requested. I would like to extend my gratitude to Chairman Franks for allowing this hearing to take place, and also would like to thank Congressman Wilson and the rest of the Ohio delegation who worked so diligently on these issues and made this hearing, here in the valley a reality.
Milan Dragojevic Jr.

Education
Autobody
- Automotive paint and collision 2yrs

Work experience
[ 8/10/72-1/1/07 ] Delphi Packard Electric Warren, Ohio
Master Board Builder
- Design and fabricate Wiring fixtures and troubleshoot related problems
- 10 yrs as Manufacturing Technician troubleshooting process and equipment problems in the areas of plastic molding, plastic components, and rubber seal applications
- Part of my duties was to travel to suppliers and different Manufacturing locations to troubleshoot issues at their facilities
- Also part of my duties was to evaluate new equipment prior to purchase
- 2 yrs Alternate Union Representative
- 5 yrs Quality Control
- 3 yrs Plastic Mold Operator
- numerous other position regarding manufacturing of automotive wiring and components
- Presently employed by the Ohio Turnpike Commission as a part-time toll collector employment began 10/03/08 – present
- Held other part-time positions since my retirement from Delphi on 1/1/07
- Dick’s Sporting Goods as a Lodge Associate approximately 1½ years
- Drove autos for Taylor Kia of Boardman for approximately 2 years
- Work as an auto porter at Enterprise rent-a-car for approximately 7 months

Volunteer experience
- Red Cross CPR Instructor and PADI Assistant Diving Instructor

Hobbies
- Boating, sports, Hunting, and Trap Shooting
Committee on Financial Services
Subcommittee on Oversight and Investigations

Field Hearing entitled “After the Financial Crisis: Ongoing Challenges Facing Delphi Retirees”

Testimony by Lt. Governor Lee Fisher on July 13, 2010

Good morning Chairman Moore, Representatives Wilson, Ryan, and Lee.

Thank you, for the opportunity to testify today and for conducting this field hearing on this critical issue.

I am honored to speak on behalf of the Strickland/Fisher administration. Governor Strickland asked that I present this letter to you and share his regrets that his schedule did not allow him to attend. I am honored he asked me to testify on this very important issue in his absence.

I am here today to testify on behalf of more than 20,000 non-union Delphi retirees and 100 workers represented by the International Union of Operating Engineers and the International Brotherhood of Electrical Workers.

These employees, many from Northeast Ohio, worked as secretaries, technicians, engineers and sales people - and devoted years, some as many as four decades, to their company, General Motors.
Now, the very people that helped build General Motors through their labor are losing the retirement they earned over a lifetime of service.

When DELPHI spun off from General Motors, most had no choice but to go work for this new company and continue their careers.

Now, these workers are being denied the full pension benefits that their colleagues at General Motors will receive.

At its core, this is an issue of fairness. We owe it to the men and women who played by the rules and worked hard to get the retirement they have earned.

This loss will force many families nearer to the poverty level and cause further damage to the economies of cities like Warren and Dayton who are already reeling from the fallout of the global economic crisis and the decline of domestic automotive production.

These retirees will lose over $300,000 in pension payments on average. These pension payments are not a handout - they were earned over years of hard work - many of those years spent at General Motors working alongside colleagues who will receive their full pensions.

Men and women like . . .
Louis Liguore, who was forced to leave GM/Delphi after over twenty-five years of service. During those years, Louis was even inducted into the General Motors Hall of Fame.

Louis has been looking for work and has applied to well over 300 jobs. Unfortunately, at sixty years old, it is nearly impossible for him to find work. He and his wife now face a monthly income close to the poverty line and face what he calls a “shattered future”.

Mary Ann Hudzick, who will be sharing her story during the second panel, worked for 30 ½ years, 22 of those years with GM. Mary Ann and her husband counted on the pension, health benefits and life insurance she earned during her years of hard work in accounting and customer service. The loss in her benefits was something she could not plan for or anticipate. She is happy that her friends from General Motors are receiving the benefits they earned, but cannot understand why she is being treated so unfairly.

These stories are just a few examples of what has been shared with me when I have traveled the state and by those who contact my office. People who face the same kind of “shattered future” Louis does. People who have worked a lifetime for a company and now face foreclosure, bankruptcy, and chronic health problems for which they cannot afford treatment.
We owe it to Louis, Mary Anne and ALL of the Delphi retirees to take all steps possible to secure their pensions.

That’s why I’m urging the Obama administration to encourage General Motors to meet its obligations to Delphi retirees.

That’s why I will continue to advocate for fair and equitable treatment for the working people who played by the rules and dedicated many years of loyal service to both GM and Delphi.

And that is why I will continue to work with Governor Strickland, Senator Brown, Congressman Tim Ryan, Congressman Charlie Wilson and all Delphi retirees to make sure this issue is resolved quickly and is resolved equitably.

They deserve nothing less.

THANK YOU.
James Frost - Testimony for Finance Committee Field Hearing

Chairman Moore, and distinguished members of the committee, Thank you for the invitation to testify at today's hearing. I am representing 20,000 current and future salaried employees and 70,000 union and salaried retirees across this great country.

As a salaried retiree who worked for Delphi and its predecessor General Motors for 31 years, the events of the past 18 months have been devastating to me, my family, my community and many other Delphi retirees. It has forced large numbers of us into an unsustainable economic situation, at a time in our lives when recovery is difficult or impossible.

What is even more disturbing, is that as we dig into the details of how this all happened, we see the hand of the Federal Government deciding the fate of our pensions for the benefit of others. The uniqueness of the GM bankruptcy and the Treasury's role in the termination of Delphi's Salaried Pension Plan, coupled with the loss of all health and life insurance, is the reason Delphi salaried retirees are urging members of Congress to take a close look at this blatant disregard for the law.

Intervention in the fate of Delphi pensions by the US Treasury, GM, and the presidentially appointed Auto Task Force, ventured well outside of bankruptcy and labor law to the great detriment of Delphi retirees. Public and non-public documents clearly show that the Salaried Delphi pension plans were terminated by the PBGC upon the urging of members of the Auto Task Force working to expedite the GM bankruptcy. Time was of the essence and they could not take a chance that the matter would languish in a contested court termination proceeding. In sworn depositions, key members of the Auto Task Force freely admitted that the route taken to terminate the Delphi pension plans was crafted to avoid due process afforded to holders of vested benefits under sections 1113 and 1114 of the bankruptcy code.

Now that our pension plan has been terminated, many retirees have seen pension reductions in excess of 40% less than what they had earned. In my case, I lost in excess of 30% of my already modest pension. With the added cost of replacing lost health and life insurance, my net disposable income has been cut to about half of what it was 18 just months ago.

While The PBGC has given various (and sometimes contradictory) reasons for rapidly terminating Delphi's salaried pension plan, the most often stated reason is inability to pay benefits due to severe underfunding. The PBGC has stated they consider the plan to be funded at or just below 50% of outstanding liabilities, however actuarial experts disagree with that assessment.

An independent actuarial report by Watson Wyatt, furnished to the PBGC just 4 weeks before they acted to terminate the Delphi pensions, showed plan funding at close to 80% of its liabilities, based on generally accepted accounting methods prescribed by ERISA. A second actuary confirmed the accuracy of the Watson Wyatt estimates and further observed that the funding status of the Delphi salaried plan was at or above that of the largest 100 viable pension plans. In other words, there was no funding crisis as the PBGC claimed as their reason for swift termination.

Since time is extremely limited in today's hearing, I can't walk you through the volumes of testimony and evidence that verifies abuses of bankruptcy and labor laws that allowed the PBGC and US Treasury to get away with this "government taking" of our pension, but I would like to briefly paraphrase the testimony of Harry Wilson and Matthew Feldman of the Auto Task Force as they discussed how they crafted and executed the termination and subsequent disparate treatment of the various Delphi pension plans:

When questioned about the disparate treatment of different groups, Mr. Wilson admitted that certain groups of retirees were more politically sensitive than others leading to the decision of whether or not they would be
compensated by payments from GM and funded by the US Treasury. The salaried retirees and non-UAW represented hourly retirees were obviously not considered “politically worthy.” UAW President Ron Gettelfinger decried this as morally wrong and asked the Federal Government to make it right.

When asked about the termination of the Delphi pension plans, Matthew Feldman confirmed that one of his primary tasks was to resolve the Delphi pension plan disposition so that GM could exit bankruptcy rapidly. He made it no secret that he never considered any other scenario than termination of the salaried plan and moving the hourly plan intact to GM. When that scenario failed, plan B was to terminate all plans but then have GM [using US Treasury funds] make up the loss for UAW represented retirees in a separate payment. This was a clever “work around” the prohibition against successor plans established after a pension plan has been terminated & trusteed to the PBGC.

In closing, I’d like to leave you with the following thoughts:

- There is irrefutable evidence that the Delphi salaried pension plan was a viable plan that was terminated by political appointees for the benefit of General Motors and the Treasury.
- In the process, evidence shows that significant violations of constitutional and statutory law occurred as the Federal government picked winners and losers.
- These violations of the law have imposed serious economic and personal harm upon innocent Americans whose only sin was being in the wrong group at the wrong time.
- In the words of Edmund Burke: “All that is required for evil to prevail is for good men to do nothing.” That is why I continue to fight this injustice and ask you to join me in this fight.
Written Testimony by Bruce Gump
Financial Services Oversight and Investigations Subcommittee Field Hearing
Canfield, Ohio
July 13, 2010

Good morning Chairman Moore and members of the committee. We greatly appreciate the concern this subcommittee has expressed concerning this issue, and hope we can offer some insight and ideas on ways to correct what the Ohio Senate, the Speaker of the Ohio House of Representatives, the Ohio and Michigan Democratic Party Executive Committees and numerous others have all called “unfair and inequitable.” My name is Bruce Gump and I worked for General Motors for 23 years, then Delphi for 10 more years as a Senior Engineer before being “involuntarily terminated, and pension eligible.” In my testimony, I will describe how the misconceptions and misunderstandings about our promised and earned retirement benefits and our connection to the economy of the United States led to decisions that have hurt not only the group I represent, but also other groups and indeed the entire country.

As we have stated in previous testimony offered to other committees in both the House and Senate, we were assured by the company and the PBGC and that our pension plans were being well cared for. The more than 20,000 salaried workers made up of secretaries, clerks, technicians, customer service representatives, accountants, cost estimators, engineers and dozens of other classifications believed we would receive appropriate protection for the promised deferred compensation that makes up a pension. However, as we have learned since the bankruptcy of Delphi and then GM, to the executives of the company and to the United States Treasury Auto Task Force we were nothing but a commodity to be thrown out like yesterday’s trash when they no longer wanted us. They were in a hurry to get GM into and out of chapter 11 bankruptcy but GM needed Delphi to also exit chapter 11 in order to insure the parts supplier Delphi would be able to supply those parts without interruption. In addition, some of the worker groups had significant political and commercial power to affect the outcome and the future of the company, and so the administration chose to treat them in a manner that would prevent any interference with those plans. Other groups were determined to be too politically or commercially weak to require the same treatment because they represented too few people or were too disorganized and not politically active. The testimony from Mr. Frist explains that further. In the end, our government determined we did not have enough “commercial value” or maybe “political power” to deserve any protection during the Treasury orchestrated bankruptcy. So we believe the Treasury directed the PBGC to drop their legal efforts to terminate our pension plans, and instead follow an “involuntary termination” process they had used before that completely ignores and denies any representation for the affected participants, essentially denying them due process and allowing the PBGC to quickly terminate the plans.

The effect of this decision on our community was calculated by the Youngstown State University Department of Urban and Regional Studies. When the results are extended to include lost benefits for all the affected groups, the overall cost to the economy of the United States is about $1.5 Billion per year, every year, for the next 20 to 30 years. In addition, because the economic activity is reduced so significantly, about 85,000 American Citizens who had nothing to do with the Automotive Industry will see their employment simply evaporate.
When the Emergency Economic Stabilization Act of 2008 that created the Troubled Asset Relief Program – called TARP – was written, Congress wrote in section 113 titled “Minimizing Negative Impact”:

“The Secretary shall use the authority under this Act in a manner that will minimize any potential long-term negative impact on the taxpayer, taking into account the ... overall economic benefits of the program, including economic benefits due to improvements in economic activity and the availability of credit, the impact on the savings and pensions of individuals, and reductions in losses to the Federal Government.”

We respectfully submit that the Secretary of the Treasury did not do everything possible to meet this obligation.

Consider just a 10 year time horizon: $16 Billion of economic activity has been lost because the Delphi Retirees did not receive the same benefit of protection and support that other groups in the auto industry did. Each of those transactions represents income for somebody, and if taxed at 15% then the US Government will NOT collect $2.4 Billion and local governments will NOT collect $960 Million in sales taxes calculated using an average 6% rate. This does not include the INCREASED COST to the US Government for programs supported by them such as unemployment compensation and retraining. Nor does it include the devastating long term costs of personal bankruptcies and home foreclosures – many of which have already happened along with family breakups and even suicides.

The Delphi Retirees number about 70,000. In general each will have a spouse, children, brothers and sisters, perhaps grandchildren plus friends and neighbors. The old marketing saw about each dissatisfied customer affecting 10 other potential purchasing decisions, implies that 750,000 to 1 Million purchasing decisions will be affected by the Delphi Retirees. If the goal of the Treasury in their unprecedented involvement in the GM bankruptcy was to rescue that company and make them able to survive well into the future, it would seem appropriate to try to hold on to loyal customers like Delphi/GM retirees. Instead they incorrectly determined that group had no “commercial value” to GM and so deserved no support or protection from the US Government.

And so as a result of this discriminatory decision by the US Treasury to fully fund pensions and benefits for one group while leaving other groups out, economic activity is significantly REDUCED, there is a strong NEGATIVE impact on the savings and pensions of thousands of individuals, and the Federal Government will see significantly more LOSSES than they would otherwise. To me, that obviously is not living up to the requirements of the TARP, and is a policy error that MUST be corrected.

Furthermore, and maybe even more importantly, there are the intangible effects of the decision on the country. This decision was immoral because it was unfair and inequitable. Just imagine what would happen if the United States Government was allowed to determine the fate of citizens or citizen groups based on perceived “commercial necessity” in anything else the government does like Social Security, the Military, mortgage supports or now even Health Care. This certainly goes against the very foundational principles of our country like “Equal Protection.” The decision is also unethical because it affects so many downstream of us in the
economy – people who had nothing to do with the industry or the decision, and have no way to protect themselves. We believe it may even be illegal – we are pursuing that issue in Federal Court in the Eastern District of Michigan. It destroys the credibility of the administration when the President himself said it was necessary to protect the auto workers, and his party published a platform that said they would protect pension plans. This decision justification causes commercial value and political influence to reign supreme over the US Constitution, only those with enough political power and enough “commercial necessity” will receive any benefit from the involvement of the US Government.

In the written testimony we provide thoughts on best ways to resolve and correct this situation. Numerous pathways are open, but only one needs to be followed. Facilitating discussions between all the involved groups is one possible action the committee can take. The bottom line is that we believe the US Government has a responsibility to follow both the letter and the spirit of the US Constitution and use blind justice to determine how they will interface with the citizens of this country, not “commercial necessity.” That concept is simply abhorrent in American Political History and establishes an extremely dangerous precedent for the future. The Secretary of the Treasury must be held accountable to the requirements of TARP, and not allowed to discriminate between citizen groups.

Following is for written testimony only:

The best and most reasonable thing this committee can do to help is to facilitate discussions between the various parties involved including the Treasury, the Auto Task Force, the PBGC, and the DSRRA. The goal of the discussions would be to come to an agreement on the funding status of the pension plans including the assets and liabilities of the plans, and the final fair and equitable treatment of all the Delphi Retirees.

We would ask the committee to help us gain access to the documents associated with the Treasury’s and the PBGC’s involvement in the GM and Delphi bankruptcies that have so far been hidden from us in spite of numerous requests and demands from the DSRRA, various Senators and Congressmen, and legislative committees. It will do nobody any good to go through the subpoena process to gain access to what should be public documents anyway.
Written Testimony by Mary Ann Hudzik
Financial Services Oversight and Investigations Subcommittee Field Hearing
Canfield, Ohio
July 13, 2010

Good Morning Chairman Moore and other Committee members. Thank you for inviting me to testify here today about the Delphi Salaried Pension loss impact. My name is Mary Ann Hudzik. I retired from Delphi in 2008 after 30 1/2 years of service, 22 of those as a GM employee, being involuntarily terminated and pension eligible. I worked 11 years in Accounting, 19 years in Sales and short time in Customer Service. I retired believing that I would have healthcare, life insurance and pension for the rest of my life which were part of my overall compensation package and, because, even in bankruptcy, we were assured our pensions were securely funded.

Not long before I retired, I was presented with an Excellence in Action award for providing valuable leadership in increasing Delphi’s overall cash flow by being instrumental in reducing the unbilled sales by approximately $3M. Shortly after retiring it was decided that I, and those like me, had no more ‘commercial value’ so I lost all earned post employment benefits including my pension, which, after PBGC takeover, was reduced by 40%. So my dedication and years of loyal service to both GM and Delphi were irrelevant to those companies, but worse, to our government, who agreed that I had no commercial value and therefore was not entitled to my full pension while friends who were in a union, working for the same company, were entitled to theirs, utilizing TARP funds. I am not unhappy for my friends, only perplexed at why we are being treated so differently and what will be done about it.

I will tell you how this injustice has affected me personally. My husband is self employed and therefore on my benefits and he is a chronic pain patient. Often he cannot sleep due to the pain and sits up all night, leaving for work having never even gone to bed or sometimes not even being able to work. As anyone who is self employed knows, no work, no pay. He has endured many nerve blocks as well as surgery and still he suffers. Additionally, due to multiple chemical allergies, I myself must seek out specialists for things like dental treatments because anything that is used on me must be custom designed and appropriately applied. The costs associated are 3 times higher and not always covered by insurance. My pension reduction along with the added costs of our lost healthcare and life insurance were not something we anticipated. Our hope was that at least one of us would have a livable pension and other needed benefits.

There are far worse situations within our retiree ranks and Delphi is not the only story of pension and benefit loss in the Mahoning Valley and throughout the country. My father and grandfather were steelworkers. I know the heartache that came with the doors to those plants closing. It is inhumane, in my opinion, to rip away pensions when people are least able to replace the income. Work a Senior Fair and you will hear one story after another of widows living on $50.00 a month pensions. The story here, though, is that the U.S. Government stepped into a private sector bankruptcy and decided, with tax payer dollars, who should be hurt and who should not. If you were the
politically strong and powerful, as one committee director told me, you get taken care of.

I am outraged by this treatment. That we have to fund an expensive law suit on reduced income in the hopes of justice. An expensive process while our opponents have deep pockets thanks to tax payer dollars. If PBGC improperly or illegally terminated our pensions, it also affects current salaried workers as their ability to 'age out' further was stopped. How demoralizing to essentially be used to help line the pockets of CEOs and then to be, in effect, discriminated against by our own government. $8M awarded for a healthcare VEBA which the retirees had to fight for in court at their own expense which amounts to roughly $300 per retiree over their lifetime while a handful of GM Execs will get millions in stock and compensation packages while shedding selected baggage. How shameful. Really. We have plenty of pent up demand for GM cars within the retiree ranks but loyalty works both ways. Our treatment should be a wakeup call to all Salaried workers in this country, including those at GM.

I agree with the President when he says "We face a deficit of trust. "We need to do our work openly. "People have lost faith in their government." Almost a hundred Congressmen and Senators have repeatedly voiced their concern and support of us. We've had House and Senate HELP Committee Hearings, support from Governors, Attorneys General, State Representatives, Union and Community leaders for over a year now and still no response from the Administration. Dr. Ed Montgomery, the President's former Auto Czar visited with us and was presented the Youngstown State University economic impact study and assured us he himself would take it back to the President. That was a year ago. Thousands of letters written, emails, phone calls, volunteers devoting hundreds of thousands of hours to this pursuit of justice when many of us now need to be working to make up for the losses, pleading for someone to listen to our voices and yet silence from those who can right this wrong.

We are present today for our 3rd hearing in 9 months. My hope is that enough has been heard to move toward a resolution or to quote the President, "I'm not interested in words, I'm interested in action". The 08' Democratic Natl Platform pg.13 says "We will make it a priority to secure for hard working families the part of the American Dream that includes a secure and healthy retirement. We will adopt measures to preserve and protect existing public and private pension plans." Once this government, MY government, stepped into the GM/Delphi bankruptcy, all impacted retirees should have been dealt with fairly and equitably. We did nothing to deserve to be robbed of our dreams, our hopes, our plans for a secure future and to be sent into a downward spiral of existence while protecting the favored.

Mr. Chairman, I request that this is the hearing to end all hearings and that you move quickly to facilitate a resolution discussion between Treasury, PBGC, GM and DSRA. It is well past time for all affected parties, Hourly and Salaried, to be treated fairly.

Thank You
Mary Ann Hudzik
Testimony
Of
Norman Wernet
State Director, Ohio Alliance for Retired Americans
U.S. House of Representatives
Committee on Financial Services
Subcommittee on Oversight and Investigations
Canfield, Ohio
July 13, 2010

Members of the Subcommittee, my name is Norman Wernet. I appear before you as the State Director and Field Organizer for the Alliance for Retired Americans and on behalf of our Community Advocacy Network in this area, the Alliance for Senior Action. The Ohio Alliance has more than 250,000 members, consisting of union retirees and other activists dedicated to improving the quality of life for all older Americans. Our national Alliance has four million members throughout the country.

I greatly appreciate the opportunity to come before you today to testify regarding the state of retirement income security in Ohio. My purpose for appearing is as a showing of solidarity with retirees of Delphi in their fight for fair and equitable treatment and to highlight the ongoing pervasive weakening of retirement income security.

The case of Delphi’s bankruptcy and settlement of the issues continues in the courts and will for some time. In the meantime the effects of this company’s failure are playing out in the lives of the citizens in this valley.

The subcommittee’s invitation asked for the context of the bankruptcy in Ohio’s economy. According to the Labor Market Information statistics from the state of Ohio Jobs and Family Services, in 2001 the auto industry employed an average of 36,600 workers in vehicle manufacturing and 104,700 in manufacturing parts. In May of 2010, with some measure of recovery, Ohio employed 16,500 workers in vehicle manufacturing and assembly and 57,200 in the parts industry. This significant shrinkage by nearly half has been most apparent since 2008. The Delphi and GM bankruptcies are a significant part of this collapse.

The forced retirement of significant numbers of these workers, coupled with the 10% plus unemployment in the state, has created a major stress on their pension plans and precipitated the need for a further discussion of the issue before the committee.

The movement of Delphi workers/retirees pensions into the Pension Benefit Guaranty Corporation (PBGC) causes a significant strain on that agency and its well documented under funding. The most current data I could access indicates that 58,800 retirees in Ohio receive retirement income from the PBGC averaging $6,156 per year in 2008. Not exactly the “Life of Riley”. If that is combined with the average Social Security benefit for retirees in Ohio of $12,953, retirees will live on the edge of poverty. Given the rising costs of health care, it will be impossible to remain independent and not further burden the public coffers.
The fiscal crisis caused by the manipulation and speculative gaming of the financial markets has certainly caused havoc in personal retirement savings and investments for retirees of Delphi and all workers and retirees in Ohio. Yes the market has recovered some. But as we have seen in the last weeks, those of us, especially retirees and those near retirement, who believe in investing in a market economy and partnering to build business have been left with less than confidence and a feeling we are once again being taken for a ride down a back street to be mugged.

This situation argues for strengthening financial regulations that protect citizen worker savings, pensions, and Social Security. Retirement has been encouraged and is expected in our economy as a way to create adequate space for younger workers and reinvigorate the American workforce and productivity among other things. We have traditionally urged workers to have personal savings and participate in a retirement plan beyond Social Security. Over the last thirty years we have seen an increasing weakening of all three legs of this stool.

The Delphi workers fighting for “top-off” of the standard pension payout from PBGC are asking for some measure of economic justice for the compensation they have earned through a life of work. To allow those who managed this company into bankruptcy to walk away with huge sums of money that guarantee their livelihood at the expense of the retirees is not just an injustice but also a structural weakening of the local economy. The recent study http://cfweb.cc.ysu.edu/psi/pdf%20files/publications/curs.ed.r.328.fa.9.09.pdf by Youngstown State University of the loss of pension by the salaried retirees alone will cost the area $56 million a year in economic losses.

Given this study, the cumulative effect of the ongoing losses of pension and savings income to retirees on this valley caused by the rolling of the financial markets and corporate restructurings since 1980, especially in the steel industry, is astronomical. Had those losses been stemmed, the older citizens in this area and in the whole of Ohio would be more fiscally secure and less costly to the public budget. Ohio’s population over 60 is currently 17% and expected to grow over the next decade. Retirees want to age in place here in Ohio but their quality of life is dependent on the security of the income available.

The workforce retiring now has been through the high unemployment decade of the 1970’s, stagflation, wage price freezes, massive heavy industry restructuring, a downsizing in the 1980’s, and periods of unemployment as we proceeded to control inflation. It is also the generation that has spent enough as consumers to bring the economy out of the last several recessions. These workers have limited their pay demands and found ways to assist their employers to stay in business. The pay off has been in essence to have that life of work devalued in retirement.

Those of greatest risk of outliving their current retirement income are women. A study released in 2007 from the Institute for Women’s Policy Research showed median personal income for women in Ohio over the age of 65 to be $12,321 per year versus men at $20,959. I had a call from a woman who retired 20 years ago from GE in this valley inquiring about options and supplements to pay for supplemental Medicare insurance. Her premium for the supplement offered now exceeds her retirement income from her pension.
She wants to do the right thing and pay her bills but now, at 82, does not have enough income because her pension was lowered by a bankruptcy.

This is not an uncommon scenario and it is likely to be repeated in the bankruptcies of Forum Health and Denman Tire and as retirees of Republic Technologies, Inc and the 353+ companies based in Ohio that are now in PBGC.

The Alliance for Retired Americans has been all too aware of these developments and works to educate and advocate with organized groups of retirees and to develop a community dialogue on this issue. Several years ago we noted this trend in our briefing papers *Vanishing Pensions and Savings and Retiring Into Work*.

The anger and frustration expressed in the written testimony of Elizabeth Knauf, President IUE-CWA Local 717 Retirees, is based in the dismissive way business, the courts, and various administrative agencies react to the economic displacement workers have to live through after a life of productive work. The lack of action to stop the ongoing, repetitive, and seemingly intentional devaluing of the production and value retirees added during their active years of work in the economy is a call to reform and actions that Congress can take.

**What Congress Can Do**

Immediately: Congress can support mechanisms that would make all Delphi retirees whole in the same manner as the “top-offs” in GM.


Immediately: Congress can strengthen Social Security by:

- Raising the payroll tax cap on Social Security taxes for the wealthiest Americans.
- Freezing the estate tax at 2009 levels and apply those revenues to Social Security.
- Putting people back to work in good-paying, American jobs.

Immediately: Enact legislation proposed by Senator Tom Harkin (D-IA), “The Wall Street Fair Share Act” (S. 2927), and Representative Peter DeFazio (D-OR), “Let Wall Street Pay for the Restoration of Main Street Act of 2009” (H.R. 4191). This legislation would place a modest tax on Wall Street financial speculation while leaving the vast majority of ordinary investors largely unaffected. All told, this modest tax of 0.25 percent would raise over $75 billion a year.

Congress could allow shareholders a greater voice and vote in corporate governance to reign in some of the executive excesses and engage a better conversation and dialogue about the practices of American businesses. We have structured business on the model of democracy, Congress can structure law to make that promise of democracy happen in our economic life…. building trust might actually build investment.
Congress could direct a reevaluation of labor statistics accounting for the lost retirement compensation previously accounted as part of wage and benefits used for computing productivity and unit costs of production.

Congress can enact retirement security legislation that follows the principles adopted by the AFL-CIO:

Principles to Guide the Delivery of Retirement Income

➤ Retirement security should be based on mutual responsibility, with financing and risk allocated equitably among government, employers, and workers;

➤ Every full-career worker should have the opportunity to retire at 65 with at least 70 percent of his or her pre-retirement income;

➤ Retirement benefits should be portable;

➤ Defined contribution plans should be structured to serve the interest of workers and retirees, not those of their employers or Wall Street;

➤ Retirement plan participants should be represented in the governance of their plans.

Policies to Achieve Retirement Security for American Workers

➤ Strengthen Social Security: The bedrock of retirement security for America’s working families is Social Security. While we successfully defeated the attempt to privatize Social Security in 2005, we must continue to fight all such efforts. Similarly, we must oppose attempts to switch public employee defined benefit pensions to defined contribution plans. Beyond this, we need to work for improvements in Social Security, at least to provide above poverty-level benefits for workers who put in a full career at low-wage jobs and to improve the retirement security of women.

➤ Ensure employer responsibility: All employers should be required to fund retirement benefits on top of Social Security, as an essential part of every worker’s pay. The most effective and efficient way to do this is through a defined benefit pension plan. Private-sector employers who don’t provide such a plan should be required to contribute into either a supplementary Social Security plan or a government-sponsored annuity plan that builds on existing programs, e.g., state employees’ pension systems.

➤ Curb corporate abuse of the bankruptcy process: All workers should have a claim in bankruptcy court for lost pensions, just like unpaid wages. Today, only the PBGC can pursue such a claim and regardless of what it realizes, the PBGC will not pay pension beneficiaries more than the PBGC-insured limits. Companies should be precluded from selling assets to escape their pension obligations. Today, companies in bankruptcy will sell their assets “free and clear,” leaving nothing but shell companies to fund employee benefits.
➤ Improve defined contribution plans: Employers should be given the flexibility to provide benefits through qualified defined contribution plans, but not as a substitute for their contribution to the defined benefit system. The design of worker savings plans should be improved to make worker contributions to employer-provided defined contribution the default option for workers. Requiring employer contributions to worker savings plans, like defined contribution plans, should also be considered.

➤ Make all retirement savings vehicles effective and efficient: Many 401(k)s and IRAs are not operated in the best interests of Americans striving to save for retirement. Reducing the big fees paid out of workers’ retirement accounts can yield both enormous aggregate savings and meaningful improvements in individual workers’ retirement security. Making sure plans are structured and operated so that saving, investment and distribution decisions are simple also will improve Americans’ retirement security.

In the alternative, Congress can begin a comprehensive process of pension and retirement income security reform following the recommendations of the Retirement USA Conference report http://www.retirement-usa.org/wp-content/uploads/2009/10/Conference-Report.pdf listed below:

Core Principles
Universal coverage. Every worker should be covered by a retirement plan in addition to Social Security. A new retirement system should include all workers unless they are in plans that provide equally secure and adequate benefits.

Secure retirement. Retirement shouldn’t be a gamble. Workers should be able to count on a steady lifetime stream of retirement income to supplement Social Security.

Adequate income. Everyone should be able to have an adequate retirement income after a lifetime of work. The average worker should have sufficient income, together with Social Security, to maintain a reasonable standard of living in retirement.

Supporting Principles
Shared responsibility. Retirement should be the shared responsibility of employers, employees and the government.

Required contributions. Employers and employees should be required to contribute a specified percentage of pay, and the government should subsidize the contributions of lower-income workers.

Pooled assets. Contributions to the system should be pooled and professionally managed to minimize costs and financial risks.

Payouts only at retirement. No withdrawals or loans should be permitted before retirement, except for permanent disability.
Lifetime payouts. Benefits should be paid out over the lifetime of retirees and any surviving spouses, domestic partners, and former spouses.

**Portable benefits.** Benefits should be portable when workers change jobs.

**Voluntary savings.** Additional voluntary contributions should be permitted, with reasonable limits for tax-favored contributions.

**Efficient and transparent administration.** The system should be administered by a governmental agency or by private, non-profit institutions that are efficient, transparent, and governed by boards of trustees that include employer, employee, and retiree representatives.

**Effective oversight.** Oversight of the new system should be by a single government regulator dedicated solely to promoting retirement security.

Members of the Subcommittee, on behalf of the more than 250,000 members of the Ohio Alliance for Retired Americans and Delphi workers and retirees, I want to thank you for this opportunity to testify here today. Americans who have played by the rules during their working lives should be able to live out their retirement years with security and in dignity. Thank you.
Retiring Into Work

Introduction
Working in later life often supplements other sources of retirement income, such as Social Security, pensions and savings, and it is likely to become even more important in the future. While many mid-life workers say they would like or need to continue working past normal retirement age, policy makers and employers are examining ways to encourage them to remain in the labor force.

This report explores the advantages and disadvantages of working longer and the practices that can encourage continued participation in the labor force at older ages.

To Work or Not to Work
Much is being written about the aging population in the United States, particularly as the “baby boom” population nears retirement. Policy makers and employers are exploring ways to encourage workers to delay retirement, which could produce societal and economic benefits. If baby boomers work longer, they will consume more products, add to national productivity, continue paying income and payroll taxes and contribute to economic growth. They will also have more time to save money for retirement.

Labor Force Trends
Over the next two decades, the labor force participation rate for older workers age 55 and over is expected to increase, largely due to the baby boom generation. In fact, the labor force rate for workers age 55 and over is expected to increase four times that of the overall labor force in the next several years. In 2002, the 55+ population made up 27.6 percent of the total U.S. population and one in every seven (14.3 percent) workers. By 2012—when baby boomers will be ages 48-66—women and men age 55 and older will account for one-third of the population (32.4 percent) and nearly one in five workers (19.1 percent). Over the same time, the proportion of workers ages 25-54 is expected to decline from 70.2 percent of the workforce in 2002 to 65.9 percent in 2012. The median age of the labor force is projected to be 41.4 years in 2012, nearly 7 years higher than in 1982.
The gender gap in labor force participation rates has been shrinking. The labor force participation rate for women overall continues to increase steadily, rising from 52.6 percent in 1982 to 59.6 percent in 2002; it is projected to be 61.6 percent in 2012. The labor force participation rate of women ages 55 to 64 years has risen more dramatically, from 41.8 percent in 1982 to 55.2 percent in 2002 and to a projected 60.6 percent in 2012. Despite higher participation rates of older workers and women, labor force growth overall will slow by almost half over the next 10 years. This could create a shortage of up to 10 million workers by 2010 that would indicate a need for the continued involvement of older workers in the labor force. By 2030 the population over age 65 will be double what it is today. Continued labor shortages are anticipated because the generation following the boomers is substantially fewer in numbers due largely to a decline in the fertility rate since the 1970s.

**Aspirations of Older Workers**

What do mid-life and older workers want? Doing work that they enjoy, that enables them to remain active and productive and helps others are key factors. Many say that they want or need to continue working after normal retirement. One survey of baby boomers found that 79 percent plan to work during their retirement years. Of those, 15 percent plan to start a business and 7 percent plan to work full-time at a new job; 30 percent plan to work part-time for enjoyment and 25 percent part-time for needed income.
In another survey of workers between ages 50 and 70, half report that they want jobs both now and in retirement that help improve the quality of life in their communities. Seven in 10 of those ages 50-59—the advance wave of baby boomers—are interested in retail “and good work” jobs in education and social services. Another study of workers age 50 and over found approximately half said the desire to stay mentally and physically active and the desire to remain productive or useful were major reasons to work in retirement.

Many who plan to work, however, will not. Not all workers will be able to continue to work in later life. Physical and mental health, lack of health insurance, job stress, transportation, employment status of a spouse and caregiving responsibilities are among the many factors that may influence the decision to retire completely. The lack of employer-provided health insurance for workers increases the average retirement age by two years for women and 1.5 years for men.

Conversely, economic pressures may produce a negative motivation to continue working. Seventy-six percent of workers ages 50 to 65 who plan to continue working after age 65 identify the need for money as a major reason to work in retirement.

As the following table illustrates, the factors affecting the decision to work in retirement are complex as are the obstacles.

<table>
<thead>
<tr>
<th>Looking Beyond Normal Retirement Age</th>
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<tbody>
<tr>
<td><strong>Reasons to Continue Working</strong></td>
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<tr>
<td>Positive Reasons:</td>
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<tr>
<td>Have a phased retirement option, flexible schedule</td>
</tr>
<tr>
<td>Enjoy one’s work and associations</td>
</tr>
<tr>
<td>Challenge and engagement</td>
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<td></td>
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<tr>
<td>Negative Reasons:</td>
</tr>
<tr>
<td>Need the income</td>
</tr>
<tr>
<td>Loss of anticipated retirement savings, stock market losses</td>
</tr>
<tr>
<td>Loss of or increased cost-sharing for retiree health coverage</td>
</tr>
<tr>
<td>Lack of or insufficient pension benefits and savings</td>
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</table>
Despite the Age Discrimination in Employment Act of 1967, which prohibits workplace discrimination against persons age 40 and older, the "silver ceiling," where age discrimination prevents continued employment or advancement, still exists. A survey of human resource managers found that 59 percent do not actively recruit older workers and 65 percent do not do anything specific to retain older workers. Federal and state age discrimination laws need to be strengthened and vigorously enforced while workers’ awareness of their employment rights should be improved. No one should be denied a job, laid-off or passed over for opportunities because of their age.

Workers over age 50 are less likely to be tapped for formal training to upgrade job skills. Increasing education and training opportunities for older as well as younger workers may be one of the best investments employers can make. For example, United Technologies Corp. spends more than $60 million annually on its employee scholar program, which pays the costs of workers of any age who study in their spare time. The company estimates that retention rates among its “employee scholars” are about 20 percent higher than U.S. workers as a whole.

Many older workers who want to continue working also wish to work fewer hours in "phased retirement," either on a flexible part-time schedule with a current employer or part-time with a new employer. In a study of workers and retirees, nearly two in five workers (38 percent) ages 50 and over express interest in phased retirement, and nearly four in five of the 38 percent say that the availability of phased retirement would encourage them to stay in the workforce longer. One-third (33 percent) of retirees said a phased retirement plan would have prompted them to remain in the workforce longer. The most attractive aspects of phased retirement are the ability to reduce work hours and possibly access pension benefits as long as final pension benefits after full retirement are not reduced.

Policies and Regulations

Some policy proposals to prolong work life are actually disincentives to retire rather than incentives to work. Such proposals include increasing the age for full Social Security benefits beyond age 67, increasing the early Social Security retirement age of 62, and indexing the Social Security eligibility age for benefits to increases in life expectancy.

These approaches have numerous drawbacks. Increasing the early or normal retirement age fairly is difficult among a diverse population with different occupations, educational levels, health conditions and gender and ethnicity life expectancies. Those who promote such
increases maintain that few workers today are in physically demanding jobs and thus can work longer.

Blue-collar and service sector jobs can be physically demanding. The decline in physical job demands over the past decade is confined largely to college graduates. While two out of five workers ages 55 to 60 reported in 2002 that their jobs almost never require much physical effort, one in five report that their jobs almost always require substantial physical effort. 17 The average age of workers in some manufacturing jobs is 50 or older. 18 Those in physically demanding jobs suffer more from health problems that complicate their ability to remain in the labor force. Consequently, many of these workers will be unable to continue working to a later age.

Physical work is not the only source of stress. While highly educated workers are less likely to do physical labor, these white-collar jobs increasingly require intense concentration, skill in dealing with other people and good eyesight, thereby becoming more difficult and stressful for older workers. 19 Many workers cannot envision employers hiring them if the normal retirement age were raised to 69 or 70. 20 Raising the age higher than scheduled under current law would likely mean more people would retire earlier.

A policy change that ties Social Security benefits to longevity places the burden of that change entirely on the older persons affected by it. The percentage of pre-retirement earnings replaced by benefits would steadily decline. Some may be able to adjust to it but many others will not. Older women in particular, who live longer and poorer than men, would be greatly burdened from such a policy.

Some regulatory changes, however, can help workers with a defined benefit (DB) pension plan work longer. Most pension plans are either defined benefit or defined contribution (DC) plans. 21 In a DB plan, the employer promises a benefit amount that is usually determined by salary and length of service. In a DC plan, such as a 401(k) plan, employees and/or employers make specific contributions to an investment account; the benefits depend on investment performance. 22 Employee Retirement Income Security Act (ERISA) regulations currently prevent workers with a DB plan from collecting their pensions while continuing to work for the plan sponsor. DC plans have fewer regulatory restrictions and allow participants to make withdrawals at age 59 1/2 while they are still working. Changing the ERISA regulations may encourage employers to offer phased retirement and allow employees to accrue retirement pension credits or collect benefits while working reduced hours. The Treasury Department and the Internal Revenue Service have proposed rules, effective in 2006, to allow workers over
age 59½ to receive a portion of their defined benefit pensions and continue working as long as they scale back their work at least 20 percent.

Low-income older Americans, particularly those in rural areas, face multiple barriers to employment, including limited job and training options, isolation and scarce transportation. The Senior Community Service Employment Program (SCSEP) under the Older Americans Act (OAA) provides part-time employment opportunities for older Americans who are economically disadvantaged, have significant barriers to employment and need intensive services. This program, however, has been flat-funded for several years. The OAA is due for reauthorization in 2005, which provides Congress with the opportunity to improve and expand this popular program with additional funding.

Employer Adaptations

Employees who are willing to work longer report that flexible schedules, job sharing, flex-place, part-year and other non-traditional work arrangements are important. Employers should adapt to these changing expectations accordingly if they want to retain older workers. They can remove barriers older workers face when seeking and retaining employment; barriers include employer attitudes about older workers’ productivity.

Modest investment in job modification and workplace redesign, such as in the programs described below, can meet many of the workplace needs of older workers.¹³

<table>
<thead>
<tr>
<th>Employer Initiatives to Support Older Workers</th>
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<tbody>
<tr>
<td>Health professionals, particularly nurses, are in short supply. In addition to increased public support for education, employers in the health field can offer programs to support the maturing workforce such as offering health care services at a discount. For example, St. Mary’s Medical Center of Huntington, West Virginia, provides many diagnostic and preventive services free to mature female employees (screening for breast cancer, skin cancer and pelvic exams), as well as a range of services to all employees such as free annual check-ups. The Center also adjusts pension calculations to allow workers to reduce hours in their final years of employment without decreasing their final pension benefit. This allows older workers to cut down on their hours without risking loss of retirement benefits.</td>
</tr>
<tr>
<td>Charles Stark Draper Laboratory in Cambridge, Massachusetts, an applied research, engineering, and technology company offers a recruitment program for retired and former employees; a generous tuition program for graduate and undergraduate college work; a choice of defined benefit, defined contribution, and cash balance retirement plans; and on-site seminars in retirement planning. Forty-two percent of the company’s employees are over age 50.</td>
</tr>
</tbody>
</table>

Employers can also initiate dependent care programs, including respite care, for employees who have caregiving responsibilities.
Conclusion
There are many ways in which older persons can be encouraged to lead more productive, healthier and more enjoyable lives by remaining in the workforce longer than the normal retirement age.

Working longer than the normal retirement age is an option for greater income security in later life. However, that option should be voluntary, only if the individual wants to do so. The emphasis should be on developing policies and practices that enable people to work longer if they choose, not policies that inflict an onerous burden on older workers. Mandatory policies that discourage retirement cannot readily adapt to diversity and in the end will be an inequitable imposition on many.

Endnotes
1 The estimated 77 million baby boomers are those born between 1946 and 1964. In 2005, they are between ages 41-59.
3 Ibid.
5 The lower fertility rate of 2 children per woman of childbearing age is referred to as the "baby boom bust."
10 Brown, S. Katti. op.cit.
15 Brown, S. Katti. op.cit.
16 The full eligibility age, or normal retirement age, for Social Security is being raised from 65 to 67 from 2000 to 2022. In 2005, the eligibility age for full Social Security benefits is 65 years and 6 months.
19 Johnson, Richard W. op.cit.
21 Some employers have initiated or converted to cash balance plans which are a hybrid of DB and DC plans. Cash balance plans are DB plans with DC features including an individual account with potential portability from one job to another. Conversions may hurt older workers.
22 DB plans are insured by the Pension Benefit Guaranty Corporation up to certain limits. DC plans are not.
This is the fifth in a series of issue briefs from the Alliance for Retired Americans Educational Fund on issues and programs that should be considered at the White House Conference on Aging scheduled for December 11-14, 2005 in Washington, D.C.

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Vanishing: Pensions and Savings

Introduction
Since the creation of the first pension plan in the late 1880s traditional defined benefit pensions have played a significant role in retirement security for older Americans. Recently, however, defined contribution savings plans have been replacing defined benefit plans, which offer greater protection. The movement away from guaranteed benefits creates the potential for economic hardship for millions of Americans during their retirement years.

This report examines the shifting trends in employer-sponsored pension and retirement savings plans in the private sector; and makes recommendations for protecting existing benefits and expanding coverage for those workers who are not participating in any plan.

Threats to Traditional Pensions and Retirement Security
The typical distinctions between traditional defined benefit, defined contribution and cash balance plans in the private sector can be seen at a glance in Table I and in more detail on page 4. Briefly, defined benefit (DB) is a pension plan, defined contribution (DC) is a savings plan, and cash balance (CB) is a hybrid between the two—defined benefit with defined contribution characteristics. Collectively, they are referred to as employer-sponsored retirement plans.

Ascendency of Defined Contribution (DC) Plans. The growth in retirement savings plans at the expense of defined benefit pension plans has led retirees and workers to take on more risk in their retirement incomes. Defined contribution plans were initially intended as added savings vehicles to supplement traditional pension plans but over the last 30 years they have been replacing rather than supplementing defined benefit pension plans as employers are encouraging workers to build up their own savings and bear the risk in DC plans such as 401(k)s.

The percent of workers in DB plans has declined by over one-third during the 1990s although maintaining a steady level around 20 percent since 1999 (see Figure 1). DC plans have grown steadily during the same time period with 35 percent of workers participating in a DC plan in 1990-91 rising to 42 percent in 2005, double the percentage of workers in DB plans. Some workers participate in both types of plans, though the decline in DB plans is slowly eroding dual coverage.3
Table 1. Characteristics of Retirement Plans

<table>
<thead>
<tr>
<th></th>
<th>Defined Benefit</th>
<th>Defined Contribution/401(k)</th>
<th>Cash Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation</td>
<td>Automatic</td>
<td>Voluntary</td>
<td>Automatic</td>
</tr>
<tr>
<td>Contributions</td>
<td>Employer</td>
<td>Employee and employer</td>
<td>Employer</td>
</tr>
<tr>
<td>Investment risk rests with</td>
<td>Employer</td>
<td>Employee</td>
<td>Employer</td>
</tr>
<tr>
<td>Benefits determined by</td>
<td>Years of service</td>
<td>Contributions and investment returns</td>
<td>Pay credits and interest credits</td>
</tr>
<tr>
<td>How benefits are typically paid</td>
<td>Annuity or lump sum</td>
<td>Lump sum</td>
<td>Lump sum**</td>
</tr>
<tr>
<td>Access to funds before retirement/termination of employment</td>
<td>No</td>
<td>Yes***</td>
<td>No</td>
</tr>
<tr>
<td>Guarantee by PBGC</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Access to benefits after termination of employment/before retirement</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

* In most collectively bargained plans, monthly benefits are a flat dollar amount (e.g., $30) multiplied by years of service.
** With the option to take an annuity
*** Loans and hardship withdrawals

As pensions are often a collective bargaining benefit, union workers are nearly five times more likely to be participating in a DB plan than nonunion workers (72 percent vs. 15 percent) and slightly more so in DC plans (43 percent vs. 41 percent).1

Within limits, workers with DC plans decide how to invest the assets and bear the risk of returns. Many workers, however, lack financial acumen for making investment decisions. Workers in DC plans do not have the insured protection of the Pension Benefit Guaranty Corp. (PBGC) and are particularly vulnerable to poor market returns. Because DC plans pay benefits out as lump sums and very few workers use their DC benefits to purchase annuities, workers also bear longevity risk—the risk that they will outlive their savings.

Underfunding of DB plans. DB plans are insured by the PBGC with limits on benefits, adjusted each year. The 2005 maximum PBGC insured benefit for a 65-year-old individual is $45,614.2 Sponsors of DB plans pay annual flat and variable rate premiums to the PBGC for its coverage.4 A number of events and practices, however, have led to the PBGC running a deficit.5 Many pension plans are underfunded as a result of large stock market declines since 2000 and the concurrent drop in interest rates to historically low levels. Widespread bankruptcies in the steel and airline industries led to the termination of many pension plans in those industries with significant unfunded liabilities. Some employers began to look for ways to avoid their obligations or shift some of the risks to workers by terminating their DB plans.
This has put a tremendous financial strain on the PBGC. While the PBGC had $9.7 billion more than needed to pay benefits in all plans in its single employer program at the end of fiscal year 2000, the federal agency reported a record actuarial deficit of $23.3 billion at the end of fiscal year 2004.4

There are proposals under consideration in Congress that would require employers to fully fund their plans as well as pay higher premiums to the PBGC.

Lump Sum Distributions. Both DC and CB plans, and increasingly DB plans, allow for lump sum disbursements at retirement or when a worker changes jobs, instead of the standard monthly annuity. In DC plans, workers may borrow against their accounts or withdraw assets while they are still working under certain circumstances. When changing jobs, most workers take a lump sum payment if available even with tax penalties rather than transferring to an individual retirement account (IRA) or other tax-advantaged retirement account. Workers at retirement typically take the account as a lump sum. To convert an account to an annuity, a periodic payment that typically lasts as long as the annuitant lives, a worker has to purchase it separately from an insurance company. Those who do not convert to an annuity take a chance they will outlive their retirement assets. With DC plans, few workers transfer their accounts when changing jobs and few retirees buy annuities.5 DB and CB plans must, by law, provide annuities as the default form of benefit, but they can offer lump sums as an alternative benefit form.

Conversion to Cash Balance Plans. In addition to a shift from DB to DC plans, there has also been a shift from traditional DB to cash balance plans.6 The proportion of DB plans that are cash balance has risen from 4 percent in 1996-7 to approximately 20 percent today.7
Defined Benefit. A traditional pension plan that uses a specific predetermined formula to calculate the amount of an employee's future benefit, usually a calculation of the number of years of service and a measure of the worker's average salary over a career or the number of years of service and a fixed dollar amount. Employers make the contributions, make the investment choices and bear the direct financial risks. Taxes are deferred until benefits are paid. Benefits are insured by the Pension Benefit Guaranty Corporation (PBGC) and usually paid as an annuity. A 2004 law, however, requires automatic rollover to an IRA for small distributions under $5,000.

Defined Contribution. Under the most common type of DC plan, known as a 401(k), employees contribute a predetermined portion of their earnings (on a tax-deferred basis) to an individual account, all or part of which may be matched by the employer. These plans do not have the insured guarantee of the PBGC. At retirement, the worker receives the account balance the total of deposits and investment income usually in a lump sum, which is subject to taxation unless the money is transferred to an IRA or another job-based retirement plan.

Cash Balance. A cash balance plan is a hybrid pension plan—a defined benefit plan that has some characteristics of a defined contribution plan. The employer makes the contributions and investment choices and bears the investment risk. The employee's promised future benefits are stated as a hypothetical account balance, which grows with annual pay and interest credits. Unlike in a DC plan, benefit levels are unrelated to the actual investment performance of the plan's underlying assets. In almost all CB plans, workers may take a lump sum distribution of their account or transfer it to an IRA or another job-based retirement plan at termination of employment or retirement. Income tax must be paid when benefits are withdrawn. Benefits are insured by PBGC.

Cash balance plans have been controversial because of their impact on older workers, although other court decisions upheld conversions. In 2003, a federal district court ruled that the basic design of a cash balance plan at IBM violated the age discrimination rules. Furthermore, conversions from traditional DB plans to CB plans frequently have resulted in reduced future benefits for older workers, depriving them of a large part of the benefits they expected to earn, as well as resulted in periods of years in which some older workers earn no new benefits under the plan.

Inequalities in coverage. Those who lack retirement plan coverage generally are workers in part-time or low-wage jobs or who work for smaller companies. Among service workers, only 7 percent participate in a DB plan and 18 percent participate in a DC plan. Similarly, only 9 percent of part-time workers participate in a DB plan; 14 percent in a DC plan.

Even when an employer has a retirement savings plan that covers all employees not all may participate. Low-wage workers in particular have a lower participation rate than high-wage workers. While participation is automatic for workers covered by DB plans, it is usually optional under DC plans. Many workers do not participate because of age, service and number of hours requirements that hinder participation. However, one-quarter of workers with an available plan say that they choose not to participate. And if they do participate, they typically contribute a smaller percentage of their pay than higher wage earners.

Automatic enrollment in a retirement plan is one means of encouraging participation by moderate and low-income workers. A recent analysis showed that, before the adoption of automatic enrollment, only 12.5 percent of workers with annual earnings under $20,000 participated in a 401(k) plan but after adoption of automatic enrollment, 70.5 percent participated.
Three-fourths of uncovered workers are employed in small companies without a pension plan. Only 10 percent of employers with fewer than 100 employees offer a DB plan and 47 percent offer a DC plan whereas 32 percent of large employers (over 100 employees) offer a DB plan and 87 percent offer a DC plan. In response to reports that small employers do not offer a retirement plan because of cost and administration related reasons, Congress enacted legislation in 1978 to encourage small employers to establish Simplified Employee Pensions (SEP). In 1996, Congress authorized the Savings Incentive Match Plans for Employees of Small Employers (SIMPLE). Both require little paperwork and no government reporting if certain rules are followed. While this has increased coverage by small employers somewhat, additional incentives may be needed.

**Pension integration.** One of the most unfair provisions in retirement plans, pension integration allows an employer to deduct part of a beneficiary’s Social Security payments—up to 50 percent from promised pension benefits in order to reduce plan payouts. Integration particularly adversely affects women who are the majority of low-wage workers.

**Corporate Fraud.** Tens of millions of retirees and workers have lost or had 401(k) benefits severely reduced because of corporate fraud and abuse such as the Enron and WorldCom scandals of 2001-02. Despite these events, workers still are heavily invested in company stock and susceptible to corporate exploitation. One study by Hewitt Associates found that more than one in four workers in large companies held half or more of their 401(k) balances in employer stock; many are not diversifying by selling company stock and one in five are not contributing enough to qualify for the employer match.

Pension assets should be considered the property of the employees. ERISA legislation states that pension plan money must be used exclusively for the benefit of workers and retirees. All assets of a pension plan, including employer contributions, are deferred wages. Deferred wages are trade-offs for a promise of a pension that is expected to continue and grow in value and provide adequate retirement income for long-service employees. Workers need representation on the boards of trustees to ensure protection.

**Termination and Freezing of Plans.** Plan termination can occur not only in bankruptcy situations but also in cases where an employer simply wants to limits its financial outlays. A growing number of employers are cutting off traditional pension plans by freezing benefits particularly for young employees and not offering its pension plan to new hires. By freezing pensions, workers retain the benefits they have already accumulated but lose the potential for further accruals. In a termination, an employer closes down a plan, and defaults to the federal government or moves the pension funds into an insurance policy that will eventually pay out to workers. According to the consulting firm, Watson Wyatt Worldwide, this is a growing phenomenon—the percentage of companies with a frozen or terminated plan rose to 11 percent in 2004, up from 7 percent in 2003, 6 percent in 2002, and 5 percent in 2001.

**Low Personal Savings.** Personal savings in the United States cannot be much lower. Savings by individuals has declined from 7.2 percent in 1980 to 0.9 percent in 2004.
Employers can encourage more savings by making a substantial match to 401(k)s and other savings accounts. One study found that workers increase their contributions to Individual Retirement Accounts (IRAs) by four times when they receive a 20 percent match to their contribution and they boost their contributions by eight times when they receive a 50 percent match.\textsuperscript{25}

A “Saver’s Credit” provision was included in the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 to encourage low and moderate-income workers to save for retirement.\textsuperscript{26} However, since the credit is nonrefundable, it does not provide incentives to save for those whose income is so low they do not file income tax returns. The credit phases out at modest incomes and it is scheduled to expire at the end of 2006.

**Recommendations**

The primary goal of any pension reform should be to expand coverage and participation while protecting existing rights of current and future retirees. The following recommendations address that goal.

**Expand Coverage and Participation.** The lack of pension coverage for a significant segment of the workforce is a serious matter. Low and moderate-wage earners in particular end up without any significant source of retirement income other than Social Security. If adopted, whether by Congress, regulators or employers, the following measures would advance coverage and participation significantly.

- Advance the earliest possible vesting of employer contributions.
- In workplaces with no retirement plan, encourage the creation of hybrids such as cash balance plans that combine the best features of DB and DC plans.
- Institute automatic enrollment in workplace retirement plans, whether DB, DC, or hybrid. Workers could still opt out but would need to take specific action to do so.
- Encourage workers to commit a portion of future pay raises to retirement plan.
- Establish greater tax incentives for employers who start plans or agree to cover all their workers.
- Establish a national educational campaign for employers that explains the importance of starting pensions and retirement savings plans for workers.
- Create more incentives for employers to adopted Simplified Employee Pensions (SEPs).
- Increased employer to employee education about a plan’s benefits.

**Preserve Current Coverage and Increase Savings.**

- In conversions from DB plans to cash balance plans or similar hybrids, older workers must have protections to avoid loss of valuable benefits.
- Expand the Savers Credit limit and make it refundable, permanent and available to those with somewhat higher incomes than currently allowed.

**Protect Workers’ Interests**

Although Congress enacted legislation in 2004 (P. L. 108-218) that addressed some pension issues it did not go far enough. Stricter governance and oversight of retirement plans and those who administer them are still necessary.
Workers should be encouraged to not cash out or borrow against their DC plans.  
There should be representation of workers and retirees on the boards of trustees of defined  
benefit pension plans, 401(k) and similar retirement savings plans. The trustees should be  
insured in the event they are found to have acted unlawfully and plan participants need to be  
made whole.  
Loopholes that allow companies to underfund pensions should be closed. Plan sponsors  
should be held accountable for adequately funding their plans.  
Full disclosure of the financial status of the fund and explanation of participants’ rights  
should be provided by the plan sponsor.  
Those who provide financial education and investment advice to plan participants should be  
free of conflicts of interest.  
There must be special protections for workers when employers make retirement plan  
contributions in the form of their corporate stock and ample notice before employers institute  
lockdowns.  
A national ombudsman to protect the rights of plan participants should be established within  
the Department of Labor.  
Workers should have a voice in the use of terminated pension assets.  
Require workplace education program conducted by impartial third parties.  
Eliminate pension integration.  

Conclusion  
Social Security, pensions, and personal savings and assets have long been recognized as the  
three legs or sources of retirement security. Recent developments in the pension and savings  
arenas—underfunding, stock market volatility, poor investment decisions, corporate fraud and  
abuse—underscore the importance of maintaining Social Security’s guarantee of risk-free, inflation-adjusted lifetime protection. Nevertheless, Social Security was never meant to be the sole  
source of retirement income. It works best when complemented by an employer-sponsored  
pension and personal retirement savings. Any reforms in the retirement system must first and  
foremost expand coverage and participation and protect the interests of workers and retirees.  

Endnotes  
1 There are thousands of public pension plans for state, county and municipal employees and several federal plans for federal workers. There are no uniform standards for public pension plans, rules determining the rights of beneficiaries are left to the discretion of each sponsoring jurisdiction.  
Then, public pensions are beyond the scope of this brief.  
4 U.S. Department of Labor, Bureau of Labor Statistics. August 2005. There are two types of DB plans insured by the PBGC: single and multi-employer. Multi-employer pension plans are insured by collective bargaining agreements covering two or more employees in an industry and represent about 25 percent of workers in DB plans.  
5 The PBGC provides insurance protection for both single-employer and multi-employer defined benefit plans. According to the Government Accountability Office (GAO), this includes over 29,900 single-employer pension plans, covering 14.6 million people. Multi-employer plans cover approximately 10 million participants.  
6 The flat rate premium has been set at $25 per participant since 1991. The variable rate premium was added in 1987 to provide an incentive for sponsors to better fund their plans—for each $1,000 of unfunded vested benefits, plan sponsors pay a premium of $5.  
7 In 2003, GAO placed the PBGC’s single-employer insurance program on a high-risk list of government operations facing significant vulnerabilities.  
This is the seventh in a series of issue briefs from the Alliance for Retired Americans Educational Fund on issues and programs that should be considered at the White House Conference on Aging scheduled for December 11-14, 2005 in Washington, D.C.

This report was researched and written by Diane M. Porter, director for policy. ARAEF gratefully acknowledges Shawn O’Brien, AFL-CIO, and Phyllis Borz, Of Counsel, O’ Donoghue & O’Donoghue for their review and comments. This is a publication of the Alliance for Retired Americans Educational Fund (ARAEF), the research and education branch of the Alliance for Retired Americans. ARAEF is a 501(c)(3) organization that focuses primarily on retiree issues. Permission to reproduce all or part of this report is given with following credit line: Reprinted for educational use with permission of the Alliance for Retired Americans Educational Fund.
The Economic Security of Older Women and Men in Ohio

Social Security is a crucial source of income for Ohio’s seniors, and especially so for women.

- Almost 9 in 10 men and women aged 65 or older receive Social Security benefits (Table 2).
- Social Security is the largest source of income for older women (49 percent of income; Figure 3).

Fewer women than men have pension income.

- Only 1 in 3 women in Ohio receives income from pensions, compared with more than half of men, 56 percent (Table 2).
- For those who have pensions, the typical woman receives only half as much as the typical man ($5,403 vs. $10,521; Table 2). Comparing all women and men (those with and without pensions) women’s pension income is only less than two-thirds of men’s (Figure 3).

The majority of Ohio’s senior women live alone.

- 59 percent are not currently married; they are widowed, divorced or never married.
- 58 percent of older white women (387,400) and 71 percent of older African American women (46,100) are not married (Table 1).

Many seniors in Ohio continue to work for pay.

- 14 percent of older women (103,500) and 21 percent of older men (128,700) in Ohio work for pay (Table 2).
- Older men earn older women almost two to one ($18,406 for men and $10,784 for women annually).

Women are more likely than men to be poor or disabled.

- More older women (14,900) than older men (9,400) report that they receive Supplemental Security Income (SSI) government assistance.
- Older women are one-third more likely than older men to receive Supplemental Security Income (SSI) government assistance (2.9 percent vs. 1.5 percent; Table 2).

Older African American and Hispanic women are the most likely to be poor and the least likely to have income from assets such as savings accounts or stocks and bonds.

- Over 1 in 5 older African American women in Ohio is poor (21 percent), compared with 1 in 25 white men (4 percent), as shown in Table 1 and Figure 2.
- Only 35 percent of African American women, compared with 68 percent of white men, have income from assets, and among those who have assets income, the typical African American woman earns two-thirds the amount the typical white man receives ($438 per year vs. $1,051 per year; Table 2).
Table 1. Characteristics of Older Women and Men by Race/Ethnicity
(Aged 65 and Older): Ohio vs. United States

<table>
<thead>
<tr>
<th></th>
<th>White</th>
<th>African American</th>
<th>Hispanic</th>
<th>All</th>
<th>Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WOMEN</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Race composition</td>
<td>89.6</td>
<td>3.1</td>
<td>7.3</td>
<td>100.0</td>
<td>764,669</td>
</tr>
<tr>
<td>Percent married</td>
<td>42.9</td>
<td>16.7</td>
<td>50.1</td>
<td>45.9</td>
<td>304,452</td>
</tr>
<tr>
<td>Poverty</td>
<td>8.4</td>
<td>20.3</td>
<td>21.9</td>
<td>10.4</td>
<td>9.5</td>
</tr>
<tr>
<td>Median personal income</td>
<td>$12,883</td>
<td>$18,594</td>
<td>$5,460</td>
<td>$12,324</td>
<td>$12,324</td>
</tr>
<tr>
<td>(Sample N)</td>
<td>(1,748)</td>
<td>(924)</td>
<td>(8)</td>
<td>(8)</td>
<td>(1,475)</td>
</tr>
<tr>
<td><strong>MEN</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Race composition</td>
<td>85.9</td>
<td>7.3</td>
<td>7.8</td>
<td>100.0</td>
<td>626,761</td>
</tr>
<tr>
<td>Percent married</td>
<td>77.1</td>
<td>55.9</td>
<td>26.0</td>
<td>66.3</td>
<td>688,990</td>
</tr>
<tr>
<td>Poverty</td>
<td>8.4</td>
<td>20.3</td>
<td>21.9</td>
<td>10.4</td>
<td>9.5</td>
</tr>
<tr>
<td>Median personal income</td>
<td>$19,094</td>
<td>$18,396</td>
<td>$6,585</td>
<td>$20,050</td>
<td>$20,050</td>
</tr>
<tr>
<td>(Sample N)</td>
<td>(901)</td>
<td>(124)</td>
<td>(94)</td>
<td>(90)</td>
<td>(1,995)</td>
</tr>
</tbody>
</table>

**UNITED STATES**

<table>
<thead>
<tr>
<th></th>
<th>White</th>
<th>African American</th>
<th>Hispanic</th>
<th>All</th>
<th>Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Race composition</td>
<td>81.8</td>
<td>6.7</td>
<td>5.9</td>
<td>100.0</td>
<td>29,052,808</td>
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<tr>
<td>Percent married</td>
<td>47.3</td>
<td>36.5</td>
<td>39.4</td>
<td>48.1</td>
<td>49.6</td>
</tr>
<tr>
<td>Poverty</td>
<td>10.8</td>
<td>21.4</td>
<td>22.3</td>
<td>17.0</td>
<td>12.3</td>
</tr>
<tr>
<td>Median personal income</td>
<td>$21,867</td>
<td>$30,350</td>
<td>$7,703</td>
<td>$20,054</td>
<td>$21,867</td>
</tr>
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<td>(Sample N)</td>
<td>(1,748)</td>
<td>(924)</td>
<td>(8)</td>
<td>(8)</td>
<td>(1,475)</td>
</tr>
</tbody>
</table>


Note: Statistics for "All" include Native Americans, others, and those with two or more races. "Total Population" refers to population estimates for the population aged 65 and older calculated by IPUMS (using DerSimonian at the Census Bureau website) based on the 2003 March Current Population Survey. N/A indicates a sample size smaller than 50. "Income data are for calendar years 2000-2004 in 2004 constant dollars.

---

Figure 1. Median Annual Personal Income in Ohio for Older Women and Men by Race
(Aged 65 and Older)


Note: Income data are for calendar years 2000-2004 in 2004 constant dollars.
Figure 2. Poverty Rates in Ohio for Older Women and Men by Race (Aged 65 and Older)


Figure 3. Ohio: Sources of Income for Women and Men Aged 65+

All Women
Average Annual Income = $17,064

All Men
Average Annual Income = $30,528

Note: Benefits, income, and earnings data are for calendar years 2001-2004 in 2004 constant dollars. Percentages are calculated based on average annual income for each source excluding zero values. Average amounts for each source are in parentheses. Average (or mean) amounts are typically higher than median amounts (the amount received by the person in the middle of the income distribution, which are shown elsewhere) because those at the high end of the income distribution often have very high incomes that raise the mean above the median.
Table 2. Ohio: Overview of Retirement Income Security by Race (Aged 65 and older)

<table>
<thead>
<tr>
<th></th>
<th>White</th>
<th>African American</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Population</strong></td>
<td>657,850</td>
<td>64,836</td>
<td>744,686</td>
</tr>
<tr>
<td><strong>Social Security</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent receiving</td>
<td>60.9</td>
<td>61.5</td>
<td>60.8</td>
</tr>
<tr>
<td>Median annual benefit received**</td>
<td>$5,169</td>
<td>$7,961</td>
<td>$5,959</td>
</tr>
<tr>
<td><strong>Pension</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent receiving</td>
<td>34.7</td>
<td>32.4</td>
<td>34.3</td>
</tr>
<tr>
<td>Median annual pension received</td>
<td>$7,191</td>
<td>$10,530</td>
<td>$8,403</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent receiving</td>
<td>63.2</td>
<td>35.1</td>
<td>60.5</td>
</tr>
<tr>
<td>Median annual income received</td>
<td>$1,038</td>
<td>$438</td>
<td>$1,020</td>
</tr>
<tr>
<td><strong>Earnings</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent employed</td>
<td>13.6</td>
<td>18.8</td>
<td>13.9</td>
</tr>
<tr>
<td>Median earnings received</td>
<td>$11,417</td>
<td>$10,670</td>
<td>$10,784</td>
</tr>
<tr>
<td><strong>SSI</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent receiving</td>
<td>1.6</td>
<td>5.8</td>
<td>2.0</td>
</tr>
<tr>
<td>Median benefit received</td>
<td>n/a</td>
<td>n/a</td>
<td>$2,086</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>White</th>
<th>African American</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Population</strong></td>
<td>692,000</td>
<td>65,840</td>
<td>727,840</td>
</tr>
<tr>
<td><strong>Social Security</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent receiving</td>
<td>01.8</td>
<td>83.1</td>
<td>60.6</td>
</tr>
<tr>
<td>Median annual benefit received**</td>
<td>$12,709</td>
<td>$10,592</td>
<td>$12,695</td>
</tr>
<tr>
<td><strong>Pension</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent receiving</td>
<td>58.4</td>
<td>42.9</td>
<td>54.4</td>
</tr>
<tr>
<td>Median annual income received</td>
<td>$16,512</td>
<td>$13,681</td>
<td>$15,521</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent receiving</td>
<td>67.9</td>
<td>36.3</td>
<td>65.1</td>
</tr>
<tr>
<td>Median annual income received</td>
<td>$1,051</td>
<td>$297</td>
<td>$1,027</td>
</tr>
<tr>
<td><strong>Earnings</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent employed</td>
<td>21.3</td>
<td>11.3</td>
<td>20.6</td>
</tr>
<tr>
<td>Median earnings received</td>
<td>$18,000</td>
<td>n/a</td>
<td>$18,490</td>
</tr>
<tr>
<td><strong>SSI</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent receiving</td>
<td>1.5</td>
<td>2.3</td>
<td>1.5</td>
</tr>
<tr>
<td>Median benefit received</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>


Notes: Statistics for "All" includes Native Americans, others, and those with two or more races. "Total Population" refers to population estimates for the population aged 65 and older calculated by IWPR using DataFerris at the Census Bureau website based on the 2005 March Current Population Survey. "Benefits, income, and earnings data are for calendar years 2001-2004 in 2004 constant dollars. "Median annual amounts are calculated only among people who received income from each source, excluding zero values in the calculation. N/A indicates a sample size smaller than 50.

This fact sheet is based on research conducted by Sandra Lee and was written by Tori Finkle, Heidi Hartmann, Sandra Lee and Barbara Gauld. IWPR is grateful to the AARP and the Ford Foundation for supporting both the production and dissemination of this research.

For more information on IWPR reports or membership, please call (202) 785-5100, email iwpr@iwpr.org, or visit www.iwpr.org.

The Institute for Women’s Policy Research (IWPR) conducts rigorous research and disseminates its findings to address the needs of women, promote public dialogue, and strengthen families, communities, and societies. The Institute works with policymakers, scholars, and public interest groups to design, execute, and disseminate research that illuminates economic and social policy issues affecting women and their families, and to build a network of individuals and organizations that conduct and use women-oriented policy research. IWPR’s work is supported by foundation grants, government grants and contracts, donations from individuals, and contributions from organizations and corporations. IWPR is a 501 (c) (3) tax-exempt organization that also works in affiliation with the women’s studies and public policy programs at The George Washington University.
May 6, 2010

William Vance
4347 Brookstone Dr.
Saginaw, MI 48603

Dear Mr. Vance,

Enclosed please find a copy of a resolution supporting Delphi salaried retirees.

Sincerely,

Mark Brewer

May 6, 2010

Mark Brewer

MB/ap

enclosure
Resolution In Support of Delphi Salaried Retirees

WHEREAS, in the General Motors-Delphi Corporation bankruptcy proceedings all Delphi Corporation employee pension funds were transferred to the Federal Pension Benefit Guarantee Corporation; and

WHEREAS, the earned pensions of all Delphi retirees are part of their promised compensation; and

WHEREAS, General Motors has agreed to fulfill the pension plans of the Delphi hourly employees; and

WHEREAS, General Motors has not agreed to fulfill the pension plans of the Delphi salaried employees; and

WHEREAS, funds for the health care insurance promised as a retirement benefit have been provided for hourly employees, but totally eliminated for the Delphi salaried retirees; and

WHEREAS, this is unfair and inequitable treatment of the different groups of employees and will lead to thousands of job losses in the State of Michigan; and

WHEREAS, the Delphi retirees worked loyally, faithfully, and beneficially for General Motors and the Delphi Corporation; and

WHEREAS, all of the Delphi retirees deserve equal treatment;

NOW, THEREFORE, BE IT RESOLVED that the Michigan Democratic Party Executive Committee, hereby urges the President of the United States, the Secretary of the Treasury, the head of the President’s Auto Task Force, and the Congress to treat all of the General Motors-Delphi retirees fairly and equitably and provide for the full earned pensions and other post-employment benefits in the same manner for all groups of employees.

Adopted May 5, 2010
November 25, 2009

Statement of Support

To: Members of the Ohio General Assembly

From: Joseph P. Rugola
President, Ohio AFL-CIO

Subject: Delphi Retirees

On behalf of Ohio's working families and the Ohio AFL-CIO's 700,000 members we offer our support for Senate Concurrent Resolution 23 that urges the President of the United States, the Secretary of the Treasury, the head of the President's Auto Task Force, and the members of the United States Congress to treat all of the General Motors-Delphi retirees fairly and equitably and provide for the full earned pensions and other post employment benefits in the same manner for all groups regardless of their representation.
As Adopted by the Senate

128th General Assembly
Regular Session
2009-2010

Sub. S. C. R. No. 23

Senators Cafaro, Schiavoni
Cosponsors: Senators Miller, D., Morano, Strahorn, Wilson, Turner, Sawyer,
Carey, Grendell, Schaffer, Kearney, Buehrer, Fedor, Harris, Hughes, Husted,
Miller, R., Niehaus, Patton, Smith, Wagoner, Widener, Jones

CONCURRENT RESOLUTION

To urge the President of the United States, the Secretary of the Treasury, the head of the President’s Auto Task Force, and the members of the United States Congress to treat all of the General Motors-Delphi retirees fairly and equitably and provide for the full earned pensions and other post employment benefits in the same manner for all groups regardless of their representation and to charge any obligations that arise from providing the pensions and benefits to the general debt obligation of General Motors.

BE IT RESOLVED BY THE SENATE OF THE STATE OF OHIO (THE HOUSE OF REPRESENTATIVES CONCURRING):

WHEREAS, In the General Motors-Delphi Corporation bankruptcy proceedings, which were guided by the United States Treasury and the President’s Auto Task Force, all Delphi Corporation employee pension funds were transferred to the Federal Pension Benefit Guarantee Corporation; and

WHEREAS, The earned pensions of all Delphi retirees are part of their promised compensation; and
109

WHEREAS, General Motors has agreed to fulfill the pension plans of the Delphi hourly employees represented by the United Auto Workers (UAW), the International Union of Electronic, Electrical, Salaried, Machine, and Furniture Workers-Communication Workers of America (IUE-CWA), and the United Steel Workers (USW); and

WHEREAS, General Motors has not agreed to fulfill the pension plans of the Delphi salaried retirees and the Delphi hourly retirees represented by the International Brotherhood of Electrical Workers (IBEW), the International Association of Machinists and Aerospace Workers (IAMAW), and the International Union of Operating Engineers (IUOE); and

WHEREAS, Funds for the health care insurance promised as a retirement benefit have been provided for the UAW, totally eliminated for the Delphi salaried retirees, and greatly reduced for the IUE-CWA, the USW, the IBEW, the IAMAW, and the IUOE; and

WHEREAS, This is unfair and inequitable treatment of the different working groups and will lead to thousands of job losses in the State of Ohio; and

WHEREAS, The Delphi retirees worked loyally, faithfully, and beneficially for General Motors and the Delphi Corporation; and

WHEREAS, All of the Delphi retirees deserve equal treatment from their federal government; now therefore be it

RESOLVED, That we, the members of the 128th General Assembly of the State of Ohio, hereby urge the President of the United States, the Secretary of the Treasury, the head of the President's Auto Task Force, and the United States Congress to treat all of the General Motors-Delphi retirees fairly and equitably and provide for the full earned pensions and other post employment benefits in the same manner for all groups regardless of their representation; and be it further
RESOLVED, That we, the members of the 128th General Assembly of the State of Ohio, hereby urge the President of the United States, the Secretary of the Treasury, the head of the President's Auto Task Force, and the United States Congress to charge any monetary advances made to General Motors for the purpose of complying with the recommendations of this resolution to the general debt obligation of General Motors and to require General Motors to repay such monetary advances under the terms of the debt obligation General Motors has already incurred; and be it further

RESOLVED, That we, the members of the 128th General Assembly of the State of Ohio, urge General Motors to affirm any obligations that arise out of complying with the recommendations of this resolution; and be it further

RESOLVED, That the Clerk of the Senate transmit duly authenticated copies of this resolution to the President of the United States, the Secretary of the Treasury, the head of the President’s Auto Task Force, the Speaker and the Clerk of the United States House of Representatives, the President Pro Tempore and the Secretary of the United States Senate, the members of the Ohio Congressional delegation, and the news media of Ohio.
January 27, 2010

The Honorable Barack Obama
President of the United States
1600 Pennsylvania Avenue
Washington, D.C. 20510

Dear President Obama:

Thank you for your efforts and leadership in the past months to preserve and bolster the U.S. auto industry. Here in the State of Ohio, many hard-working Americans rely on this industry to support themselves and their families. It is critical that we do all within our power to assist them in this great time of need.

As you are aware, in the General Motors-Delphi Corporation bankruptcy preceding, under the guidance of the United States Treasury and the President’s Auto Task force, all Delphi Corporation employee pension funds were transferred to the Federal Pension Benefit Guarantee Corporation. General Motors has agreed to preserve the pension plans of the Delphi hourly employees represented by the United Auto Workers (UAW), the International Union of Electronic, Electrical, Salaried, Machine, and Furniture Workers—Communication Workers of America (IUE-CWA), and the United States Steel Workers (USW).

However, General Motors has not agreed to preserve the pension plans of the Delphi salaried retirees or the Delphi hourly retirees represented by the International Brotherhood of Electrical Workers (IBEW), the International Association of Machinists and Aerospace Workers (IAMAW), and the International Union of Operating Engineers (IUOE). Funds for the health care insurance promised as a retirement benefit have been provided for the UAW, yet they have been totally eliminated for the Delphi salaried retirees and greatly reduced for the IUE-CWA, the USW, the IBEW, the IAMAW, and the IUOE.

The Delphi retirees all worked for the same company, side by side for twenty, thirty, sometimes forty years. All Delphi retirees worked loyally, faithfully and beneficially for General Motors and Delphi Corporation. They are all deserving of their earned post-employment benefits as well as equal treatment from their Federal Government.

At this critical time in Ohio’s economy, an Economic Impact Study issued by the Youngstown State University indicated that Ohio stands to lose nearly $500 million dollars per year in
economic activity and an additional 15,000 jobs as a result of this. The restaurants, the gas
stations, the supermarkets and the laundromats that relied on the business of the Delphi retirees
will also suffer due to the loss of this steady and regular flow of business.

It is my understanding that you have been briefed by Congressman Tim Ryan on his Voluntary
Employee Beneficiary Association for former Delphi employees (H.R. 3455). This bill would use
unspent money already authorized by the Emergency Economic Stabilization Act of 2008 to
provide health coverage to both hourly and salaried retirees of the Delphi Corporation.

I believe that all retired workers should be treated in a fair, equitable manner. I am not asking
for special treatment for the Delphi Salaried retirees; I am asking that these men and women be
treated in a manner similar to other retirees of Delphi and GM. This Act has the support of Ohio
Senator Sherrod Brown and Ohio’s Governor Ted Strickland.

In closing, I respectfully request that you urge Congress to move and pass H.R. 3455 in a timely
manner to minimize the severe financial impact to Delphi retirees as well as their communities
and that steps be taken to restore pensions and other post employment benefits due to all
Delphi retirees.

Sincerely,

Speaker
Ohio House of Representatives

cc:  Ohio Federal Congressional Delegation
     Timothy Geithner, Secretary of the Treasury
     Larry Summers, National Economic Council Director
     Ed Whitaker, General Motors CEO
     Rodney O’Neal, Delphi Corporation President and CEO
     Bruce Gump, Delphi Salaried Retirees Association Chairman
Resolution 2010-9

WHEREAS, in the General Motors-Delphi Corporation bankruptcy proceedings, which were guided by the United States Treasury and the President's Auto Task Force, all Delphi Corporation employee pension funds were transferred to the Federal Pension Benefit Guarantee Corporation; and

WHEREAS, the earned pensions of all Delphi retirees are part of their promised compensation; and

WHEREAS, General Motors has agreed to fulfill the pension plans of the Delphi hourly employees represented by the United Auto Workers (UAW), the International Union of Electronic, Electrical, Salaried, Machine, and Furniture Workers-Communication Workers of America (IUE-CWA), and the United Steel Workers (USW); and

WHEREAS, General Motors has not agreed to fulfill the pension plans of the Delphi salaried retirees and the Delphi hourly retirees represented by the International Brotherhood of Electrical Workers (IBEW), the International Association of Machinists and Aerospace Workers (IAMAW), and the International Union of Operating Engineers (IUOE); and

WHEREAS, funds for the health care insurance promised as a retirement benefit have been provided for the UAW, totally eliminated for the Delphi salaried retirees, and greatly reduced for the IUE-CWA, the USW, the IBEW, the IAMAW, and the IUOE; and

WHEREAS, this is unfair and inequitable treatment of the different working groups and will lead to thousands of job losses in the State of Ohio; and

WHEREAS, the Delphi retirees worked loyally, faithfully, and beneficially for General Motors and the Delphi Corporation; and

WHEREAS, all of the Delphi retirees deserve equal treatment from their federal government; now

THEREFORE LET IT BE RESOLVED that we, the members of the Ohio Democratic Party Executive Committee, hereby urge the President of the United States, the Secretary of the Treasury, the head of the President's Auto Task Force, and the United States Congress to treat all of the General Motors-Delphi retirees fairly and equitably and provide for the full earned pensions and other post employment benefits in the same manner for all groups regardless of their representation.

Approved March 24, 2010

Chris Reetsa, Chairman
Ruby Gilliam, Secretary
September 14, 2009

President Barack Obama
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

I write to share my concerns about the pension and health benefits that salaried retirees of the Delphi Corporation have lost. As I have shared with Secretary Geithner, the treatment of those retirees is a matter of great concern to me because it is negatively impacting the thousands of Delphi retirees who reside in Ohio, particularly in the communities around Dayton and Warren. I urge you to explore all means available to restore the benefits that these retirees have lost. One possibility would be to support H.R. 3455, Representative Tim Ryan's bill that would restore lost benefits to these retirees. H.R. 3455 would make funds available from the Troubled Asset Relief Program to fund a volunteer employees' benefit association (VEBA) for these workers. I have spoken to Rep. Ryan about his bill and I am confident that he would welcome the opportunity to craft a bill that meets the retirees' needs and is acceptable to your administration.

As Delphi began to move out of bankruptcy, many of the salaried and hourly employees not represented by the United Auto Workers (UAW) were not afforded the same pension opportunities as UAW members. My understanding is that many of these retirees faced a reduction of up to 70 percent in their pension payments, this coming after their loss of health care and life insurance benefits in April. Both salaried and hourly retirees have dedicated many years of service to both GM and Delphi and deserve fair and equitable treatment with access to medical and life insurance and to their pensions, just as their UAW colleagues.

Just recently, General Motors, the Treasury Department, the IUE-CWA, and the United Steelworkers of America reached an agreement to address the needs of hourly Delphi retirees. I deeply appreciate the time and effort that went into those negotiations, and am thankful that a resolution was reached. I hope that a similar resolution can be reached for the salaried retirees. Just like their fellow workers that were represented by labor unions, Delphi's salaried retirees worked hard, played by the rules, and deserve to have the benefits they earned over the years restored. In this time of shared sacrifice for so many of our citizens, it is important that the sacrifices are shared as equitably as possible. I hope that your administration, Congress, Delphi and General Motors can help find an equitable solution for the salaried retirees.

I recognize that there are no easy answers to this difficult problem. I believe this problem is one of basic fairness to the thousands of employees who committed their lives to the health of Delphi over many years.
I recognize that there are no easy answers to this difficult problem. I believe this problem is one of basic fairness to the thousands of employees who committed their lives to the health of Delphi over many years. It is one that I believe must be addressed. I urge you to consider all options, including supporting Rep. Ryan’s bill, H.R. 3455, encouraging additional company contributions to protect benefits, and taking any regulatory action deemed necessary. It is my hope that a solution can be identified that will treat Delphi retirees exactly as the UAW represented retirees were treated.

Thank you for your consideration.

Sincerely,

Ted Strickland
Governor
July 12, 2010

Dear Chairman Moore, Ranking Member Biggert and Members of the House Financial Services Oversight and Investigation Subcommittee,

Thank you for traveling to Canfield to hear from Ohioans directly impacted by Delphi’s decision. I remain deeply concerned about the challenges faced by Delphi retirees.

As you know, over 20,000 Delphi employees have been affected by greatly reduced pension payments and eliminated health care benefits. Though these employees have dedicated many years of service to GM and Delphi, they have been treated unfairly.

What’s more, a pension reduction of this size will have a ripple effect throughout Ohio. Youngstown State University released a study last year indicating that Delphi pension and health care cuts will cost the Mahoning Valley alone nearly 5,000 jobs and $58 million in economic activity per year. This will be devastating to the local economy, and is simply unacceptable.

One possible solution would be the adoption of H.R. 3455, a bill sponsored by Representative Tim Ryan that would restore benefits to these retirees through available funds in the Troubled Asset Relief Program. A companion bill, S. 1663, was introduced by Senator Brown. (We should use these dollars that were available to the companies on Wall Street responsible for our current economic crisis to help out the families on Main Street that have shouldered the burden). I encourage the subcommittee to give careful consideration to this legislation as a possible way to assist these retirees.

I truly appreciate the attention you, Representatives Ryan and Wilson, and the rest of the Subcommittee are giving to this issue by conducting a field hearing in Canfield. This hearing and our continued effort to bring an acceptable solution to these retirees is an extremely important step in the right direction.

Sincerely,

Ted Strickland
Governor, State of Ohio
Mr. Ron Bloom
Senior Advisor on the Auto Industry
U.S. Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Mr. Bloom:

I am writing to urge the Treasury Department and the Automotive Task Force to support the assumption of Delphi Corporation’s hourly and salaried pension obligations by General Motors.

My district in Western New York is home to thousands of Delphi workers and retirees, and they as much as anyone are feeling the impact of the current restructuring of the automotive industry. Retirees health care and life insurance benefits have been affected, and retirees now find their promised pension benefits threatened.

It is the unified position of both Delphi and its retirees that the only way to protect these promised benefits is for GM to assume Delphi’s salaried and hourly pension obligations. The Delphi pension plans are underfunded by nearly $3 billion, while GM’s pension plan is far more robust, being 95 percent funded at the end of last year. The overwhelming majority of Delphi’s retirees spent most of their career working for GM, before the auto parts supplier was spun off by the automaker in 1999. I know these concerns have been expressed to you by a coalition of groups representing retired autoworkers, including many of my constituents in Western New York.

The alternative is for the pension plans to default to the Pension Benefit Guarantee Corporation, which is already $33.5 billion in deficit and deteriorating. A default to the PBGC would mean huge cuts in promised pension benefits, particularly for those who have not been retired very long. This will have terrible economic repercussions for auto retirees in communities in Western New York and across the country, compounded by an already weak economy and cuts in benefits retirees have already suffered. For all these reasons, I support the unified position of Delphi and its retirees that the company’s salaried and hourly pension obligations should migrate back to GM.

I look forward to hearing from you. Please do not hesitate to contact me if I can be of any assistance. Please accept my best regards.

Sincerely,

Christopher J. Lee
Member of Congress
The Honorable Barack Obama  
President of the United States  
The White House  
1600 Pennsylvania Avenue NW  
Washington, DC 20500  

Dear Mr. President:

I am writing to express my strong objection to the decision to refer Delphi Corporation's satisfied retiree pension plan to the Pension Benefit Guarantee Corporation (PBGC). I am honored to represent thousands of hourly and salaried retirees in the 26th Congressional District in Western New York and in my May 22, 2009 letter to the Task Force, I urged that pension obligations for both hourly and salaried retirees be assumed by GM. I therefore respectfully urge that the Treasury Department's Automotive Task Force demand reconsideration of this decision in advance of the June 10, 2009 U.S. bankruptcy hearing.

As you know, GM spun Delphi off in 1999, and today the company is GM's largest parts supplier. GM has agreed, as part of the restructuring agreement worked out by the Automotive Task Force, to take back five Delphi plants, including Delphi Thermal Systems in Lockport, NY and Delphi Powertrain in Rochester, NY. I believe these are positive steps to set both GM and Delphi on the right course for the future. I am also pleased to see that as part of its restructuring agreement with the Treasury Department, GM will assume the obligations of Delphi's hourly pension plan. This will help strengthen retirement security for thousands of families in my district and give them peace of mind during these difficult economic times.

I was dismayed, however, to learn that Delphi's salaried pension obligations will receive entirely different treatment through referral to the PBGC, where pension payments for these workers are liable to be cut drastically, if not eliminated entirely. In the interests of transparency and accountability, I believe the Task Force owes a full explanation of this decision to the workers, retirees and the public, who are now 60 percent owners in the new GM.

It is fundamentally unfair that two groups of retirees from the same company, who worked side-by-side for many years, and who are faced with the same unfortunate situation, are being treated so differently by the federal government. The 15,000 satisfied Delphi retirees, most of whom worked for GM for almost their entire careers, deserve to be treated with fairness and equity during these proceedings. While the restructuring of America's auto industry will require shared sacrifice and responsibility, Delphi's salaried retirees are being forced to bear extra burdens that are not warranted and have not been explained.

June 5, 2009
With a 60 percent stake in GM, your Task Force has enormous leverage to demand equitable treatment for hourly and salaried retirees by having GM assume the obligations of both plans. I respectfully urge you and the Automotive Task Force to demand the reconsideration of this decision before the June 10, 2009 U.S. bankruptcy court hearing set to ratify this inequitable agreement.

Thank you for your urgent consideration of this important matter. I look forward to hearing from you. Please do not hesitate to contact me if I can be of any assistance. Please accept my best regards.

Sincerely,

Christopher J. Lee
Member of Congress

CC: The Honorable Steven Rattner
Lead Advisor on the Auto Industry
U.S. Department of Treasury

The Honorable Ron Bloom
Senior Advisor on the Auto Industry
U.S. Department of Treasury
Congress of the United States
Washington, DC 20515

June 24, 2009

The Honorable Timothy F. Geithner
Secretary of the Treasury
U.S. Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Geithner:

We are writing in regards to the recent involvement by the U.S. Treasury Department’s Automotive Task Force concerning the pension obligations of Delphi Corporation.

We are concerned about the inequitable decision to default the Delphi Corporation’s salaried retiree pension plan to the Pension Benefit Guarantee Corporation (PBGC), while General Motors agreed to assume the auto parts supplier’s hourly retiree pension obligations. Through referral to the PBGC, salaried retirees’ pension payments are likely to be cut drastically, as much as 70 percent by some estimates. It is fundamentally unfair that two groups of retirees from the same company, who worked side-by-side for so many years, and who are faced with the same unfortunate situation, are being treated so differently by the federal government.

At a minimum, in the interest of transparency and accountability, we believe the 15,000 salaried Delphi retirees nationwide – not to mention the American taxpayers who now own a 60 percent stake in the new GM – deserve a full and public explanation of how this inequitable decision was made.

For this reason, we respectfully request that you direct the Auto Task Force to make public all documents concerning how this decision was reached, including all pertinent documents, written communications and memoranda between the Automotive Task Force, General Motors, Delphi Corporation and their agents or representatives.

Thank you for your urgent consideration of this important matter. We look forward to hearing from you.

Sincerely,

CHRISTOPHER J. LEE
Member of Congress

BRIAN HIGGINS
Member of Congress
The Honorable Barney Frank
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Christopher Dodd
Chairman
Committee on Banking, Housing and Urban
Affairs
United States Senate
Washington, DC 20510

The Honorable Spencer Bachus
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Richard Shelby
Ranking Member
Committee on Banking, Housing and Urban
Affairs
United States Senate
Washington, DC 20510

Dear Chairmen and Ranking Members:

We are writing to respectfully request immediate committee hearings into the treatment of Delphi Corporation’s pension obligations and its impact on thousands of retirees and their families in our states.

As a result of restructuring negotiations between Delphi Corporation, General Motors (GM) and the Treasury Department’s Automotive Task Force, Delphi’s hourly retiree pension obligations will be assumed by GM while Delphi’s salaried pension obligations will default to the Pension Benefit Guaranty Corporation. This means salaried retiree pension benefits could be cut by as much as 70 percent, if not eliminated entirely, for approximately 15,000 retirees and their families across the country. With their health and life insurance benefits now discontinued, Delphi retirees are depending on these promised pension benefits for their financial security.

Delphi’s hourly and salaried retirees worked side-by-side for many years, mostly as GM employees. Yet now, facing the same painful circumstances, they are being treated so differently and inequitably by their government. Collectively and separately, we have appealed to GM, Delphi and the Administration to intervene and provide fair and equitable treatment for Delphi’s hourly and salaried retirees.
Also, given the fact that American taxpayers now hold a 60 percent stake in the new GM, many Members have requested information from the Auto Task Force on how this decision was reached, including all pertinent correspondence and communication between GM, Delphi and the Task Force. This is an important step to help shed light on the decision-making in this case and to promote transparent and open government.

In addition, we believe that Congress also has a responsibility to exercise its oversight authority in this matter. As the committees of jurisdiction, we are respectfully requesting immediate congressional hearings into the disposition of Delphi’s retiree pension obligations and a thorough examination of the decision that resulted in these inequitable outcomes for hourly and salaried retirees.

We fully understand that the restructuring of America’s auto industry will require shared sacrifice and responsibility, which makes the need for a congressional examination into the disparate treatment given to Delphi’s hourly and salaried retirees all the more urgent and necessary.

Since Delphi’s reorganization plan is scheduled for court action on July 23, 2009 we thank you in advance for your immediate consideration of this request.

Sincerely,

Christopher C.
CHRISTOPHER J. LEE
Member of Congress

Tim Ryan
TIM RYAN
Member of Congress

John Boehner
JOHN A. BOEHNER
Member of Congress

Parker Griffith
PARKER GRIFFITH
Member of Congress

Mike Rogers (MI)
MIKE ROGERS (MI)
Member of Congress

Brian Higgins
BRIAN HIGGINS
Member of Congress
H. Res 591
Additional Views

We support the Republican Leader’s sensible and timely Resolution of Inquiry that requests that the President transmit to the House of Representatives any and all information regarding the government’s role in negotiating the restructurings of General Motors Corp. and Chrysler LLC. Before approving the resolution, the Committee adopted an amendment offered by Mr. Lee of New York specifically requesting information from the Automotive Task Force on decisions related to employee and retiree benefits at Delphi Corporation, which is GM’s largest parts supplier. The amendment assures that Congress will examine whether the Task Force accounted for both hourly and salaried employees’ pension benefits and the impact of having pensions turned over to the PBGC.

When its restructuring plan was first announced, GM agreed to assume the pension benefits of Delphi’s hourly workers, while the salaried workers would have had their pensions turned over to the federally-chartered Pension Benefit Guaranty Corporation (PBGC).

However, Delphi announced on July 22, 2009, that GM has backed out of its plan to assume the pensions of hourly retirees. The PBGC has filed suit to take over the benefits of all of the company’s roughly 70,000 workers.

Combined, Delphi’s hourly and salaried plans have a funding shortfall of $6.8 billion, $6.2 billion of which will be covered by the PBGC. Payments by the agency are capped by law depending upon a retiree’s age. Under this plan, Delphi retirees stand to lose as much as 70 percent of their pension payments.

These retirees are hard-working Americans who certainly understand the need to make sacrifices to ensure a better, stronger economy over the long-term. They did not, however, sign up for having the benefits they earned, the benefits they counted on, being taken from them. A broad bipartisan coalition of lawmakers in the House has worked hard to stand up for these retirees and give them a voice in Washington. As 60 percent owners in the new GM, they, their families, and American taxpayers have a right to demand a substantive explanation on how the Task Force reached these decisions.

At the committee markup, Chairman Frank pledged to help ensure that a hearing is held on this matter before the House adjourns for the August District Work Period. We look forward to working with him to see that this hearing occurs in short order.

Signed,
LEE (NY)
BACHUS
CAMPBELL
McCOTTER
KING (NY)
BIGGERT
August 27, 2009

The Honorable Edolphus Towns  
Chairman  
Committee on Oversight  
and Government Reform  
U.S. House of Representatives  
2157 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Darrell Issa  
Ranking Member  
Committee on Oversight  
and Government Reform  
U.S. House of Representatives  
B350A Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman and Ranking Member:

I am writing to respectfully request immediate committee hearings into the treatment of Delphi Corporation's pension obligations.

As a result of restructuring negotiations between Delphi Corporation, General Motors (GM) and the Treasury Department's Automotive Task Force, Delphi's pension obligations will default to the Pension Benefit Guaranty Corporation (PBGC). This will result in significant cuts to their planned retiree payments. With many Delphi retirees already facing cuts to their health and life insurance benefits, retirees and their families are depending on these promised pension benefits for financial security.

Questions persist over how these decisions were reached, including the initial plan to default only salaried retiree pension obligations to the PBGC while keeping hourly pension obligations whole. It has come to light that there are additional plans to provide "top-up" payments to some workers but not others. Members of Congress have appealed to the Administration's Automotive Task Force to learn how these decisions were reached, citing the fundamental unfairness of treating two groups of workers, who worked side-by-side for many years, so differently. On July 10, a bipartisan coalition of 43 lawmakers representing 13 states sent a letter to the House Financial Services Committee requesting hearings on this issue.
House Financial Services Committee Chairman Barney Frank expressed support for this request to hold congressional hearings but is concerned that overlapping jurisdictions among several committees would complicate and delay this much-needed oversight. The thousands of Delphi retirees deserve answers, as do the American taxpayers who now own 60 percent of the new GM. For these reasons, I am requesting that the Oversight and Government Reform Committee conduct hearings into the treatment of Delphi's pension and retiree benefits. Congressional Oversight and Government Reform hearings would be an important way to bring transparency to a decision-making process that has resulted in more questions than answers.

Thank you in advance for your immediate consideration of this request.

Sincerely,

CHRISTOPHER J. LEE
Member of Congress
September 2, 2009

Mr. Frederick Henderson
President and Chief Executive Officer
General Motors
P.O. Box 33170
Detroit, MI 48232

Dear Mr. Henderson:

I am writing in regards to the recent reports of a “top-up” of pension benefits for certain groups of workers at Delphi Corporation.

I am pleased to see that General Motors has taken positive steps forward to withstand these difficult economic times. I am honored to represent thousands of hourly and salaried retirees in the 26th Congressional District in Western New York, and I’m happy to see that GM will take back the Delphi plants in Lockport and Rochester, New York. Additionally, I am encouraged that GM has committed to provide baseline security for retirees who are faced with losing their health care and having their pensions transferred to the Pension Benefit Guaranty Corporation during the restructuring. This will help strengthen retirement security for thousands of families and give them peace-of-mind during these difficult economic times.

I was dismayed, however, to see the reports that “top-up” payments will only be made for hourly retirees. According to reports, this “top-up” will help close the gap between PBGC pension payments and what was originally promised to workers when they retired. While I recognize that the restructuring of the auto industry will take a shared sacrifice, Delphi’s salaried retirees are being forced to bear the overwhelming burden. It is fundamentally unfair that two groups of retirees from the same company, who worked side-by-side for many years, and who are faced with the same unfortunate situation, are being treated so differently. As you know, many Delphi retirees spent the bulk of their careers as employees with GM, which spun off Delphi in 1999.
In the interest of fairness and equity, I ask for an explanation as to why these inequitable decisions are being made and urge you to explore ways to protect all groups of workers, both salaried and hourly, all of whom made GM what it is today.

Thank you for your urgent consideration of this important matter. I look forward to hearing from you. Please do not hesitate to contact me if I can be of any assistance.

Sincerely,

[Signature]

CHRISTOPHER J. LEE
Member of Congress
Congress of the United States  
House of Representatives  
Washington, DC 20515  

September 3, 2009

The Honorable Timothy F. Geithner  
Secretary of the Treasury  
U.S. Department of Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

Dear Secretary Geithner:

Knowing the influential role the Treasury Department is playing in the restructuring of the automotive industry, I am writing to make you aware of a letter I sent to the President and CEO of General Motors, Mr. Frederick Henderson, and to make a similar request of the Treasury Department. My letter to Mr. Henderson is attached.

I share the serious concerns of many of my constituents about inequitable treatment being given to Delphi-GM retirees. As you may be aware, reports indicate that GM has agreed to make "top-up" payments to hourly retirees, payments meant to fill the gap between the pension payments they were promised and what they would receive through the Pension Benefit Guaranty Corporation. Salaried Delphi-GM retirees are not receiving the same consideration.

As I have written to you before, I believe it is unfair that two groups of retirees, who worked side-by-side for years and now face the same unfortunate situation, are being treated so differently in the government-sponsored auto restructuring. Given the Treasury Department's Auto Task Force has been at the center of the GM-Delphi restructuring negotiations, I am writing to request an explanation as to why three inequitable decisions are being made and urge you to explore ways to protect all groups of workers, both salaried and hourly, all of whom made GM what it is today.

Thank you for your urgent consideration of this important matter. Please do not hesitate to contact me if I can be of any assistance.

Sincerely,

CHRISTOPHER J. LEE  
Member of Congress

CC: Ron Blum, Brian Deere, Harry Wilson
Congress of the United States  
House of Representatives  
Washington, DC 20515  

September 9, 2009

The Honorable George Miller  
Chairman  
Committee on Education and Labor  
U.S. House of Representatives  
2181 Rayburn House Office Building  
Washington, D.C. 20515  

The Honorable John Kline  
Ranking Member  
Committee on Education and Labor  
U.S. House of Representatives  
2101 Rayburn House Office Building  
Washington, D.C. 20515  

Dear Chairman and Ranking Member:

I am writing to respectfully request immediate committee hearings into the treatment of Delphi Corporation’s pension obligations.

As a result of restructuring negotiations between Delphi Corporation, General Motors (GM) and the Treasury Department’s Automotive Task Force, Delphi’s pension obligations will default to the Pension Benefit Guaranty Corporation (PBGC). This will result in significant cuts to their planned retiree payments. With many Delphi retirees already seeing cuts to their health and life insurance benefits, retirees and their families are depending on these promised pension benefits for financial security.

Questions persist over how these decisions were reached, including the initial plan to default only salaried retiree pension obligations to the PBGC while keeping hourly pension obligations whole. It has come to light that there are plans to provide “top-up” payments to some workers but not others. Members of Congress have appealed to the Administration’s Automotive Task Force to learn how these decisions were reached, citing the fundamental unfairness of treating two groups of workers, who worked side-by-side for many years, so differently. On July 10, a bipartisan coalition of 43 lawmakers representing 13 states sent a letter to the House Financial Services Committee requesting hearings on this issue.
House Financial Services Committee Chairman Barney Frank expressed support for this request to hold congressional hearings but is concerned that overlapping jurisdictions among several committees would complicate and delay this much-needed oversight. The thousands of Delphi retirees deserve answers, as do the American taxpayers who now own 60 percent of the new GM. For these reasons, I am requesting that the Education and Labor Committee conduct hearings into the treatment of Delphi's pension and retiree benefits. Congressional hearings would be an important way to bring transparency to a decision-making process that has resulted in more questions than answers.

Thank you in advance for your immediate consideration of this request.

Sincerely,

CHRISTOPHER J. LEE
Member of Congress
October 9, 2009

The Honorable Barack Obama  
President of the United States  
The White House  
1600 Pennsylvania Avenue NW  
Washington, DC 20500  

Dear Mr. President:  

I am writing to express my continued frustration with the handling of Delphi Corporation’s pension obligations as a result of the restructuring negotiations between Delphi Corporation, General Motors, and the Automotive Task Force – and the inequitable treatment faced by many Delphi workers across the country.  

As outlined in previous letters, I represent thousands of hourly and salaried retirees in the 26th Congressional District in Western New York that have been impacted, some groups of workers more than others, from the restructuring of the automotive industry.  

As you know, Delphi’s pension obligations have defaulted to the Pension Benefit Guaranty Corporation (PBGC) which will result in significant cuts to planned retiree benefits. Delphi’s hourly retirees will see relief in the form of a “top-up” benefit from General Motors, per a previous agreement at the time of Delphi’s spin-off in 1999. This will help strengthen retirement security for thousands of families and give them peace of mind during these difficult economic times.  

Yet Delphi’s salaried retirees will see no such “top-up,” and compared to other Delphi and GM retirees, they face unique hardships and inequities. As I have said repeatedly, it is fundamentally unfair that two groups of retirees from the same company, who worked side-by-side for many years, and who are faced with the same unfortunate situation, are being treated so differently by the federal government.  

To illustrate this, I have enclosed a chart, prepared by the Delphi Salaried Retiree Association signifying these sacrifices and the differential treatment among groups of Delphi/GM workers. As the chart shows, Delphi salaried retirees have seen a 100% elimination of their life insurance, vision, dental and medical insurance, and now will see their pensions reduced by 30-70%. Moreover, there are sad reports that such financial losses have led to suicide.
Democrats and Republicans in the House and Senate have appealed to you, the Treasury Department, the Auto Task Force, GM and committees of jurisdiction in Congress for answers, including, at a minimum, immediate for congressional oversight hearings. I am advised that committees are investigating this matter and are moving toward hearings. I respectfully request your assistance in bringing these matters to light through your Administration’s active participation in demanding greater transparency.

Thank you for your urgent consideration of this important matter. I look forward to hearing from you. Please do not hesitate to contact me if I can be of any assistance. Please accept my best regards.

Sincerely,

CHRISTOPHER J. LEE
Member of Congress

CC: Mr. Ron Bloom
    Automotive Task Force
    U.S. Department of Treasury
Delphi Salaried Retiree's Benefit Cuts Compared to GM & Delphi Hourly Retirees
December 7, 2009

The Honorable Timothy F. Geithner
Secretary
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Geithner:

As you may be aware, on December 2, 2009, the U.S. House of Representatives Committee on Education and Labor Subcommittee on Health, Employment, Labor, and Pensions held a hearing entitled “Examining the Delphi Bankruptcy’s Impact on Workers and Retirees.”

At the hearing, the Subcommittee heard powerful and compelling testimony about how different categories of workers will fare under the Delphi bankruptcy, and in particular how many Delphi workers, both union and non-union, are facing the prospect of dramatic cuts in their pension benefits. The hearing also made clear that, to date, critical questions regarding the federal government’s role in this matter—that of the Treasury Department, the Presidential Task Force on the Auto Industry, and the White House itself—remain unanswered.

The federal government’s role in the restructuring of General Motors and its passage through bankruptcy was unprecedented in scope. As a consequence of this restructuring, some Delphi workers—notably those in politically powerful unions—will receive the full pension benefits which they were promised, while others will see a drastic reduction in the benefits they will receive. It is beyond dispute that the federal government—now a 60 percent owner of General Motors—played a significant role in shaping these outcomes and in brokering negotiations among key interests. In the exercise of its oversight authority, the Subcommittee needs to fully understand exactly what that role was, and by whom key decisions were made.

For these reasons, we hereby request that you direct the Auto Task Force to immediately make public and provide to this Subcommittee, both majority and minority members, a copy of all documents and correspondence relating to the federal government’s involvement in the restructuring of General Motors and Delphi’s pension plans, including all documents relating to communications among the Task Force, the Department of the Treasury, the White House, General Motors Corporation, Delphi Corporation, the Pension Benefit Guaranty Corporation, the
UAW, and other organized labor unions. If it is your intent to not comply with this request, we ask that you provide us with notice, in writing, of that intent, and the reasons supporting your decision, no later than December 18, 2009.

Thank you for your attention to this matter. We look forward to your response.

Sincerely,

[Signatures]

The Honorable John Kline
Ranking Member
Committee on Education and the Workforce

The Honorable Tom Price, M.D.
Committee on Education and the Workforce

The Honorable Chris Lee

The Honorable Michael Turner

cc: Mr. Ron Bloom, Senior Advisor at the U.S. Treasury Department
January 15, 2010

Mr. Michael Huser
Delphi Salaried Retirees Association
12151 East Sand Hills Road
Scottsdale, AZ 85255

Dear Mr. Huser,

This will confirm and follow up on your discussions with members of my staff.

The UAW has long been known for its support for fair and equal treatment of the employees we represent. While we are recognized as the union for hourly auto industry workers, we represent salaried workers in various industries, and believe that all workers deserve to be treated with dignity and respect. The economic crisis faced by the automotive manufacturers and their suppliers is unprecedented in our history, and our struggle to protect the workers in this industry will continue.

Fortunately for the hourly workers involved in the Delphi bankruptcy and restructuring, they were represented by the UAW, had negotiated benefits, and a collective voice that protected them from most pension and benefit losses resulting from Delphi’s failure. Unfortunately, their salaried counterparts were not members of the UAW, and therefore were not able to protect their pensions and health insurance for their retirees.

We believe the 22,000 Salaried Delphi Retirees, who worked long and hard for GM for most of their careers, deserve to be treated with fairness and equity. While the restructuring of America’s auto industry requires shared sacrifice and responsibility, Delphi’s salaried retirees/former employees are being forced to bear extra burdens that are not warranted. The life they logically expected upon retirement no longer exists. For many, they counted on their pension, planned their futures, and now they are merely hoping that they will get enough from the IRS to keep them above poverty level. This is a grave injustice.

Our Union advocates for working people. We are advocating for the salaried retirees whose pensions have been eroded, though their dedication to the company and their years of service remained steady. No one should sit idly by and say nothing about the unfair and inequitable treatment these people are receiving. Such silence goes against the founding principles of our Union.

Sincerely,

Ron Gettelfinger
President
International Union, UAW
The Honorable Edolphus Towns  
Chairman  
Committee on Oversight and Government Reform  
U.S. House of Representatives  
2157 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Darrell Issa  
Ranking Member  
Committee on Oversight and Government Reform  
U.S. House of Representatives  
2350A Rayburn House Office Building  
Washington, D.C. 20515

April 26, 2010

Dear Chairman and Ranking Member:

We write to you today regarding troubling revelations concerning Mr. Steven Rattner and his role as former chief auto industry advisor to the U.S. Treasury Department. We appreciate your attention to this matter.

Mr. Rattner has been implicated in an alleged 2005 kickback scheme involving New York State pension funds through his role as a co-founder of the Quadrangle Group investment firm. Quadrangle has agreed to pay $12 million to federal and state authorities to settle the matter. According to The Wall Street Journal, Mr. Rattner "was one of the executives involved" in the scheme, where payments were allegedly made in exchange for help in winning a state investment contract. Mr. Rattner "organized the payments," according to The New York Times.

For its part, Quadrangle said that "We wholly disavow the conduct engaged in by Steve Rattner...That conduct was inappropriate, wrong and unethical."

Mr. Rattner left Quadrangle to become the head of the Administration’s Auto Task Force, and served as the chief auto industry advisor to the Treasury Department while under investigation for fraudulent activities regarding New York State’s pension fund.

These revelations call into question the integrity and objectivity of Mr. Rattner’s panel, particularly the decision to allow some Delphi Corporation retirees, including many salaried retirees, to lose their pension benefits through the Pension Benefit Guaranty Corporation while simultaneously protecting the benefits of other Delphi retirees. As a result of this decision-making process, which remains shrouded in mystery despite numerous attempts to seek transparency, many Delphi retirees will lose significant portions of their promised pension benefits while others will be kept whole. This is unfair and unjust.
In light of the accusations regarding Mr. Ratner's alleged role in a kickback scheme involving New York State pension funds, we respectfully request the Committee investigate the Auto Task Force and Mr. Ratner's role regarding Delphi retiree pensions.

Sincerely,

MIKE ROGERS
Member of Congress

CHRISTOPHER J. LEE
Member of Congress
April 28, 2010

Edward E. Whitacre Jr.
Chairman & Chief Executive Officer
General Motors Corporation

Dear Mr. Whitacre,

As President and spokesperson for the General Motors Retirees Association (GMRA), an organization committed to promoting fair treatment of General Motors retirees, I am writing to inform you of an escalating situation among our membership that could have a negative impact on GM business.

GMRA is a retiree advocacy group. As part of normal business, our members communicate with us with respect to post-employment issues, concerns and questions. Historically, GM retirees represent a large and loyal GM market segment that has far-reaching influence on the buying decisions of their families and colleagues. But the attitudes and emotions of this group are changing rapidly. We are now seeing former GM employees, with many years of service and loyalty to the company, becoming increasingly angry, frustrated and distrustful of GM decisions. In their frustration, many are indicating they intend to take their vehicle purchasing decisions elsewhere.

This concerns me, and it should concern you too. To give you an idea of sales numbers, a conservative estimate of annual retiree sales is about 30% of 128,000 retirees or 38,000 vehicles. If 50% of the annual sales are diverted to competitors, the direct impact would be about 23,000 vehicles per year.

If you see these numbers as negligible, consider that these same customers will certainly also influence the buying decisions of their families, friends, neighbors and acquaintances. Since many hold influential positions within their communities, the effect could escalate further. According to our estimate, GM could lose at least another 40,000 vehicle purchase decisions annually based on retiree influence, possibly more. Already, represented employees are turning to non-domestic and competitor vehicles for their purchases. While visiting a plant site, have a look at the parking lots where you will see a wide variety of competitor products.

To be clear, GMRA does not support this position. We understand that a negative impact on GM business could further erode GM’s share of the market and add to the financial stress during already challenging economic times. We consider the success of GM central to our future.

At the same time, the anger and frustration is justifiable and we have no defense. There has been no measure of fairness in the treatment of salaried retirees. The GM and U.S. Treasury decisions to this point add up to a series of significant reductions to salaried retiree benefits with no representation. Add to that the recently announced Preferred Pricing Program, which further erodes the purchasing power of a significant retiree customer base, and it becomes obvious that the impact of the retiree segment on GM’s future is being overlooked somewhere at the top.

We urge you to seriously consider the imminent risk. Once you lose this long-time base of staunch support, it will be difficult, if not impossible, to win back.

I would be happy to meet with you, or your representative, to talk about how we could work together to find a mutually beneficial solution.

Sincerely,

John D. Christie
President
GM Retirees Association
September 11, 2009

The Honorable Christopher J. Lee
U.S. House of Representatives
1711 Longworth House Office Building
Washington, DC 20515

Dear Mr. Lee:

I am writing in response to your September 2 letter to General Motors Company President and Chief Executive Officer, Fritz Henderson, regarding Delphi pensions. Fritz asked that I respond as I am leading the GM Company efforts related to the Delphi restructuring.

Your letter touches on an important issue for many of us as we have former colleagues, neighbors and even spouses who work at or have retired from Delphi. Delphi became an independent company from General Motors Corporation more than ten years ago, in May 1999. At that time, GM Corporation transferred to the new Delphi company a fully funded pension plan for salaried retirees. GM also transferred the hourly plan, and because at the time the plan was less than fully funded, GM agreed to provide a level of support for certain Delphi hourly retirees if their pension was terminated. Responsibility for managing the retirement plans rested solely with Delphi’s leadership and advisors.

While we recognize the personal sacrifices that Delphi employees and retirees may be forced to make if pensions are reduced, GM Company is not in a position to fund the salaried pension plan a second time. Our primary responsibility is to ensure the success of the new company and there is no reasonable justification for assuming such additional liabilities.

GM Company’s goal continues to be a successful restructuring of Delphi, which is critical to help secure the future of GM and of the jobs of thousands of Delphi workers in New York and other states. To that end, we have booked more than $12.5 billion in Delphi-related charges through the first quarter of 2009, and we have agreed to provide additional support for Delphi as part of its recent court approved plan to emerge from bankruptcy. We continue to believe that facilitating a successful restructuring of Delphi and preserving Delphi jobs is the best use of the limited funds available to GM.

Thank you for sharing your concerns and those of your constituents.

Sincerely,

[Signature]
The Honorable Chris Lee
1711 Longworth House Office Building
Washington, D.C. 20515

Dear Chris:

Thank you for writing me regarding your request that the Committee hold hearings on the stated intention of General Motors and the Administration's Auto Task Force to honor the pension obligations of Delphi’s hourly workers while shuffling off responsibility for Delphi's salaried employees to the Pension Benefit Guaranty Corporation. The reports of the disparate and inequitable treatment of Delphi's hourly and salaried employees arising from the restructuring negotiations between Delphi Corporation, General Motors, and the Administration's Automotive Task Force should have shocked the consciences of all Americans who believe that their government should treat all of its citizens fairly and even-handedly.

Since you have written me, General Motors has suddenly announced its refusal to take responsibility for the pension obligations of all of Delphi Corporation’s workers and retirees, whether hourly or salaried. Now, some 70,000 Delphi workers and retirees find their pensions disappearing with no explanation from General Motors or the Auto Task Force. The taxpayer-funded rescue of General Motors followed by the government-orchestrated bankruptcy and reorganization of the company has heralded an unprecedented involvement of the federal government in the workings of our economy. Because neither the Administration’s Auto Task Force nor General Motors has fully explained the basis for the decision to abrogate the rights of 70,000 Delphi workers, this Committee should hold hearings to bring some much-needed transparency to a process that has so far been cloaked in secrecy.

Your leadership on this issue has been critical to getting answers from the Administration and I will continue to support your efforts to request that Chairman Frank immediately schedule hearings on this important subject.

Sincerely,

SPENCER BACHUS
Ranking Member
United States House of Representatives
Committee on Financial Services
Washington, DC 20551

July 21, 2009

The Honorable Christopher J. Lee
1711 Longworth House Office Building
Washington, DC 20515

Dear Representative Lee,

Thank you for your letter on the Delphi retirees' treatment under the GM bankruptcy. I agree that this calls for an investigation. Because the issue involves pensions and the Pension Benefit Guaranty Corporation, the Education and Labor Committee has primary jurisdiction, so I have been working with Chairman Miller to plan an appropriate response. I know that this is an urgent issue, and I hope to soon have a clearer idea on how we will proceed.

Barney Frank
Chairman
The Honorable Christopher J. Lee
Congress of the United States
Washington, D.C. 20515

Dear Representative Lee:

Thank you for your letters dated June 5, September 3, and October 9, 2009, regarding the equitable treatment of Delphi Corporation’s salaried retirees. Please accept my sincere apology for this delayed response.

The validity of the termination of the Delphi Retirement Program for Salaried Employees and its placement under the trusteeship of the Pension Benefit Guaranty Corporation (PBGC) is currently the subject of litigation in Black v. PBGC, No. 2:09-cv-13616-AJT-DAS (E.D. Mich.). We await the outcome of that litigation.

On June 23, the President signed an Executive Order establishing the White House Council on Auto Communities and Workers to help coordinate the Federal response to the communities that have been hardest hit by the auto industry’s decline. The Council is committed to finding lasting solutions that will provide long-term economic stability to these communities. Thank you again for your attention to this important matter.

Sincerely,

Ron Bloom
Senior Advisor to the Secretary
April 21, 2010

The Honorable Chris Lee
Congress of the United States
Washington, D.C. 20515

Dear Representative Lee:

Thank you for your letter dated June 24, 2009, requesting a copy of all documents and correspondence relating to the federal government’s involvement in the restructuring of General Motors and Delphi’s pension plans. We are compiling this information and hope to transmit responsive documents to you, consistent with our obligations under applicable law, as soon as possible.

Thank you again for your attention to this important matter.

Sincerely,

Ron Bloom
Senior Advisor to the Secretary

cc: Representatives Higgins, Latta, Eblen, Harper, Turner, Rogers, Pitts, Malin, Kilroy, Dreier, Griffith, Koech, Massa, Brown-Waite, Camp, Hoekstra, Miller, Gerlach, Burton, McCotter, Kildee
April 21, 2010.

The Honorable Chris Lee
Congress of the United States
Washington, D.C. 20515

Dear Representative Lee:

Thank you for your letter dated December 7, 2009, requesting a copy of all documents and correspondence relating to the federal government’s involvement in the restructuring of General Motors and Delphi’s pension plans. We are compiling this information and hope to transmit responsive documents to you, consistent with our obligations under applicable law, as soon as possible.

Thank you again for your attention to this important matter.

Sincerely,

Ron Bloom
Senior Advisor to the Secretary
Field Hearing of House Financial Services Oversight and Investigations Subcommittee
Hearing held July 13, 2010 in Canfield Ohio
Follow up question from committee member

Question from Congressman Charlie Wilson:

"Mr. Gump, can you give us a sense of how Delphi's pension and benefit changes have impacted those retirees here in the Mahoning valley and across the country?"

Answer:

The pension and benefit changes have been devastating to many, harmful to many more and frustrating and frightening to all. After more than thirty years of doing what we were told by our managers, paying our taxes and staying out of trouble, we are told by our government who arranged full funding for the UAW pension plan using funds from TARP, and either used or allowed the use of TARP funds to "top up" the pensions of the IUE-CWA and the Steelworkers that there was "no commercial necessity to do anything for those people" meaning the Delphi Salaried Retirees. Not only is this a frighteningly dangerous precedent for the administration to set, it is probably also illegal and certainly an unethical manner for our government to act. Tens of thousands of retirees across the nation depended on their companies to live up to the promises made to them over decades. Hundreds of thousands more depend on their government to treat them all as citizens with the same rights, privileges and responsibilities. But in this case, the administration chose to differentiate between groups of citizens based on their perceived political affiliation, justifying it based on their perceived "commercial value." Sworn testimony from Treasury officials directly involved in the decision making process has shown the administration brought into the private industry bankruptcy – which they orchestrated – the politics they are so famous for and then purposely chose to "take care" of the group most closely politically associated with them, while determining that other groups were not strong enough to fight back and so could be simply disposed of and forgotten.

The results of this political decision have harmed the very structure of the political and social landscape of the country because the United States Government essentially told the nearly 90% of the American Work Force who are not represented by a union that they have no value to the administration, and a very large portion of the 12% of the Work Force that is represented that unless their union is big enough to be thought of as important politically, they will receive only minimal or partial support from the administration. Furthermore, the economic impact of the devastating losses these retirees – who had no ability to protect themselves – have had to endure is both significant and avoidable. As was discussed in the recent hearing in Canfield, over just a short 10 year time horizon, the loss of economic activity in the country will amount to more than $16 Billion and an additional 85,000 citizens will see their jobs simply evaporate because of that loss. The TARP funds were supposed to be used by the administration to INCREASE economic activity, not assure it is decreased, or only supported for political favorites. The disparate treatment of the salaried retirees has resulted in personal financial and social crisis. There is a tremendous loss of confidence in the government. This should have been "shared sacrifice" between all Delphi/GM Retiree groups.
The citizens affected always felt they had done the right thing, they "played by the rules" and obeyed the law and their superiors at work. They believed the promises made by those employers, and certainly by their government. The party currently in power promised in their national platform “We will make it a priority to secure for hardworking families the part of the American Dream that includes a secure and healthy retirement. Individuals, employers, and government must all play a role. We will adopt measures to preserve and protect existing public and private pension plans.”

(http://www.democrats.org/a/party/platform.html) The president himself said he had a responsibility to “take care of the auto workers.” What nobody understood was that he only meant the United Auto Workers. Furthermore, it has recently been learned that the financial standing of the pension plan was better than the average of the top 100 pension plans in America, so there really was no need to terminate the plan at all, and there certainly was no need to follow an involuntary termination process that completely denied the participants representation and due process. These people are angry, they are hurt and they are scared because of the discriminatory treatment they have received. Can anybody blame them?

What follows is a sampling from over 540 written testimonies, almost entirely from salaried retirees, and offered to this committee. All the testimonies received since the hearing are included as a separate attachment which I request be included in the record. These testimonies include such comments as:

From Albert Campbell: The inequitable treatment I have received at the hands of the Treasury and the PBGC has destroyed me financially. Two days ago I received the foreclosure notice on my home. So where do my family and I go now that we are losing our home due to this treatment by Treasury and the PBGC?

From David Gullidge: Suddenly I was losing 50% of my pension because I am salary and in the Obama Administration words "you have no commercial value". My wife has now lost her job, I am a heart attack quadruple bypass survivor that is 61 years old now and no one will hire because of medical history. I will most likely lose my house, and am having a hard time because bills outnumber the money coming in. My government has taken my honor and betrayed me. This country is not the country my father fought for, why am I losing everything I have and have worked for? Please answer me that, I am a citizen with no rights. I don’t see any need in going on anymore, when a person’s word is nothing, and a person’s country blame them, why even live anymore.

From Brenda Jones: I am now 58 years old cannot find a job to supplement my income, I still have a mortgage and car payment. I was pretty self-sufficient but now I rely on my children to help pay my bills.

From Carl Nagy: I have applied for literally dozen[s] of engineering jobs. No one wants to hire a 58 year old even though I have an engineering degree, MBA, and a Professional Engineers License. ... I have been substitute teaching for [just above minimum] wages to help make ends meet. They are not meeting. I need new hearing aids. I can’t afford them. I don’t know when I will ever be able to buy a new car, let alone a new GM car. We don’t go out to eat anymore. We don’t go shopping. I need to have surgery on my neck, but have put it off due to the having to pay the deductibles.
From Charles Smith: I have looked for a job but even with a college degree and experience it has been difficult. I have a 80 year old mother whom I must help take care of and I cannot leave the area for any amount of time. My mother has given me money to keep me going but her nest egg is running out. My family, wife Bev, and I need the pension (reinstated) so we can continue to make payments and get out of debt. I am really disappointed being a US citizen to be treated so unfairly by our government.

From Dan Shapiro: I deeply request that you help me answer my granddaughters when they ask: Grampa, Should I go to college?

From Alex Boyd: How are the Salaried Retirees different then Hourly Retirees? Are we not both citizens of the United States and entitled to equal treatment?

From Allen Gerwin: It is a shameful event that has allowed the loss of a large part of my retirement, all my health care benefits and life insurance. These lost benefits were part of the employment package. I faithfully kept my end of that agreement. My loss was proctored by my own government. This discrimination is horrible. It seems unfathomable that two groups of people, UAW / Delphi Salary working side by side throughout their careers, should face such different futures.

From Barbara Burns: I have lost almost 50% of my pension. It's difficult to find a decent paying job. Currently my income is below the poverty level. I am definitely worse off today than I was before President Obama was in office. All I am asking for is fair and equitable treatment.

From Bill Martindale: After more than 40 years with this company, I have been forced to find other work (at lower pay) in order to support myself and my family as the pension I get from PBGC is insufficient. I am at poverty level. I can no longer assist my two daughters with helping to repay their college loans. I drive two old G.M. vehicles (’03 and ’04 Chevies) and will not be able to ever purchase a new car again and, if I do, it will not be a G.M. product.

From Brian Bower: GM & Delphi bankruptcies and the recent unfair use of TARP funds by the Treasurer have destroyed my retirement security. I am forced to accept these unfair changes without any representation or consideration while others who worked side by side with me will continue to be awarded full retirement benefits. That is not equality as stated in our constitution.

From Bruce Naylor: my pension was absorbed by the PBGC and reduced by 36%. I lost my job and was declined unemployment. Now we are always late on our house payments, and scramble to cover utilities. My plan to educate myself for a real service role of teacher is out of reach...

From Carol Holley: I knew when I retired in 2008 that my husband had terminal cancer and felt it was important that I spend as much time as I could with him. This decision was based on what health care, life insurance, and pension that were promised as part of my deferred compensation. I am dismayed with the actions of GM/Delphi and feel deceived by the actions of my federal government. The ATF [Auto Task Force] has acted in an unfair and inequitable manner against one worker group – Delphi Salaried Retirees.
From Dale Erdman: [I was exposed to] chemicals (asbestos, hexavalent chrome and trichloroethylene) which are known human carcinogens. In February of 2008 I was diagnosed with cancer and had a surgical procedure to remove the cancerous growth. Because of this history I feel General Motors has a moral as well as legal responsibility to insure I can maintain medical care. Since the reprehensible actions of Delphi, General Motors and the U.S. Treasury Department in showing gross discrimination in their actions toward the salaried Delphi retirees including me, and their use of Congressionally approved TARP funds in this discrimination relative to the topping off of benefits and pensions for union represented Delphi retirees, it is my opinion that the United States government MUST rectify this discriminatory practice.

From David Jones: My retirement decision was based on what I would receive from my EARNED pension, not a reduced pension. As a taxpayer I am discontented that the federal government used the TARP money to help General Motors and other retirees and disregarded the Delphi salary retirees. Currently, I have no future or plans. There are no jobs or employment for a 63 year old guy, soon to be 64.

From David Clute: [T]he only time I was ever on sick leave of absence was during the final three months of my career when I underwent double spine surgery; it was during my recovery from these surgeries that Delphi phoned me to inform that my employment was being terminated. Shortly thereafter my medical benefits were dropped and Delphi defaulted on their obligation to provide my earned pension. This resulted in a 47% reduction in my monthly retirement check. Because Delphi separated me at an early age I do not qualify for HCTC and therefore am forced to pay 100% of my health care premiums. After I pay my health care premiums the balance of my retirement on a yearly basis is more than $6500.00 BELOW POVERTY LEVEL GUIDELINES for the state of Indiana. I am being denied the same right to my earned benefits [as the union represented workers] because the Treasury decided I simply am not worthy of it and not strong enough to fight for it.

From David McDonald: My retirement has been drastically slashed to the point we now meet poverty level and we have NO healthcare whatsoever. Also, I lost my Life Insurance. I have a young family (2 kids 7 and 10) and a wife. I am 65 year old and can only find $10/hr jobs. The Obama Administration promised change. This unfair treatment of Delphi Salaried Employees is criminal. The Hourly union workers walk away with most of their benefits intact. The Administration refuses to show how they arrived at this segregation.

From David Milewski: I was forced into retirement as my job was moved to Juarez Mexico during the bankruptcy process. With a wife and 2 sons in college to support I am now faced with no job, no medical insurance and a dramatic 60% reduction in my pension. My family is now attempting to live below the poverty line because of the discriminatory treatment of the salaried retirees. The only expectation of Delphi Salaried Retirees is to be treated fairly, equitably, and without discrimination.

From David Palma: The cut has caused a financial hardship to say the least. We are now struggling to make our monthly expenses and have no money to do any of the things I expected to be able to do when I retired. It is not easy to always tell my grandchildren that I don't even have any extra money available to go for an ice cream cone. It seems to me that the
salaried retirees have been treated unjustly since GM agreed to make up the difference for the hourly retirees so that they would not experience a cut to their pension. The salary retirees need to be treated equally. As a taxpayer and citizen I am outraged that the Treasury would use TARP money in an unconstitutional way. We need a solution and we need it now.

We ask only to be treated fairly. The United States Department of the Treasury determined what is fair when they chose to come to an agreement with the UAW, and later but to a lesser degree with the IUE-CWA and the Steelworkers. We earned our pensions every bit as much as those who were represented by those unions, and the United States Government does not have the right to determine the fates of the citizens they are supposed to protect based on any "commercial necessity." That is just too dangerous of a precedent to set, so this policy error must be corrected quickly.

Thank you.

Bruce Gump
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<th>Names of Delphi retirees that submitted testimonials to Congressman Charlie Wilson</th>
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Jeff O'Leary  
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Jeffrey Ostheimer  
Eddie Steve Adams  
Jeffrey Smith  
Edward Politisky  
Jeffrey Wilson  
Elizabeth Knauf  
Jennifer & John Marcon  
Eugene A. Pawelak  
Jerry Tytko  
Frank Delia  
Jim Barr  
Frank Sandor  
Jim Butts  
Frank Zadell  
Jim Curran  
Gary Casterline  
Jim McClure  
Gary Davenport  
Jim Senary  
Gary E. Tregua  
Jo Ann H. Kling  
Gary Paine  
Joan Agler  
Gary Rials  
Jody Pierce  
GEORGE DERMFUR  
Joe Svette  
George Finn  
John Aekworth  
Gerald Amadeci  
John Bechaman  
Gil Putt  
John Brodbeck  
Gil Putt  
John Brodbeck  
Gina McPherson  
John Greco  
Gregory Bobosh  
John Libs  
Gregory Liles  
John Libs  
H. Wayne Atkinson  
John Lody  
Hank Verwicht  
John Fugel  
Harry Hawcroft, and Margaret Hawcroft  
John Redling  
Harry McCoo, Jr.  
John Smith  
Helen Salucke  
John W. Merr  
Henry Caswell  
John Wilton  
Herb Daugherty  
John Zenko  
Horace Curry  
Jon Nelson  
Jacquelyn P Ouellette  
Joseph D Godsey, Jr.  
James Cunningham, Jr.  
Joseph Mullin  
James F. Clark  
Joseph Nichols  
James Kane  
Joseph P. Nichols  
James Kelly  
Joseph Santini, Jr.  
James Raz  
Joseph Sterakowski  
James Sims  
Joseph Stephen Kramer  
Jane Reed  
Joyce Kelmer  
Jean Hathaway  
Judith Higgins  
Jeff Gardner  
Judith Sandor
Karen and David Hobson
Karen Goodwin
Karen Milič
Karen Rogers
Karenna Berner
KATHY AND ROGER WYDICK
Kathy Dones
Kelly Fabrizio
Ken Hama
Ken Hollis
Ken Mowery
Kenneth A. Brewer
Kenneth Wingler
Kenneseth Zuck
Kevin Caster
Kim Hazzard
Klaus Paukstis
Kurt Schrader
Larry Cator
Larry Cator
Larry Hardman
Larry Hawkins
Larry McCormick
Laurel Gay
Lawrence Smith
Lee Ann Land
Lee Roger
LeRoy Swift
Linda and Justin Silvidi
Linda Bryan
Linda Fanfer
Linda Fanfer
Linda StPhillips
Linda StPhillips
Linda Subasic
Lloyd High
Lou Ann and Dewey Mort
Louis Ligoure
Luis Luna
Lynn Rudolph
Lynn Streetz Hallum
Manuel Nick Frangos
Manuel Nick Frangos
Marcia Gooding
Margaret Hawcroft
Marilyn Shirley
Mark Baranko
Mark Gibbs
Mark Silo
Mark Thomsburg
Mark Zellers
Mary Jo Pascale-Miller
Mary Landes
Mary Landes
Mary McGuire
Mary N Frangos
Mary Suterland
Marylou Dever
Michael A. Martel
Michael Benzé
Michael E. Graney
Michael E. Graney
Michael Martel
Michael Schneider
Michael Shoemaker
Michael Williams
Mike DiCenso
Mike LaFond
Mike Lee
Mike Lee
Mike Norton
Mike Norton
Mike Woodall
Millie Kleska
Milton Hatfield
Mr. and Mrs. Thomas Drummond
Nancy Androsko
Nancy Androsko
Nancy Joiner McDonald
Nancy Uffindell
Neill Varner
Oscar Crumby
Pat Sauceman
Patrick Steisak
Patti Bouslog
Patty Lorenz
Patty Lott
Paul Belter
Paul J Bryan
Paul Pulovich
Peter Gallavin
Phyllis Stichler
Ray Weingart
Rebecca McFale
Rhonda Hill
Richard A. Valos
Richard and Diana Belanger
Richard Benner
Richard Harrison
Richard Kerrigan
Richard Rife
Richard Somogyi
Rick Loutzenhiser
Rick Wires
Robert and Nancy Minkler
Robert Bachman
Robert Beeson
Robert Brockman
Robert C. Walker
Robert E Pitzer
Robert Lastacy
Robert Myers
Robert Sauer
Robert Saviers
Robert Sovacool
Robert Steele
Robert Stubbs
Robert Voltenburg
Robyn Budd
Roger K. Bennett
Ron Beeber
Ron Daron
Ronald Byrns
Ronald M. Zonhar
Roy Smith
Roy Szanny
Sally Zamora
Sandra Gebele
Sandra Marr
Sharen Marie Bowers
Sharon Sesock
Stanley Zirkle
Stephen Sandberg
Tanice Bellas
Terence Dennis Sherman
Terry Gunn
Terry Moyer
Terry Van Wert
Thomas Castellana
Thomas P. Woods
Tim and Colleen Woods
Tom and Carol Woods
Tom Burleson
Tom Hardesty
Tom Juge
Tom Luribardiere
Tom Lauth
Tom Montour
Toni Moore
Toni Moore
Traci Hankins
Victor Steve Broo
William L. Gross
William McCardle
William Mease
William Stevens
Zuriah Perkins