TESTIMONY OF MR. JAMES MORGAN
BEFORE THE HOUSE COMMITTEE ON EDUCATION AND LABOR
SUBCOMMITTEE ON HEALTH, EMPLOYMENT, LABOR, AND PENSIONS
“THE COST OF INACTION: WHY CONGRESS MUST ADDRESS THE MULTIEMPLOYER PENSION CRISIS”
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Thank you Madam Chairwoman. I want to thank the Committee for the opportunity to provide this testimony.

My name is James Morgan and I live in Blue Island, Illinois in suburban Chicago. I retired after working for 33 years at Hostess Brands’ Wonder Bread bakery first in Chicago and then in Hodgkins, IL, a Chicago suburb. I worked at the bakery until the company went bankrupt and closed its doors in 2012.

I am currently collecting my pension from the Bakery and Confectionery Union and Industry International Pension Fund, known as the B&C Pension Fund, and working part time to help make ends meet.

During my career at Wonder Bread, I was active in my Union, BCTGM Local 1, a Local Union with nearly three thousand members and several thousand retirees. I served as a shop steward, Chief Steward and was a member of the Local Union Executive Board.

During my 33 years in the bakery, I worked many different jobs including mixer and oven operator. Working in an industrial bakery is an extremely physically-demanding job. You are on your feet for at
least eight hours and usually longer because we worked a lot of overtime.

In the summer, the temperature in the bakery could get to 100-120 degrees. It was stifling.

For much of my career as a mixer, I had to lift hundreds of pounds of ingredients in 100 pound and 50 pound bags and pour it into the mixers every day, all day long.

We worked weekends and holidays and never had off two days in a row. That’s how the baking industry is.

Thirty three years in the bakery take an enormous toll on your body. It’s very rough on your back, your neck, your feet, your arms and your legs. It’s grueling.

Thanks to my Union and the strong contracts we negotiated, my co-workers and I earned a middle-class wage and good benefits for the hard work we did.

And no benefit was more important to us than our defined pension benefit. We negotiated and fought for our pension because we knew that having that pension meant that we would be able to retire with dignity after a lifetime of very hard work.

In fact, having a good pension was so important to us that we would often negotiate less in pay raises in favor of increasing our negotiated pension benefit level. In some years, many of us took all, or a portion, of our negotiated pay increases and purchased additional pension benefits. This was money out of our own pockets. That’s how much we valued our pension.

As the Chief Steward, I knew everyone working in that bakery. We were proud to be making the most famous bread in the country,
Wonder Bread. We gave it our all. If the bakery had not closed, I would probably still be working there. We were working to provide for our families and we were working for a decent retirement.

It is very disturbing to me when I hear people saying that our pension was “GIVEN” to us by the company. Hostess didn’t give us the pension. We bargained for it as part of a compensation package. As I said, we sacrificed wages and other benefits to secure, maintain and improve our pension benefits. Those benefits were part of our earnings.

In August 2011, the CEO of Hostess Brands sent a letter to every employee saying that the company was suspending the contributions it was obligated to make to the B&C Pension Fund according to our collective bargaining agreement. He said the suspension of contributions was going to be “temporary.”

That was not true. The company never resumed making payments to the Fund. They never intended to. The executives were just sucking whatever money they could out of the company and the bakeries. In fact, during the bankruptcy, a number of executives actually took huge pay raises, some as much as 300 percent.

Fifteen months later, the company went out of business. Our bakery was closed and we were out of work.

Not only were we out of work. We also had new fears about the future of our pension benefits. We learned shortly after the bakery closed that the federal bankruptcy court allowed Hostess just to walk away from all of its pension fund contribution obligations. That was nearly one billion dollars.

The enormous financial damage done to the B&C Fund by Hostess Brands, the very same company my co-workers and I dedicated our
careers to, means that we could lose everything we worked for and sacrificed for through no fault of our own.

The Hostess executives and private equity owners who mismanaged the company, ran it into the ground and put it in bankruptcy walked away with millions of dollars. They left the dedicated workers who helped build the company and create the profits with an uncertain future in our retirement years.

Would our guaranteed benefits always be there for us? Would our pension checks get cut as we got older? How would we pay the bills? Would we be able to afford our prescriptions? Would we be a burden on our children and other family members?

All of these questions have been hanging over our heads since the company closed the doors. I stay in close contact with many of my former co-workers. We are truly fearful about what will happen to our pension benefits. It is very stressful for all of us.

I know that our Union leaders and the Pension Fund are working as hard as they can to protect the pension benefits of every retiree, like myself, who depends on those benefits to get by and everyone still working who is counting on those benefits when they retire.

I am certainly not an expert on pension funding. But I do know that my Union and the B&C Pension Fund strongly support H.R. 397, the Rehabilitation for Multiemployer Pensions Act. They believe long-term, low-interest loans as called for in the legislation will lead to the long-term solvency of our pension fund and help the retirees like me who depend on our pension checks to get by.

It is responsible, bipartisan legislation that will effectively address the pension funding crisis in our country.
My pension benefits have not made me rich. Not at all. But my pension check each month is the only way I am able to make ends meet.

If I lost those benefits or they were cut, it would be devastating. I definitely would not be able to pay my bills each month, afford groceries and take care of necessary medical needs. I don’t know what I would do. I know almost all of my former co-workers are in the same position.

Madam Chairwoman, we are counting on Congress to do whatever it takes to protect our pensions.

We are not asking for a handout. We earned our pension benefits. We worked hard for our pension benefits. We sacrificed for our pension benefits. We were guaranteed our pension benefits.

We did our part by putting in an honest day’s work under difficult conditions.

All we are asking for is fairness.

Madam Chairwoman, I want to thank the Committee for the very important work you are doing for the retirement security of American workers and retirees.

Thank you for the opportunity to appear before you today. It has been an honor.