

AA PILOTS FOR ALPA

A Tale of Two Mergers: Merging with an ALPA Carrier as ALPA vs. APA

The One Minute Summary:

1. The airline industry’s long history of mergers requires AA pilots to maintain the highest level of protection in event of a merger or acquisition.
2. Should AA pilots rejoin ALPA, AA pilots would enjoy all protections afforded by ALPA merger policy. A corporate merger agreement with another ALPA-represented carrier would require any resulting agreement preserve the career expectations and rights of AA pilots.
3. ALPA contracts typically have language that protects member pilots in the event of an “acquisition-without-operational-merger” scenario.
4. AA pilots *represented by APA* would not benefit from ALPA Merger Policy in a merger with an ALPA-represented carrier. In this scenario, the provisions of McCaskill-Bond would apply. These protections are generally significantly weaker than those contained in ALPA’s Merger Policy.

ALPA vs. APA (McCaskill-Bond): Merger policies at a glance

PROVISION	ALPA MERGER POLICY	MCCASKILL-BOND
Is a contract required <i>prior to</i> an integrated seniority list?	Yes	No
Process for integrating seniority list	Negotiation, followed by mediation, then arbitration. ALPA administers the process, with <u>no</u> additional negotiating with the company required.	No defined process: any dispute must be resolved by an arbitrator. Therefore, any process is a subject of negotiation with the airline.
Methodology for integrating seniority lists	“Fair and equitable” to <u>include</u> consideration of: jobs brought to the merger, longevity, and career expectations.	“Fair and equitable” with <u>no</u> other specifically defined factors.
Full autonomy of AA pilot group in the SLI process.	Yes	Yes
Use of ALPA’s national resources	The national organization remains neutral in ALPA-to-ALPA mergers. ALPA merger policy sets forth timelines and benchmarks merging MECs must adhere to.	ALPA can use all of its national resources for the ALPA carrier.

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COVID, recent financial crises, and 9/11 showed everyone that any attempt in predicting the future of the airline industry is pure speculation. Mergers have always remained a potential threat to an airline pilot's career progression. With that in mind, let's look at ALPA's Merger Policy, and how it would be applied if we rejoined ALPA, or remained as an independent union.

Note: just to be clear, when we talk about a "merger" we refer to airline-to-airline mergers like Frontier and Spirit, and NOT our proposed merger of APA and ALPA.

A Merger with an ALPA carrier if we re-join ALPA:

- ALPA's merger policy, which was last updated in 2009, emphasizes three major components needed to fully complete a merger:
 1. A transition agreement between the two parties leading to the joint collective bargaining agreement (JCBA), then
 2. An integrated seniority list, then
 3. A merged MEC, representing a unified pilot group after the agreement has been ratified.
- ALPA Merger Policy defines a merger as "a situation where there is a reasonable probability of sufficient operational integration between or among **two or more ALPA airlines** and there is (or will be) a need for an integrated seniority list, a JCBA, and a merged MEC to adequately protect the employment interests of the flightdeck crew members."
- ALPA's merger policy states the factors that must be considered in constructing a fair and equitable integrated seniority list, in no particular order and with no particular weight, to include (but not limited to) career expectations, longevity, and status, and category. The policy mandates merger representatives, mediators, and arbitrators must consider these factors when constructing a seniority list, but they are also free to consider other factors as they deem appropriate.
- The order of events for integrating a seniority list in an ALPA-to-ALPA merger:
 1. Negotiate
 2. Mediate
 3. Arbitrate
- The most crucial aspect of ALPA Merger Policy is its requirement of complete autonomy for a pilot group, with strict neutrality on the part of ALPA International with respect to integration of the seniority lists. Under ALPA Merger Policy, there is no involvement by the company in the seniority list integration process of ALPA-to-ALPA mergers.
- In any merger scenario, ALPA Merger Policy provides for the hiring and directing of a pilot group's own merger attorneys and other professionals and the appointment of their fellow pilots as their official merger representatives, whose sole focus and duty is to the protection of that pilot group's seniority and other interests in a transaction. ALPA Merger Policy also provides each MEC pay for its own merger expenses from its MEC account. A special assessment for merger expenses may be necessary to cover germane expenses. Should an airline be significantly smaller than the other merging carrier, ALPA merger policy allows for smaller MECs to apply for financial assistance from the ALPA President to ensure those pilots receive comparable legal representation during the merger process.

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A Merger with an ALPA carrier if AA pilots remain represented by APA:

- ALPA's Merger Policy does not apply in the event of an ALPA to non-ALPA merger. Instead, the seniority list integration process would be wholly governed by the McCaskill-Bond law.
- The ALPA carrier's MEC would receive all available resources from ALPA's toolkit for the best possible outcome for their pilot group. *This means APA would need to self-fund its seniority integration negotiation and arbitration processes against the entirety of ALPA's vast resources.*
- ALPA's Merger policy, on the whole, is in line with McCaskill-Bond law, but McCaskill-Bond does not necessarily protect a pilot group against a potential asset sale, (i.e., Chapter 7 Bankruptcy event) nor does it require an integration to be completed prior to a merger being completed.

The Key Takeaway:

ALPA's Merger Policy provides far more protection for member pilots in a corporate merger between two ALPA-member airlines than federal law provides in a corporate merger involving one or more non-ALPA airlines. ALPA remains neutral in this scenario, while allowing for both ALPA-member pilot groups to maintain their autonomy through the seniority list integration process.

If AA merged with an ALPA carrier while represented by APA, the merging ALPA carrier would receive all the substantial resources available from ALPA International throughout the seniority list integration process.