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\$80 Billion Pension Bill Is Approved by the Senate

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WASHINGTON, April 8 - The Senate delivered American companies more than \$80 billion in pension savings Thursday, sending President Bush legislation that provides additional relief to steel companies and some airlines that had clamored for the help.

Though the measure was easily adopted on a 78-to-19 vote, a group of Democrats called it unfair because it failed to afford the same financial benefits to some smaller union pension funds. But backers of the legislation said that it was only a temporary fix and that other pension plans could be helped later without delaying this bill, which would help keep some major employers solvent and competitive.

"It is really the ultimate jobs bill," said Senator Judd Gregg, Republican of New Hampshire.

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The legislation, a top priority of business groups, saves companies substantial amounts on their pension plans by changing the way their required contributions are calculated. The legislation ends a requirement that contributions be tied to interest rates on 30-year Treasury bonds; it substitutes a rate based on a composite of long-term corporate bonds for 2004 and 2005.

A separate provision grants an estimated \$1.6 billion in savings to airlines and steel companies with weak pension plans by allowing them to pay only 20 percent of what they would have to provide under requirements to bolster their pension funds.

Some of the nation's largest airlines were the beneficiaries of the bulk of those savings, with United Airlines the primary winner. All the companies were pressing for the bill to become law before new quarterly payments come due April 15.

The changes would have no effect on the amount of pensions that individual retirees receive.

Opponents of the legislation said they were not contesting the aid to the company pension funds; their complaint was that the Bush administration and Republican Congressional leaders had given short shrift to so-called multiemployer pension plans that are having problems of their own because of stock market losses and a weak economy.

Democrats led by Senator Edward M. Kennedy of Massachusetts said the union pension plans were largely denied government help at the behest of White House and Republican lawmakers controlling negotiations to reconcile the House and Senate bills. The Senate had previously voted overwhelmingly to extend the relief to multiemployer plans.

"When President Bush signs this bill, he should dress up as Marie Antoinette and say to the 10 million small-business employees left out of this legislation, 'Let them eat cake,' " Mr. Kennedy

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said.

But Democrats were split because some labor unions backed the bill as did some segments of the auto industry. The Democratic leadership signaled Wednesday that it would not stand in the way of final approval.

"Without this legislation, struggling airlines could be forced by investors to terminate employee pension plans to escape or avoid bankruptcy," said Tom Buffenbarger, international president of the International Association of Machinists and Aerospace Workers.

Passage of the bill was critical to United Airlines' effort to emerge from the Chapter 11 bankruptcy protection that it entered in December 2002 after failing to win approval for its application for federal loans. United benefited from the provision that allows a handful of airlines and steel makers to stretch out their overdue pension obligations and from the general pension relief granted to a total of 31,000 companies by the bill.

"This legislation will help strengthen the pension plans of millions of American workers, including the 62,000 employees of United Airlines," United's chief executive, Glenn F. Tilton, said in a statement. "We hope the president will sign this bill quickly." Mr. Tilton lobbied persistently for the legislation, which had stalled last year.

The \$1.6 billion in special relief will also help American, Delta and Northwest to some degree. In recent days, the airlines drew backing from airline unions, including the Air Line Pilots Association and the Machinists Union, as well as support from the automobile industry. Officials of [General Motors](#), [Ford](#) and Chrysler sent an unusual joint letter to members of Congress in support of the legislation, as did the United Automobile Workers union.

The legislation was not unanimously supported by the airline industry. A group of low-fare airlines, including [JetBlue](#), [America West](#) and Frontier, opposed it. Those companies, which do not have the pension obligations of their larger competitors, argued that the measure would provide the major companies with an unfair advantage.

Mr. Kennedy has indicated he will try to add the relief for union pension plans when the Senate, which is leaving for a weeklong recess, takes up a stalled proposal for a tax break for exporters. Senate Democrats said Thursday that they had reached an agreement with Republicans on a list of possible amendments to that measure, allowing the debate to proceed when Congress returns.

Aides to Senator Tom Daschle, the Democratic leader, said the deal would allow votes on a plan to block new Bush administration overtime rules and an extension of unemployment benefits as well as the pension relief.

Carl Hulse reported from Washington for this article and Micheline Maynard from Detroit.

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