

The *Wiss-key*

A Publication for the ALPA ARW Pilots

SPECIAL EDITION

Contract Comparison:

ARW vs. EDV



FROM THE EDITOR'S DESK

Greetings

By Captain Ken Reinert
Chairman, Communications Committee
& Editor, *The Wiss-key*

Welcome to this special edition of the award-winning *Wiss-key*, the official MEC newsletter for the Air Wisconsin pilots. I know some of you have been wondering when a new issue would make an appearance. Truth be told, MEC communications have been evolving more toward digital means. Plus, just as the company has to work with reduced staffing, so does the MEC—many of us wear multiple volunteer hats, and sometimes there just isn't enough time to fit everything in. For those who may want to help out, please get in touch with Thorne Saylor, our MEC vice chairman, and let him know your areas of interest.

As you may have noticed (particularly if you have the print edition in hand), this issue is noticeably leaner compared to our past productions. We skipped the usual updates and features to focus on the recently ratified Endeavor TA and how it compares to our current agreement here at Air Wisconsin, along with the latest offer proposed by Air Wisconsin management last September. Given the amount of information that this comparison offers, the MEC felt that it would be best to present it in print. Please take the time to read through this, consider the entire package (although it is really enticing to focus on parts of it, such as the pay rates), and ask your ALPA representatives any questions you may have. If they can't answer right away, they will direct your questions to someone who can.

Are you in the dark (or said otherwise, are you NORDO)?

We realize that there are still a number of you who are not receiving communications from the MEC or ALPA National. This is usually due to an old e-mail address listed in ALPA's membership database. There are some instances, though, where your e-mail address is current but your subscription selections have been reset. The easiest way to check those is to log into the ALPA website. You will see your information on the upper left panel; click on your ALPA number or e-mail address to go to your account information. Then, on the account page, click "Preferences." On that page, you can update your e-mail address and/or select what

e-mail groups you want to receive. There are three mailings you should select: "ARWMEC Fastread email list," "ALPA Fastread email list," and the e-mail list for your local council.

Can't log into the ALPA website? Contact ALPA Membership Services at 800-359-2572 and follow the voice prompts to reach a representative. They are available 9 a.m. to 5 p.m. eastern, Monday through Friday.

Teamwork

Although this is a leaner edition of the *Wiss-key* than you normally see, putting it together was still a collaborative effort. My thanks go out, in no particular order of importance, to a cast of many (and I'm quite certain that I will miss someone):

- ▶ David Holtzman, who has postponed some of his post-retirement activities to work with the MEC and our Negotiating Committee.
- ▶ Jody Bettenburg, our senior labor relations attorney, who along with David reviewed the comparison piece to ensure its accuracy.
- ▶ Cory Tennen from ALPA's Economic and Financial Analysis Department for crunching numbers and producing all the tables and graphs that make digesting this information so much easier.
- ▶ ALPA's Communications Department for all they do to support us—especially Rusty Ayers, our communications specialist for all his help and Kim Agnew and Mary Kennedy in Creative Services for their artistry and creativeness in turning what we send over to Herndon into a First-Class publication.
- ▶ The ARW MEC officers and representatives for their leadership and guidance throughout the entire process.
- ▶ And most importantly, to each of you for taking the time to read this issue, becoming as informed as you can, and keeping up to date with what is happening here at Air Wisconsin and in the industry.

That's it for now . . . stay informed, fly the contract, and happy holidays! Those of you who are flying on December 24, *please* don't run over Santa's sleigh or his fleet of drones! ✈

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The Wiss-key

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Submissions for the *Wiss-key* are always welcome. Please send suggestions, comments, photos, letters, and articles to ARWCommunications@alpa.org for consideration; otherwise, contact the Communications Committee for alternate submission options. The *Wiss-key* assumes no responsibility for loss or damage to these items and reserves the right to edit submissions for space requirements. Anonymous material will not be considered for publication, though a writer's identity may be kept unpublished if requested.



By Captain Chris Subs
Chairman, ARW MEC

A MESSAGE FROM YOUR MEC CHAIRMAN

Consider the *Entire* Package

By now, many of you have flown on the United side of the operation. To date, about half of the fleet has gone through the paint shop and had the cabin interiors refreshed. And . . . the galleys are stocked with Stroopwafels—if one of those and a coffee doesn't get you going in the morning, you may be dead! Obviously, our capacity purchase agreement with United Airlines meant we no longer have to worry about what the immediate future beyond February of next year will hold. For some of you, commuting has gotten much easier, maybe even a drive to the airport now instead of having to thumb a ride to work and hoping there's an open seat. Unfortunately, for others it means you may no longer live in domicile, and your world has turned upside down. Those changes highlight the transformation and rebuilding the company is going through upon returning to United after all these years. This change and transformation also brings some uncertainty as the operation finds its footing and we, as employees, find ours.

In this special edition of the *Wiss-key*, the MEC is asking you to take a close look at the EDV and ARW CBAs. You will see different key areas of the contracts compared, with some being easier to compare than others. Of course, hourly pay rates are, have been, and will likely continue to be an area of focus for the entire industry. However, as we have said in the past, rates are obviously important, but they don't tell the entire story of any contract. In many ways the challenge we have faced over the last seven years has been that our CBA was at or near the top of the industry in the four cornerstones of a contract: pay,

benefits, work rules, and scope. While our hourly rates are no longer on top, there are other areas of our CBA that could still be described as industry-leading and must be included in the overall calculus of the comparison and factored into the group's expectations.

We are providing this detailed comparison so that each of you can make your own determination as to how our situation compares against the new CBA at Endeavor and the industry. After you've familiarized yourself with the details, we ask you to consider all aspects of where we find ourselves today.

Some things you should consider:

- One of the benefits that our flying with United brings us is the Career Path Program. What is the CPP worth to you, if anything?
- The company's ultimate goal of flying a total of 65 airplanes means they will need to rebuild the pilot ranks by over 200 pilots. What does that mean for your personal career progression?
- When the other two mainline carriers (American and United) determine they need to follow Endeavor Air/Delta's lead to protect their own FFD lift, where do we want to be?

The most basic question is this: Considering the entire package and the current set of circumstances, what do you need to see in a TA that would bring you to a "yes" vote? Asked another way, if certain TA "must haves" are not met, are you willing to risk a work stoppage in the form of a strike or a lockout if the National Mediation Board was to release the parties to self-help?

In January, the MEC will conduct another round of polling to determine

where this pilot group currently is when it comes to TA expectations and the group's willingness to travel down a road of self-help. And yes, we have heard the critics who say that all we do is poll, but it is a necessity when negotiations are drawn out over a long period of time while the industry is changing rapidly.

► The most basic question is this: Considering the entire package and the current set of circumstances, what do you need to see in a TA that would bring you to a "yes" vote?

As we said in the most recent FAQ, it just takes two parties (those parties being the company's managers/owners and the pilot group) who can get into the "zone of reasonableness" with proposals that will yield a ratifiable deal. This MEC, like most ALPA MECs, would prefer to reach a conclusion with management that recognizes the contributions of the pilot group without having to resort to a strike. A goal of our upcoming polling is to find the pilot half of the zone of reasonableness.

We hope this *Wiss-key* gives you a complete picture of where we stand in negotiations: our current contract and how it compares to EDV, as well as how it compares to the industry, and what Air Wisconsin management has termed its "last, best, and final" offer. We ask that you take a considerable amount of time to educate yourself and then discuss with your family the possibilities and the choices that will need to be made. ✈

The Endeavor Air 2017 TA: A Comparison

The ratification vote for Endeavor Air’s Tentative Agreement (TA) closed on November 21, with the Endeavor pilots overwhelmingly approving the TA that was reached in late September. Of those eligible EDV pilots who voted, 86 percent cast ballots in favor of the agreement—technically, their vote was for a Letter of Agreement that amends portions of their current contract, which is the joint CBA stemming from the Pinnacle-Mesaba-Colgan merger . . . but we’ll dispense with the semantics for the sake of discussion, and refer to it as a TA in this *Wiss-key*.

Undoubtedly, the big takeaway of the Endeavor TA is the increase in pay rates, which raise the bar for every fee-for-departure (FFD) carrier, regardless of whether they fly 50-seat or larger aircraft. This is great news because it changes the pattern to bargain against and moves away from the haphazard bonus structure we have seen across the industry lately, which is a benefit for all FFD pilot groups. But as we saw a couple years ago when examining Republic’s 2015 TA, higher pay does not necessarily equate to an economically better contract overall.

Before we delve into the item-by-item comparison of our contract to the Endeavor proposal, let us preface this with what it is not, which is to say, “Look at how good you have it, now accept less in the next contract.” The Air Wisconsin Negotiating Committee is well aware that anything less than what we currently have in our contract is not acceptable and will not be ratified by the pilot group. This assessment is meant to put the committee’s bargaining challenges into perspective and, more importantly, demonstrate that there is more to a contract than just pay and first-year rates.

Pay

As demonstrated from the table below, Endeavor’s new wage rates are substantially higher than the current industry average. They now outpace us, and they change the pattern that all FFD carriers will have to bargain against in both the 50-seat and larger pay classes. If Air Wisconsin management has no interest in putting more into the next contract, and consequently we are still working under our current CBA for years to come, our yearly 1.5 percent pay increases will not close the gap between us and Endeavor. Additionally, Endeavor first-year rates are now the highest in our industry segment,

which is important in bargaining because Air Wisconsin wants and needs higher first-year wage rates as a recruitment tool. The Association seeks to increase all wage rates, including first-year pay, and to move away from using bonuses for pilot recruitment and retention.

The table below compares the Endeavor and Air Wisconsin rates along with the industry average for 50-seat jets at several longevity and seat positions, using pay rates that will be in effect as of January 1, 2018. The graphs on pages 5–6 further show how we compare with Endeavor and Industry Average for 50-seat jet aircraft.

Hourly Pay Rates: 50-Seat Jet or Equivalent				
	1-YEAR FO	3-YEAR FO	5-YEAR CA	10-YEAR CA
Endeavor	\$50.16	\$60.01	\$92.09	\$103.09
Industry avg*	\$38.63	\$42.81	\$75.07	\$86.24
Air Wisconsin	\$35.53	\$43.77	\$77.41	\$89.89

Annual Pay @88 Hours/Month: 50-Seat Jet				
	1-YEAR FO	3-YEAR FO	5-YEAR CA	10-YEAR CA
Endeavor	\$52,969	\$63,371	\$97,247	\$108,863
Industry avg*	\$40,795	\$45,206	\$79,276	\$91,069
Air Wisconsin	\$37,514	\$46,212	\$81,747	\$94,920

*Industry average rates include those for ARW, ASA, CMT, EDV (TA), ENY, XJT, PDT, PSA, SKW, and TSA, effective January 1, 2018.

Rigs, Premium Pay, Per Diem, and Other Pay Provisions

Collectively, items identified below are all considered “soft pay” which adds to what a pilot takes home above the base hourly flight pay.

- ▶ Endeavor pilots do not enjoy any of the **pay rigs** that we get at Air Wisconsin. In fact, we are one of only a few carriers that have rig pay provisions in our contract.

- ▶ Air Wisconsin premium pay is 150% for flying voluntarily picked up on scheduled days off, and 200% for flying marked critical or involuntarily added flying (junior man events). (Not all Air Wisconsin involuntarily added flying is eligible for premium pay; Section 3.O of the Air Wisconsin CBA describes what conditions will pay straight pay.) All open time at Endeavor is also paid

at 150% with each junior man event being paid at 200%. Endeavor also has the discretion to increase open time to be paid at 200%.

- ▶ At \$1.80 per hour, our **per diem** is below the current industry average of \$1.82, and in 2021 where the average will be \$1.86. Endeavor pilots will see their per diem increase to \$1.95 per hour by 2023. This is an example of a provision where another pattern to bargain toward exists, and better rates may be achievable.
- ▶ **Minimum day** at Air Wisconsin is 3 hours (5 hours or actual block for a CDO); Endeavor min day is 4 hours,

including CDOs. Industry average min day is 3.8 hours.

- ▶ **Cancellation pay** provisions at Air Wisconsin and Endeavor are comparable.
- ▶ Air Wisconsin pilots are compensated 15 minutes to clear **customs**; Endeavor pilots do not get customs pay.

Bonuses

It is important to distinguish the two areas where bonuses have been applied: recruitment (new-hire) bonuses for future pilots and retention bonuses for pilots currently on property. Bonus payments are good for those who receive

them, but they generally are applied at the company's discretion, and in the case of new-hire bonuses, not contractually guaranteed.

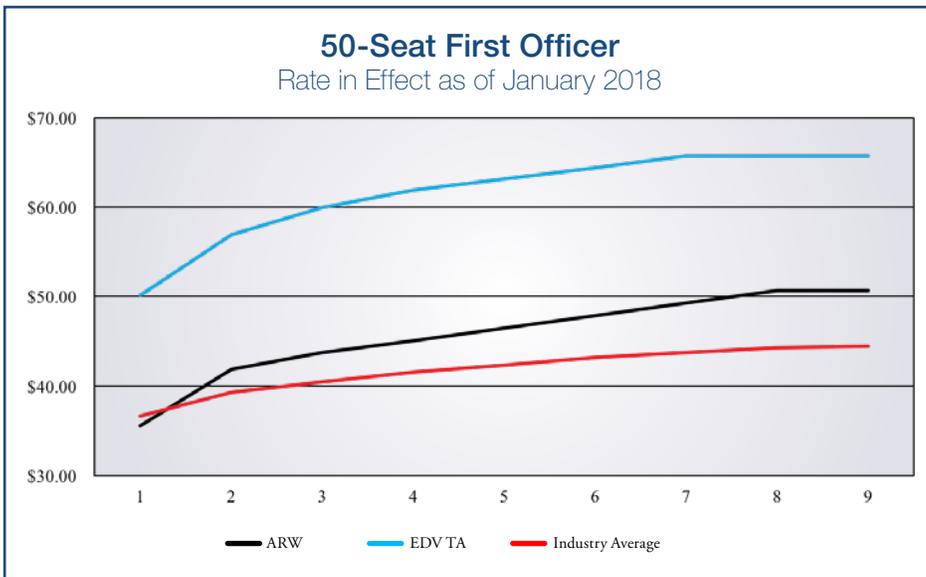
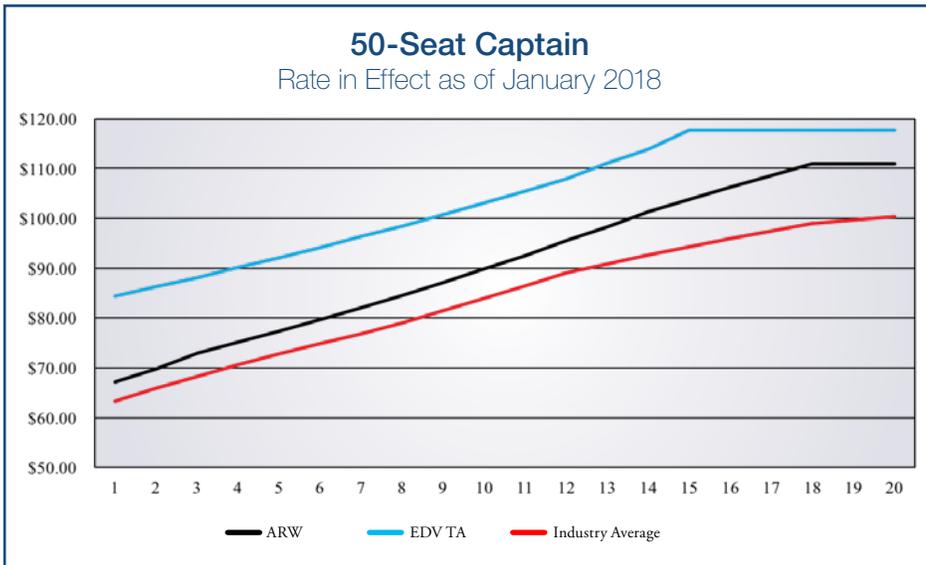
The Endeavor TA caps the amount that the company can offer to new hires at \$20,000. Also, their present retention bonus structure is eliminated, as that money is moved into the contractually protected pay rates, which can only be changed through the bargaining process.

Presently, Air Wisconsin is free to offer new hires bonus money and incentives as defined in the December 2016 Recruitment and Retention Letter of Agreement (LOA 37). The company's current offer to new hires continues into the third year of employment and potentially pays out a total of \$57,000. (In the ALPA proposal, the Negotiating Committee proposed to phase out at the end of year five the company's ability to unilaterally set new-hire wage rates, bonuses, and recruitment incentives. This would leave the parties to bargain if there is a future need for such incentives. Air Wisconsin rejected this proposal.)

The last retention bonus to eligible pilots on property was paid out in October, so without any modifications, there are no further retention bonus monies available to current pilots. However, in management's last offer, they did include three "supplemental payments," intended to function both as an incentive to grow the airline and for retention (see further discussion later in this article). Of note, the EDV TA did not contain any sort of signing bonus.

Vacations and Bidding

Depending on longevity, senior Air Wisconsin pilots can accrue up to five weeks of vacation, with three vacation periods designated as primary, which allows for the entire trip(s) touching them to be dropped. A six-year Air Wisconsin pilot will earn three weeks of vacation with one designated primary period. Pilots at Endeavor bid their monthly flying, including vacation days off, through PBS, thus do not enjoy the benefits of trip touching for vacations—or conflict bidding for



Vacation Accrual: Based on Years of Service (YOS)

YOS	1	2	3	4	5	6	...	10	11	12	13	...	19	20+
Endeavor	1	1	2	2	3	3	3	3	3	3	4	4	4	4
Air Wisconsin	1	2	2	2	2	3	3	3	4	4	4	4	4	5
Industry average	1.2	1.9	2.1	2.1	2.1	2.8	3	3.2	3.2	3.3	3.4	3.9	4	4

training or other scheduled events in the same manner as we do.

Vacation accruals at the two carriers are shown above. In 2021, Endeavor pilots will get three weeks of vacation earlier than we do; however, we pick up the fourth week two years before they will, and those who are here with 20 or more years of ser-

vice earn five weeks of vacation. Vacation is paid at 3.0 hours/days at ARW and 3.5 hours/days at EDV.

Deadheads

Air Wisconsin pilots are paid 100% for deadhead legs (greater of scheduled block or actual for online flights).

Endeavor pilots also get paid at 100% of their hourly rate to ride in the back of the plane. Industry average is about 85%.

Sick Time

Pilots at Air Wisconsin accrue sick leave at a rate of 3.5 hours per month. Endeavor pilots currently accrue their sick leave at 2.5 hours each month; under their new agreement that sick leave accrual rises to 3.5 hours per month on January 1, 2018 and to 4.0 hours per month effective January 1, 2020. Industry average is approximately 3.2 hours of sick accrual per month, but several carriers have sick accrual schedules based on the pilot's years of service.

Sick pay is paid out of the pilot's sick bank similarly for Air Wisconsin and Endeavor pilots. Lineholders will get paid the credit of their dropped trip, and reserves will get paid the value of the day(s) they are absent.

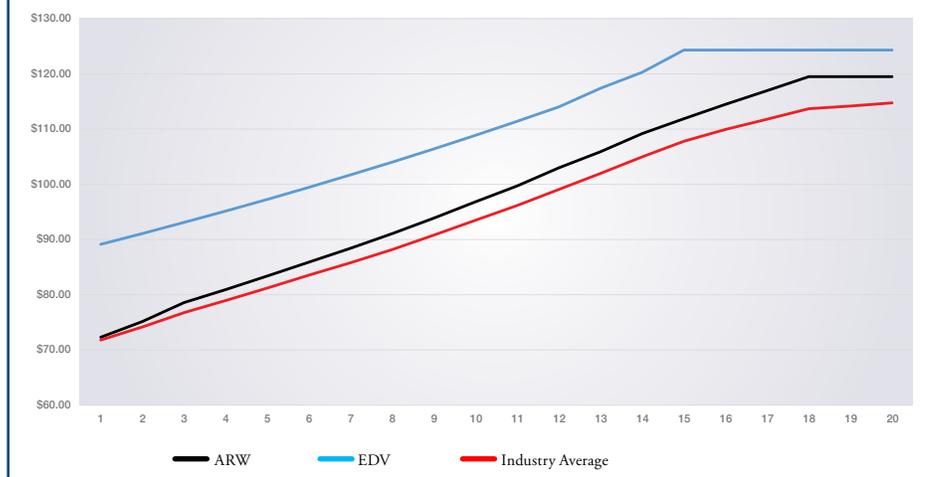
Carrying on . . .

So far, what we have been looking at in this comparison has been fairly straightforward. It is easy to compare pay scales, per diem, sick leave accrual, and other items where we can put numbers side-by-side and see which are larger. The remaining items that we will examine in the comparison are those that are not so easily quantifiable: retirement and insurance. Although there are some numbers we can compare, they also carry considerable intrinsic value that cannot be strictly expressed in a dollar value.

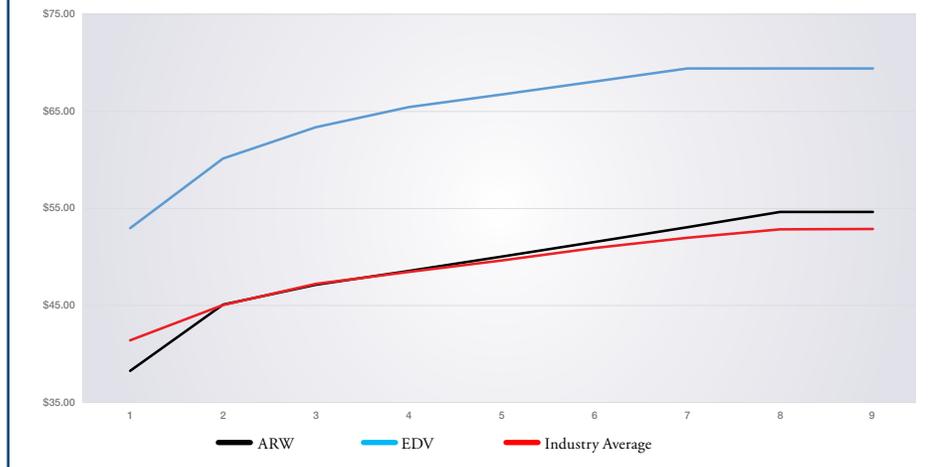
Retirement

Retirement is one area where the two contracts diverge, and it is not easy to compare them in a strictly dollars-and-cents method. Pilots at both carriers

50-Seat Captain Rate in Effect as of January 2022



50-Seat First Officer Rate in Effect as of January 2022



are eligible to participate in a 401(k) retirement savings plan, and each company will match a certain amount of the pilots' contributions into their plans. The schedules on how the company contributes are different, though.

First off on retirement: Air Wisconsin automatically contributes 3% of the pilot's eligible earnings into your 401(k) account. This is in addition to any matching contribution as discussed below and is done *even if the pilot does not elect to contribute anything into the plan*. Only two other carriers—Endeavor not being one of them—provide automatic contributions, and both of them have a percentage scale based on years of service.

Air Wisconsin will match your contribution to your 401(k) based on the percentage of your contribution per paycheck (all percentages are that of the pilot's eligible earnings).

For example, a new-hire pilot elects to contribute 9% of his pay into his 401(k) plan; the company contributes an additional 5%. Air Wisconsin matches his contribution solely on the percentage the pilot elects to put toward his retirement, with no consideration for the pilot's longevity. An Endeavor pilot would need to be in year five to be eligible for a 5% company match.

Endeavor structures its company matching contributions differently, and base it on the pilot's longevity with the company.

So, a new hire Endeavor pilot who contributes 9% of his pay into his 401(k) plan will see the company match up to 3% until he's in his fifth year of service, then 5% until he reaches his tenth anniversary. At that time, the company will match 8%.

If we compare accruals/contributions/matches between the Air Wisconsin and Endeavor maximum company contributions based on our current seniority list, we can calculate that at Air Wisconsin on average a pilot will max out with 8% of company money (it's always 8% regardless of longevity). Utilizing the Endeavor TA, Air Wisconsin pilots would max out

Air Wisconsin Company Matching 401(k)	
PILOT DEFERRAL	COMPANY MATCH
3–4%	1%
5–6%	2%
7%	3%
8%	4%
9%	5%

Endeavor Company Matching 401(k)	
YEARS OF SERVICE	COMPANY MATCH
1–4	up to 3%
5–9	up to 5%
10–19	up to 8%
20+	up to 12.5%

Company Match 401(k) Vesting Schedule		
YEARS OF SERVICE	ENDEAVOR	AIR WISCONSIN
Less than 2	0%	0%
2	25%	20%
3	50%	40%
4	75%	60%
5	100%	80%
6+	100%	100%

at 5.4% in 2018 and 5.9% in 2021 of company money.

One other aspect we need to look at is how quickly the company's match will vest. Simply put, what you contribute to your retirement plan is yours to keep; what the company contributes becomes yours to take with you depending on how long you've been on property.

Endeavor pilots see their company matching contributions vest a little faster than we do here at Air Wisconsin. However, we have the option to receive the full company match sooner, based on our elected salary deferral rate.

Insurance Premium Share

The percentage of the health insurance premium that our pilots pay was undoubtedly the most contentious item in the 2015 Air Wisconsin TA. It has been

noted that you do not want to pay more than 25 percent of the insurance premium. That said, the percentage that we pay is only part of the picture when it comes to comparing health insurance benefits across contracts, and the other parts are not easily quantifiable. It is a known fact that our health care plans at Air Wisconsin are the best in the industry—even comparing our plans to those offered at the legacy carriers. That said, it is nearly impossible to put a dollar amount on the quality of any health-care plan, which makes comparing them difficult.

So, the easy part: We pay 25% of total insurance premium, where Endeavor pilots pay 33% for their PPO and 25% for their HSA and HRA. Industry average is a 31% premium share, although several carriers have higher shares for employee-plus-one or family plans.

Now, the not-so-easy part: We could compare the premium (25% vs. industry average of 33%) dollar amounts that we pay per year vs. Endeavor or any other carrier. What this does not take into consideration is what that money gains you as far as the *quality* and *comprehensiveness* of health-care coverage.

To put this into perspective . . . how much are you getting for paying your portion of the premium, whatever that dollar amount may be? How much do you pay out-of-pocket for a routine physical exam? Or for having a baby? How many chiropractor visits can you make during the year that are covered by the insurance plan? These, just as a few examples of the non-quantifiable things that make insurance comparisons so difficult, but they are indeed things that must be taken into consideration when comparing contracts as entire packages, and they do cost the company money. In our case, the ARW pilots pay less in premium share and have better health-care coverage than any other pilot in the industry.

Conclusion

The Endeavor TA is a big step in the right direction for the fee-for-departure segment as a whole. Putting their short-term bonus monies into their permanent pay scales benefits all FFD pilots, not just the new hires. It also reduces the risk that, unless contractually allowed, a company could take the bonuses away as easily as they originally put them in place. Now that Endeavor has done this, they have changed the pattern that all other carriers will bargain against and have clearly made the commitment to their pilots as a long-term investment. Additionally, we believe that other mainline partners will see what Endeavor and Delta have done and consider what they may need to do to protect their regional lift in order to remain competitive in the market.

Until the Endeavor TA was announced, one of the biggest hurdles that we have had to overcome is the bargaining pattern. It is difficult to ask for—and attain—significant gains over the current contract when one is already perceived

as the leader in their industry segment. With the new Endeavor contract, there are aspects of our contract that are no longer industry-leading, although many others still are.

In regards to what you should do in comparing what we have now and what goals we should be setting for a new contract, we hope that you look beyond what is arguably the most important item: “What will I get paid per hour?” Yes, the pay scale is important, but the other components of our contract are equally so. Ask yourself this: If you had the option of getting Endeavor’s pay rates, *but* you would also get the rest of their contract, is that something that (1) you would accept and (2) you feel would be a gain for you? If your assessment is no, what gains do you feel are reasonable while taking into consideration other areas of our contract?

You will have the opportunity to express your opinions when the MEC conducts new polling after the 2017 holiday season. ✈



TO LEARN MORE, VISIT
www.awacalpa.org

The ARW MEC has developed a multifaceted communications program to make it easy for you to get the information you need about your career and your union’s efforts to defend and enhance it. Check out these tools that are available and be sure to provide your elected representatives with feedback.

The Company's Current Offer

We want to briefly discuss the Company's last offer that was presented to our Negotiating Committee at the September meeting in Chicago. Please keep in mind that this meeting was held before the Endeavor Tentative Agreement (TA) was even announced. Also, when contract negotiations were opened seven years ago, the stance of Air Wisconsin management was that we would have to "take concessions now, or take them later."

Essentially, what management has offered to us in their "last, best, and final offer" is our current book, with much of the noneconomic language negotiated in the 2015 TA, plus further changes negotiated in 2016 and 2017:

- ▶ They agreed to keep our health-care premium share at 25 percent—something the pilot group clamored loudly about in 2015—and to retain the current plan structure. (In other words, we pay our 25 percent for the same feature-rich plan that we have now, not 25 percent for a stripped-down plan.)
- ▶ Also, we would see per diem rise to \$1.95 per hour two years after signing.
- ▶ Finally, we were able to restore the 12-hour in-domicile rest, which was a point of contention in the 2015 TA.

With management's last offer, they came to the union negotiators putting money on the table; specifically, money toward signing and supplemental payments:

- ▶ The signing bonus would have been \$1,000 per each pilot on the seniority list on September 25, 2017, payable March 15, 2018.
- ▶ The supplemental payments would vary in dollar amount based on an individual's longevity (see *Interpreting*

the Company's Supplemental Payment Plan on page 10), with payments being made during the first three years of the contract according to the following table. After discussion, it was agreed that the payments could be paid as equal fixed payments for captains and first officers, instead of according to the company's longevity scheme. The average payment per pilot per year would be about \$2,600.

- ▶ Management proposed that new economic increases would take place in only the first three years of a five-year contract term.

Supplemental Payment Payout Schedule		
Payments will be made at the earlier of either:		
	DATE OR	# OF PILOTS ON PROPERTY
Payment 1	12/31/2018	650
Payment 2	12/31/2019	700
Payment 3	12/31/2020	750

Of significant note is that the supplemental payments would be paid out in a 50/50 split, with half of the payment in cash, and half as a contribution to the pilot's 401(k) plan. This would result in an initial reduced tax exposure, as the 401(k) contributions would be tax-deferred until the pilot draws from the account after retirement or prior to retirement after meeting certain criteria permitted by law. The portion of the supplemental payment that is deposited into your 401(k) account is immediately vested at 100 percent. The MEC Negotiating Committee initially proposed this concept because

it has advantages for both pilots and the company. For example, a pilot has the ability to take a cash payment from his 401(k) account in certain situations, including separation from the company, subject to an excise tax. When a TA is finally negotiated, this concept could be included. The payment, just like the company's 3 percent automatic contribution into the 401(k) plan, would also not count toward the pilot's annual contribution limit.

One item that management made no move to alter from our present contract is the annual 1.5 percent rate increase we see each October. However, they did not offer any additional economic benefit during years 4 and 5 of the five-year duration of the proposed contract—no per diem increase, supplemental payments, or new wage rate increases other than the automatic 1.5 percent annual increase.

This is the offer that the Negotiating Committee put in front of the MEC for discussion at the October meeting in MSP. At that meeting, the MEC determined that the offer was not adequate to take to the pilot group for a ratification vote. Please keep in mind this proposal was offered prior to the announcement of the Endeavor TA, and as we go to press on this *Wiss-key*, there have been no further discussions between Air Wisconsin and the Association on moving toward an agreement except for management's suggestion that we bargain to trade work rules and benefits in exchange for wage rate increases. This approach has always been rejected by the MEC and Negotiating Committee when it has been raised in the past. Very recent events since we have gone to press may change our status, so we ask that you stay informed by reading the various communications issued by your MEC. ✈

Interpreting the Company’s Supplemental Payment Plan

Management initially proposed that the supplemental payments be calculated based on a pilot’s longevity at Air Wisconsin. The base amount of each payment is

\$500, plus a variable amount of \$200 for each year of service. This schedule is shown in the following table as presented by Air Wisconsin management.

EXHIBIT B: Pilot Agreement Initial Bonus and Supplemental Pay

	Fixed>>	\$ 500	\$ 500	\$ 500	
	Variable/YOS>>	\$ 200	\$ 200	\$ 200	
CA/FO YOS	Initial Bonus	Payment 1	Payment 2	Payment 3	Total by YOS
1	\$ 1,000	\$ 700			\$ 3,700
2	\$ 1,000	\$ 900	\$ 900		\$ 4,300
3	\$ 1,000	\$ 1,100	\$ 1,100	\$ 1,100	\$ 4,900
4	\$ 1,000	\$ 1,300	\$ 1,300	\$ 1,300	\$ 5,500
5	\$ 1,000	\$ 1,500	\$ 1,500	\$ 1,500	\$ 6,100
6	\$ 1,000	\$ 1,700	\$ 1,700	\$ 1,700	\$ 6,700
7	\$ 1,000	\$ 1,900	\$ 1,900	\$ 1,900	\$ 7,300
8	\$ 1,000	\$ 2,100	\$ 2,100	\$ 2,100	\$ 7,900
9	\$ 1,000	\$ 2,300	\$ 2,300	\$ 2,300	\$ 8,500
10	\$ 1,000	\$ 2,500	\$ 2,500	\$ 2,500	\$ 9,100
11	\$ 1,000	\$ 2,700	\$ 2,700	\$ 2,700	\$ 9,700
12	\$ 1,000	\$ 2,900	\$ 2,900	\$ 2,900	\$ 10,300
13	\$ 1,000	\$ 3,100	\$ 3,100	\$ 3,100	\$ 10,900
14	\$ 1,000	\$ 3,300	\$ 3,300	\$ 3,300	\$ 11,500
15	\$ 1,000	\$ 3,500	\$ 3,500	\$ 3,500	\$ 12,100
16	\$ 1,000	\$ 3,700	\$ 3,700	\$ 3,700	\$ 12,700
17	\$ 1,000	\$ 3,900	\$ 3,900	\$ 3,900	\$ 12,700
18	\$ 1,000	\$ 4,100	\$ 4,100	\$ 4,100	\$ 13,300

There are some caveats related to the supplemental payment plan:

1. The initial signing payment on March 15, 2018 would apply to every pilot hired on or before September 25, 2017,
2. The three supplemental payments apply only to those pilots hired prior to December 1, 2016 (those who were not eligible for new-hire recruitment bonuses),
3. Eligibility for each of these payments follows the guidelines established in LOA 37,

4. The payment structure is capped at 18 years of service, and
5. The table assumes the pilot will accrue a full year of longevity for each step.

Under this plan, senior pilots would obviously benefit more, but the Negotiating Committee believed that equal amounts for all pilots would be more fair. As an alternative to their longevity offer, management was agreeable to offer fixed amounts for each pilot.

BARGAINING SCORECARD

SEC.	NAME	STATUS
1	Recognition & Scope	TA
2	Definitions	OPEN
3	Compensation	OPEN
4	Min Pay Guarantees	TA
5	Travel Expenses	OPEN
6	Moving Expenses	TA
7	Vacation	TA
8	Deadheading	TA
9	New Aircraft	TA
10	Transfer to Management or NF Position	TA
11	Training & Testing	TA
12	Hours of Service	TA
13	Leaves of Absence	TA
14	Sick Leave	TA
15	Physical Standards, Exams, and Testing	TA
16	Workers' Comp. Benefits	TA
17	POW/MIA Benefits	TA
18	Uniforms	TA
19	Investigation and Discipline	TA
20	Non-Disciplinary Grievances	TA
21	System Board	TA
22	Seniority	TA
23	Furlough and Recall	TA
24	Filling of Vacancies	TA
25	Scheduling	TA
26	General	TA
27	Insurance	TA
28	Retirement	TA
29	Agency Shop and DCO	TA
30	Duration	OPEN
LOA 37	1st Year Pay; Incentive Pay; Supplemental Pay	OPEN

Air Line Pilots Association, International

CONTRACT SCORECARD

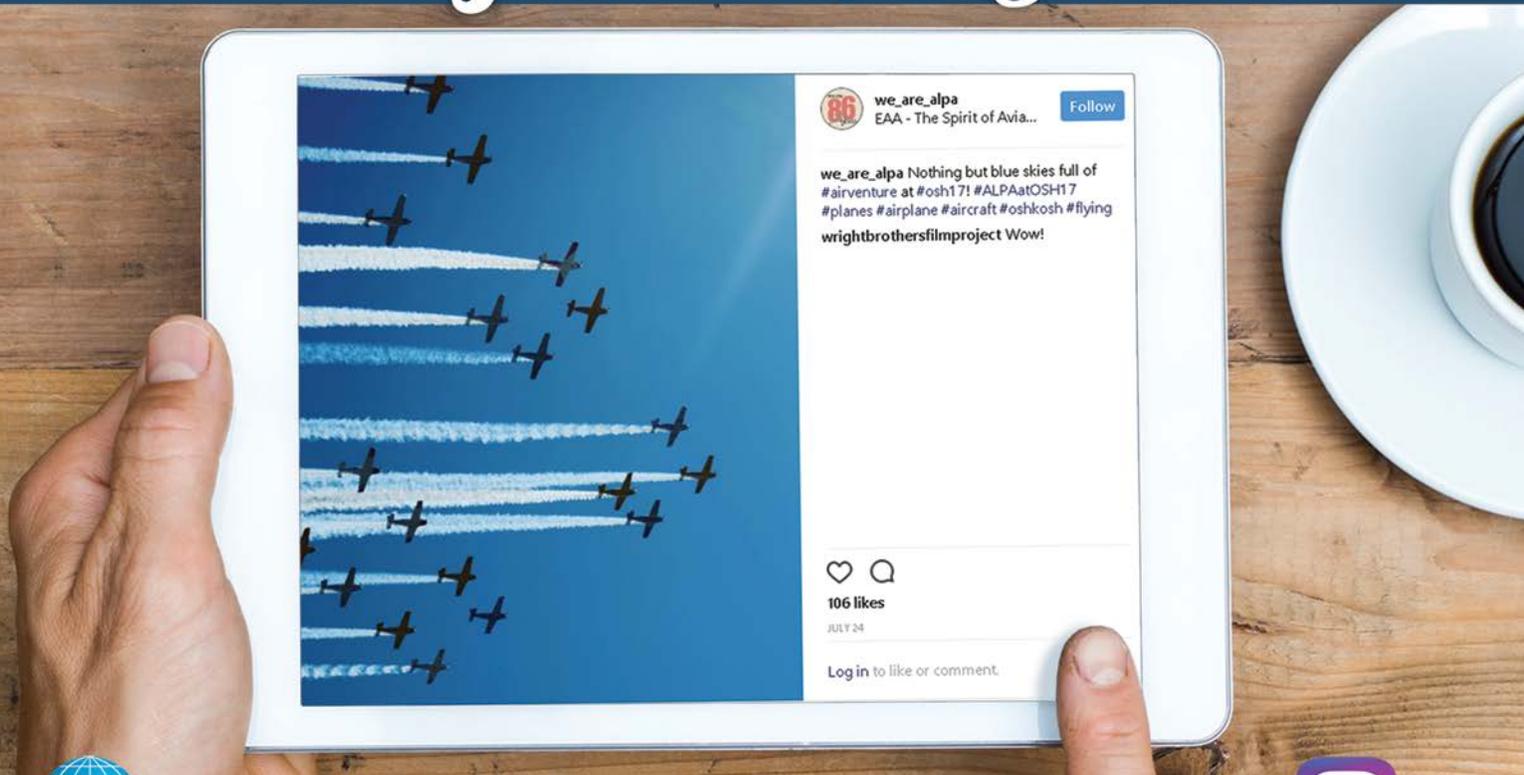
HOW THE CONTRACTS COMPARE	
ARW	NEW EDV
PAY RATES	
	√
HEALTH CARE	
√	
PAY RIGS	
√	
PREMIUM PAY	
similar	similar
PER DIEM	
see text	see text
MIN DAY	
	√
CANCELLATION PAY	
similar	similar
BONUSES	
see text	see text
VACATION SCHEDULING	
√	
DEADHEADS	
similar	similar
SICK TIME	
	√
401(k)	
see text	see text



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