



INTERNATIONAL FEDERATION OF PROFESSIONAL & TECHNICAL ENGINEERS AFL-CIO & CLC

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Dear House Judiciary Committee Member:

As the Executive Officers of the International Federation of Professional and Technical Engineers (IFPTE), representing upwards of 85,000 workers, we are writing regarding tomorrow's full committee mark-up of H.R. 7370, *The Protecting Employees and Retirees in Business Bankruptcies Act of 2020*, sponsored by House Judiciary Chairman Jerrold Nadler.

As it stands now, our unbalanced corporate bankruptcy laws have left workers at the mercy of a system that prioritizes corporate executive and Wall Street profits over employee wages, pensions and retiree health care benefits. These laws permit and even sometimes encourage employers to default on what has been earned by workers and abrogate hard fought worker benefits won at the bargaining table, while at the same time awarding corporate executives with huge bonuses. It is long past time to reform and bring fairness to our broken corporate bankruptcy laws so that workers and retirees no longer carry the lion's share of the burden.

IFPTE believes that H.R. 7370 is a proper remedy to bring balance back to this process. First, the legislation will better improve the ability of workers and retirees to recover lost wages and benefits. Specifically, the bill increases the maximum value of worker wage claims from the current maximum priority payment of \$12,850 to \$20,000; eliminates the mandate that priority wage and benefit claims must be made within 180 days from the time of the bankruptcy filing; and, relaxes burdensome rules that hinder priority payments of workers' severance pay.

The bill also aims to reduce worker and retiree losses by making it more difficult to reject collective bargaining obligations during a bankruptcy; providing better protections against reducing or eliminating retiree benefits; mandating that court approval of bankruptcy sales is contingent on maintaining existing jobs and retiree pension and health benefits; and, further defines that the priority of a Chapter 11 bankruptcy process is to maintain as many jobs as possible.

Lastly, the legislation provides for strict restrictions on exorbitant executive bonuses and compensation. For example, the bill stiffens court approval criteria to block huge executive bonuses and other egregious senior executive and highly compensated personnel compensation programs. It also allows for the removal of senior management and executive retirement benefit programs if rank and file pension and retiree health benefits are eliminated.

For too long employers have utilized the bankruptcy courts as a means of abrogating their pension, retiree health benefits and earned wages of their employees. This must come to an end. IFPTE urges you to support the *Protecting Employees and Retirees in Business Bankruptcies Act of 2020* and oppose any amendments that are aimed at weakening this legislation.

Thank you for your consideration.

Sincerely,

Paul Shearon
IFPTE President

Matthew S. Biggs
IFPTE Secretary Treasurer/Legislative Director