



TRANSPORT WORKERS UNION OF AMERICA

AFL /CIO

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Local 562

JFK-LGA-EWR-PHL-SJU-BOS

www.twu562.org

August 13, 2011

Dear Brothers and Sisters;

Rev 1

This week management the M&R Negotiating Committee met again in DFW. Stores has no scheduled sessions at this time. Articles 5 (Shift Differentials) and 12 (Promotions and Transfers) were TA'd. The official update is available at Negotiaate.twu.org, however I would like to review the Articles that are still open and comment **from my perspective** where management stands and where the Union stands.

These are the remaining open Articles;

- **Article 1-Scope**
- **Article 4-Compensation**
- **Article 6-Overtime**
- **Article 7-Holidays**
- **Article 8-Vacations**
- **Article 34-Sick Leave**
- **Article 40-Pension**
- **Article 41-Benefits**
- **Article 42-Job Security**
- **Article 47-Duration of Agreement**

Article 1- Scope:

Management Position

- 1) Management is looking to increase the station staffing formula from 1460 annual departures to 2555. This would enable the company to close stations that have less than 7 daily departures. All of our stations are currently above that threshold but there's a chance that with the increased ASMs EWR, PHL and SJU could slide under that. {Company Proposal 1(d)}
- 2) Management is looking to send equipment, parts etc back to the manufacturer or **manufacturer approved repair station** for warranty repair or replacement. {Company Proposal 1(e)(2)}
- 3) Management is looking for 12.4% ASMs with no protection for workers "in" those locations affected by the transfer of flying from AA Mainline to Regional Carriers {Company Proposal Attachment 1.5}.
- 4) Management is looking to send more line work, anything less than a B-check overseas. Currently they can only do an A-check if the aircraft runs out of time. {Company Proposal Attachment 1.8}
- 5) Management is looking to be able to send work out even after that work contractually becomes TWU work. Currently there is a threshold where if work is done in house beyond a certain amount of time in the bases it becomes TWU work, the company would agree that work sent out would not result in a RIF, however overall headcount could be adversely affected. {Company Proposal, Attachment 1.9}.

Our proposal:

We looking to maintain current book with the following exceptions;

- 1) We are trying to clarify and insert stronger work protection language in the event of a sell off by the company of any part of the maintenance operation {Union Proposal 1(e)}.
- 2) We are looking to clarify, in Article 1(h)(2), 1(k), 1(l) and 1(m) of the Union Proposal, protection in the event of a change in ownership of the company.
- 3) We are agreeable to allowing an increase to 10% ASMs provided that our members are not displaced if current AA mainline flying is replaced with regional flying. When negotiations started management was only looking for 8%. {Union Proposal Attachment 1.5}
- 4) We are looking to revise the Title II Work Commitment Letter {Union Proposal Attachment 1.8}

Article 4 Compensation:

Management Position

- 1) Crew Chief Pay increased to \$2.75 {Company Proposal 4(a)}
- 2) Chart rate increases of 0% for 5/1/08 (\$27.20), 0% for 5/1/09 (\$27.20), 0% for 5/1/10 (\$27.20), 0% for 5/1/11 (\$27.20), 3% DOS (\$28.02), 1.5% DOS + 12 (\$28.44), 1.5% DOS + 24 (\$28.86, Our chart rate prior to the concessions in 2003 was \$30.61). {Proposal 4(b)(1)}.
- 3) Line premium now \$1.80 for all line workers. { Company Proposal 4(c) (1&2)}

- 4) 7% lump sum based on 2080 hours at current rates of pay,(chart, higher capacity and license only,) for all workers {Company Proposal Attachment 4.3}.
- 5) Eliminate MRT{4(c){3}}.
- 6) Management proposal would recognize Plant Maintenance Masters License and increase the Premium from \$2.50 to \$5/hr. {Company Proposal Attachment 4.4}
- 7) No Longevity Pay
- 8) No Market Skill Premium for workers in high cost cities.

Our proposals are as follows:

- 1) Chart rate increases of 0% for 5/1/08 (\$27.20), 6% for 2009 (\$28.83), 4% for 5/1/10 (\$29.98), 3% for 5/1/11 (\$30.88) and 6% for 5/1/12 (32.73). {Union Proposal 4(b)(1)}.
- 2) Current book on the line premium (.55) with the inclusion of DWH. {Union Proposal 4(c)(1)}.
- 3) Retained managements offer in the TA for a \$1.55 MRT. {Union Proposal 4(c)(2)}.
- 4) Restore the Weekend Premium at the bases {Union Proposal 4(c)(3)}.
- 5) Increase License Premiums to a max of \$6. {Union Proposal 4(e)}.
- 6) Restore Longevity pay with a max of 95 cents after 20 years. {Union Proposal 4(g)}.
- 7) Market Skill Premium in high cost areas with a max of \$1.25/hr. {Union Proposal 4(h)}.
- 8) Retro pay spread over two year period {Union Proposal Attachment 4.3}.

Article 6 Overtime

Management Position:

- 1) Management agrees to restore double-time but gets to scrap all Local Overtime Guidelines and rewrite them.

Our Proposal:

- 1) 2001, 1995, 1992 1989 etc Book.

Article 7

Management Position:

- 1) 10 Holidays at 2.0x, Line workers automatically working.

Our Proposal;

- 1) 2001 Book, 10 holidays at 2.5X if worked.

Article 8 Vacations

Management Position;

- 1) Current Book, with the exception that there is no longer a step with only one week of vacation, The steps would start with less than 10 years get two weeks and lag the industry from Five years and each subsequent step by one week.

Our Proposal;

- 1) 2001 Book, less than 5 years- two weeks, 5 but less than 10 years -three weeks, 10 but less than 17years- four weeks, 17 but less than 25 years- five weeks, 25 but less than 30- Six weeks, Over 30- Seven weeks.

Article 34 sick Leave

Management Position

- 1) 8 sick days, 10 day IOD bank 100% pay

Our Proposal;

- 1) 2001 Book, 12 sick days, 80 day IOD bank, 100% pay

Article 40 Pension

Management Position

- 1) New hires get DC plan, 2% contributions with a 3.5% match.

Our position:

- 1) 2001 Book

Article 41 Benefits

Management Position

- 1) New hires automatically in high deductible new "Core" plan. {Company Proposal 41(d)}
- 2) Early Retirees no longer covered under "Retired Employee Major Medical Expense Plan", they will have to buy coverage from a third party at their own expense. {Company Proposal 41(l)}

- 3) Eliminate all prefunding {Company Proposal 41(m)}.
- 4) Employees must retire prior to DOS to retain prefunded retiree medical coverage. {Company Proposal 41(n)}
- 5) Retire medical coverage from the company ceases after age 65 for all active employees. {Company Proposal 41(0)(1)}.

Our Proposal

- 1) "Me Too" clause with Pilots or Flight Attendants on Plan costs.
- 2) Non participants and new hires offered sick leave funded retiree medical benefits (CAL, SWA plan), those in Prefunding can stay in Prefunding.

Article 47 Duration of Agreement

Management position

- 1) Amendable date 36 months from DOS, no earlier than October 2014. That would make it a six and a half year contract.

Our Proposal

- 1) Amendable date May 1 2013
- 2) Automatic 3% increase if no new agreement made after 6 months and every six months thereafter beyond amendable date. This is so the company won't drag their feet for three years again.

Miscellaneous

Wage Adjustment Provision

Management Position, now that the MRT with the short window is gone it appears they no longer want to offer the provision.

Union proposal, we would accept the wage adjustment provision as offered in the failed TA.

In summation two articles were TA'd. The shift differential was restored to industry standard, even carriers that went bankrupt kept them, we were the lowest in the industry, but that doesn't mean we saw movement, management simply took away MRT and they took 75 cents out of the Line Premium. So they continue to not only just move the furniture around, they took some stuff out as they left. While we have narrowed the number of open Articles we are still nowhere close to an agreement I could recommend that we accept. The decision of the NMB to put us on ICE was not totally unexpected but it most certainly supports my contention that the NMB is not a "neutral body". We moved \$2/hr closer to the company, they pulled \$2/hr off the failed TA, we gave in order to get closer to an agreement, they regressed from the rejected TA yet instead of threatening us both with a release, we are put on Ice. A move that clearly favors the company.

One thing is clear, the company is still in 2003 mode, they want more concessions. In my opinion, having gone as long as we have (UPS went even longer to get what they got) the last thing we would want to do at this time is give in before we see where the pilots end up. In 2003 the Pilots received credit for productivity gains and saw a 9% restoration of their pay after the first year. By 2008 they had recovered (not counting inflation) 16% of the 25% they gave up, we only recovered 7%(before inflation), and less than 4% when you factor in losing the Pilot cap on our medical which has gone up over 500%. AA pilots remain to this day among the highest paid Pilots in the Industry despite the fact that their last "negotiated" contract was in 1999. As has been reported in the media, early next year AA is expecting to take delivery of its first 777-300ER aircraft. The problem is the plane isn't in the contract and the company cannot use them until it is, Delta had a similar situation a while back and had to sit them till they struck a deal with their Pilots. So being put on Ice at this point is still better than accepting what the company has put forth on the table. We still have our retiree medical and the Pension is still stable with new workers coming in behind us and we can still fight for Retro, Geo and restoration of our "industry lagging" benefits.

Fraternally;



Bob Owens
President
TWU Local 562