

**Remarks by Capt. Randy Helling, ALPA Vice-  
President—Finance/Treasurer  
106<sup>th</sup> Regular Executive Board Meeting  
May 4, 2010**

My fellow pilots, good morning. Just as our nation is starting to see the light at the end of the tunnel of economic recession, so too are we starting to see patches of clear skies ahead. No doubt the past year-and-a-half has been hard on our industry, our profession, *and* our union. But in that time, our strong focus on fulfilling the commitments we made to our members at the last Board of Directors meeting has started to bear fruit.

As your Vice President of Finance, I am pleased to report that we are making significant progress in two key areas of our strategic plan:

- 1) advancing ALPA's leadership role as *the* voice for airline pilots in the aviation safety and security arenas, *and*
- 2) exercising fiscal discipline to maintain our Association's financial viability.

Our union's steadfast commitment to enhancing and promoting aviation safety and security is evident in many ways. We see it in the many initiatives in which ALPA is actively involved. We see it in our members' enthusiastic responses to our Calls to Action. And, we see it in our pilot safety and security leaders who are so often sought out by government officials and industry representatives for their expertise and their experience.

This commitment is embodied in our strategic plan. In it, we concentrate on several top security priorities: CrewPASS, the Federal Flight Deck Officer (or, "FFDO") program, secondary barriers, and promoting "one level of security for cargo operations." In recent months, ALPA's efforts have kept the spotlight on *all* of these initiatives.

As Captain Prater mentioned, we are now one step closer to making **CrewPASS** a reality for our members through our union's efforts. And, just as ALPA has championed CrewPASS, we have also championed the highly successful **FFDO program**.

In 2003, ALPA was very instrumental in getting the FFDO program up and running. Today, it is recognized by TSA as "an integral part of our layered approach to transportation security," and the number of federally deputized pilot volunteers has grown to the thousands. Yet, the budget for the program has *not* been increased by the government since the program's inception seven years ago.

ALPA's strong advocacy on behalf of this program continues as we urge the U.S. Congress to rectify this problem and increase the FFDO budget significantly to "provide the resources the program needs to fulfill its security mandate."

In meetings with key congressmen and senators, ALPA representatives have highlighted the value and cost-effectiveness of the program and we will continue to press for more funding for the coming year.

That is *our* commitment to our pilots.

ALPA has long promoted a "one level of safety and security" approach to airline operations. This philosophy has been the driving force behind our support for **secondary cockpit barriers** on *all* airliners—passenger, all-cargo, and (for our friends to the North) "combis."

Since I last spoke with you, ALPA National Security Committee representatives have continued our participation in the RTCA Special Committee 221, working to establish performance standards for secondary cockpit barriers. SC-221's ongoing discussions include evaluating alternative methods to protect the flight deck, and you can be assured that ALPA is voicing the line pilots' point of view on this issue.

Regarding improving the security in the all-cargo domain, both the National Security Committee and the President's Committee for Cargo continue to champion a requirement for fingerprint-based criminal history record checks for those individuals who have unescorted access privileges to all-cargo aircraft and cargo intended to be shipped by air, as well as SIDA requirements for air operations areas of airports supporting all-cargo operations. We also continue to promote a requirement for all-cargo aircraft to have a **fortified flight deck door** and mandated **crew training** as outlined in the *All-Cargo Common Strategy*.

Also in keeping with this "one level of safety and security" philosophy, I would like to note that ALPA continues to keep the pressure on government on the issue of **transporting hazardous materials, specifically lithium batteries**. And our efforts have been successful so far.

ALPA came out in full support for the notice of proposed rulemaking which the U.S. Department of Transportation published in January. For years, ALPA has called for full regulation of lithium battery shipments on airliners to protect passengers, crews, and cargo from the hazards they pose. This was mentioned most recently in Congressional testimony and a presentation at DOT headquarters. We underscored our support for the proposed rule—which calls for tighter restrictions recommended by ALPA—in the extensive and detailed comments that we submitted to DOT. ALPA is urging that a final rule be completed as soon as possible as it will have a significant, positive impact on the safety of our air transportation system.

Turning to one of our top safety strategic initiatives, **NextGen**, ALPA remains committed to, and indeed heavily involved in, efforts to safely improve the capacity and efficiency of the National Airspace System. Delta Capt. Rip Torn spoke at the annual RTCA Spring Symposium in April, where participants discussed “Bringing NextGen into Focus.” He drove home the message that safety must be the driving factor in all NextGen enhancements, and discussed the need for standardization, flight deck workload awareness, and expectations in procedure designs.

Now, I’d like to discuss a number of other issues in which ALPA’s leadership role has had a significant impact.

An issue which has dominated the news and brought air transportation around the world to a virtual standstill recently is the **eruption** of the **volcano** in Iceland. ALPA carefully monitored the situation from the beginning and maintained close communications with regulators, manufacturers, and pilot groups around the world. As operations gradually resumed, ALPA kept our members informed and urged them to remember that captain’s authority is paramount, and our common goal is to ensure that acceptable safety margins are maintained.

We will take this message to Congress tomorrow when ALPA Executive Air Safety Vice Chair Capt. Linda Orlady is scheduled to testify on pilot concerns regarding volcanic activity. Her presentation will be the latest step in ALPA’s long history of urging greater understanding of the hazards that volcanic activity poses to pilots, passengers, and aircraft.

It’s clear from these examples that, when ALPA makes a commitment on behalf of our members, we remain steadfast in seeing that commitment through.

Allow me to highlight two other examples of how we follow through on that commitment to our members.

FAA’s announcement that it is easing **restrictions on a ban that prohibits active pilots from taking antidepressants** came about after years of behind-the-scenes work by ALPA pilot leaders and our Aeromedical Office doctors Don Hudson and Quay Snyder. The change in policy marks a significant, positive impact for pilots who may be suffering from depression and can now apply for medical certificates, issued on a case-by-case basis, and get back to the business flying the line.

ALPA supports the change in FAA policy, as the adverse side effects previously associated with antidepressant medications have been minimized and/or eliminated, and we are committed to seeing this practice implemented.

However, Dr. Snyder has submitted a list of questions to the FAA about the implementation of this policy which have not yet been answered. Thus, we have requested a 45-day extension that would begin after the FAA has had the opportunity to address these questions, during which ALPA would be able to provide our comments on the practical applications of this policy.

The FAA also recently published ALPA's petition for an **exemption on oxygen-mask use** which was the culmination of numerous discussions between ALPA and FAA. The exemption requests that the pilot at the controls be allowed to place the mask in his or her lap while the other pilot leaves his/her station at altitudes up to Flight Level 410. ALPA's Aeromedical Committee, in conjunction with FedEx, made this request in light of the potential spread of communicable diseases by the use of these masks. We continue to support the petition.

Clearly, ALPA's voice—the line pilot's voice, your voice—is being heard loud and clear. That voice—in the form of ALPA pilot leaders and staff representatives—resonates with the expertise and experience that is sought after around the world.

We heard it at last week's World Aviation Training Conference, where ALPA Executive Air Safety Chairman Capt. Rory Kay shared top billing with the FAA administrator as a keynote speaker. At the annual event, which drew more than 1,000 attendees from 46 countries, he highlighted the initiatives and discussions undertaken in the aftermath of last year's Colgan crash. He also underscored ALPA's rededication to the highest standards of professionalism and our continued involvement in efforts to provide improved aircraft training, mentoring, command training, and experience to our flight decks.

We also heard it when ALPA Canada Board President Capt. Dan Adamus recently discussed our Association's top security concerns with members of Canada's House of Commons Standing Committee on Transport, Infrastructure, and Communities.

We will hear it later this month when the chairs of three ALPA groups will serve as panelists at the NTSB-hosted safety forum on professionalism and excellence.

And this summer, ALPA pilot leaders representing our safety, security, cargo, jumpseat, and pilot assistance committees, along with government officials and industry representatives, will come together in what has become one of the premier events in the aviation community worldwide.

While this year's **Air Safety, Security, Pilot Assistance, Jumpseat, and Cargo Forum** has been scaled back to cut costs, it will continue to showcase ALPA's efforts in all of these areas.

The forum demonstrates how ALPA balances our support for these initiatives and the advocacy work that our pilot leaders do with rigorous, disciplined oversight and management of our union's finances and your pilots' money. We have you to thank for enabling ALPA to maintain this balance. Your support has been—and continues to be—*vital* for the pilots who work so closely with our staff to advance our safety and security goals.

But your collective efforts have helped us continue to provide world-class services while operating on much leaner budgets in other ways as well.

I speak for all the national officers when I thank you all for your efforts. When I called on you to live within your means, you answered that call. You and your pilot groups, along with the national officers, our national committees, and all ALPA departments, have made the hard decisions, have cut costs, and have lived within your budgets.

And our collective efforts have started to pay off. As we take a look at our current financial situation, I do want to note that, while we have stabilized our finances, it is at a much lower level and we are operating with very little cushion.

That means that we all must continue to adhere to our goals in the strategic plan and exhibit strict discipline in our decisions, our activities, and our plans for the future.

**[Slides #2: "Consolidated Net Income"]**

Looking at our net income, the 2009 results demonstrate that we have begun to make headway in stabilizing our finances, and our preliminary first quarter results in 2010 show a modest surplus. Now, keep in mind that these are preliminary, unaudited numbers through the first quarter of this year and are subject to change.

**[Slide #3: "ALPA Actual & Projected Dues"]**

This slide shows that since 2006, we have been tracking pretty close to what we budgeted. This is significant because it shows how careful review and consideration of the actual results from the prior year are so critical to budget planning for subsequent years. We also had a successful first quarter in terms of ALPA dues revenue. The positive variance from budget is primarily attributable to slightly higher dues from FedEx and Alaska.

**[Slide #4: "2010 Budget"]**

Our projected 2010 dues income of \$95.6 million reflects an increase of \$3.5 million over 2009. This comes in part from welcoming the Colgan, AirTran, ATI, and North American pilots to ALPA.

We are also starting to see recalls of some of our furloughed pilots as our airlines start hiring again. And, while we lost several pilot groups in 2009, we are starting to see preferential hiring at airlines which we hope will lead to more of our furloughed pilots returning to the flight decks in the near future. A special thanks to the pilot leaders at AirTran, at American Eagle, at Continental, and others, who are following the ALPA mandate of helping our fellow ALPA pilots in need and worked with their managements to secure these preferential interviews for our members.

[Slide #5: "2010 A&S Budget"]

As I mentioned earlier, the changes in our A&S budget reflect our actual experience in 2009. We challenged all departments and committees to look for ways to save, and that is reflected in this budget. Some notable examples include:

- ▶ our IT Department who negotiated a "pool plan" for ALPA-issued cell phones, resulting in a savings of \$13,000 per month;
- ▶ our consolidation of meetings such as the Air Safety Forum; and
- ▶ our negotiating hotel contracts for our governing bodies meetings that have saved ALPA members thousands of dollars.

These examples are notable not just because we saved the Association significant amounts of our pilots' money. They are notable as well because we have succeeded in maintaining our high level of service and benefits that come from these activities.

In these next slides, it is clear that pilot group leaders are taking the charge to "live within your budget" as a serious commitment.

[Slides #6: "SMRA" & #7: "2010 SMRA"]

We are seeing a stable consistency over the last three years and on a month-to-month basis as MECs utilize their own monies first. This has led to a slowing down of the "SMRA burn," which has also taken pressure off the OCF.

[Slides #8: "OCF," and #9: "2010 OCF"]

Indeed, our OCF balance is slowly increasing—due in large part to these efforts and other actions that we have taken. For example, the Finance Department has settled flight pay loss invoices from airlines that have shut down, such that the actual expenses we paid were less than the amounts we carried on the books.

As a result of the MCF's balance falling below \$69 million in January 2009, per the *Constitution & By-Laws*, we undertook a thorough review and established an MCF Review Committee to study the issue of MCF funding further. This committee has proposed policy changes to the Executive Council, and discussion on this agenda item will continue in delegate committee during this meeting.

[Slides #10, 11, and 12: "MCF History"]

Beginning in 1985, we funded the MCF through an increase in membership dues. But, since 1994, the MCF has had only two primary sources of income—investment returns and the sale of ALPA's Washington, D.C. building.

No dues money has been used to fund the MCF since then.

[Slide #13: "MCF History—Outlays"]

In our review of the MCF's history, we see how our members rely on the MCF to help them deal with the hard-fought challenges they face.

[Slides #14: "MCF," #15: "2010 MCF"]

In these next two slides you can see the funding levels of the MCF since 2004.

[Slide #16: "2010 MCF Users"]

And in this slide we detail how we are utilizing it today. Here, I would like to call your attention to the line items you see for Kitty Hawk. ALPA has used the MCF to defend the Association in litigation brought against us. That defense includes support for ALPA's insurance and reinsurance program through Kitty Hawk, which played an integral role in preserving the financial viability of the union in the settlement of the Mansfield lawsuit. (More on that in a moment.) However, this led to a depletion of funds and we must take action to recapitalize it.

Now, I would like to take a moment to talk about the settlement of the Mansfield case. Keep in mind that ALPA is paying for a portion of the settlement with the remainder being paid by insurance and reinsurance. You should also be aware that ALPA and the reinsurers who contributed to the settlement are vigorously pursuing litigation against United to recoup the settlement payments by enforcing United's indemnity obligation to ALPA.

While the settlement in this case makes clear that there was no determination of any wrong doing by ALPA, we realize that we can, and we *must*, do more to minimize our legal exposure in the future.

- We must reexamine the process for how we allocate lump sum payments.
- We need to look at instituting additional layers of oversight and review.
- And, we must enhance the training of our pilot representatives regarding their roles and responsibilities as fiduciaries of the Association.

Even though an enhanced process won't necessarily result in better allocation solutions (since the current process does that), it will—we believe—result in reduced legal exposure. Later, you will hear a presentation on this risk management program and how we are building a framework on which to base policy in the future.

[Slide #17: "2010 Goals"]

When you consider ALPA's financial outlook, we see that it mirrors that of the U.S. economy as a whole: we are starting to come out of the bottom of this recession, in large part because we have been rigorous in our approach to fiscal management and financial planning. But, we can't turn the seatbelt sign off just yet.

In our strategic plan, we made a commitment to our members to become more efficient and focus our efforts on key initiatives to further our goals, all while delivering world-class services that benefit our members, our industry, and our customers around the world who rely on us 24 hours a day, seven days a week, 365 days a year.

I thank you again for fulfilling that commitment and I urge you to continue to exercise financial discipline and work together to rebuild our solid financial framework. Our efforts, together, are paying off.

Thank you.