



## **TWU Technical Specialist Contract Negotiations Communication Update**

### **Fifth Mediation Session**

**2/23/2010 through 2/25/09**

### **Tulsa, Oklahoma**

Mediator: Jack Kane

Technical Specialist Negotiating Committee: Howard McKinney, Gary Moffitt, Steve Luis, and Don Videtich

AA Negotiating Committee: Jim Weel and Bob Dubreuil and John Shelburg.

The company originally presented an outline of proposal to resolve outstanding articles. The outline was just that, an outline, and lacked specific details and contractual language. In fact the proposal raised more questions than answers. It was the opinion that the presented outline lacked the necessary substance to be considered an actual proposal. The company agreed to convert the outline into full text contractual language.

During that recess mediator Kane briefed the Union on National Mediation Board processes under the Railway Labor Act. We were informed that the term "impasse" is frequently misused. Under the RLA parties are required to bargain until an "amicable agreement can not be reached." This can go on indefinitely and the actions of the NMB are not reviewable by any court. The NMB does not declare an impasse, it determines when an amicable agreement cannot be reached, and that determination triggers the first 30-day cooling off period. Then follows an offer of binding arbitration, which has to be voluntarily accepted by both sides.

Refusal of binding arbitration by either side triggers another 30-day cooling off period during which a Presidential Emergency Board may be formed to investigate and report on the dispute making recommendations that it deems appropriate. Formation of the PEB triggers yet another 30 day cooling off period. Congress may then intervene and implement the recommendations of the PEB. The parties are; of course, free to reach an agreement at any time during this process. Failure of the above processes can lead to a strike or self help. It should be noted that in absence of a strike the company may not initiate a lock out. During self-help the company can impose a contract; however that contract cannot be less than the last offer on the bargaining table.

# The Company Proposal, Major Points

## **Article 3 – Hours of Work**

- Revert to 2001 contract language with 6 on/3 off-8.3 hour day

### **Union Position**

The membership likes the current 4 on/3 off-10 hour day, the company has yet to offer a financial incentive that would give the membership reason to change from the current schedule

## **Article 4 - Compensation**

- DOS, 3% Lump Sum
- DOS + 12, 3% Lump Sum
- DOS + 24, 2% Lump Sum
- DOS + 36, 2% Lump Sum
- Develop Variable Compensation in addition to lump sums and base hourly rates

### **Union Position**

The total value over all four years of this proposal is approximately \$6600.00. We took a 16.6% reduction in pay to save the company from bankruptcy in 2003. When the lost holidays and the reduction of the holiday rate of pay are factored into the equation we have been losing approximately \$8000.00 per year since 2003. The company proposal does not even make up for one year worth of lost pay. Furthermore this FOUR YEAR proposal will have us earning less per hour when it finally become amendable in 2014 than we were earning in 2001, 13 years without a significant structured increase is far too long. Additionally our industry analysis confirms we are approximately \$10.00 per hour below industry standard, the company proposal does nothing to close that gap whatsoever. Had we not sacrificed in 2003 and had we maintained the rate of increase in the 2001 contract we would be at industry standard for our profession.

## **Article 7 - Holidays**

- Add 2 in 2010 (total 7)
- Add 1 additional 2011 (total 8)
- Automatically required to work

### **Union Position**

The industry standard, even amongst those carriers that have come out of bankruptcy, is ten holidays per year. AA management receives ten holidays per year. We are seeking parity with the industry and parity with other AA employees who did not sacrifice holidays in 2003.

## **Article 8 - Vacation**

- Employees less than ten years may accrue 80 hours

### **Union Position**

We seek reversion to the 2001 contractual accrual rate; this would bring us to parity with the industry and parity with other AA employees who did not sacrifice vacation days in 2003.

## **Article 34 – Sick Leave**

- 2010, increase from 5 days to 6 days, credited for use in 2011
- 2011, increase from 6 days to 8 days, credited for use in 2012

### **Union Position**

**We seek revision to the 2001 contractual accrual rate; this would bring us to industry parity and parity with AA employees who did not sacrifice sick days in 2003.**

## **Article 40 – Retirement**

- Eliminate defined benefit for new hires
- New hires automatically enrolled in defined contribution

### **Union Position**

**Elimination of the defined benefit plan for new hires flies in the face of one of the central tenants of Unionism: equal benefits for all members. Furthermore, market fluctuations expose the employee to extreme financial risk. Many of you saw your 401k values reduced by up to 50% in 2008, had that investment been your defined contribution plan you would have seen your retirement funds slashed by half. Faced with a contract offering no structured increases, the Union feels its new members cannot afford the risks associated with a defined contribution type retirement plan.**

## **Article 41 – Group Insurance**

- Current retirees, no changes
- Current employees, refund prefunding and cease contributions
- Under-65, implement post funding plan in which employee pays up to 25% of premium when the employee starts using the plan, today's cost is estimated to be \$110.00 per person per month, this plan could be modified at will by AA to match management plans
- Over-65, a company sponsor medigap plan will be made available in lieu of current plan, today's cost estimated to be between \$80.00 and \$180.00 per month

### **Union Position**

**Faced with a contract that offers no structured increases and no defined benefits for new hires the Union is opposed for any plan that would increase retiree costs and diminish benefits. Furthermore the Union is opposed to any plans that could be unilaterally modified by AA. These benefits are subject to negotiation and any subsequent changes must also be negotiated.**

## **Article 47 –Duration**

- Four years from DOS

### **Union Position**

**The Union is seeking a three year agreement effective on May 1, 2008**

## **LOA on Profit Sharing**

30% of first 250M  
25% of 250M to 500M  
20% of >500M

### Union Position

The Union appreciates the company's generous offer on profit sharing and will be glad to take our share of any profits.

To view the February 22, 2010 Company comprehensive proposal to the Technical Specialist Committee it is posted on the TWU negotiations website at <http://negotiate.twu.org>

#### Summary

The company and the Union have signed tentative agreements on the following Articles: 1, 2, 9, 10, 11, 13, 14, 15, 16, 17, 18, 19, 20, 22, 23, 24, 25, 27, 28, 29, 30, 31, 32, 33, 35, 36, 37, 38, 39, 43, 44, 45 and 46. At this time it is the position of the Union that these TAs will stand for the duration of the negotiations.

The company and the Union have reached understandings in principal on the following Articles: 3, 6, 12, 21 and 26. It is the position of the Union that these understandings in principal may be converted to TAs upon satisfactory resolution of all other outstanding articles. In the event that an agreement cannot be reached on compensation, vacation or holidays, or any other outstanding article, any or all of these agreements in principal may be withdrawn or modified by the Union.

The following Articles are still open: 4, 5, 7, 8, 34, 40, 41, 42 and 47.

The Union and the company remain deadlocked over the most significant issues: Pay, Vacation, Holidays, Sick Leave, etc. No breakthroughs took place nor are any expected to take place in the near or foreseeable future.

All full text Tentative Agreements can be viewed at this web-site address: <http://aa.twu.org/tentativeagreements/tentative.asp> .

Your committee remains dedicated to securing an agreement through traditional negotiation, however, that may not be possible.

Your negotiating committee appreciates your continued patience and support, both of which are essential as we try to secure a work schedule and pay package acceptable to you.

Fraternally,  
Howard McKinney  
Gary Moffitt

**Remember – Tentative Agreements reached during the course of negotiations on one or more articles are not final and binding until agreements are reached on all articles - nothing is final until everything is final.**

Article		Date of TA	TWU passed	Company passed	X = In Work TA = Tentative Agreement
Not.	Notice of Intent	6/19/08			TA
1	Recognition and Scope	9/24/08	3/6/08		TA
2	Definitions	2/12/08	11/14/07		TA
3	Hours of Work		4/6/09	1/8/08	X
4	Compensation		4/6/09		X
5	Shift Dif & Test Hop Bonus		4/6/09		X
6	Overtime Dist		4/6/09		X
7	Holidays		4/6/09		X
8	Vacations		4/6/09		X
9	Probationary Period	12/13/07	11/12/07		TA
10	Seniority	1/8/07	11/15/07		TA
11	Classifications & Qualifications	2/13/08			TA
12	Filling of Vacancies		4/6/09		X
13	Seniority Lists	2/27/08	1/8/08		TA
14	Loss of Seniority	12/3/07	11/14/07		TA
15	Reduction in Force	11/13/07	11/12/07		TA
16	Recall	1/23/08	12/6/07		TA
17	Leaves of Absence	2/14/08	12/5/07		TA
18	Military Leave	1/17/08	1/15/08		TA
19	Termination of Employment	2/6/08	2/5/08		TA
20	Bulletin Boards	11/14/07	11/14/07		TA
21	Rotation of Shifts		4/6/09		X
22	Regular & Relief Assignments	1/16/08	1/15/08		TA
23	Attendance at Hearings, Investigations, or Training	6/19/08	1/8/08		TA
24	Absence from Duty	12/3/07	11/15/07		TA
25	Recall and Call In Work	2/27/08	3/6/08		TA
26	Field Work		4/6/09		X
27	General	2/20/08	1/8/08		TA
28	No Discrimination & Recognition of Rights & Compliance of Rights & Compliance	12/14/07	11/14/07		TA
29	Representation	2/6/08	2/5/08		TA
30	Dismissal	2/20/08	2/5/08		TA
31	Grievance Procedure	2/20/08	2/5/08		TA
32	Boards of Adjustment	2/12/08	2/5/08		TA
33	No Strike - No Lock Out	12/7/07	12/6/07		TA
34	Sick Leave		4/6/09		X
35	Temporary Employees	1/8/08	1/8/08		TA
36	Meal Periods	2/5/08	2/5/08		TA
37	Severance Allowance	2/20/08	3/6/08		TA
38	Union Security	11/13/07	11/12/07		TA
39	Physical Examination	4/14/09	11/15/07		TA
40	Pension		4/6/09		X
41	Benefits		4/6/09		X
42	Job Security		4/6/09		X
43	Part Time Employees	2/12/08	2/12/08		TA
44	Moving Expenses	1/9/07	1/8/08		TA
45	One Station Agreements	2/5/08	2/5/08		TA
46	Effect on Prior Agreements	1/23/08	1/8/08		TA
47	Duration of Agreement		4/6/09		X
LOMS		6/10/09			TA