

**LETTER FROM HOUSE MINORITY LEADER JOHN BOEHNER
TO RICK SORG (HIS CONSTITUENT)**

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From: Congressman John Boehner
To: **RICK SORG**
Sent: Thu, Feb 18, 2010 3:20 pm
Subject: Re: WEBFORM - Email

Dear Richard:

Thank you for contacting me in regard to pension benefits for Delphi salaried retirees. It is good to hear from you.

As the former Chairman of the Education and the Workforce Committee with jurisdiction over employer provided benefits including pensions, I am keenly aware of the difficulties employees, retirees, and companies now face.

As you know, Delphi Corp. stopped paying for health care and life insurance benefits for current and future salaried retirees with the approval of a bankruptcy judge. In July, the bankruptcy court approved transfer of Delphi's salaried and union pensions to the Pension Benefit Guarantee Corporation (PBGC). Many are rightly concerned about possible reductions in pension benefits as statute limits PBGC's maximum payments, and PBGC does not guarantee supplemental benefits for those who retire early.

On June 3, 2009, I joined Congressman Mike Turner (R-OH) in sending a letter to Ron Bloom, then-Senior Advisor on the Auto Industry at the U.S. Department of Treasury. In our letter, we urged the Treasury Department and the Automotive Task Force to support the assumption of Delphi Corporation's hourly and salaried pension obligations by General Motors.

While the Delphi salaried pension fund is significantly underfunded, the GM plan currently is more solvent. In addition, I recognize many Delphi retirees spent the vast majority of their careers as GM employees until Delphi became independent in 1999.

Subsequently, GM has moved to make the pensions of the Delphi union retirees whole, while failing to address the pension of Delphi salaried retirees. In July, GM said that it would help fill the gap between PBGC maximum benefits and what retirees were promised. On September 1, GM reached agreement with the IUE/CWA to cover pension shortfalls for Delphi retirees, and an additional \$50 million for health care for union retirees under the age of 65. Unfortunately, no comparable commitment has been made to shore-up the pensions of salaried retirees.

I believe this disparate treatment reinforces the need for congressional oversight. In July I joined 43 of my colleagues in writing the Chairman and Ranking Member of the House Committee on Financial Services, Congressmen Barney Frank (D-MA) and Spencer Bachus (R-AL) respectively, as well as the Chairman and Ranking Member of the Senate Committee on Banking, Housing and Urban Affairs, Senators Chris Dodd (D-CT) and Richard Shelby (R-AL), regarding Delphi. In our letter, we ask the committees to schedule immediate hearings into the treatment of Delphi Corporation's pension obligations and its impact on thousands of retirees. We are requesting a thorough examination of the decision that resulted in inequitable outcomes for hourly and salaried retirees. I and other Members have requested information from the Obama Administration's Auto Task Force on how decisions related to General Motors' pension plans were reached. However, we believe that hearings will be an important additional step to shed light on the decision-making in this case and to promote transparent and open government.

Chairman Frank responded to our letter stating that he would work with Education and Labor Committee Chairman George Miller (D-CA) on this issue. The Education and Labor Committee's jurisdiction includes oversight of the PBGC.

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

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

On July 10, the House Committee on Financial Services considered the resolution for amendment. While am not a member of this committee, Congressman Chris Lee (R-NY) offered an amendment with my support to include determination of benefits of Delphi retirees as part of the inquiry. The resolution passed the committee by voice vote.

It is my hope that the Democratic Majority will schedule this resolution for a vote on the House Floor.

On October 14, 2009, Mr. Bloom responded to Rep. Turner's and my letter to the Administration on this issue. His response states, in part, "While GM has agreed to assume Delphi's hourly pension plans, unfortunately there simply is no realistic alternative to the termination of the existing Delphi salaried pension plans and the transition of their stewardship to the PBGC."

However, the taxpayer-funded rescue of GM, combined with the government-directed bankruptcy and reorganization of GM, has resulted in unprecedented government involvement and intervention in the workings of a private company and the economy. Neither GM nor the Automotive Task Force has provided a full explanation as to why some Delphi pension obligations will be met by GM while the salaried retirees are not made whole.

On December 2, 2009, the Subcommittee on Health, Employment, Labor, and Pensions of the Committee on Education and Labor held a hearing titled "Impact of Bankruptcy on Delphi Workers." While I was unable to attend the hearing in person, I submitted a written statement for the record reiterating my concern about this disparate treatment. While I commend my colleagues for highlighting these issues during the hearing, I am disappointed that an Administration official was unavailable to testify to bring some much needed transparency to this process.

The American people, especially those affected by the bankruptcy proceedings, deserve to be a part of an open and transparent process. Please be assured that I will continue to monitor this issue closely.

Thank you again for contacting me regarding this matter. I invite you to visit my website at <http://johnboehner.house.gov/> to sign up for email updates. Please continue to keep me informed of your concerns in the future.

Sincerely,
John A. Boehner