

S 1381

Protecting Employees and Retirees in Business Bankruptcies Act of 2025

Congress: 119 (2025–2027, Current)

Chamber: Senate

Policy Area: Finance and Financial Sector

Introduced: Apr 9, 2025

Current Status: Read twice and referred to the Committee on the Judiciary. (text: CR S2523-2527)

Latest Action: Read twice and referred to the Committee on the Judiciary. (text: CR S2523-2527) (Apr 9, 2025)

Official Text: <https://www.congress.gov/bill/119th-congress/senate-bill/1381>

Sponsor

Name: Sen. Durbin, Richard J. [D-IL]

Party: Democratic • **State:** IL • **Chamber:** Senate

Cosponsors (5 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Duckworth, Tammy [D-IL]	D · IL		Apr 9, 2025
Sen. Hawley, Josh [R-MO]	R · MO		Apr 9, 2025
Sen. Klobuchar, Amy [D-MN]	D · MN		Apr 9, 2025
Sen. Schatz, Brian [D-HI]	D · HI		Apr 9, 2025
Sen. Whitehouse, Sheldon [D-RI]	D · RI		Apr 9, 2025

Committee Activity

Committee	Chamber	Activity	Date
Judiciary Committee	Senate	Referred To	Apr 9, 2025

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

No related bills are listed.

Protecting Employees and Retirees in Business Bankruptcies Act of 2025

This bill establishes limits on executive compensation and provides protections for employee wages and benefits if an employer files for Chapter 11 (reorganization) bankruptcy.

First, the bill increases the limit on claims for wages, salaries, other employee benefits, and commissions from \$10,000 to \$20,000 and eliminates the requirement that such claims must have been earned within 180 days before the filing of the bankruptcy petition.

The bill grants certain claims higher priority in the bankruptcy process, including specific types of severance pay; contributions to an employee benefit plan; back pay, civil penalties, or damages arising from certain labor law violations; and certain pension plan withdrawal liabilities.

The bill also limits executive compensation under a reorganization plan. For example, insiders (parties with close relationships to the debtor), senior executives, and others as specified by the bill may only receive payments or other distributions that are generally applicable to all full-time employees, subject to certain limits. The bill further restricts the compensation of any insider who continues to be employed by the debtor.

A reorganization plan may only be approved if it provides for the recovery of claims relating to retiree benefits or for other financial returns paid under the plan.

The bill also provides protections for collective bargaining agreements (CBAs) during bankruptcy proceedings. If a proceeding resulting from a CBA was or could have been commenced before the bankruptcy, the bankruptcy does not act as a stay in such a proceeding.

Actions Timeline

- **Apr 9, 2025:** Introduced in Senate
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