



THE X-RAY

A LOOK INSIDE YOUR ALPA ARW NEGOTIATIONS

August 21, 2015

TA Frequently Asked Questions

Air Wisconsin Pilots:

Since we created the ARWCBA@alpa.org email address, we have seen a continuing stream of questions coming in regarding the TA - more than we can answer individually. Since many of the questions we've received so far deal with similar or identical issues we have paraphrased them in some cases, compiled them into question threads and added them to the www.ARWContract.org webpage. We're also including them here. Your MEC and Negotiating Committee will post new FAQs regularly based on the emails that we receive.

Thanks for your input, and for all the good questions you're sending in.

Q: How can you say the TA in non-concessionary when it includes higher healthcare premiums?

A: The Tentative Agreement is not concessionary because the overall value added to pilots throughout the Agreement is greater than the value taken away. To put it another way, we are getting more money from the company than the company is getting from us, which makes it non-concessionary. That said, negotiations always have some give and some take. The increase in pilot paid health insurance premium was one give, but we have many more takes than gives in this agreement.

Q: Isn't the lower new-hire training pay rate a concession?

A: Our mission throughout the negotiations has been to improve the lot of all Air Wisconsin and fellow ALPA pilots. We were able to improve the first-year pay rate to \$29/hour the first year, \$30/hour the second year, and then it will escalate with the other wages at 1.5% annually. On the whole, a pilot who makes it through training and stays at Air Wisconsin through their first year will make MORE over the current book rates.

Q: Who is allowed to vote in the TA election? Are non-voters counted as yes or no votes?

A: Only votes that are cast are counted and results are based on a simple majority. Note, however, to put a fine point on eligibility, that a member must be Active or Executive Active and in good standing the day the roster is pulled to be eligible. In addition to Probationary and bad standing members, those whose membership classification is Military Leave, Personal Leave or Sick Inactive are not eligible.

Q: I see that reserves will be limited to two junior mans per month. Won't that push junior

manning up the seniority list and negatively affect the junior lineholders?

A: One of the things that we heard from the pilot surveys was that life of reserves needed to be improved greatly. We did many things to accomplish that goal one of them was limiting the number of times a reserve pilot can be junior manned in a month. You are correct in saying that this provision may negatively affect the junior line holding pilots, however they will have most likely recently benefited from the limit as they most likely had been on reserve recently. This of course will not be the case immediately following ratification but down the road it will be.

Q: I like the ability to use our uniform balance to buy other required equipment. But with that ability, shouldn't our uniform allowance be increased? We keep the same allotment, lose \$50 dedicated to the headset each year but now can use that money to buy more stuff so in reality it doesn't go as far. What gives?

A: We used the pilot surveys throughout this process to gauge where money should go in this agreement. We also looked at actual balances in the Uniform Bank. Given that most pilots carry significant balances in the Uniform Bank and that the Headset Bank was very restrictive on how and when it could be used we opted to combine the banks in to the Uniform and Equipment Bank. We did lose the headset bank accrual but we saw that adding more items to the list of reimbursable items was a greater benefit to the pilots than keeping the two banks, albeit at higher levels.

Q: With the new domicile swap bids, is there any chance a pilot could be displaced from a domicile that he or she does want to be in? Also, could a pilot ever be displaced from line holder to reserve or from CA to FO via a domicile swap bid?

A: No and No. A swap will only occur if two pilots in the same category and status want to move. For example, if a PHL-based captain lineholder wanted to move down to ORF and an ORF-based captain lineholder wanted to move to PHL, that swap would be approved. This could also happen between multiple parties but only amongst volunteers. You will never be displaced through this process.

Q: When the TA talks about "non-shared" vehicle for ground transportation during irregular ops, what exactly does that mean? Not shared with anyone, or not shared with anyone other than the crew members you are working with?

A: Non-shared means no "super shuttle" type transportation. You may still share a ride with fellow crewmembers.

Q: I have heard that the per diem increase was specifically made to offset the increase in our health insurance premiums. While that would suffice for the first year of the contract, after that health insurance would most likely continue to increase and yet our per diem would stay the same, thus any balance created initially is lost after year 1. Why can't our per diem increase annually to match the health insurance increase if that was the goal of the company to have that balance?

A: Great question. You are correct that the cost of health insurance may increase year over year while our per diem does not. That is why we increased per diem by roughly 50% more in total dollars than the increase in premium share.

Q: I have heard that our excellent health insurance would be classified as a "Cadillac Plan" under the new Affordable Care Act, which would potentially make our benefits taxable above a certain threshold. If that tax will apply to our insurance plans, what would be done to offset that increase in cost burdened by the pilots as a tax?

A: The short answer is that the proposed ACA Excise tax will not affect this TA at all because it is not scheduled to take effect until 2018, after the amendable date of this tentative agreement. However, the tax could eventually become an issue in almost every airline pilot negotiation after that date,

which is why ALPA is opposing this ACA provision on Capitol Hill.

Before any pilot could be taxed on their healthcare, their plan would have to meet the definition of what constitutes a "Cadillac Plan." ARW's plan would probably be considered one today, but again the ACA excise tax doesn't take effect for another three years and the definition could change before then, or Congress could even decide to eliminate it altogether.

Q: Why did we give up the larger aircraft pay scales? We should keep them in so that we would at least have a baseline rate to negotiate from if the airline acquires larger airplanes.

A: The rates we end up with for larger aircraft will be negotiated if and when the Company ends up adding new airplanes. If we had rates in our book that were lower than the market at that time, we might possibly be stuck with that lower rate. Not having any rate at all gives us the flexibility to bargain with an eye to what the industry pays for that aircraft type at that time.

Q: Why would we reduce in-domicile rest from 12 to 10 hours? Most people who live in domicile do not live at the airport. When allowing for commuting time driving to the airport and taking the employee bus, those 12 hours easily becomes less than 10 at home. 10 will barely give 8 hours of rest.

A: The current book is 12 hours scheduled, which can be reduced to FAR rest. We changed the rest to 10 hours actual which will require the Company to build the rest at more than 10 to ensure that you get 10 hours. Those 10 hours cannot be reduced.

Q: How could we ensure proper labeling of open time to prevent all open time from becoming straight pay? How would this be enforced to still have 150% open time available for pick up?

A: Enforceability is always a challenge for us. We currently have the challenge of whether or not the hidden open time is time that can be hidden. In the future all time will be shown of which the previous hidden time will be shown as straight-time (unless the Company uses its discretion to add premium to it). We will at least be able to see all the time, which should enhance our ability to enforce those provisions.

Q: For the commuter policy, the bullet point states removal of the "two flight rule." No more two flights, first two hours before, second 30 min prior? In this TA is it only one flight before show and I'm protected from disciplinary action?

A: Yes, that is correct. For the first "Commuting" event in a rolling six-month period the Pilot will be guaranteed to split into his trip, will be given positive space, will be given a hotel in his domicile if his trip will not return that day. For the second "Commuting" event in a rolling six-month period the pilot will not be guaranteed to get back into his trip, may not be positive spaced, will not be afforded a hotel room. If his trip is not available he will be assigned open time on a priority basis within the footprint of his original trip. If there is no open time the pilot may at his option continue to his domicile and sit short-call reserve for the footprint of his original trip, or the pilot may elect to stay at home without pay.

There is no defined minimum number of "Commuting" events prior to inquiry or discipline, but the overwhelming number of pilots commute responsibly and would not get close to any discipline under this provision. This policy recognizes that most pilots get to work as it works for them and the Company wants a policy that they don't have to administer. This policy also helps to mitigate fatigue.

Q: The pay scales in the 2003 CBA were lower (concessionary) than the pay scales in the 2001 CBA. If the pay scales in the 2015 TA are the same as our current pay scales (plus 1.5% yearly) then aren't they continuing the concessions from 2003? Would 2001 pay rates (plus 1.5% yearly)

be higher than the pay rates in the 2015 TA?

A: All your assumptions are correct except that the 2001 Agreement did not have the 1.5% annual across the board raises. The pay scales in the 2001 agreement ended in 2005. That said the rates effective on Oct 1, 2015 will be higher than the rates effective at the end of the 2001 Agreement.

Q: There is mention of a seat lock table for withdrawing from training. Is this new language? I could not find any reference to seat lock in the current CBA.

A: It is new language. The current CBA does not have language that covers a pilot's withdrawal from training.

Q: We tried to change our trip rig from 1:4 to 1:3.5. We were unsuccessful. I am under the belief that our current 1:4 trip rig was a concession in 2003 from what it was in 2001. I view anything in this TA that is not at least as good as it was in 2001 as a concession. We have been lead to believe that the new TA contains no concessions. Why does the NC and MEC not view the 1:4 trip rig as a concession?

A: You are correct that the move to the 1:4 Trip Rig was a concession from the 2001 Agreement. This agreement builds on the 2003 Agreement. There is no mechanism to go back to the 2001 outside of bargaining. This agreement is an improvement on the 2003 Agreement and in many areas on the 2001 Agreement, but not in the realm of Trip Rig. But the TA adds more value overall to the pilot group than it takes away, so we view it as non-concessionary.

Q: Does the fringe override increase from the current 15% to 20% mean that ALPA will be giving the company more money when a pilot gets fringe benefits?

A: The fringe override only applies to ALPA pilot volunteers when they are being paid flight pay loss. When a pilot is on ALPA leave, ALPA reimburses the Company for her wages and her fringe. So if a pilot's wage is \$100/hour then the fringe total owed by ALPA to the Company for one hour of ALPA leave will be \$120. It is still much lower the Company's actual fringe cost.

Q: Why was furlough notice reduced from 30 days to 21 days?

A: We added a requirement for the Company to meet with us in order to attempt to find solutions to mitigate furlough. The tradeoff was that the Company was willing to spend that time working on furlough mitigation, but wanted to keep the timeline to actually furlough close to the same amount of time.

Q: Can you please explain what a standing bid option is and why it would or would not benefit the pilot group?

A: A standing bid option would allow the pilot to enter a standing bid to cover himself if he forgot to bid for some reason. It would be set up with the same functionality of our current bidding system. For instance, his standing bid could say in priority order give me 1. Maximum Days Off, 2. Maximum Credit, 3. PIT overnights.

Q: Why will some of the trips in daily open time only be paid at non premium (straight) pay? I view this as an unacceptable concession. We have been led to believe this TA contains no concessions.

A: Under the TA, all open trips will be published and available to all pilots, unless the trip has been set aside for OE. This is a significant departure from current practice under Contract 2003 where trips that have become available due to a pilot action (PTO, ALPA drop, etc.) were "hidden" and subsequently assigned to a reserve pilot - and paid at straight time. This gives everyone more options to improve their schedules than before. Additionally, premium pay trips will be available in the Initial Open Time pot - another item that was not available under Contract 2003. Trips that the

company held for and subsequently not used for OE will be published in open time.

This, and other improvements in Section 25, should improve a lineholder's opportunity to improve their awarded bid schedule, and give reserve pilots more chances to plan their scheduled work days.

Q: How will it be determined which open time will be straight pay and which open time will be premium pay?

A: The trips that are currently paying premium will continue to pay premium. The Company, at their discretion, may add premium to any additional trips.

Q: Does the new provision for having at least 4 days off after working 6 only apply to line construction or does it apply to other situations where a pilot may involuntarily be working 6 days in a row? Does it apply to integration? Does it apply to JM events?

A: No, that provision is contained within line construction.

Q: For reserve duty after missed commutes, will the reserve duty be short call reserve or long call reserve?

A: Short call. The idea is to get you in to a trip as quickly as possible.

Q: What is the benefit to the pilot group in having the company be the 401 (k) plan administrator? What is the benefit to the company in having the company be the 401(k) plan administrator?

A: Benefits to Pilots of Having the Company as Plan Administrator: the functions of Plan Administrator are to interface with the company payroll department, the trust and the record keeper to ensure that contributions are made on time and are accurate. The Administrator must also answer participant questions and receive various kinds of paperwork from participants concerning the Plan including domestic relations orders. The company can integrate these functions into a department, such as Human Resources, and perform these jobs more efficiently than can one person employed by ALPA. The company will perform these functions without charge to the Plan.

Benefits to the Company of acting as Plan Administrator: Normally companies perform the function of Plan Administrator for Plans that they sponsor. Because Air Wisconsin already has the responsibility of being Sponsor, it prefers to handle the details that go with both being Sponsor and Plan Administrator.

Q: So what changed with Maternity Leave? Am I reading it right that a woman loses health insurance after three months?

A: Under the current contract a female pilot can only stay out on Maternity leave for as long as FMLA allows (12 weeks). This time would start when the woman goes on medical leave, usually before the baby is born. Under the TA a woman would be able to use FMLA leave and Maternity Leave. Maternity Leave extends from the birth of the child until three months have passed. You can see that if a pilot went out on medical leave prior to the birth this is an expansion of maternity leave available under the 2003 Agreement. The pilot will be eligible for Company paid health insurance for that three month period. We also added a new provision called Extended Maternity Leave. This allows a pilot to extend her maternity leave for up to an additional three months. Health insurance during the Extended Maternity Leave would not be sponsored by the Company but the pilot would be eligible for COBRA.

Q: What's the deal with ending up on reserve if I mis-commute?

A: The Commuter Policy was modified to treat pilots like adults and to give them options if they mis-commute. The current contract has a lot of ways that the Company can keep a mis-commuting pilot

out of his trip. In the TA Commuter Policy the Company is obligated to help get a pilot back in to his trip provided it is his first mis-commute in a six month period. Beyond that if a pilot mis-commutes more than once in a six month period the policy gives the pilot a lot of options to get back in to pay, if not his original trip. One of those options is for the pilot to sit reserve until a trip comes available. That is only an option and it is not required for a pilot to sit reserve.

Q: It looks like the contract is set up to attract new hires? Am I missing something?

A: The Company has been struggling to attract new hires that can be successful in training. The increase in first year pay, with the option to increase further, were things the Company proposed. It goes without saying of course that we do not want to limit the Company's ability to hire as attracting new hires leads to upgrades and shorter stays on reserve. Our ability to attract new hires also increases our value to our current partner and helps in RFPs for new work.

Q: What does it matter if we vote this contract in or not? AWAC is going out of business regardless.

A: Whether or not AWAC stays in business is up to the owners, not the pilots. That said, if AWAC is going out of business in the near term wouldn't it be short-sighted to vote down a contract that adds value?

Q: If the company takes over as plan administrator could it terminate the plan like the major airlines did with the pilot's A plans?

A. No, the majors were allowed to lawfully terminate those plans because they were underfunded defined benefit plans. A 401k is not a defined benefit plan. The benefit is the account balance and the plan sponsor and administrator do not have access to those funds. In addition the strong fiduciary standards of the Employee Retirement Income Security Act apply to the company's role.

It is in no way unusual for the carrier to administer a 401k fund. AWAC is the only ALPA carrier where the plan is actually administered by ALPA. The pilots will still exercise significant control over the plan through the Investment Committee which will be made up of three ALPA-appointed members and one company member.

Q: I heard a rumor that the increase from 25-27% for insurance premiums are also linked to the FA and MX contract so that when we get the increase then theirs can go up to 27% also. The way it was said is that since we all have to be the same, it would allow the increase to the other labor groups.

A: The Flight Attendants and Mechanics are already at 27%. Our move to 27% would have no effect on their premium share.

Q: Under the new TA language, a pilot projected to complete his sim evaluation by the 1st of the month cannot bid for the following month. Why was this changed? This could cause many pilots who would have been able to bid based on current language to have absolutely no say in their schedule for the following month.

A: In the current environment with the number of OE trips exceeding historical numbers, the company expressed a desire to allow a longer period of time for the completion of OE prior to the pilot being able to bid for a line. Under the current provision the pilot could bid for the following month if he completed OE by the 10th of the month. This only allows for three OE trips in order to complete OE. The new provision allows for at least four OE trips prior to the pilot being able to bid.

Q: In the case where a pilot's training and/or testing event is not published in the monthly bid package, a pilot will be given the minimum notice of seven calendar days. The seven days'

notice starts from the initial attempt by the Company to contact the pilot?

A: That is correct. Keep in mind though we did achieve language that allows a pilot to bid for training. This would probably only have an effect when the pilot is being rescheduled.

Q: What happens to all old issue forms and grievances? Will they be resolved under the old contract or do they just go away?

A: Unresolved grievances and issue forms filed during the effective period of the 2003 CBA will continue to be processed, under the terms of that contract, until they are resolved.

Q: What is the duration of this new contract?

A: If ratified, this contract would have a 2-year duration.

Q: Is it true that junior man pay is going up?

A: Yes, under the new agreement junior man pay would increase to 200%.

Q: Did we keep trip touching for vacation?

A: Yes, the Negotiating Committee was able to protect vacation.

Q: Is it true that we can bid for training?

A: Having training just assigned to us is a major pain. We developed language to allow for pilots to bid for their Continuing Qualification Training. Under the TA a pilot will be able to use his seniority to bid for ground school dates and simulator dates/times.

Q: When will there be road shows?

A: Roadshows are tentatively planned to be held from September 10 - 30th on different dates and in many locations. Please check your updates for specific dates, times and locations.

Q: Did our longevity pay scale change?

A: Our longevity pay scale stayed the same. First year pay has changed.

Q: I have a question on the voting process. It is very important for all pilots to vote and I will. Will eligible pilots that do not vote be automatically put in as a yes or no vote?

A: No, eligible pilots who do not vote are not added to yes or no totals.

Q: Are there across the board wage rate increases in the TA?

A: Yes. The increases are the same as in the current book, 1.5% each October 1. The Negotiating Committee made it a priority to at least keep these raises. The 1.5% each year formula has resulted in 50 seat wage rates that are near the top of the industry. In addition, these raises will continue beyond the amendable date unless changed by future bargaining.

Q: Is there a signing bonus or retention bonus in the TA?

A: No, the Negotiating Committee was unable to obtain bonuses.

Q: The Company has implemented AQP even though the current CBA hardly mentions it. Is that addressed?

A: Yes.

Q: Will ARW pilots be able to review the full language of the agreement prior to voting?

A: Yes, the proposed date for ratification to open is September 10th. Full contract language will be made available for members to review prior to voting.

Have a great weekend, and please email ARWCBA@alpa.org if you have more questions. We will add new question threads to the www.ARWContract.org webpage on a regular basis, so keeping checking back to the site for further updates.