



**Testimony Before
The House Subcommittee on Commercial and Administrative Law
Oversight Hearing
on
Executive Compensation in Chapter 11 Bankruptcy Cases: How Much is Too Much?
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by
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Thank you, Chairwoman Sanchez, and members of the Subcommittee, for holding this hearing on the growing disparity of compensation between workers and executives. I especially want to thank you for providing me with the opportunity to testify today. I am honored and humbled to represent my co-workers and all of the workers who are enduring life-changing sacrifice due to pay, healthcare, work rule and pension cuts forced during Chapter 11 Bankruptcy. We made painful concessions that affected our families, threatened our children's opportunities, decreased our ability to afford healthcare and destroyed retirement security. While workers live paycheck-to-paycheck and worry about what tomorrow will bring, a select few are lining their pockets with our sacrifices. We made these sacrifices for the long-term viability of the companies we worked so hard to help build and hope will continue to succeed.

My name is Antoinette Muoneke, and I have been proud to work as a Flight Attendant for 28 years. After working my way through college, on a fluke I applied with United Airlines just to practice my interview skills shortly before graduating from the University of Washington. Just weeks later I was on a plane to Chicago to spend the summer training to be a Flight Attendant. After one year of flying a furlough gave way to work in advertising at Sears, which promised many opportunities for a good career. But when I was recalled to work at my airline, I chose instead to keep my career as a Flight Attendant. I enjoyed sharing work with colleagues who were well-educated and experienced professionals. And, I knew that recent Union negotiations had secured my retirement with a defined benefit pension plan. It was a thrill to meet different people every day, to contribute to a well-respected airline and to know that I would have the means to follow my dream of providing for a family along with my own future. Today, however, it sickens me that my chosen career makes me qualified to testify about the gross injustice taking place in the airline industry and across corporate America with the blessing of corporate bankruptcy laws.

Although I am certainly qualified to speak about this issue, I could easily point you to any one of my colleagues; we are all facing these same uncertainties. It is not easy to publicly display my private challenges, but I know that putting a face on the devastating circumstances families are forced to confront across our country is more powerful than any horrific statistics. Although I regret the need to testify, I hope that my personal story will help Congress root out this injustice that affects so many lives. For me, it was not an easy decision, but when one of my colleagues said that she just wanted our CEO to explain to her daughter why she had to cancel her dance classes my heart knew her pain. If I can help shed light on this inequity with my story, then I have the courage to share my life with you today. That courage is strengthened when I think about helping to rebuild a world with opportunity for my beautiful daughter, Obia.

In my first days as a Flight Attendant my new life seemed extravagant compared with my time as a "starving student." Still, my college lifestyle taught me to be frugal and I began saving from the beginning of my career. My union contract gave me the tools to have a secure future, but I knew I had to do my part. Saving and planning took on even greater meaning when my daughter was born and within a year I was a single mother, newly divorced. Becoming a mother was a career changing event. I had to rethink my schedule and work hard to maximize my time at home. Thanks to help from my mother in Obia's first years and generous assistance from a neighbor at a fraction of normal childcare costs, I was able to ensure my daughter had constant care and we lived a modest, but comfortable life. Our apartment near Seattle was rented, but I was steadily saving to buy a small condo in the same area and close to a good school.

My time off was devoted to my daughter, and I stayed close to her as much as I could by volunteering or organizing charity events at her school. Giving back to my community is important to me and I wanted to share that with my daughter. We routinely volunteered to help the homeless by handing out sandwiches and blankets in downtown Seattle or serving in soup kitchens on the holidays. I have always been proud that I have been able to provide the tools for my daughter to excel based on her own developed talents. I made sure that she could attend a good school where she could be a good student, take part in athletics, music and drama. We were far from rich, but we had what we needed for a good life together and security for tomorrow.

Life brings many challenges, and in June of 2001 I was in a car accident that kept me off the job for a year. I used vacation and sick leave to keep a paycheck coming, but healthcare expenses burned through my savings and caused me to borrow from my 401(k). At the time, borrowing from my 401k did not jeopardize my future when my primary source of retirement security was my pension plan. Before executives slashed my pay, benefits and pension, I could have bounced back from a personal setback like this.

In that same year, the events of September 11th were devastating and dramatically changed the responsibilities of my job. Little did I know, executives were at the same time taking advantage of the industry downturn and the bankruptcy laws to drive executive wages up and worker wages down to levels I hadn't seen since the early years of my career. I cannot escape the conclusion that those executives have exploited the economic downturn and the bankruptcy laws to enrich themselves at the expense of workers like me.

The cuts forced on workers during the bankruptcy have turned my life upside down. I worked full time before, but now my hours away from home have increased by nearly 40%. The airplanes are staffed with fewer of my colleagues even though nearly every passenger seat is filled and our safety and security duties have increased. We are forced to work longer hours, but even if I could cut back my time at work, I couldn't afford it. Working 40% more doesn't even make up for my loss in pay. I make about \$5000 less than I did prior to these long hours and additional days away from home. While I have to find time to provide care for my mother who experiences persistent health issues, I cannot afford the good healthcare plan that we once had because the concessions forced by executives also included higher medical costs. I have had to change our insurance to an HMO, which is fine while my daughter and I are healthy – but as I care for my mother, I pray everyday that I don't have to face a life-changing illness that the HMO wouldn't cover.

I am desperate to insure that my daughter continues to have access to her good school, the Olympic development soccer program she's qualified for and her piano lessons. I know that the only way she will be accepted to college these days is to stand out as extraordinary. And, the only way to have a chance for a better life, the life we used to lead, is to get an education. Even so, the cost of college weighs heavy on my mind and we both hope for an athletic scholarship. But that means keeping up with her activities and paying for them. I have to juggle bills every month, worry about our rent and I am not always able to be at home to get her to practice or games. We have to depend upon other families to pick her up, and it kills me not to be able to reciprocate. I have had to stop my charity work due to time constraints, but this too causes an additional financial burden since her school increases tuition costs when charitable quotas are not met.

Perhaps the most devastating change is the end of my retirement security. With my pension plan terminated less than two years before I could qualify for retirement, my accrued defined benefit is subject to heavy penalties when paid by the Pension Benefit Guarantee Corporation. Even with the new retirement plan, over 30% of my pension benefit is gone. And because my 401k is now my only retirement, I don't have any additional savings. I am still struggling to pay off my 401k loan, and I've had to lower my 401k deferrals to just 3%. That's the full amount required for the company matching contribution, but not nearly enough to build a secure retirement. I will never be able to recover the lost value of my pension – a pension I worked a lifetime to build. A pension promised instead of increases to pay and other Contractual benefits. A pension that helped me choose this as my career.

So, am I angry my CEO was able to preserve his \$4.5 million pension trust while he destroyed my future security? Am I angry that executives have taken 40% or more in raises every year while I worry that my memory is going because I work such long hours? Am I angry that last year alone our CEO used the bankruptcy laws to take pay, bonuses and stock equaling over 1000 times my compensation? Am I angry that his bonus is 125% of his annual salary while I don't know what tomorrow will bring or if I will be a burden to my daughter? Yes, I'm angry, and I'm tired.

I was devastated when my union reported what happened in court when we objected to the enormous stock and bonus packages management awarded to themselves. In essence, the judge acknowledged our concern, but shrugged his shoulders and said there was nothing he could do about it because the law did not give him the authority to second guess management compensation, or a standard by which to determine "how much is too much."

Airline executives were well paid before the bankruptcy and I don't begrudge them fair compensation. But explain to me this, Madame Chairperson, how is it that their pay can skyrocket while the average worker is made to suffer like this? If your answer is that it's because the law allows it, then it's time to change the law.

I want to thank you again for giving me the opportunity to testify today. I will answer any questions that you may have.