



September 2014

Welcome to the September Edition of *the X-RAY*. Below is an article we are working on for the upcoming issue of the *Wiss-key*. This is an advanced look at that article since the issue is timely.

**Headlines**

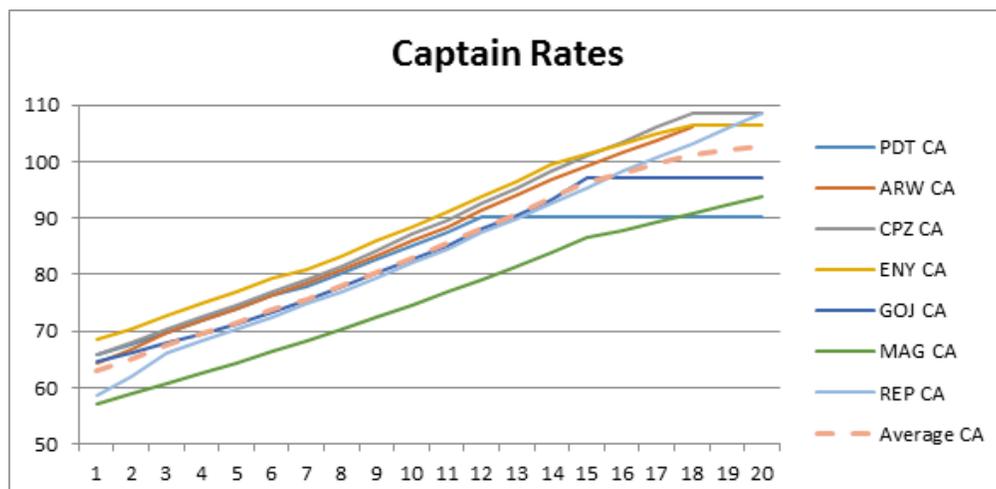
In our society of streaming information it is difficult to ensure that we move past the headlines and understand the details of the whole story. We often hear that other groups are weakening the entire profession and making deals that are bad for their pilots. The most recent tentative agreement at Piedmont Airlines, which was ratified yesterday, is no exception to the headline problem. I am not trying to drive you to any conclusion as to the value of the Piedmont Agreement with this article, but I do hope that it can help you move past the headlines and help understand some of the details of their deal.

In short the Piedmont Agreement is designed to deliver new aircraft, provides a minimum fleet guarantee, and offers a true flow-thru process, including a snapback if the new aircraft are not delivered. Please read on for the details.

**Wages**

The headline on wages is that Captains are capped at year 12 and First Officers are capped at year 4, like in the PSA and Endeavor contracts. This is in exchange for career progression at each of these carriers so that pilots will have opportunities to leave their respective carrier for a mainline before hitting the caps. In both the Piedmont agreement and the PSA contract there are provisions to “grandfather” pilots who are above the caps.

Let’s look at the wages in the Piedmont deal versus the potential competition. Arguably for this flying the competition is Compass (already awarded 20 E-175s for American), Envoy, GoJet, Mesa and Republic. The Captain rates in the Piedmont deal are between 2.24% and 4.62% higher than the average of that group (up to the cap of 12 years). The First Officer rates are between .8% lower and 3.3% higher than the average of that group (up to the cap of 4 years). A topped out Captain at 12 or more years of longevity at Piedmont would be making \$90.16. Additionally their pay tables go up 1% per year for the 10 years of the agreement.



Note: The ARW Rate on the chart is not included in the average and is for 50-seat jets.

## **Insurance**

The only thing modified about Piedmont's insurance in the new deal is the premium share, which increases to 35% by the 60<sup>th</sup> month of the new agreement. For the competitors referenced above the premium share is between 30 and 98 percent.

## **Retirement**

The Piedmont agreement has both a Company contribution of 1% of salary and a maximum Company matching contribution of 5% at 9 or more years of longevity for a total contribution of 6%. Compare that to the maximum contribution at year 9 provided by the above mentioned airlines.

Compass Airlines: 4%  
Envoy Airlines: 5.25%  
GoJet Airlines: 1%  
Mesa Airlines: 2%  
Republic Airways: 4.0%  
Piedmont: 6%

## **Progression**

Career Progression has had limited penetration at Fee-for-Departure Airlines. Career progression generally takes two forms in our segment of the industry. The first is the program known commonly as "Flow." In a flow program pilots are offered positions with the mainline in seniority order with no interview required. Sometimes flow programs have features like minimum education and experience requirements, but provided all the requirements are met the pilot will be offered employment at the mainline in seniority order. The programs at Compass and Envoy are examples of this type program.

The second type of career progression program is typically called a preferred selection program or something similar. In this type of program pilots are offered interviews with the mainline partner in seniority order. The pilot then may or may not be selected by the mainline for employment. The programs at PSA and Endeavor are examples of this type of program.

The program outlined in the Piedmont deal is a flow program to American. American has committed as part of the newly ratified agreement to "flow" a minimum of 25% of all pilot positions offered in a calendar year or 3 pilots (number increases by one for each 125 pilots above 350 at Piedmont) in any month in which American hires, whichever is less. There are no provisions for freezing pilots due to staffing challenges at Piedmont.

## **Guarantees**

The Piedmont deal guarantees that 20 EMB-175 will be placed in to revenue service at Piedmont, provided certain conditions are met. It further guarantees that if American exercises the additional 20 options that they hold for EMB-175s, those will also be delivered to Piedmont. PDT also has a minimum fleet commitment of 20 airframes, which may or may not include the E-175s.

## **Snap-back**

The Piedmont deal further guarantees that if the 20 EMB-175s are not delivered, the pilots, at their option, may snap-back to the agreement in effect prior to this new deal. The snapback provides that even if the agreement "snaps-back" the flow and the minimum fleet guarantee of 20 airplanes will continue.

## **Duration**

The Piedmont deal has a ten year duration, but it also has features to amend the contract during that time span. There are amendment rounds in 2018, 2019 and 2021 for a total of three amendment rounds. As the fee-for-departure industry recovers this should allow the Piedmont pilots to recover with it even in a closed contract.

**Conclusion**

ALPA is a bottom-led democratic organization. Meaning every pilot has a choice in determining the course of their own airline and the course of the union as a whole. As such we each have a responsibility, prior to forming an opinion, to get past the headlines and move deep in to the whole story. You may love, hate or have any other thoughts about anything going on within our organization, but please seek out the whole story and form your opinions appropriately.

*—Your Negotiating Committee*