JOHN BOEHNER
OHIO'S 8TH CONGRESSIONAL DISTRICT | JOHNBOEHNER.HOUSE.GOV

FOR IMMEDIATE RELEASE
August 9, 2010

CONTACT: CORY FRITZ
(202) 225-6205

BOEHNER AND WICKER REQUEST GAO REPORT TO INVESTIGATE DELPHI PENSION TREATMENT

Boehner: "Was this yet another decision by the Obama administration to reward union bosses and liberal special interests?"

WASHINGTON, DC – Congressman John Boehner (R-West Chester) and U.S. Senator Roger Wicker (R-Miss.) today requested the Government Accountability Office (GAO) conduct a non-partisan, independent analysis of the federal financial assistance provided to the General Motors (GM) Corporation and its treatment of certain Delphi retirees.

"Neither GM nor the Automotive Task Force has provided a full explanation about why some Delphi pension obligations will be met by GM while the salaried retirees are not made whole," Boehner said. "Was this yet another decision by the Obama administration to reward union bosses and liberal special interests? Tens of thousands of affected families, and all American taxpayers, deserve answers."

"On the surface, the result of the GM bankruptcy proceedings appears to be a union bailout," said Wicker. "While union pension benefits were left in-tact during these proceedings, other non-union counterparts lost most of their retiree benefits. American taxpayers deserve more openness from the administration regarding how these pension decisions were made and whether union members received preferential treatment."

To date, over $70 billion in taxpayer funding has been transferred to GM to keep the company afloat. Under the Obama administration, the federal government acquired a 60 percent ownership of GM following the company's bankruptcy proceedings. Additionally, the United Auto Workers Union received a 17.5 percent ownership in the auto manufacturer. Many are concerned that the federal government, acting through GM, picked winners and losers in the GM bankruptcy proceedings. Pension agreements are altered routinely during bankruptcy proceedings, but in the GM case, certain pension beneficiaries were protected during the process while others were not.

In their letter to Mr. Gene Dodaro, GAO's Acting Comptroller General of the U.S., the lawmakers wrote, "The Delphi case was especially complicated, not just because it involved a number of large complex plans, but because of Delphi's relationship with its parent company, General Motors. During the period leading up to the termination of the Delphi plans, GM was negotiating its own restructuring through the bankruptcy process, with considerable taxpayer assistance and involvement of the U.S. Treasury. In light of the complexity of the process and the role of GM and the U.S. Treasury in the Delphi case, we are concerned that not all Delphi retirees were treated equitably and that the process lacked transparency."

GAO is expected to begin the report in the coming months. A full copy of the letter sent to the Acting Comptroller General of the United States is below.

August 9, 2010

Mr. Gene Dodaro
Acting Comptroller General of the United States
Government Accountability Office
441 G Street, NW
Washington, D.C. 20548-0001

Dear Mr. Dodaro:

The Pension Benefit Guaranty Corporation (PBCG) protects the pensions of more than 44 million private sector workers and retirees in over 29,000 employer-sponsored defined benefit pension plans. When a bankruptcy occurs and an underfunded plan is terminated, PBGC assumes control of plan assets, calculates benefit amounts, and pays recipients a guaranteed benefit. Securing assets and determining benefit amounts can be a long and complicated process, especially in bankruptcy cases involving large companies with multiple plans, foreign assets, and a mix of union and non-union employees.

Over the past decade, several examples of large bankruptcies and plan terminations have occurred across the airline and steel industries, and more recently, the auto industry. One of the largest auto suppliers in the world, the Delphi Corporation, filed for bankruptcy in 2005 and had its pension plans terminated in 2009. The Delphi case was especially complicated, not just because it involved a number of large complex plans, but because of Delphi's relationship with its parent company, General Motors (GM). During the period leading up to the termination of the Delphi plans, GM was negotiating its own restructuring through the bankruptcy process, with considerable taxpayer assistance and involvement of the U.S. Treasury.

In light of the complexity of the process and the role of GM and the U.S. Treasury in the Delphi case, we are concerned that not all Delphi retirees were treated equitably and that the process lacked transparency. To assess whether Treasury's concern for the financial viability of GM may have had an impact on decisions regarding Delphi's pension plans, we request that Government Accountability Office compare the process for terminating the Delphi pension plans with PBGC's process for terminating other large, complex plans, with a special focus on the following:

• What precipitated PBGC's decision to terminate the plans and what role did Treasury play in this decision, if any?
• Following termination, how effective was PBGC at securing domestic assets through the bankruptcy process, and at securing foreign assets through the establishment of liens?
• How did PBGC treat collective bargaining agreements in the benefit determination process, and to what extent did such agreements result in disparate treatment of union versus non-union employees?
• Following Delphi's bankruptcy, did all of Delphi's unionized retirees that received supplemental retiree pension benefits from GM have pre-existing collective bargaining agreements that stated such benefits would go into effect in the event of a Delphi bankruptcy, and what role did Treasury play in the decision to provide supplemental benefits, if any?
• What information was communicated to employees about the termination of their plans and the reasons for any benefit reductions?

We appreciate your prompt attention to this matter.

Sincerely,

Roger F. Wicker
United States Senator

John Boehner
House Republican Leader