Chapter 11

CURRENT CHALLENGES AND RECENT DEVELOPMENTS IN FOUR INDUSTRIES

I. American Airlines and the Transport Workers Union: A Partnership in the Trenches—Joint Resolution and Decisionmaking Mechanisms

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Hill: Gil Vernon, as you know, was on the committee that put this session together. Unfortunately, Gil has recently had back surgery and is not able to join us. The session focuses on recent developments in the cooperative effort between American Airlines and the Transport Workers Union. We will begin with Jim Weel, Director of Employee Relations at American Airlines. Jim?

Weel: Gil Vernon is the System Board arbitrator for the AA/TWU Mechanic and related agreement. He has asked us, as part of this session, to address the various panels that are contained within the labor agreements between American Airlines and the Transport Workers Union. My role is, first, to provide an overview. In my view, the panels or committees are simply a microcosm of the Railway Labor Act as amended, which governs the airline industry. They are the preferred method for resolving disputes

between the parties. The Act, Section 6, affords and prefers that the carrier and the union resolve their differences through direct negotiations or other private means that the parties, themselves, devise. Over the years, the parties have incorporated mechanisms for intervention by special panels where they have encountered difficulty in the implementation of particular contract language. These mechanisms are incorporated into and are an integral part of the collective bargaining process. So we—the company and the TWU—have recognized that as the preferred approach.

The union will speak from their perspective on why they prefer this process, but from a company's perspective, we would much prefer to try and resolve matters through our own direct dealing with the union than to have a third-party intervention of some sort imposed on us. Obviously this is a two-fold process—both parties need to engage in the process for that to be effective.

Over the years these panels have developed and modified the terms in our labor agreements. We also recognize that during the implementation and application of contract terms, mid-term, we will encounter certain disputes along the way. For example, in 1983 when we came to terms, although they were difficult, we did finally come to terms on a part-time provision in the labor agreement—a first time provision. Both American and the TWU recognized that this was new ground that we had plowed; that we had not covered all the details across the table; and that we were going to encounter disputes along the way. Rather than just allow the system board process to take care of that, we agreed to put together a special panel to address those issues as they come up during the course of application. So we have a part-time review panel that Joe will speak to in more detail later. This panel is the result of a new provision that was incorporated, and it was put into place to help resolve matters more quickly and more efficiently.

Second, other panels have evolved over time. In some cases where we did not incorporate a panel at the time a new provision was negotiated, we later recognized, mid-term, that we were encountering disputes where there was no formal mechanism to deal with them. We either had to go to arbitration or adopt a panel, and that has been done. One in particular that Gary will speak to is the Sick Leave Harassment panel. The requirement for a doctor's slip was incorporated in 1971. No panel was formed at that time, but we realized subsequently there were issues the union was bringing forth that could benefit from a panel. Rather

than have all these grievances in arbitration or piled up for the next round of bargaining, in 1978 we agreed to a panel as a more efficient way to address those issues.

My colleagues will speak to the specifics of the Sick Leave Harassment, part-time, and various other panels. In my view, it is simply a matter of adopting the philosophy that we recognize we are going to have disputes along the way, and the best way to resolve them is between the people most interested in the outcomes—management as well as the unions. I am sure such panels appear in other agreements across the industry and across other industries where there are collective bargaining agreements. Nevertheless, I think what we can express to you today is these panels will be most effective when the parties are fully committed to working through their issues even though they are, at times, very difficult issues to resolve. Panels for the sake of window dressing would be a waste of time. If you get together in that kind of forum or in that panel, nothing gets resolved and you just defer it to the system board. That clearly is not in the interest of the parties and it has not been our history. It has not been what we have experienced because we take this to heart. This is something we are both committed to—to avoid having a third party resolve our dispute and provide a remedy that neither of us prefers.

So, from the company's perspective, that is the genesis of these panels and how they have evolved. With that, I would like to turn it over to Gary. I work directly with Gary. He is International Vice President for the International Transport Workers Union, Assistant ATD Director, so currently his responsibilities are not only on American but also across all the airlines where the TWU represents employees. Gary and I have been working very closely together since the late 1990s and continue to do so in matters not only involving these the panels but also during the negotiating process when that arises. So, Gary, I would turn it over to you.

Yingst: Thank you for having me here in Chicago. I am from Oklahoma. I have been with American for 20 years and have been an officer with the TWU for approximately 19 years. I have served on almost all of these panels. These panels are really beneficial to our members.

Union members like to have their grievances handled in an expeditious manner, and arbitration, as you know, is sometimes long and drawn out. Members like to have an answer pretty quick. They don't like to hear it is on the docket . . . on the docket . . . on the docket. So for us, the panels get them a decision a lot quicker. We

seldom take anything that comes to these panels to arbitration. You can count the cases on two hands year after year. So the panels work very well.

Reduction in force is very important to us. A reduction in force panel to us is premier. At one time, we had 36,000 members. The airline industry is continuing to shrink. Today we are at 28,000 members. When you have a reduction in force and the RIF is done incorrectly, you have to get that fixed as quickly as possible. We can immediately convene a panel and figure out if the process was done correctly or not, and if it was done incorrectly, we can adjust it right there on the spot. And we have the authority to do that instead of going to arbitration and waiting 6 to 8 months.

Our seniority protest panels, which I will talk about a little bit later, are very important to union members also because we have company seniority, union seniority, and we have our pay seniority. I will speak more in detail on that as we go along.

Our union is very diverse. Jim Weel said we have seven contracts. At one time we had eight. We have people all over the United States. We have 22 locals, and with those we have 22 local presidents, and with those we have 22 egos, and with those 22 egos, a lot of times they can't resolve the grievances at the local level simply because it is a political issue. Sometimes they can't make that hard decision. So they elevate it to these panels. These panels can look at the grievance without a name or personality behind it, and they are sometimes able to wade through the problems and make decisions on a timely manner. I think everybody here knows that there is a political aspect to settling grievances sometimes.

Because I am at the podium, let me talk about the seniority protest panel. Mary Tinsman and I sit on that panel and we convene that on an ad hoc basis whenever issues arise. Our seniority list comes out twice a year—February and August. If employees determine that their seniority number is incorrect, they file what is called a seniority protest. It comes to Mary and me.

Generally, we have most of our activity right after the list comes out. We immediately convene a panel and we also call in people to help us—people from maintenance and ramp. We also have supply, facilities, and automotive. So we'll comprise a team of about 14 people—7 union and 7 company. We go through the protests rather quickly, and they will get an answer. The most important thing to everybody, of course, is their union seniority because that's what we get laid off by, that's how we promote, and that's how we move. But we also look at company seniority because com-

pany seniority determines our pensionable earnings and what we are going to get at the time of the retirement. It also determines how much vacation we get. And then we have classification seniority, and that deals with our pay. It is based on your anniversary date. So that's your anniversary date.

Mary and I have never locked one up. We have settled every one of these seniority cases. Ordinarily, the committee is used only every six months when seniority is posted but Mary and I deal with seniority on an ad hoc basis throughout the year because occasionally somebody will come forward and have one. They take a lot of time because we have to research the employee's history from the day he or she joined the company. This includes the jobs held, layoffs, leaves of absence, and every other event that might affect seniority.

So that panel works very well. We have not taken a seniority protest to an arbitration in my history. That is one panel that I'm glad I was able to speak about. I will be happy to answer any questions that anybody may have. With that, our next speaker is going to be Chris Alexander. Chris is a Sr. Principal at American whom I have worked with since the 2001 negotiations when we negotiated a contract that we at American and the TWU were very proud of. It was an industry-leading contract at the time. Jim, Chris, Mary, and I were all a part of that. So with that, I turn it over to Chris.

Alexander: Okay. I have the enviable task of talking about reductions in force, something I never wanted to become an expert in. Let me give you the language that gets us to the reduction in force panel. It reads, "Upon request of the local union president, an employee may, within seven calendar days [of a RIF], appeal to a review panel composed of the director of the air transport division and the vice president of employee relations, any dispute regarding the reduction in force application or administration."

This language has been in place in the labor agreement since August 1995. The first experience I had with a reduction in force was after 9/11, and I think the first panels that were actually heard were in 2003 and 2004. We have had several panels since then.

Let me back up a little bit. My primary responsibility is in Fleet Service and related work groups. Mary Tinsman deals primarily with Maintenance and related work groups. Since 9/11, there have been no less than 13 major reductions in force in the Fleet Service ranks alone involving thousands of employees.

The process begins when I bring a representative from our Administrative Department, which administers the reductions in

force, and they provide us with the backup, the paperwork. All our reductions are made online, so they can provide us with all the factual backup information that we need to make an educated decision. Gary, or the International TWU representative, brings a representative of the local that is educated on the issue at a local level.

One issue that that typically comes up is that an employee believes someone less senior was awarded a system award. A second issue involves RIFs that are conducted online. An employee believes that he has entered an online choice but it was not recorded for some reason. The system is automatically set to default him to a layoff status. So he may say that he has made his choice online and then did not get an award. There may be a dispute there.

Probably the most significant disputes that come to the table involve former TWA employees. An arbitrator made the decision on how to integrate the seniority rosters, which would take more than an hour for me to try to explain. The application of that award and related language represents the preponderance of our seniority disputes where layoffs are involved.

Now, just to give you a few facts and figures, since 2003, there have been 36 Fleet Service cases that have been filed. None have gone to arbitration, and all have settled in one manner or another. On the Maintenance side, 39 cases have been filed. In 34 of these the grievance was denied, 3 have been granted, and 2 were remanded back to the parties for further discussion and they were, in fact, worked out. In summary, the panel has been effective for us and we expect it to continue that way in the future.

We will take questions at the end if there are any. Next, let me introduce Garry Drummond. Garry will speak to you about the Sick Leave Harassment panel, thank you.

Drummond: Thank you. I live in Dallas. I am here to talk about the Sick Leave Harassment panel. As Jim indicated, this panel started about 1978. I have roughly 33 years with the company and I just want to make it clear that there is no correlation between this being put into the contract and my being hired.

It is important to note that both the union and the company agree that attendance can have a real impact on the operation and the business plan. Both sides agree that there is no call for abuse of sick time. Where there is clear abuse, it is something that should be addressed.

We have minor disagreements on what is abuse—whether particular behavior constitutes abuse—and that is one of the reasons

the panel was created. It was set up to look at cases where sick calls are regularly tied to days off, with vacations, or where the reason seems to be only a minor disposition—that type of thing. We do not consider cases where there is no evidence of abuse.

The language of the agreement states, "While it would not be the policy of the company to require a slip from his doctor stating treatment for illness or injury for all absences of one to three days in order for an employee to be eligible for sick leave pay, the company reserves the right to require a doctor's slip whenever circumstances indicate suspected abuse." What has evolved over the years is that the supervisor will call an employee in and tell the employee that because of a pattern of absences, the company will require the employee to get a written letter or doctor's slip for any absence during the next 90 days. The employee can ask for the specific reasons behind the requirement and the supervisor will then give the specific reasons why there is suspected abuse. The employee can then appeal that to the panel, and that's where the panel comes in.

It is a procedure that has evolved over time and the system works. I will give you some statistics: Over the last two years there were 108 cases filed, and of those, 74 were settled prior to coming to the panel with the employee, the supervisor, a representative of the TWU, and a representative of management. I think the reason so many cases settle before coming to the panel is because the panel works. People learn what will happen if it does get to the panel so they are able to settle the cases themselves. It is the risk/benefit analysis and people realize what the outcome will be, and they settle it at their local level, which is the effect it was intended to have.

So, 34 cases were heard at the panel. When cases come to the panel, it is a bit of a gamble for the employee. If the employee brings a challenge to the harassment letter, the employee is basically betting 8 hours of sick pay. If the employee wins, the doctor's note requirement is removed and 8 hours are added to the employee's sick pay. If the letter is found to be proper and the procedure is followed, the doctor's note requirement stays for the 90 days and 8 hours are deducted from the employee's sick pay.

Of the 34 cases heard by the panel, in 14 cases the letter requiring the doctor's note for the 90 days was removed and 8 hours of sick time were added to the employee's sick bank. In 6 cases, the panel found for the company. Eight hours were deducted from the sick bank and the letter remained for the 90 days. The remain-

ing cases were resolved in various other ways, sometimes due to no-shows.

One question we have been asked is about the effect the panels have had on other pieces of the bargaining relationship between the parties. In my opinion, I think it has a very positive effect. It shows what we can do. I can't say we never go to arbitration—but I think that people do try to get the local issues resolved.

Hill: I did want to elaborate a little bit on the sick leave. I think it is the only panel process that has an objective remedy to it. With the others, the dispute is brought forward and the parties try and resolve the matter based on the surrounding facts—to find a solution that works. But the Sick Leave Harassment panel—we have to change that name, guys—it is one where there is a risk and I think that adds to the process. It validates the process because both the employee and management recognize there is a risk if it goes forward. A lot of them settle beforehand because the parties recognize that risk. Without that risk, they'd probably send more to the panel. That one is somewhat unique.

Tinsman: The panel I'm going to talk about is called the Permanent Restrictions Placement Committee. It grew out of our 1995 negotiations, and at that time, we created a new classification in the maintenance agreement that required that we move a number of employees from existing shop environments out into the overhaul facilities. In the course of making those movements, we realized a lot of those mechanics had permanent restrictions. That's why they were in these particular shops.

Gary was instrumental in Tulsa Local 514. He and some members of management at our maintenance facility there put together a committee to make accommodations for those employees who were required to move due to restrictions. This committee is comprised of two members from the local and two local human resources people, one of whom gathers all the information along with the requests for accommodation. Then we have ad hoc members, generally including one from our medical department at Tulsa. We will use our legal department when we have a dispute that we think may have Americans with Disabilities Act (ADA) ramifications, and we have a member generally at least two levels up from the openings where we are going to attempt to place employees.

The employee who has received permanent medical restrictions by our company medical department would then petition the local to have a placement. We meet monthly, but only when we

have vacancies and try to find positions for these employees. Such positions are not necessarily in the area where that employee was previously employed. In fact, most of the time it is not. But most of the time we can place the person with restrictions into a position where he or she can perform meaningful work, and we place them without violating the provisions of the agreement.

So, on a monthly basis, the committee reviews the medical restrictions that are given to us by the medical department, looks at the vacancies, and decides which locations can accommodate a particular individual's restrictions. At that point, when we have decided that we can make an accommodation, the union talks to the employee and explains where the committee can place him. If the employee declines that placement, then that's the end of the committee's involvement. If the employee accepts it, then he reports to that assignment until his permanent restrictions change or some other unrelated opportunity arises.

We had been using this committee in Tulsa quite frequently from the time of the 1995 agreement until 9/11. Since then, for several years, we had no vacancies, so the committee was not functioning. Fortunately, we have recently been able to start operating again on a limited basis. We have had a few vacancies so we have been able to begin accommodating employees with restrictions again.

As of last month, we have now implemented this same procedure at our other two maintenance bases. We find it highly successful. The affected employees appreciate the fact that they don't have to go through a committee at headquarters level. That committee will also look for alternate placement throughout the system, but typically such placements require a move. Our committee at the local level avoids the need for such moves in most cases.

With that, I will turn it over to Joe Gordon.

Yingst: If I may, before we turn to Joe, I would like to add a few comments regarding the Permanent Restrictions Placement Committee. I was there at the inception of that panel, and it has evolved. At the beginning, as Mary indicated, we moved a lot of people around. In these shops, there were very high seniority mechanics. They were 20- and 30-year mechanics that had bid those jobs because they were very desirable jobs, and they were not physically demanding.

Since that time, the committee has become more involved with people who get hurt, on the job or off the job, and most people

want to come back to work. Most people don't want to stay home and exhaust their sick bank or continue to draw their industrial injury pay. So we are able to place those people into places where they can become productive employees, and it actually helps them in a therapeutic way as well, getting them back to work, getting our employees actively engaged in some type of work rather than just sitting at home. So that committee has been a real success story, and we are glad—TWU is very glad it is starting to expand outside of Tulsa. The company was very hesitant for many years to move it outside of Tulsa, but they finally agreed to do so, and we are glad that they did.

Gordon: Hello, everybody, and it is a pleasure for me to be here as well, and you have a lovely city.

I was reminded by my colleagues earlier today that I am the most senior guy on the committee. I was hired by American in 1973 in Houston. I had been involved in unions before, and I told myself, I am not going to hold any union positions or get involved at all. However, I was wrong. Three years later, after I saw some things I didn't like, I did become involved. Of the 32 years I have been with American, for 26 years I have served as a union representative. I am now working for the International Union and have been for about 5 years, so when people ask me who do I work for, I have to pause and think. I am employed by American Airlines but I guess it is fair to say I work for the Transport Workers Union.

So with that, I have seen a lot. I have been involved in several contract negotiations and I presently serve with Chris Alexander, our co-chair from the company on the Part-Time Utilization Panel and Review Committee. This panel came about as a result of the 1995 contract negotiations. You heard Mr. Weel say earlier that 1983 was the first time that our agreement covered any part-time employees. All the employees prior to that time were full-time. With that there were many challenges, e.g., scheduling part-time work. Many of our full-time members felt the company, at some point, was going to try to replace them with part-time workers. Even though we had rules governing the scheduling of part-time shifts to try and ensure that full-time jobs were not being replaced with part-time workers, we still had issues where the company would find ways to get around the rules, such as overlapping shifts by 30 or 45 minutes in order to argue that they needed two individuals on duty at the same time.

So union reps had challenges in terms of looking at that and trying to make the company live up to what we believe the spirit of the agreement was—utilization of part-timers without arbitrarily replacing full-timers.

In 1995 during contract negotiations, we had several locals complaining about the loss of full-time jobs while seeing more part-time workers. So the committee was established. I serve as co-chairman on that committee along with Chris Alexander. The good thing about that committee is we haven't heard a lot of cases. Within the last 3 years, we have had three of our locals petition to have their issues brought before the panel. In one case, Chris and I and other members of the committee decided to remand the matter to the local parties to go back and try to resolve it. As a committee, we had come to an agreement about what we were going to do, but we left both parties feeling uncertain about what it might be—like they could get caught on the short end of the stick. They went back and worked it out locally and they were all satisfied.

We had another case that came up a little over a year ago, and in that particular situation, we, of course, did not rule in favor of the union because we didn't find any violation of the collective bargaining agreement nor did we find any violation of the intent and purpose of the letter of understanding that was agreed to by the union and the company in 1995. And we had one other case scheduled for April of this year, and the parties, just prior to coming before the panel, contacted us and said that they were working out a settlement locally, and they thought they were going to be able to resolve the issue.

My perception of it from the union's standpoint is that the panel has been very effective. As a union advocate for many years, I have often said we should be able to settle more cases than we have to arbitrate. If the parties themselves can't understand what their intent was when they negotiated the agreement, and we have to go to a third party to get that, then something is wrong. So it has been successful for us not only on the Part-Time Utilization Panel where I've served, but as Garry Drummond mentioned earlier, the Sick Time Harassment Panel has also been effective. The success of these panels has improved our working relationship to the point where, working with folks like Jim Weel and his staff, we have been able to resolve a lot of other issues as well. As Gary Yingst said a little bit earlier, that's what our members are really looking for. They want an answer, and they want it resolved expe-

ditiously—not after waiting 6 months or a year to get an answer. In most cases, they just want an answer. But they do want the right one.

Again, I thank you for the opportunity to speak with you today.

Hill: Thank you, Joe. With that, we will open it up to the audience for questions. Yes, sir.

Audience Member: What impact, if any, do these panels have on first-line relationships?

Gordon: I will try to answer it from the perspective of the Part-Time Utilization Committee. As you heard me say a little bit earlier, in that case we did not rule in favor of the union. The union representatives were not happy with that. What I had to remind our representatives of was that they, themselves, in their opening statement, made the comment that there was no violation of the collective bargaining agreement. As far as I am concerned, when you make a comment like that in your opening statement, what are you there for? What are you looking for from us? The letter of understanding talks about arbitrary replacement of full-time workers with part-timers. In that particular instance, with the facts presented, we did not see an arbitrary replacement. From their standpoint, they didn't like it but they understood how we came to the decision, and it has been okay.

If you look at the list of panels we have here, from a front-line supervisor's perspective they probably do not have a big impact on the relationship with the individual employee. The impact of the panels is on the administrative versus the direct operating relationship.

One exception, though, is the Sick Leave Harassment panel. They have a front-line impact because that panel is involved with the front-line supervisor and his or her interaction with the employee through the administration of attendance control. From the supervisor's standpoint, they know that unless they properly administer the program and effectively defend their decision to impose the doctor's slip requirement, there is a forum that is going to oversee the process and make sure it is right. And it is a two-way street. The individual employee also knows about this panel.

On the other hand, on a seniority protest, for example, for the most part, the supervisor knows that is an administrative function more than anything else. So for the most part, most of them probably don't see much of an impact.

Weel: With a few exceptions, we do give written decisions on almost all these panels. The Permanent Restriction Committee that

Mary talked about deals with medical, so we don't put a lot of it in writing. But for Reduction in Force, Sick Leave Harassment, and Part-Time Utilization, all those actually have a written response back to the company and the member and they actually spell out why we've decided the way we did and what contractual references we are using. I agree though that other than Sick Leave Harassment, we don't really have a lot of impact at the front line.

Alexander: If I can just add one more thing on the Sick Leave Harassment panel, I think Joe is exactly right. But one thing is important to recognize. Like most of the panels, it has evolved. It just did not come into fruition with everything working fine. The Sick Leave Harassment Panel started with the employee writing a letter saying, "I'm filing a complaint on this," and they expected the company and the union people to do the work. This has evolved into the whole process they now have to go through. There are basic guidelines as far as triggering offenses and doctors' notes. There is paperwork that has to be filled out.

Going back to the front line, this has an impact on both the supervisor and the employee, because they are both involved in the process. I think Jim mentioned that, but I think it is something that does click on. It does not mean that they have to like each other, but they are both involved in the process. They both appear before the panel. It is their case minimal as it may be. The paperwork speaks for itself, but they are there to explain. The supervisor and the employee each has an opportunity to address the panel. A person can only hide so much and then you are forced to face reality. I think it is an important thing to bring across.

Drummond: Every Sick Leave Harassment case is different. Everyone has a different pattern. Reductions in force, they are all different also, but very seldom do any of these set precedents because they are stand-alone cases. Each individual case that we deal with has its own unique circumstance, but we do try to explain to the best of our ability how we got where we did.

In 1983, when part-timers were first incorporated into the agreement, we recognized that we were going to encounter issues that were not talked about across the table. We created the original part-time panel, which was different from the one Joe spoke about that was created in 1995. This original panel made a number of decisions about issues that were not considered in the 1983 negotiations. These decisions became precedent for going forward. That panel was disbanded after the mid-1980s because we thought

we had addressed all of the open issues and subsequently incorporated them into to the agreement

Audience Member: I would like to go back to the sick leave panel and ask you, because panel decisions are not precedent setting, do you continue to see a common thread in the issues that come to you? I believe that a key issue at American Airlines has been the paperwork delay in all departments. My union represents the flight attendants and that is a huge dispute right now. If you do not have a decision from an arbitrator that is precedent setting, do you continue to see the same kinds of issues creating more and more paperwork?

Weel: Pat, the trigger for the cases that go forth is the company's review of an employee's overall attendance record which turns up *suspected* sick leave abuse. Suspecting abuse is a bit vague. Suspicion doesn't mean proof. So the company is saying, "In order to invalidate our suspicion, we are going to ask you to provide a doctor's slip for the next 90 days in the event you call in sick."

Now, this is predicated only on a request for personal sick leave, never on a use of Family Medical Leave. It is simply utilization of the sick day where we are going to require you, because of your previous pattern or occurrences, we are suspecting that abuse. That's all that panel deals with. It doesn't deal with any FMLA-designated sick leave usage.

To the other point for the audience's information, we do have a group that has been formed to look into FMLA- and other leave-related issues. These are not unique to the APFA (flight attendants). The TWU has the same issues, and we continue to work with the APFA, but the TWU has formed a group that has looked at some of these. There is also a legally required panel up in Tulsa specifically because there was a lawsuit filed several years ago. This panel was developed to review with the Tulsa local any policy changes we might make toward Family Medical Leave. This panel does not set precedents but rather is simply a panel set up to review and resolve issues that are being raised. This panel is completely independent of the Sick Leave Harassment panel because it does not deal with FMLA-related occurrences.

Tinsman: I would add, Pat, that the panel we convened on Family Leave in Tulsa recently was not a contractual panel or one that we envisioned during negotiations. Rather, we had a large number of FMLA grievances on the docket and together we decided we would look at them with our legal department to see if

we could resolve some of them to avoid the necessity to go forward with arbitration. We were able to do that. That was a very successful noncontractual provision that worked very well for us.

Audience Member: Can you comment on how the panels are set up? Are they balanced with respect to labor and management?

Gordon: Every one of them is balanced except for the crew chief panel. The crew chief panel is basically a company panel. We are invited to sit in, but we don't participate. The rest of them are 50-50, one and one or two and two.

Audience Member: The only way you get issues resolved is if you all agree, right?

Gordon: Yes. But we have a provision that if we don't agree, we can send it to arbitration, and I am not going to say that we don't disagree. But predominantly, it is a matter of taking an unbiased perspective—taking the politics out of it on both sides. As a union representative, I have to rely on something in the contract, something in the attendance control policy, or some other evidence to substantiate the outcome I have agreed to and that I will give back to the local members.

Audience Member: Could you restate the data on the number of sick leave harassment cases and what happened to them?

Drummond: Yes. There were 74 out of 108 cases that had been resolved at the local level before they got to the panel. In other words, they had filed to go to the panel, but 74 were resolved on a local level before they were turned over to the panel. I think part of the reason for that is that the same types of circumstances keep coming up. We may not be bound by prior decisions on particular issues, but I find it hard to make a decision one way one time, and then faced with the same set of facts to make a different decision. For example, if we discover that the triggering incident that caused the supervisor to say that he or she suspected abuse was one where the employee actually had proof of a visit to a doctor, and we decide there is no basis for the doctor's certificate requirement based on that, the parties at the local level can pretty much figure out what we will do the next time we see a case like that. So we never see that second case.

Audience Member: When cases reach the panel, are they generally settled at that level?

Drummond: Of all the Sick Leave Harassment panel cases, there may have been one where there hasn't been an agreement. I can give you an example of one where the panel "split the difference." With one employee, there was a question about five sick

occurrences and suspected abuse because of the way they came about—in conjunction with days off and vacations. The employee had gone to the doctor once, and he claimed all the other absences were because of the same underlying medical condition. He did not have supporting medical documentation for all of these other absences.

The panel was not convinced that the employee used his sick leave benefit for the intended purpose on the triggering event, and he did not go to the doctor on that occasion. Based upon the fact the employee did not seek medical treatment for what the lost time manager considered to be a minor disposition, he had reason to suspect sick leave abuse. That does not mean there was sick leave abuse. In fact, he later obtained certified Family Leave after his doctor's note came back. But considering the pattern as well as the underlying medical condition, the panel concluded that no time would be deducted from the employee's sick bank. However, the doctor's note requirement would remain.

So that's how, sometimes, we can agree.

Audience Member: I had the impression that there was a lot of autonomy in discipline cases in Miami, Dallas, and Tulsa about whether a case went to arbitration and in picking arbitrators. Is that the case with the panels?

Yingst: There are two types of panels that we are talking about. Today contract grievances would be remanded to the system panel. It takes cases that are contractual language cases. And they all are centrally located in Dallas and all heard in Dallas. But then there is discipline and discharge. Those are autonomous for each local. Each local that decides to take a discipline or discharge case forward does hire their own arbitrator. They pay the arbitrator. They are free to either use an advocate that is or is not an attorney, and we do not get involved as an international in those cases. That's the difference between the two panels.

These panels we have been talking about are all contractually related. During the course of negotiations, we have looked at alternatives to what we currently have in terms of the formal grievance process and area board, but I think the track record has shown what we have been doing, and how we have been doing it, has been pretty successful. At the end of the day we recognize why arbitration and arbitrators are there. We will have certain cases we can't resolve, and the requirement is to have a third party eventually resolve that. We recognize that and still want to preserve that, both the company and the TWU.

"If it ain't broke, don't try to fix it." Because it has been pretty successful for us both on a system basis as well as on the local level, and as long as you know you have that mechanism available to you and you keep talking to resolve things prior to that, there is really no need to change it.

Gordon: And I would add the way we do it with the unions, all 22 locals have the ability to have 22 hearings a month if they want because they are responsible for those hearings. It is not a centrally located process so an employee who is terminated or disciplined can get a pretty quick hearing. It helps us to move those cases quicker.

Drummond: I would like to add, too, that even though you may see what you think are a lot of generic discipline cases, it is amazing how much easier it is to settle a contractual case. In a lot cases it depends on the local people, union and management, trying to get a resolution without referring it to a panel, trying to get it resolved. We are not trying to put you arbitrators out of business. We still want to keep you in business part of the time, and I think that's what happens. When there is no resolution, that's when you need to step in.

But speaking hypothetically and not necessarily for myself, generically when it comes to discipline and discharge, I think it is it is a lot harder to see eye to eye on every piece of it, which is why you need a third person to come in.

Audience Member: On an unrelated follow up, last week the Tulsa overhaul base won a private sector contract, as I understand it. What role did your positive labor relations have in winning that contract to service non–American Airlines planes?

Yingst: You are talking about our securing a contract to service Fokker, F-100 airplanes. How we were successful in securing that has two parts. We had some of those airplanes. They were our airplanes. We had all the tooling for them. We had all the stands and manuals and knowledge. So we had a leg up there. But second, the negotiations involved not only American and the customer, but the TWU as well. Historically, American has charged us a full-up labor rate. I will not say what that is, but it is pretty expensive. But we said, look, we are going through tough times as well because we have 700 TWU people on the street in Tulsa right now. If we can do that work with the same number of heads, what kind of labor rate can we negotiate because that person is coming to work 8 hours a day? They are guaranteed a job under our collective bargaining agreement in Tulsa because our protection date is 1989.

Everyone working in Tulsa has a seniority greater than 1989, so the company didn't have the ability to lay them off. They only had the ability to transfer them from one location to the other, so with us doing the negotiations on the labor rate and bringing that down, and the company hanging on to the tooling and having the foresight to see that we may get back into the Fokker business, jointly, we were able to secure that, and we bid against a lot of competitors. There are a lot of people out there in the third-party world—American is getting into that business. We are going to get in the third-party business.

American Airlines is dedicated. Our CEO is dedicated; the TWU is dedicated. We are going through a culture change in our union right now. We are telling our people, and our people are listening. We got to go to work, and we got to do more with less, and we are going to get more work. We are going to get our people back in-house. We are the only ones left doing heavy maintenance on our own airplanes. No one else is. Everyone else is third-partying it out. Check it out.

Hill: That's a good point, and as long as we are on that tangent, for those folks who live in this area and read the *Tribune* and *Sun Times* or those folks in New York who read the business section of the *New York Times*, United is having a lot of difficulty right now, and there is a debate on whether the machinists or the flight attendants are holding the cards and where this is likely to go.

What are the lessons that you folks are taking from United and either applying it to your panels or the lessons you are taking from United and the mindset that you folks are taking with the parties? There have to be indigenous reasons why you are not in the same condition as United Airlines—why you folks are not in bankruptcy and United is, and why your stock has gone up in the last few weeks, notwithstanding that oil is hitting $50 a barrel. Now, it is a very broad question, but I want to take off from Gary on what you are saying. What are you learning from the United experience and applying it to your dispute resolution mindset at American Airlines?

Yingst: We could have gone into bankruptcy. It would have been very easy on the union. We went through some very difficult times in 2003, and our members were second-guessing us about whether we should have gone into bankruptcy or not, but it really changed when our former CEO, Mr. Carty, stepped down and the new CEO, Gerard Arpey, stepped up. Mr. Arpey's philosophy was one that we as a union could embrace—that American was going

to involve the unions. The company is going to fully discuss any decisions it makes. When I say any decisions, I meet with the CEO once a month. I meet with the CFO once a month. American involves the unions. The company is going to listen to our ideas, and we are going to implement a joint business plan and a joint operational plan.

It made it easy for our members in a very short period of time, within a year, to get their arms around that, and it made our working relationships a lot better. In these dispute resolutions we have been talking about, there is no hiding of information any more. I can ask for anything this corporation has and they will give it to me. I may have to sign confidentiality statements, but I get it. I can send it to any consultant that I want to. That consultant will sign a confidentiality statement, but they can confirm it. So, Marvin, to answer your point, it started with Gerard Arpey when he took over. He changed the philosophy of the corporation, and that made the union and the company start working a lot more closely.

Weel: If you look at what these panels are designed to do, it is to put parties in the same room, lay out what the issue at hand is, and try to collectively resolve it so that both parties can walk away feeling pretty good. What Gary is addressing and what we have been successful so far in achieving under Gerard's leadership, is the development of that type of interaction and interface in every aspect of the business—contractual or noncontractual, changing how we operate or change the efficiency or flow of work.

The only way you can find the best solution is to involve the people who do the work at the front line. You cannot dictate down solutions. You simply get the right people in the room to talk about solutions. In most cases, you will find better solutions than if you try to do it on your own.

That is where the spillover effect is seen. The philosophy of the panels—working together—is the same. Now it is on a much broader scale than what these original panels have, but it is the same fundamental core philosophy that we are now trying to apply to every aspect of the business.

Audience Member: This is more of a thank you because I am thinking back to a national IRRA meeting where Steve Sleigh of the IAM spoke on the availability of shops in China that could maintain aircraft very cheaply. These shops are just empty and waiting. It was very depressing. This panel has been a little bit of an antidote to that because this session is, for a change, hopeful.

Audience Member: Many companies in many industries have tried to implement the kind of labor-management cooperation that is demonstrated here. What has happened time and again, due to the political nature of unions, is that once cooperation reaches some critical level, political opposition arises to undermine the cooperative efforts. What can you do to keep that from interfering with your progress?

Weel: I will speak on that. Post-restructuring in 2003 we brought in a third party, Overland Resource Group, that has been described as a kind of "marriage counselor" so to speak for our relationship between the company and the unions. I can say in sincerity that is really what we needed. As often as management over the years has always said that we want to have good working relationships with our unions, the history at American Airlines just didn't prove that out. As much as we thought we would be able to do that on our own, we just couldn't do it. We needed someone to help us with that. Overland Resource Group provided a unique opportunity. Both the unions and management had to agree to hire them, and they can agree at any time to fire them. Overland's strategy for sustained labor management relationships is to put in structures—joint committees—not only on the corporate level and system level, but on a local level as well. So, in the event leadership changes on either side, the structure that is in place will allow a transition. Without the structure, the relationship could not be sustained.

We are traveling around the system establishing the structures to keep that momentum going. Gerard was recently quoted in the *Fort Worth Star Telegram* about all the successes we have had. Had he done that article about a year ago, no one would have believed it. Because there are tangible signs at American Airlines since we have gone down this path, people are starting to believe.

We still have a lot of work to do. We've got a lot of front line employees. We still need to engage and actively involve them, but the message is starting to permeate the entire company. We are not getting counter-arguments from our constituents or anyone asserting that Gerard is not genuine. He has been genuine and sincere and this has kept up the momentum.

Yingst: I will just say this: I'm not living in a fantasy world. We are not going to sit here and try to pull the wool over anybody's eyes, but we also want to be the last man standing. Our members want to preserve their pension. They want to preserve their bene-

fits, and they want to preserve their jobs. At the end of the day, it is going to come down to what happens when we sit down and start bargaining again in better times. No one expects to get anything from the company, but if this economy turns around, oil comes back down to the low $40s per barrel, and a year or two from now we are making money again, we can share that money, and that is when we will be able to answer your question honestly.

Hill: It says on the sheet I am the moderator so I will give you my final thought in this. Two years ago I read the book *Founding Brothers*, and the folks who put this country and the Constitution together were described. With exception of Jefferson having a problem with Adams now and then, at the end of the day, when these folks finished debating where the country was going, they all went out with each other. They liked each other. From someone who has sat on these panels as on arbitrator for nearly 20 years, I see a lot of this, with obvious exceptions, of course. After the system or area board meetings, the members go out for dinner with each other. They talk informally with each other. Their differences are not personal, and this has gone a long way toward making American Airlines different from the others to the point where, as Mr. Yingst noted, you may well be the last one standing.

With that, on behalf of the Academy and the audience here today, I thank the panel members, and my hand goes out to them.