



n March 23, the pilots of FedEx Express ratified a short-duration collective bargaining agreement.

Only the second ALPA-negotiated and ratified agreement for the pilot group, the possible two-year agreement is the first of its kind for the FedEx pilots. With 84 percent of eligible voters casting ballots, nearly 68 percent voted in favor of the unique agreement in a package that provides, among other things,

- an across-the-board pay increase of 3 percent for 2011,
- a lump-sum payment of 1 percent of a pilot's calendar year earnings for 2010,
- increases to domestic per diem from \$1.95 to \$2.15 and increases to foreign per diem from \$2.75 to \$2.95,
- an improved foreign domicile assignment (FDA) Letter of Agreement that includes: an increase in the existing rental allowance for Hong Kong from \$2,700 a month to \$4,500 a month; sets a rental allowance for the anticipated FDA in Cologne of \$3,500 a month; protects against cost-of-living increases for both allowances; and boosts children's education allowances to a total of \$5,000 per child or \$10,000 (for more than one child per year, among other things;
- improved pay premiums for Iraq and Afghanistan flying;
- increased future FAA physical reimbursements; and
- three vital safety programs—ASAP, FOQA, and data collection for fatigue risk management.

After exchanging Section 6 openers with management on Aug. 10, 2010, the FedEx Master Executive Council (MEC) and Negotiating Committee committed to a bargaining process that would provide substantial improvements yet conclude in a reasonable time frame.

"Based on the feedback we received from our pilots, we established focused openers to provide a path to an agreement with substantial improvements, but in a time period that was respectful of our pilots," says Capt. Scott Stratton, the pilots' MEC chairman. "As we moved through the negotiations process, we

An Innovative Approach to Negotiations Results in

New Agreement for FedEx Pilots

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recognized that certain opportunities and obstacles gave that goal added significance."

In particular, the FAA's September 2010 notice of proposed rulemaking (NPRM) on flightcrew member flight and duty time (FTDT) limits and minimum rest requirements created a challenge in negotiations. The FAA is required by law to establish new FTDT regulations by Aug. 1, 2011. "The NPRM significantly reshaped the bargaining environment for FedEx management," says Capt. John Gustafson, the pilots' Negotiating Committee chairman. "From our perspective, the NPRM injected frustrating uncertainty at a time when the bargaining environment seemed fairly positive. While we considered bargaining work rules despite the prospect of new FARs, this concept conflicted with our current arrangement in which the FARs represent the floor, with our agreement operating at a much higher level. It also required a willing bargaining partner."

Notwithstanding the NPRM, the Negotiating Committee saw positives in the bargaining environment and continued negotiating with management. By the end of October 2010, tentative agreements had been reached on 12 of the 32 sections of the collective bargaining agreement. In November, management told the Negotiating Committee that

they would soon start running out of significant items they could address, as the NPRM presented a considerably large obstacle when it came to bargaining work rules and scheduling sections of the agreement.

While the NPRM created a new twist to negotiations, management's long-standing desire to open a European FDA presented another challenge to bargaining. Management approached the Negotiating Committee with a proposal to enhance the provisions of the pilots' existing FDA Letter of Agreement, and the Negotiating Committee was able to successfully bargain with management on a new FDA arrangement.

"As much as we were pleased with the FDA arrangement and thought it worthy of FedEx pilots' consideration, we were in Section 6 bargaining," said Gustafson. "Clearly, management wanted the new agreement in place; but at the same time, management was telling us that it could not deal with the other broader contract issues. That was a dichotomy that we could not reconcile. We told management that the FDA Letter of Agreement was on hold until we could find a way to address the needs of every FedEx pilot."

These events eventually led the Negotiating Committee to explore other options and the concept of creating an innovative, short-term contract was discussed. The Negotiating Committee approached management with the idea of an agreement that would combine outstanding letters of agreements, the sections of the contract that were tentatively agreed to, some grievance settlements of broad significance, safety programs, and economic improvements. After some consideration, management agreed to more specific discussions.

The ensuing negotiations were comprehensive in what the new contract would contain and, equally important, not contain. While the Negotiating Committee members recognized management's difficulty with the NPRM, they, too, had

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objectives. The Committee wanted to achieve real contractual improvements, but it also wanted to put the pilot group in a strategically beneficial position. Given the dynamic nature of the external factors affecting airline contract bargaining, the Negotiating Committee did not want to commit to waiting several years to resume bargaining over unfinished business. Consequently, it was important to put into place a mechanism that would allow the parties to continue meeting with the hope of narrowing contract differences so that once Section 6 bargaining resumed, all outstanding issues could be quickly resolved. The pilots and management now have a written agreement that guarantees continued meetings between now and the "next" contract amendable date – itself an interesting discussion point.

The new agreement provides a unique duration clause that allows ALPA to unilaterally choose whether to make it a 12-month or 24-month agreement, with a decision due by January 2012. This key clause enables the pilots to bargain for the next agreement when the circumstances suit them. "The new agreement contains a pay raise for 2011 (and one for 2012 if ALPA decides to extend for the second year), a lump-sum payment, and per diem increases," says Stratton. "Through innovative thinking and hard work, we obtained a unique agreement that provides improvements while maintaining our strategic position for the next one." 🌐