

Delta waiting, hoping for pension bill

Congress 'very close' to deal that could help airline save plan

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Congress kept working Thursday on a compromise pension reform bill that could determine the future of Delta Air Lines' main pension plan.

"We don't have an agreement yet but we are very close," House Majority Leader John Boehner, R-Ohio, said at a news conference.

He said negotiators are still trying to decide whether to grant Delta and three other airlines extra time to fully fund their pension plans, as part of an overall bill that would toughen pension regulation.

"The pension reforms that we send to the president, hopefully next week, will be far stronger than current law," said Boehner.

Delta Chief Executive Gerald Grinstein implored Congress on Wednesday to complete pension legislation this week that could help the company avoid defaulting on pension plans of 91,000 workers and retirees.

"We're at the tipping point," he said.

Reports circulated Wednesday that lawmakers had resolved major disagreements and were putting final touches on the bill. The Wall Street Journal reported that the likely compromise will include the provision giving ailing airlines more time to fully fund their plans.

The reform bill, whose overall intent is to toughen pension regulations, has lingered for months. But Grinstein said that if Congress begins its August recess without passing the legislation, bankrupt airlines will be left facing pension-funding obligations they cannot meet.

To stay aloft this fall, "we'll have to take other steps," such as defaulting on pensions, he said.

Grinstein was joined at a Wednesday news conference by Northwest Airlines Chief Executive Douglas Steenland as well as Sens. Johnny Isakson (R-Ga.) and Norman Coleman (R-Minn). Hundreds of airline employees also fanned out across the Hill to lobby.

Atlanta-based Delta and Minneapolis-based Northwest each filed for bankruptcy last year. At the end of 2005, Delta's main pension plans were underfunded by \$6.4 billion, Northwest's by \$3.7 billion.

The House and Senate have each passed legislation to shore up the Pension Benefit Guaranty Corp., a quasi-governmental agency that insures private pension plans. But the two versions of the complex legislation have a number of significant differences.

For example, the Senate version includes an amendment that would allow financially weak air carriers to take 20 years, rather than seven, to replenish underfunded pension plans, a measure Delta and Northwest say would give them at least a chance of saving traditional pensions. Continental and American airlines also would get more time under the compromise being discussed. The House version does not have airline relief.

A final compromise bill must be approved in both chambers and win President Bush's signature. White House officials have suggested in the past that Bush would veto a bill with airline aid as contrary to the overall aim of the legislation. But Isakson said that threat has not been repeated in recent weeks.

Pension experts say legislation is needed because the PBGC's solvency has been undermined in recent years as pension plans have been abandoned by bankrupt companies, particularly in the steel, auto and airline industries. US Airways and United Airlines already have used bankruptcy proceedings to transfer liabilities to the PBGC.

Delta is in the process of terminating a separate pension plan for pilots but still has defined-benefit plans for 91,000 nonpilot workers, retirees and dependents. When a plan is terminated, the PBGC continues benefits payouts, to certain limits. Higher-paid and early retirees are most likely to face cuts.

If PBGC itself were to fail, taxpayers be stuck for a massive bailout. To avoid that, Congress wants to tighten funding rules for companies that offer traditional pension plans, which promise to pay monthly benefits to 44 million Americans.

Isakson, primary sponsor of the amendment, said airlines need more time to ride out their financial troubles. Stretching out pension payments would ease their burdens enough to help them emerge from bankruptcy. Amendment opponents say giving airlines more time would only increase the PBGC's potential liability in the future.

—The Associated Press and Bloomberg News contributed to this report.