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True Headings is published as required when we have persistent questions, rumors, or points of confusion that the pilots might like addressed. Questions or comments? dalcomm@alpa.org

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Why does ALPA own an overseas insurance company?

Any well-run large business or organization has a solid risk management plan to ensure its long-term viability. ALPA is no different. One component of risk management is [insurance](#). ALPA utilizes a wholly owned subsidiary, or “captive” company, called “Kitty Hawk” as its insurance company for certain lines of professional insurance coverage, most importantly duty of fair representation (DFR) insurance. Kitty Hawk, in turn, purchases insurance coverage from reinsurers. This reinsurance enables ALPA to obtain significantly more insurance coverage than if it relied just on Kitty Hawk.

Insurance companies, even captive ones owned by the organizations they insure, do not make a habit of revealing their resources to potential litigants. That does not mean, however, that they don’t receive oversight from their owners and from governing agencies. These captive insurance companies are often based overseas - for valid business reasons.

Kitty Hawk is not a liability for ALPA; it is an asset. It exists to protect the resources of ALPA.

Members of Kitty Hawk’s legally required board of directors receive no compensation. No retired pilots or former ALPA members have a financial interest in Kitty Hawk. Per ALPA financial policies adopted by the Association’s Executive Board, ALPA’s premium payments to Kitty Hawk cover the Kitty Hawk reinsurance premiums. Such premium payments are budgeted for payment from ALPA funds.

All other Kitty Hawk expenses are paid from Kitty Hawk funds, not from ALPA dues.

Additionally, Delta Captain Randy Helling, ALPA’s Vice-President of Finance, will present an overview of Kitty Hawk in open session at the August MEC meeting in SEA. A summary of the presentation will be published to all Delta pilots as soon after as possible.

Any well-run large business or organization has a solid risk management plan to ensure its long-term viability and survivability. ALPA is no different.

The recent hiring announcement is great news; but with Delta profitable, why did we just displace 100 widebody F/Os?

In the last Advanced Entitlement Bid there were 100 7ER first officer positions surplus due to changes in the fleet. While this may seem onerous on the surface, the results of the AE ended up **putting a majority of these pilots in equal or higher paying positions**. Rather than deal in conjecture, here are the actual numbers from the last AE:

- 113 widebody first officers were either mandatorily displaced (MD) or volunteered to displace (VD) from their current widebody position.
- Of these, 46 widebody FOs were displaced to a narrowbody category. Of that 46, 37 were MD'd and nine volunteered (VD'd) to displace into a narrowbody seat.
- The remaining 67 widebody FO displacements were either MD'd or VD'd into another widebody position.

Ultimately, 37 widebody FOs were MD'd to a narrowbody position. Furthermore, nine FOs AE'd from a narrowbody to a widebody and two FOs were displaced (MD'd) from a narrowbody to a widebody (seniority numbers of almost 12,000).

Net widebody to narrowbody mandatory displacements was 26 FOs.

As we are all well aware, displacements and new commutes are never easy, and it can be tough to be junior. But we have to remember that our system works on a seniority basis. When we look at the seniority numbers of the 37 FOs (actual net 26) MD'd to lower positions, we see the FOs affected were in the bottom 20 percent of the seniority list.

In fact, in the most recent two AEs, 171 FOs upgraded to Captain positions via an award, 20 FOs upgraded to Captain positions via an MD, and 16 FOs were re-instated to their former Captain positions. Taking out the reinstatements, 191 FOs will upgrade based on the last two AEs.

In fact, in the most recent two AEs, 171 FOs upgraded to Captain positions via an award, 20 FOs upgraded to Captain positions via an MD, and 16 FOs were re-instated to their former Captain positions. Taking out the reinstatements, 191 FOs will upgrade based on the last two AEs. It also warrants mention that one narrowbody FO was reinstated to his former widebody FO position.

You can glean a few things from this data:

- There has been a shifting of positions within the categories.
- A small number of junior FOs that were holding widebody positions fell back to a narrowbody position.
- Upgrades to Captain positions far outweigh displacements to lower paying positions.

We have heard the DPA is attempting to replace ALPA. What information can you give us on this subject?

Actually, the Delta Pilots Association (DPA) wants to do more than just replace ALPA. Here are a few of the things you should know about the DPA:

- DPA's primary advisor and legal representative has been fired or replaced by the pilots of SWAPA, APA, USAPA, and the IPA, among others. The USAPA leadership described the firm as a "single point of failure," vindictive, incompetent, and as interfering in the political process of their union.
- The DPA repeatedly misrepresents ALPA's finances. Whether this is purposeful, or simply a failure to understand basic accounting and business practice, is unclear.

For example: they mistakenly claim Department of Labor information from [ALPA's LM-2 filing](#) on union officer compensation is equivalent to a pilot's W-2 salary information. That is not the case. LM-2 reported figures include expense reimbursements and other non-salary disbursements as part of the total reported. The DPA claims ALPA volunteers are somehow profiting from serving their fellow pilots, and that our finances are hidden, when the LM-2 report, [ALPA site](#), and [MEC site](#) cover these items exhaustively. ALPA finances are available for inspection by ALPA members.

- The DPA proposes to fund their operations, including pilot flight pay loss (FPL), solely from dues revenue. Under our PWA the MEC does not reimburse Delta for approximately half of our [volunteers' flight pay loss](#). (Note: If you have trouble reaching this type of report, simply log out of the ALPA site, and log back in as required.)

The DPA would have a significantly higher cost structure if they tried to match ALPA's scale and scope of representation.

- The DPA has included in their Constitution and By-Laws the ability to dissolve the organization for any reason, at any time. This would leave Delta pilots completely unrepresented. That is: "unrepresented" as in no PWA (pay, benefits and job security would be at the sole discretion of the Company), no Aeromedical, no Safety or Security Committee, no Contract Administration, no Scheduling, and no ASAP or FOQA protection.
- The DPA's proposed Constitution and By-Laws also allow a minority to block a tentative agreement (TA) from reaching the line pilots for a vote. This effectively means Delta pilots could be under a contract forever, and without the right to decide for themselves.

A democratic organization should respect and consider the minority opinion, but not be held hostage by it.

- The DPA constitution mandates using seniority block representation. With Atlanta having the most pilots in every voting block, it is likely that ATL would dominate the DPA representation structure, an option the other bases might not find agreeable.

Block representation is an option, though, for any ALPA carrier. ALPA allows members to choose. Delta pilots, like the vast majority of ALPA and independent union pilots, have thus far chosen to keep their representatives close to their homes, flying, and chief pilots.

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These points taken individually could indicate a difference of opinion, confusion, simple ignorance, or perhaps in some cases outright deception. Taken collectively, and knowing the facts about the DPA's counsel, we must consider that many of DPA's assertions may well be intentionally misleading. After all, their counsel stands to increase his billable hours and to profit greatly if ALPA did not represent the Delta pilots.