



LEGISLATIVE ALERT

July 17, 2014

The Honorable John Conyers, Ranking Member
Judiciary Committee
Washington, DC 20515

Dear Ranking Member Conyers:

The AFL-CIO applauds you for introducing the “Protecting Employees and Retirees in Municipal Bankruptcies Act of 2014,” legislation that protects collective bargaining agreements and retiree benefits from municipalities making strategic use of the Bankruptcy Code to target labor agreements and public employees and retirees.

While traditionally, municipal bankruptcies were relatively rare, beginning in 2008 a growing number of cities have made use of Chapter 9 of the Bankruptcy Code, most notably, as you are well aware, Detroit Michigan in 2013. As we saw in Detroit, the city’s bankruptcy filing included an attempt to abrogate public employees’ rights and strip them of their earned pensions. Your legislation, by strengthening the requirement that a municipality conduct good faith negotiations with creditors prior to seeking Chapter 9 relief, and by closing the “loophole” which allows municipalities to avoid entering into these negotiations, will help prevent this from happening.

We appreciate that your legislation acknowledges the importance of collective bargaining, as reflected in the important provision that a court cannot approve a bankruptcy plan that modifies a collective bargaining agreement or retiree health or pension benefits until the authorized representatives of the affected groups confirms that it has agreed to the modifications.

The AFL-CIO will continue our fight for good jobs with fair wages and decent benefits. This includes fighting against the unfair stripping of earned benefits of current and retired employees caught in the crosshairs of complicated Chapter 9 bankruptcy cases, and we thank you for your support.

Sincerely,

William Samuel, Director
Government Affairs Department