

Succeeding in Arbitration

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Merger Committee

The Merger Committee has completed participating

in the opening week of arbitration hearings on the Shuttle seniority integration case, from October 12-15. The Arbitration Board is chaired by George Nicolau, with Captain Michael Lazarowicz (NWA) and Captain Don Jacobs (TWA) participating as Neutral Pilots.

The Shuttle pilots presented Captain Les Robinson as their first witness and the Shuttle's former Vice President for Human Resources, Ray Grebey, as their second witness. They attempted to build a link between the Shuttle and Eastern Air Lines. They presented no particular surprises in terms of our trial plan.

On Tuesday, October 13, the Shuttle pilots presented an airline economist, Robert Mann, who attempted to link the Shuttle's financial difficulties to US Air's management. He also blamed the US Airways pilots and their representatives for their problems on the theory that our Memorandum of Understanding (MOU) unduly restricted the Shuttle's expansion opportunities. The following day, we heard from Terry Hallcom, the former Chief Executive Officer and President of the Shuttle, who reiterated Mr. Mann's complaints about Hallcom's inability to expand the Shuttle as a result of our MOU and US Airways' management interference.

The Shuttle pilots also offered the testimony of a former Pan Am pilot, now at Delta, who explained that Delta had treated them very well when they transferred employment there. The Shuttle pilots' proposal was defended by Michael Tannen, a Ph.D. in statistics and econometrics. We feel we anticipated the major points and evidence of the Shuttle pilots and dealt with them well at the hearing through cross-examination.

The hearings resume with the presentation of our case-in-chief on Monday, January 11. Since October 2, we have been advocating a proposed list that is based on the Shuttle pilots' 1991 seniority integration agreement with the Northwest pilots, but which closely follows a Trump Shuttle date-of-hire methodology. Our adaptation of the Trump-NWA agreement begins by inserting their junior Captain into our list immediately junior to our junior Captain, Sergio Fernandez, seniority # 4081, DOH 8/17/87, and ratios them up, 1:4. The Shuttle First Officers start out junior to F.X.Censullo, seniority # 5030, DOH 9/5/89, and are ratioed up our list on a 1:5 basis. All Shuttle pilots junior to their junior First Officer are placed at the bottom of the merged list, on the theory that their B-727 Second Officer positions are not of any value to the merged airline or pilot group beyond next year. The conditions and restrictions we are seeking are identical to those associated with our mediation proposal, presented to the Arbitrator on September 17.

We have a sterling group of witnesses, both pilots and expert witnesses. We feel we are in a fine position to assert the interests of the US Airways pilot group and secure a fair and equitable merged list.

In the past we have talked about the two date-of-hire positions (Eastern date of hire and Trump date of hire) and how each brings problems with it when put before the Arbitrator. Eastern date of hire gives many of the Shuttle Captains instant wide-body international seniority while Trump date of hire puts 4800 of our pilots above their most senior Captain. We spoke of a fairness test that any integration outcome would have to pass. Either the integration would have to be perceived as fair by both Merger Committees in negotiations or mediation, or be viewed as fair by the Arbitrator in arbitration. Obviously neither Merger Committee was going to agree to the other's date-of-hire position, and betting on an arbitrator awarding Trump date of hire was a long shot.

The obvious outcome of this integration is therefore some kind of a slotted list. We have many good arguments for where the Shuttle pilots should be slotted on our list. It would be very hard to appear sincere while arguing for Trump date of hire before the Arbitrator, but then saying that if you don't agree, here is how you should slot the list. We could end up with the Shuttle pilots appearing reasonable by coming off Eastern date of hire, and with us appearing to take a hard stand at Trump date of hire and the only guidance for how the Arbitrator should slot the list coming

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from the Shuttle pilots.

In our mediated talks with the Shuttle Merger Committee this spring, we proposed Trump date of hire, and after the talks went nowhere, we discussed ratioing. Because the Shuttle pilots were still wanting to be slotted in higher on our list than we felt was reasonable, the talks failed. We are now committed to arbitration.

The Arbitrator who was selected to hear our case, Mr. Nicolau, decided to grant the Shuttle pilots' request for mediation, which is what ALPA Merger Policy contemplates. He scheduled September 17, 1998 for mediation and a pre-hearing conference. He also scheduled October 2, 1998 as the deadline for submitting final arbitration positions.

We decided to make one more attempt for Trump date of hire. This day of mediation would give us a chance to see if Mr. Nicolau might look favorably on a Trump date of hire proposal. The Shuttle pilots came in with a proposal using slotting rather than Eastern date of hire. We proposed Trump date of hire with conditions and restrictions. Mr. Nicolau suggested, and the parties agreed, that mediation would be pointless and that we should proceed directly with arbitration.

During the following two weeks leading up to the October 2 deadline, we set about determining our final arbitration position. Date of hire is our heritage, but as discussed above, arguing for Trump date of hire in this case has some serious potential for problems. The probable outcome of this arbitration is a slotted list and we need to be in a position to make a strong case as to the fair and equitable positions on our list into which the Shuttle pilots should be slotted. This cannot be done effectively while arguing at the same time for a Trump date of hire integration.

The Shuttle pilots in their mediation/arbitration proposal and in the integration to which they agreed with the Northwest pilots integrated their Captains with reference to the position of the junior applicable Captain on the other list. In both cases they integrated their Captains with reference to the actual position of the junior applicable Captain. Their mediation proposal was based on the seniority number on our list that would assure holding a non-MetroJet Captain position. We feel that MetroJet Captains are not inferior Captains and that the appropriate reference point on our list from which to ratio up their Captains is the seniority number of our junior Captain including MetroJet. This point is just over 4000 numbers down our list. By making the case that a MetroJet Captain position is every bit equal to a Shuttle Captain position, we can show that the proper place from which to ratio up their Captains is over 4000 numbers down our list.

In the same manner we integrated their First Officers. We take their junior First Officer and integrate him one number junior to our junior working First Officer. We took the remainder of their pilots and put them below our recently recalled furloughees, at the bottom of our list. As we have numerous First Officers senior to our junior Captain, they have about 15 Second Officers senior to their junior First Officer.

In summary, it is important for our pilots to know that we did not leave Trump Shuttle date of hire without much serious deliberation and thought. It is the collective judgement of your Merger Committee and our merger counsel that this evolution of our arbitration strategy provides us with the best opportunity to come out of this process with a fair and equitable list.

The seniority arbitration will reconvene the week of January 11, 1999, at the Mayflower Hotel in Washington D.C. At that time, we will put on the US Airways pilots case in chief. We encourage all US Airways pilots and their families to attend.

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