

Podcast Transcription

Fly by Night: Contract 2021 Opener Document – May 2021

Captain Chris Lee My guests today are MEC Chairman, Captain Dave Chase, and Negotiating Committee Chairman, Captain Pat May. Thanks for coming.

Captain Dave Chase Thanks for having us Chris and congratulations to the Communications Committee on an excellent [Opener video](#) and we hope all the pilots have taken a chance to view the video. And if not, they can go to see your work on fdxcontract2021.com website.

Captain Chris Lee Thanks, Dave. We've communicated about this before, but let's begin with, what is a protocol agreement and is there anything unique to this particular one?

Captain Pat May Hey Chris, thanks. So the protocol agreement is traditionally at different ALPA properties just used as an internal document between the two Negotiating Committees. It lays out and establishes many administrative and logistical issues and how we communicate with each other. But, this one was unique. There was a desire early on that we saw through the pilot surveys, a desire to be focused in this negotiation on high level items confirmed by the MEC. And what we wanted to do is not have a big mismatch between how we were going to approach this negotiation. We didn't want us coming in with limited sections and the Company kind of showing up with a number of sections really kind of overshadowing our effort. So the place we decided to start that discussion was in the protocol agreement. So that's the unique part. We actually achieved that with the Company. They agreed to this focused methodology with a goal of obtaining a ratifiable contract within one year from our Openers, so essentially May of 2022.

Captain Chris Lee And the protocol agreement also goes into how many days you're negotiating, correct?

Captain Pat May Yeah, it sure does. That had to reflect the aggressive schedules. So we laid out 33 face to face negotiating dates between May 11th and mid-November. Obviously, we'll add more when we arrive in October. But it's definitely an aggressive schedule to keep us on a timeline that gets to a ratifiable agreement by the end of May next year.

Captain Chris Lee Openers were just exchanged with the Company, and those Openers are now available on the fdxcontract2021.com website. Talk some about the process that led to creating this document.

Captain Dave Chase Well, we've talked about parts of it before, Chris, but I think it's important to remind the pilots that this started a couple of years ago. And even back in around September of 2019, the entire MEC went down to Valo Park to meet with ALPA National. We use some strategic planning resources, and the MEC created their own internal protocols for how they wanted to work together as a group, how they wanted to work with their Negotiating Committee and their subject matter experts. And one of the things they developed within that strategic planning is the use of survey data and input from those groups in how they were going to develop this Opener document.

Captain Pat May Yeah, it's a great point, Dave. It did start some time ago and from there we had to build upon that initial direction of the MEC so we did that by continuing to survey

to make sure we were staying in line with the pilots' priorities. The other thing we do is start getting the committee chair and our subject matter experts involved with that process because we want to know exactly what areas they believe should be opened. But we took a more methodical approach in that we wanted to have layers of information coming in so that we could prioritize items. So let's say if one particular committee chair brought an issue in, but it wasn't highlighted via a DART report, direct input to, say an MEC member, Contract Enforcement, then it typically didn't make the cut. So you can imagine we have a number of items that get recommended through the PSIT and we had to have a process internally and they themselves set up a priority process to go through so when they gave us their list, it was prioritized. Then we had to step through another because we have to bring all these items not just from the PSIT, but all the different committees, R&I, Safety, when we have to get through that to present what we recommend to the MEC as far as Openers. And of course, they have their own opinion about what should be open or shouldn't be. So from that point, we have a number of interactions with the MEC, a number of meetings to get there, a number of meetings with our committees, the staff, through Contract Enforcement, grievances, and cases. And ultimately, our goal is to produce this Opener document that is very accurate as far as what the pilots want. So it's a pilot driven negotiation from beginning to end. And the pilots have been clear in the surveys, especially with retirement. And that is clear. And the pilots have had an opportunity now to look at that Opener document and it's front and center, has the most amount of detail in it of any other section in the Opener. But it also reflects the MEC and the pilots' desire to be focused. And that's why we had a limited number of quality of life issues.

Captain Dave Chase And it'll continue through. One of the things that was determined is the MEC wants to continue to survey the pilots throughout negotiations. But we've seen some feedback that pilots are focusing on specific issues in terms of the questions. And I don't think as we move through, these are not about table position types of surveys. We are trying to determine what the pilots deem to be most important and what they want to be fixed. And so you should expect to see those as we continue through bargaining and they'll be related to maybe some of the issues we need more information on or what we're testing. I'd ask the pilots just to take that survey and let the science kind of rule where the outcomes lay.

Captain Chris Lee Well, let's talk a little bit about what the Openers actually represent.

Captain Dave Chase OK, well, the Opener is just a starting point for the Negotiating Committee towards the goal that's been set by the MEC. I hope every pilot takes an opportunity to see the goal. I think we've put it in a Positive Rate for quite a while. It's on the website we mentioned. I'll read it for those who aren't familiar with it, it's to establish an industry-leading contract that meets our members' focused priorities of enhanced retirement benefits and pay rates with targeted quality of life improvements. Hopefully everybody sees an Opener document that's consistent with how these documents traditionally look. They're not full language proposals and they're not meant to be. They just further define the goal and they provide the membership a preview of how bargaining will begin. Every member will get a copy in the mail. But along with the Opener video we mentioned at the beginning, you'll also have a link to a digital copy you can see right now at fdxcontract2021.com. So I'll emphasize right now that the Officers and the MEC, we have complete trust in our Negotiating Committee to achieve this industry leading contract. This team didn't just show up, as we all know, they have a lot of expertise, beyond that, they have a proven working relationship with the Company. So the MEC unanimously passed a resolution to support the Opener. Now we're going to provide them the latitude and flexibility to get the job done to meet the goal.

Captain Chris Lee Well, you talked about this some already, but what can you tell the pilots about the ALPA Opener and what it includes?

Captain Pat May Well Chris, thanks. The Opener certainly speaks for itself, but I think there are some key takeaways that are important for the pilots. First, it's definitely consistent with the protocol agreement. In other words, it's focused on a limited number of sections. But those sections are broad in their impact. You'll see that there aren't one off items in there. 3 and 28, Pay and Retirement are obviously at the beginning of the document when a pilot views it. Section 28, we've spent a lot of time developing that Opener. We believe it's provided obviously very high-level goals in there, but it's representative of a pension that hasn't essentially changed in over two decades. Now we have had some minor amendments to our pension in terms of pay service multipliers, but there hasn't been a single durable fix to that pension. And we just want to remind pilots, the big picture here, the big picture is this, that used to represent a 50 percent replacement ratio back in 1999. For new hires today, it's as little as a 17 percent replacement ratio for when they go to retire. So in addition to Section 3 and 28, Chris, the pilots will view in the Opener our quality of life umbrella items. And these are the things, again, meant to have broad impact across a large section of our pilots. So we have Section 5, Section 8, 12, and 25. But within each of those sections, we also limited the amount of items within each of those sections. And finally, Chris, there's two miscellaneous items in the Opener document, Section 21 is the System Board of Adjustment and Section 31 is the effect on prior agreements, effective date and duration. Section 31, you'll see in every new agreement because it deals with the duration and then there's some administrative items and that's trying to incorporate applicable settlements and OIMs/ MOUs that have occurred over the past few years.

Captain Chris Lee Well, in this process, the Company has the ability to provide Openers too. Can you talk to the pilots about those?

Captain Pat May Yeah, they absolutely provide their Openers and maybe that gets lost a little bit with pilots at times is this is a two-sided negotiation. The Company always comes in with items for us to look at and evaluate, and they're always trying to change the contract that best suits their needs in the business opportunities that are presented to FedEx. So we shouldn't ever discard their Openers because they are a real factor in negotiation. That said, there's no big surprises here. They're trying to increase efficiencies in flying for our pilots. One thing that was omitted in their Openers, which we're happy to see, is that they decided not to introduce or reintroduce specific PBS style language. However, it should be clear there are certainly some scheduling aspects that increase productivity of the pilots based on their Opener. Ultimately, there's various areas that they're going to explore throughout negotiations. The Openers give us that roadmap and we kind of know what to expect and we're evaluating their Openers now. It'll take some time for our SMEs to come in and look at the scheduling sections that they brought in and other areas as far as data collection and issues that are more in line with safety.

Captain Dave Chase Fair to say that the goal we outlined for the Negotiating Committee from the MEC is not exactly the same goal they have for the Company. And that's sort of why we talk about there being two teams at the bargaining table. And I know there's been some people striving to get down to table positions at this point. As you can see from Pat's discussion of it we're still more of a high level, goals oriented, bullet pointed direction on where we're going. That's why it's really important that pilots continue to focus on the fact that there's two teams in bargaining. One has our goal for an industry-leading contract for

pay, retirement and quality of life improvements. And we got to stick together and we've got to show solidarity with one another and achieve our goal.

Captain Chris Lee What can pilots expect as far as updates from the Negotiating Committee moving forward?

Captain Pat May Chris, you know, this is obviously a joint effort in terms of communications to the pilot. There's always been a commitment to communicate regularly with the pilots here and I think you've seen that done exceptionally well by the Officers and the MEC and they use as many avenues to communicate as they can. We will also continue as a group, as a Negotiating Committee to communicate to the pilots and give them an accurate account of the progress at the table, any new information and it'll be topic oriented. Obviously, we're not going to get into the finer details of negotiating every proposal back and forth. But I want to be clear that the pilots will receive regular updates when there's new information to share.

Captain Dave Chase And this is sort of exciting with this protocol agreement, because I don't think we've seen this type of tempo to the bargaining table, so whereas we might have had a couple of bargaining sessions and a couple of weeks off, this one really leads itself, Pat's going right out of debrief one session into another so we can use methods like this or the online unity building events we've talked about where we can get in front of pilots and give them quick updates, but there may be several bargaining sessions between the updates just due to their frequency. So this is the time where pilots should be tuned in and aware of what's going on. Like I say, maybe stay focused on some of the higher-level topics right now. But as these table positions start to roll out and events start to warrant, we're going to ask for pilot participation along the way.

Captain Chris Lee Well, Pat, I'll start with you. Any final thoughts?

Captain Pat May Yeah, thanks, Chris. The big thing is I really do feel like we're in a strong position here. We didn't get here by mistake. It's been very methodical and we've had specific goals in mind for the pilots. We're not going to be shy or bashful about those goals. And clearly, retirement is at the front and center of that. And I think the pilots should understand that they're not going to see a TA without retirement having significant improvements across the board. The other thing I want pilots to reflect on as Dave mentioned earlier, and it's an important concept here as we move into negotiation that there are two teams with this. We're in Section 6 bargaining. We really don't want pilots getting in trouble out there in social media. So I'd say, hey, just look, exercise some caution with online social media posts. The two-team concept is alive and well. Everybody's viewing those social media posts, including flight management. So we could use some support there. And I want to emphasize this, Chris, that the negotiating team has significant experience. We have professional negotiators that have decades of experience that come and join our team from ALPA National, plus our local attorneys here at FedEx that have been engaged and involved with negotiation with FedEx for nearly two decades. We're supported more than just by attorneys however, you know, we have another aspect of our negotiation that involves subject matter experts. We bring in R&I experts. We have ERISA attorneys. We have actuaries that we bring to the table. So the confidence there in my team is high. I have no doubt that we are going to perform at the table. But the confidence is driven and supported by the unified voice of the pilots. And when we negotiate with the Company, we have to make it clear, and they clearly understand that our strength comes from the pilots' unified voice and their desires that are driven by these surveys and the MEC and the direction that we are given at the table.

Captain Chris Lee Dave, final thoughts?

Captain Pat May I think I would just let everybody know we've had sort of a lot of these podcasts where we're talking about coronavirus, COVID, and the impacts around the world. The Negotiating Committee is one committee and we're going to continue to meet all the challenges with the rest of the Association as we move forward. But at the same time, I think the economy and the preparation we've put into this bargaining cycle are going to yield positive benefits. And I hope as sort of we see the masks coming off and the economy opening up and the vaccines happen, I hope some of that positive energy people will look around and take a look at some of the things the Association's been able to accomplish concurrently. So not minimizing the challenges of what we've faced over the last couple of years here. But at the same time, we've put ourselves in a very strong position financially within the Association. That speaks to the hard work of not only the Secretary Treasurers we've had over the last couple of years, but the MEC and our volunteers who've been willing to do considerable amount of work without the flight pay loss they might have received in the past. So financially, we're strong, the economy is strong, our Company is strong. And I would put that in the same position of we faced other challenges in the past, or bargaining cycles where some of our fellow pilots around the industry were facing contractual difficulties faced by the economy. But the payroll support program that ALPA backed put these other contracts in place where we have a place to pattern bargain from. So the Union is strong, the other contracts are strong around us. We have an excellent negotiating team. The MEC is working together well. We're going to have an opportunity to have more pilot participation with the economy opening back up. And I think, you know, like I complimented you on that video in the front, I think you can take a lot of positive energy from that video and the work our pilots have done. They deserve this contract. They need to stick together like a team, and we need to go out and earn it together.

Captain Chris Lee Well, thanks again for coming and thanks for listening. If you have any questions, go to fdx.alpa.org and utilize the [DART link](#). For contract information, go to fdxcontract2021.com and as always, be safe out there and we'll see you next time.