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CONGRESSWOMAN SHEILA JACKSON LEE, OF TEXAS

**FLOOR STATEMENT
IN SUPPORT OF
MILLER MOTION TO RECOMMIT WITH
INSTRUCTIONS TO CONFEREES ON H.R. 4
“PENSION PROTECTION ACT OF 2005”**

JULY 28, 2006

Mr. Chairman, I rise in support of the Miller/Rangel Motion to Recommit with Instructions to Conferees on H.R. 4, the “Pension Protection Act of 2005.” I support the Miller/Rangel motion for several reasons. Specifically, I agree that conferees should be instructed to agree to the Senate provisions: (1) protecting older workers' benefits in cash balance conversions; (2) ensuring that airline pilots do not see unfair cuts to their PBGC benefits because of the FAA's mandatory retirement rules and agree

to the Senate provisions on airlines; (3) designed to prevent pension plan dumping; (4) on executive compensation and work to treat worker and executive pensions equally.

AGREE TO THE SENATE PROVISIONS PROTECTING OLDER WORKERS' BENEFITS IN CASH BALANCE CONVERSIONS.

These provisions prohibit discrimination against older workers by the practice of offsetting previously earned pension benefits against new benefits under the plan, also known as "wearaway" of older worker benefits. They also provide fair rules to protect workers' pensions in conversions of traditional pension plans to cash balance pension plans. In a recent study, the GAO found that, without these transition protections, almost all workers could lose up to 50% of their expected pension benefits in a cash balance conversion.

AGREE TO THE SENATE PROVISIONS THAT ENSURE THAT AIRLINE PILOTS DO NOT SEE UNFAIR CUTS TO THEIR PBGC BENEFITS BECAUSE OF THE FAA'S MANDATORY RETIREMENT RULES.

Under FAA rules, airline pilots are required to retire at age 60, and if they retire earlier than age 60, they cannot go back to work once they hit age 60. When a pilot pension plan is terminated and sent to the PBGC, the PBGC considers age 65 to be the normal retirement age, treats age 60 as an early retirement, and cuts pilots guaranteed benefits as a result. These

provisions would require the PBGC to treat age 60 as the normal retirement age for pilots and adjust their guaranteed benefits accordingly. The motion would limit this treatment to those pension plans which were terminated after September 11, 2001. It could come no sooner. United Airlines pilots are seeing their pensions cut by tens of thousands of dollars each year under the PBGC rules. Their retirement nest eggs have been decimated. They are hit twice – once by the company’s unfair dumping and again by the PBGC’s benefit reductions.

AGREE TO THE SENATE PROVISIONS ON AIRLINES.

The airlines have been hurt by skyrocketing fuel prices and 9/11. It would be devastating to hundreds of thousands of workers across the nation if more airlines are permitted to dump their plans into the PBGC. These provisions give airlines the ability to keep their plans going by stretching out payments over 20 years instead of 7 years.

AGREE TO THE SENATE PROVISIONS DESIGNED TO PREVENT PENSION PLAN DUMPING.

These provisions allow the PBGC and Treasury Secretary to enter into an alternative funding agreement with an employer if its pension plan is in danger of being terminated. If workers and retirees are facing the destruction of their pension plans, Congress should give the PBGC and Treasury

Departments the flexibility to work out alternatives to termination. If such alternatives to simply dumping a plan were available during the United Airlines crisis, the largest pension termination in history might have been averted.

AGREE TO THE SENATE PROVISIONS ON EXECUTIVE COMPENSATION AND WORK TO TREAT WORKER AND EXECUTIVE PENSIONS EQUALLY.

Under the House bill, workers see benefit restrictions when a pension plan falls below 80% funding. Executives, on the other hand, only see limited benefit restrictions much later – at less than 60% funding. The Senate bill achieves greater parity than the House bill in how workers and executives are treated. Over the last several years, we have seen repeated cases where executives have protected or even enhanced their own golden parachutes, while cutting or eliminating workers’ pensions. It is time for these unfair practices to end. If it is good enough for the sailor, it is good enough for the captain.

CONCLUSION

For these reasons, I support the Motion to Recommit with Instructions on H.R. 4 and urge my colleagues to support it also. Thank you, Mr. Chairman. I yield back the balance of my time.