

Report
TO
THE PRESIDENT
BY THE
EMERGENCY BOARD

**APPOINTED BY EXECUTIVE ORDER 11011 DATED
MARCH 20, 1962, PURSUANT TO SECTION 10 OF
THE RAILWAY LABOR ACT, AS AMENDED**

To Investigate an unadjusted dispute between Trans World Airlines, Inc., a carrier, and certain of its employees represented by the Flight Engineers' International Association, TWA Chapter, a labor organization.

(NMB Case A-6406)

**WASHINGTON, D.C.
MAY 1, 1962**

(Emergency Board No. 146)



LETTER OF TRANSMITTAL

WASHINGTON, D.C., *May 1, 1962.*

THE PRESIDENT,
The White House, Washington, D.C.

MR. PRESIDENT: The Emergency Board created by you on March 20, 1962, by Executive Order 11011, pursuant to section 10 of the Railway Labor Act, as amended, to investigate an unadjusted dispute between Trans World Airlines, Inc., a carrier, and certain of its employees represented by the Flight Engineers' International Association, TWA Chapter, AFL-CIO, a labor organization, has the honor to submit herewith its report and recommendations based upon its investigation of the issues in the dispute.

Respectfully submitted.

JAMES C. HILL, *Chairman.*

THOMAS C. BEGLEY, *Member.*

ARTHUR W. SEMPLINER, *Member.*



EXECUTIVE ORDER No. 11011

CREATING AN EMERGENCY BOARD TO INVESTIGATE A DISPUTE BETWEEN THE
TRANS WORLD AIRLINES, INC., AND CERTAIN OF ITS EMPLOYEES

WHEREAS a dispute exists between the Trans World Airlines, Inc., a carrier, and certain of its employees represented by the Flight Engineers' International Association, AFL-CIO, a labor organization; and

WHEREAS this dispute has not heretofore been adjusted under the provisions of the Railway Labor Act, as amended; and

WHEREAS this dispute, in the judgment of the National Mediation Board, threatens substantially to interrupt interstate commerce to a degree such as to deprive a section of the country of essential transportation service:

NOW, THEREFORE, by virtue of the authority vested in me by section 10 of the Railway Labor Act, as amended (45 U.S.C. 160), I hereby create a board of three members, to be appointed by me, to investigate this dispute. No member of the board shall be pecuniarily or otherwise interested in any organization of airline employees or any carrier.

The board shall report its findings to the President with respect to the dispute within thirty days from the date of this order.

As provided by section 10 of the Railway Labor Act, as amended, from this date and for thirty days after the board has made its report to the President, no change, except by agreement, shall be made by the Trans World Airlines, Inc. or by its employees, in the conditions out of which the dispute arose.

John F. Kennedy.

THE WHITE HOUSE, *March 20, 1962.*

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I. HISTORY OF THE EMERGENCY BOARD

Emergency Board No. 146 was created by Executive Order 11011 of the President, issued March 20, 1962, pursuant to section 10 of the Railway Labor Act, as amended (45 U.S.C. 160).

In this Order the President directed the Emergency Board to investigate a dispute between Trans World Airlines, Inc., a carrier, and certain of its employees represented by the Flight Engineers' International Association, AFL-CIO, a labor organization, and to report its findings to the President with respect to this dispute, within 30 days from the date of the Order.

In due course the President appointed as members of the Emergency Board: James C. Hill of Pelham, N.Y., Chairman; Thomas C. Begley of Cleveland, Ohio, Member; and Arthur W. Sempliner of Detroit, Mich., Member. The Board convened in New York City on April 3, 1962. Hearings were held on 10 days between April 3 and April 18, inclusive, at which representatives of both parties appeared to present evidence and argument with respect to the issues in controversy. The record of these proceedings comprises 1,739 pages of recorded testimony and argument, together with 183 exhibits extending to several thousand pages. The Board has also conducted informal meetings with each of the parties.

During the course of these proceedings, the Company and the Association agreed to extend the time within which the Board might report its findings to the President until May 1, 1962. This extension of time was approved by the President.

(1)



II. THE PARTIES TO THE DISPUTE

Trans World Airlines, Inc. (hereinafter referred to as TWA or the Company) is a domestic and international air carrier with routes spanning the continental United States and crossing the North Atlantic to Europe, the Middle and Far East. The Company serves approximately 65 cities in the United States and in Europe and Asia. In the calendar year 1961, TWA planes flew more than 100 million revenue-miles in scheduled service, of which approximately 83 percent was in domestic service and 17 percent in international service. All told, 58 percent of revenue-miles were flown by jet aircraft and 42 percent on piston equipment.

As of March 28, 1962, the Company operated a fleet of 130 planes, including 79 reciprocating engine (piston) planes and 51 turbine-powered (jet) aircraft. The principal types of aircraft now in service are various models of the Lockheed Constellation piston equipment, Boeing turbo-jet aircraft of various series, and the Convair 880 turbo-jet. The Company does not operate turbo-prop equipment.

The Flight Engineers' International Association, TWA Chapter (hereinafter referred to as FEIA or the Association), has been certified by the National Mediation Board as the duly authorized bargaining representative of the class or craft of employees known as flight engineers and student flight engineers in training.

The Association was first organized in the form of a Federal labor union during the 1940s. It was chartered by the American Federation of Labor in 1948. At the present time, FEIA represents approximately 3,000 flight engineers on major airlines, including American Airlines, Eastern Airlines, Pan American World Airways, Trans World Airlines, and National Airlines.

As of February 1962, flight engineering personnel in the Company's active employ numbered 622. Of these, there were 552 line-flight engineers, of whom 472 were engaged in domestic service and 80 in international service. Of those remaining, 64 were check, supervisory or managerial employees, and 6 were on some form of leave or special assignment. As of January 1, 1962, there were 622 persons on the flight engineers' system-wide seniority list. According to the Association, there are some 65 or 70 flight engineers now on furlough with recall rights.



III. BACKGROUND OF THE DISPUTE

Trans World Airlines, Inc. and the Flight Engineers' International Association first entered collective-bargaining relations during the 1940s. At the present time the parties operate under a "Basic Agreement," together with various "Supplemental Agreements," "Letters of Agreement," and "Memoranda of Understanding." The current basic agreement was signed July 29, 1958, effective from that date until January 1, 1961, and from year to year thereafter unless reopened through written notice served in accordance with section 6, title I, of the Railway Labor Act, as amended, at least 60 days prior to January 1st of any year. Section III, COMPENSATION, and section VIII, EXPENSES, of the current agreement were made effective as of November 1, 1957.

Both the Company and the Association filed timely notices of reopening and intention to change the agreement in October 1960. These reopenings concerned the basic agreement and various supplements thereto, with the exception of the so-called "Turbine Agreement" which was noticed for change in February 1960 and which is the subject of separate negotiations, not within the purview of this proceeding.

The Company and the Association engaged in direct negotiations during November and December of 1960. On December 29, 1960, both parties requested the mediation services of the National Mediation Board. A mediator was assigned to meet with the parties on March 6, 1961. Numerous mediation sessions were held during the ensuing four months without agreement on the issues in dispute. On July 17, 1961, the National Mediation Board proffered arbitration in accordance with section 6, First, of the Railway Labor Act. This offer was accepted by the Company but rejected by the Association.

On August 16, 1961, the National Mediation Board advised the parties that in view of the Association's refusal of arbitration, and the exhaustion of all methods for the settlement of this controversy under the Railway Labor Act, the Board was terminating its services. Thirty days thereafter, on September 15, 1961, the Mediation Board closed its file in the matter.

The Company and the Association resumed direct negotiations during the period of February 20 to March 2, 1962. Again no final agreement could be reached. On March 18, 1962, the Association notified the Company of intention to strike on March 21.

On March 20, 1962, the President issued Executive Order 11011 establishing this Emergency Board No. 146. Upon the issuance of this Order, the Association withdrew its strike notice.

The unresolved issues which were presented in the hearings before the Emergency Board embrace more than one hundred separate proposals for revisions of contract terms. These proposals affect provisions governing recognition and scope, wages, hours, flight-time pay and credits, training, seniority, adjustment of grievances, vacations, sick leave, insurance benefits, and many other matters, in addition to the fundamental issues of crew complement which have been injected into this dispute since the present negotiations began.

In the face of this wide range and complexity of issues it would be impractical and ill-advised for this Board to attempt to present findings or make recommendations on all of the several issues in dispute. The Board can address itself only to a few of the major points in controversy, in the hope that these recommendations may afford a constructive guide to the settlement of these questions and that the other issues may be more readily resolved through direct negotiations of the parties within this framework. Even in those areas where the Board has considered it appropriate to make specific recommendations, the Board can only address itself to the general subject matter, leaving it to the Company and the Association to work out appropriate contract language to implement these recommendations.

It is apparent that the parties to this dispute have made little progress in resolving these issues through their own negotiations despite the long period of time which has elapsed since the basic agreement was reopened in October 1960. Further, the Board has considered the evidence and arguments of one union and one carrier relating to a number of issues which, in varying degrees, affect a large part of the airline industry. As discussed below, the parties have been unable to settle the crucial issue of crew complement and, primarily for this reason, they have reached an impasse on all the major economic issues.

IV. THE CREW COMPLEMENT ISSUE

A central problem in this and other disputes in the airline industry, affecting the Flight Engineers' International Association, the Air Line Pilots Association, and several major domestic and international carriers, is the so-called "crew complement" issue. Actually, several related issues have been involved, including: (1) the number of persons to be assigned to the flight deck of turbine-powered aircraft; (2) the qualifications and functions of persons assigned to the flight engineer's station; (3) the representation of flight engineers; and (4) the job security of persons employed as flight engineers and as second officers in the present four-man cockpit crew. As a matter of manpower requirements, the first question is no longer in issue. It is agreed by all parties concerned, the carriers, the unions and the Federal Aviation Agency, that a three-man crew is sufficient for the safe and efficient operation of jet aircraft, such crew to consist of a pilot, a copilot and a certificated flight engineer. (In some international flights a navigator may also be required, but this point is not at issue here.) The majority of carriers are already operating with three-man crews. The major carriers with four-man crews are determined to eliminate the fourth man. In their simplest terms, the issues are: Who shall be displaced and what shall be the qualifications of the remaining third man? The issues involve deep conflicts affecting the job security of pilots and flight engineers, and the representation rights of their respective organizations.

There is no need for this Board to trace the tortuous history of this vexing issue. It has been carefully reviewed in the reports of the two Emergency Boards, dated July 21, 1958, chaired by David L. Cole, in the 1957-58 disputes between Eastern Airlines and both the Air Line Pilots Association and the Flight Engineers' International Association. It has been the subject of exhaustive inquiry by a special Presidential Commission under the chairmanship of Professor Nathan P. Feinsinger during the past year.

The detailed findings and recommendations of these Boards of inquiry on this and other issues need not concern us. Suffice it to say, the Emergency Boards in the Eastern Airlines case found: (1) there was not need for a third man in the aircraft with pilot qualifications on turbo-prop equipment (this recommendation was accepted by the Pilots Association); (2) there was no need for more than three men

in the crew of the new turbo-jet aircraft; (3) the three-man crew should consist of a pilot, copilot and flight engineer; and (4) in addition to a flight engineer's certificate, as required under Civil Air Regulations, the flight engineers on turbo-jet airplanes should have basic pilot qualifications and be able to take over some of the flight duties of pilots in emergencies.

In January 1961, the National Mediation Board, acting in response to a petition of the Air Line Pilots Association, United Airlines Chapter, rendered a decision declaring that all flight deck crew members on United Airlines, Inc., in the classification of pilots, copilots, second officers and flight engineers, constituted a single craft or class for purposes of representation and collective bargaining under the Railway Labor Act. This decision precipitated a strike of the Flight Engineers' International Association against seven carriers, beginning on February 17, 1961. The strike was settled after 5 days under arrangements which included the appointment of the special Presidential Commission (the Feinsinger Commission) "to consider differences that have arisen regarding the performance of the flight engineer's function, the job security of employees performing such function, and related representation rights of the unions, namely, the Flight Engineers' International Association and the Air Line Pilots Association" on seven carriers, including the "Big Four"—American, Eastern, Pan American, and TWA.

The Feinsinger Commission submitted a report on May 24, 1961, in which it made several general recommendations as a basis for negotiation by the parties. On October 17, 1961, the Feinsinger Commission submitted a supplemental report spelling out its detailed recommendations concerning the transition to a three-man crew on jet aircraft and the qualifications and training of persons assigned to the flight engineer station. The Feinsinger Commission recommended: (1) The requirements of safe and efficient operation of jet aircraft are satisfied by the assignment of a three-man crew, consisting of a pilot, copilot and a certificated flight engineer; (2) the flight engineer should possess, in addition to an FAA flight engineer's certificate, certain pilot qualifications which will enable him to assist the pilot-in-command in flying the aircraft in the event of an emergency in which the pilot or copilot should be incapacitated; (3) the transition to a three-man crew should be accomplished gradually "with reasonably adequate protection for the job equities of those employees who may be adversely affected by such transition"; (4) presently employed flight engineers (as of October 15, 1961) would have prior bidding rights to the flight engineers on all turbo-jet equipment; (5) a certain prescribed maximum number of flight engineers

(group A) would be permitted to serve on four-man jet crews during the transitional period, and would not be required to obtain pilot qualifications; (6) other flight engineers (group B) would be required to obtain certain limited pilot qualifications and training; and (7) new hires for flight engineer vacancies "will be qualified for employment as pilots."

The Feinsinger Commission also recommended severance allowances for persons displaced as a result of the transition to a three-man crew. On the question of representation, the Commission recommended merger of the two unions, resulting in a single bargaining agent on behalf of all flight engineers and pilots.

The Company states that it accepts the recommendations of the Feinsinger Commission in their entirety and is prepared to put them into effect. The Association has declared that it accepts the Feinsinger report of October 17, 1961 "with the understanding that it was a basis for negotiation of the crew complement issue, provided that the pilots' organization would similarly accept the report." It is also the view of the Association that the "critical issue of jet crew complement and representation is an industry-wide issue and can be settled only on an industry-wide basis." (Supplemental Statement of February 23, 1962.) The Board is informed that the Air Line Pilots Association, TWA Chapter, has not accepted the report.

The Association, in dealing with the Company and presumably with ALPA, looks to guarantees of the continued integrity and independent status of the flight engineers as a separate craft or class. The Association has also sought to negotiate additional protections of furloughed employees, severance pay, etc. On the all-important question of qualifications the Association does not agree to the wisdom or necessity of requiring pilot qualifications of flight engineers and considers that it is called upon to make concessions of the greatest magnitude in accepting even the limited pilot qualifications required of present flight engineers.

During the most recent negotiations between TWA and FEIA, in February and March of this year, the Company has taken a firm stand that it cannot discuss any major cost items, including wages, hours and working conditions, until the crew complement issue is settled, and that it cannot settle crew complement until the two unions agree between themselves. This appears to be a major reason for the present stalemate and the fact that the parties have entered these proceedings with such widely disparate positions on so many issues.

The position of this Board is clear and simple. The Board supports the recommendations of the Feinsinger Commission and urges the parties to proceed forthwith to their implementation.

This Board does not believe that it should embark on a course of restudy and reevaluations of the complex questions of qualifications and training, or the representation and job security of flight engineers. These questions have been examined and studied at great length and with great care by two distinguished and impartial commissions appointed by the President. Each was enabled, as this Board is not, to hear and consider the claims of the organizations of both the pilots and the flight engineers. The Feinsinger Commission spent many months in the study of these problems as they affected both groups of employees and seven major airlines. The recommendations of the Feinsinger Commission have been accepted and endorsed by the President of the United States.

With specific reference to the positions taken by each of the parties, the Board would add the following comments. The FEIA should realize that the final recommendations of the Feinsinger Commission are not to be taken simply as a "basis for negotiations," if by that is meant any substantial departure from its terms. The Feinsinger Commission was concerned with the interests and equities of both flight engineers and pilots. Inevitably, it was engaged in defining the balance of rights and protections of each of these groups, and the line which was drawn cannot be pulled or bent in one direction without affecting in a corresponding manner the area of rights and interests on the other side.

The Board calls the attention of both parties to an important distinction between the first and second reports of the Feinsinger Commission. In its report of May 24, 1961, the Commission sought to establish guidelines for further bargaining. Negotiations did not succeed. In its Supplemental Report of October 17, 1961, the Commission noted that:

Using the May 24 report as a framework, the parties have endeavored to resolve by negotiation the difficult problems that divide them. . . .

It is the judgment of the Commission that the detailed recommendations contained in this further report, amplifying its May 24 report, can and should be accepted by all parties as a final settlement of all issues before the Commission.

The Board would also seriously question the position taken by the Company. Granted that the Company is in a very difficult position as between two unions, this does not mean that it is warranted in refusing to engage in discussions of economic issues until such time as the two unions have ironed out their differences on all aspects of the crew complement questions. Many employers have been beset by the difficult problems of negotiating agreements with different employee organizations whose interests and demands conflict or overlap. Offers and settlements may have to be conditional or tentative.

The processes of discussion and negotiation need not be brought to a standstill until the unions have agreed.

In particular, the Board questions the position taken by each of the parties with respect to representation. The Company cannot provide a guarantee of perpetual recognition of the flight engineers as a separate craft or class. This is a matter of National Mediation Board certification. On the other hand, the Company is not precluded from entering an agreement which recognizes the FEIA as exclusive bargaining agent on behalf of the craft or class of flight engineers, as it now exists, because the Feinsinger Commission's report contemplates merger of the two unions. The process of merger is a matter for negotiation between the unions and is not within the Company's area of control. The Feinsinger report does not require that there be an immediate merger, or that it be a precondition of the negotiation of a new agreement in the year 1962.

Recommendation

It is understood that the final resolution of the crew complement issue will depend upon the conclusion of agreements with the Air Line Pilots Association as well as the Flight Engineers' International Association. The Board recommends that the Company and the Association accept the recommendations of the Feinsinger Commission and that they make every effort to implement these recommendations through negotiations with each other and with the Air Line Pilots Association.



V. THE WAGE ISSUE

A. General

The issues of wages and hours are inextricably woven together in the present system of compensation of flight engineers and in the Association's proposals. For purposes of clarity of discussion, the Board will consider first the direct pay issues, reserving for a later section the issues of "Working Conditions" as they are distinguished in the terminology of the parties. Basic wage rates and monthly hours must be treated together inasmuch as the Association's basic wage proposal is to reduce maximum hours from 85 to 70 per month and to increase basic wage rates so as to provide a net increase in monthly income at the reduced hours.

Under the heading of "Working Conditions," we shall be concerned with a number of provisions and proposed changes therein which also concern hours of work and pay and flight time credit for nonflying hours. It is important to realize, as one discusses any phase of this complex wage and hour proposal, that its ultimate effect, in terms of the hours and income of the flight engineers and the cost to the Company, will be determined by the operation of all these factors, and that none can be considered in isolation from the others.

B. The Wage Structure

Student flight engineers and checked-out flight engineers during the first 2 years of service receive monthly salaries, varying by length of service and as between domestic and international flights. After 2 years' service, checked-out flight engineers on piston equipment receive base pay in the form of monthly salaries, ranging from \$220 per month in the 3d year to \$360 per month in the 10th year and thereafter. There is no base pay on turbine equipment.

On both piston and jet equipment, the flight engineer, after 2 years of service, receives flying pay consisting of (1) hourly pay, (2) mileage pay, and (3) gross-weight pay. Hourly pay varies as between day and night flights in domestic service and between piston and turbine equipment. All turbine engine hourly rates are graded by years of service, from 3 to 10. Mileage pay is based on negotiated rates (cents per mile) multiplied by monthly miles flown, which in turn are based on a negotiated "pegged speed" for each type of aircraft

flown multiplied by the number of actual or credited flight hours. Gross weight pay is based on a negotiated rate (cents-per-thousand pounds) for each type of aircraft.

As discussed more fully later on, the number of hours paid for and credited towards fulfillment of the monthly maximum hours is computed on the basis of a variety of provisions governing pay and credit for nonflying hours, as well as actual flight time.

Flight engineers (after 2-years' service) receive minimum guaranteed monthly hours of flying pay—60 and 65 hours on piston and jet planes in domestic service, and 70 hours on international flights.

In addition to flying pay on all equipment, and base pay on piston equipment, flight engineers receive operational duty pay of \$1 an hour for prescribed time periods before and after actual flights and during stops and layovers en route.

The basic agreement provides that "eighty-five (85) hours of flying shall constitute the monthly maximum for flight engineers engaged in domestic operations." (Section VI(A)(2).) In the case of international operations, "the Company will make every effort to schedule flight engineers in such a manner that their calendar quarterly flight time normally will not exceed two hundred fifty-five (255) hours." (Section VI(B)(1).) (The agreement also provides maximum limitations on daily flight and duty time, which will be considered under "Working Conditions" below.)

The annual yield resulting from this pay schedule in 1961 ranged from \$8,100 at the bottom of the seniority roster to a high of \$18,800. The average annual yield for all TWA flight engineers in 1961 was \$11,557 on piston equipment, and \$15,851 on turbine equipment.

Pay yields vary considerably with the type of equipment used and the flight engineer's place in the schedule of longevity pay. Under the present scale the computed yield on the basis of 85 hours of flying at the top rate (10 years or more of service) on some of the principal types of equipment now in use, are as follows:

	Domestic	International
Constellation (L-1650A).....	\$1,148. 78	\$1,233. 51
Boeing 707-131.....	1,378. 84
Boeing 707-331.....	1,388. 19	1,484. 04
Convair 440.....	1,368. 22

The relative significance of the major elements in the wage structure may be illustrated in the following salary computations for a 10th year flight engineer on the principal types of domestic—piston equipment and international—jet equipment:

	Domestic (L-1649A)	International (B-7-7-331)
Base pay.....	\$360.00	None
Hourly pay.....	327.25	\$586.50
Mileage pay.....	282.63	719.10
Gross weight pay.....	146.88	153.34
Operational duty pay (average).....	32.00	26.00
Total.....	1, 148. 76	1, 484. 94

C. Association's Proposals

The basic wage proposal of the Association is to reduce maximum flight hours from 85 to 70 per month in both domestic and international service. Since pay hours may exceed actual flying hours, due to the operation of flight pay and credit for nonflying time, the Association also proposes a maximum of 75 pay hours per month. In effect, the Association's demand is for 70 hours maximum flying time or 75 hours maximum flight-pay time, whichever is reached first.

In support of its wage rate proposals, the Association points to the current wage schedule under the National Airlines-Flight Engineers' Agreement, dated August 24, 1961, as the "standard." The National Airlines agreement provides a maximum 85-hour month. In the present case, the Association has proposed that rates be adjusted so as to provide approximately the same yield which would be achieved at 70 hours, rather than the actual 85 hours, under the National Airlines schedule, plus a further increase of approximately 5 percent.

The Association seeks to accomplish this result through changes in all the major components of the salary structure. The principal changes are these:

- (1) An increase of \$70 to \$115 in monthly salaries for student flight engineers and for checked-out flight engineers in their first year of service;
- (2) A reduction from 2 years to 1 year in the period of service as a checked-out flight engineer before being placed on base pay, flying pay, operational-duty pay, guaranteed hours and other elements of the regular compensation system;
- (3) An increase of \$30 in each annual step in the monthly base pay schedule (on piston equipment), beginning at the 2d year and reaching the top rate in the 9th year;
- (4) An increase of 70 to 75 cents in the hourly flying pay scale on piston equipment; a revision in the hourly flying pay schedule on turbine equipment, with lower rates in the lower steps, higher rates in the later years, with a top rate at the 9th year;
- (5) An increase in the mileage rate on all types of equipment;

(6) Revisions up and down, in gross weight pay for different types and sizes of equipment;

(7) An increase in operational duty pay from \$1 to \$1.50 per hour, in addition to increases in operational duty-time; and

(8) An increase in the pegged speeds of all present types of jet equipment from 470 m.p.h. to 500 m.p.h.

The elements in the wage structure under the present agreement and as proposed by the Association are summarized in table I, below.

Table II, below, illustrates the effects of the proposed changes in wage rates and monthly hours as applied to the Boeing Model 707-331 jet airplane in domestic service.

This tabulation also illustrates the conflicting characterizations of the Association's proposal on the part of the Association and the Company. The Association generally refers to the percentage increase in terms of the projected monthly yield at 70 hours under the proposed scale (in this instance approximately 7 percent). The Company describes the proposal as a wage increase of 29 percent coupled with a decrease of 17 percent in monthly hours. In terms of hourly rates, the Company is correct. In terms of projected yield, the Association is correct.

Table I. Present and proposed wage rates

<i>A. MONTHLY SALARY</i>		<i>Present</i>	<i>Proposed</i>
Student flight engineer.....		\$330. 00	\$400. 00
Checked-out flight engineer:			
Domestic service:			
1st 6 months.....		500. 00	600. 00
2d 6 months.....		525. 00	640. 00
3d 6 months.....		580. 00	
4th 6 months.....		610. 00	
International service:			
1st 6 months.....		560. 00	660. 00
2d 6 months.....		585. 00	700. 00
3d 6 months.....		640. 00	
4th 6 months.....		670. 00	

B. BASE PAY (Monthly)—Reciprocating Engine Equipment

	<i>Present</i>	<i>Proposed</i>
2d year.....		\$230. 00
3d year.....	\$220. 00	250. 00
4th year.....	240. 00	270. 00
5th year.....	260. 00	290. 00
6th year.....	280. 00	310. 00
7th year.....	300. 00	330. 00
8th year.....	320. 00	350. 00
9th year.....	340. 00	370. 00
10th year.....	360. 00	-----

C. FLYING PAY—Reciprocating Engine Equipment

	<i>Present</i> <i>(after 2 yrs.)</i>		<i>Proposed</i> <i>(after 1 yr.)</i>	
	<i>Day</i>	<i>Night</i>	<i>Day</i>	<i>Night</i>
1. <i>Hourly pay:</i>				
Domestic:				
Under 300 m.p.h.-----	\$2. 95	\$4. 25	\$3. 65	\$4. 95
300 utbni* 325 m.p.h.-----	3. 05	4. 35	3. 80	5. 10
325 utbni* 350 m.p.h.-----	3. 20	4. 50	3. 95	5. 25
International:				
Under 300 m.p.h.-----	\$4. 75		\$5. 45	
300 utbni* 325 m.p.h.-----	4. 85		5. 60	
325 utbni* 350 m.p.h.-----	5. 00		5. 75	
2. <i>Mileage pay:</i>				
Up to 22,000 miles per month-----	. 0085		. 0125	
Over 22,000 miles per month-----	. 0170		. 0250	
3. <i>Gross weight pay:</i>				
Per 1,000 lbs. gross weight of the airplane for each hour flown-----	. 0108		. 01	

*utbni means "up to but not including".

D. FLYING PAY—Turbine Equipment

	<i>Present</i>		<i>Proposed</i>	
	<i>Day</i>	<i>Night</i>	<i>Day</i>	<i>Night</i>
1. <i>Hourly pay:</i>				
Domestic:				
2d year-----			\$2. 18	\$3. 68
3d year-----	\$3. 60	\$5. 10	2. 76	4. 26
4th year-----	3. 80	5. 30	3. 34	4. 84
5th year-----	4. 00	5. 50	3. 92	5. 42
6th year-----	4. 20	5. 70	4. 50	6. 00
7th year-----	4. 40	5. 90	5. 08	6. 58
8th year-----	4. 60	6. 10	5. 66	7. 16
9th year-----	4. 80	6. 30	6. 24	7. 74
10th year and after-----	5. 00	6. 50		
International:				
2d year-----			\$4. 33	
3d year-----	\$5. 50		4. 91	
4th year-----	5. 70		5. 49	
5th year-----	5. 90		6. 07	
6th year-----	6. 10		6. 65	
7th year-----	6. 30		7. 23	
8th year-----	6. 50		7. 81	
9th year-----	6. 70		8. 39	
10th year and after-----	6. 90			
2. <i>Mileage pay:</i> -----	. 018		. 023	
3. <i>Gross weight pay:</i>				
Per 1,000 lbs. gross weight of the airplane for each hr. flown, up to 150,000 lbs.---	. 01		. 013	
Per 1,000 lbs. over 150,000 lbs.-----	. 002		. 002	

E. OPERATIONAL DUTY PAY

	<i>Present</i>	<i>Proposed</i>
Per hour-----	\$1. 00	\$1. 50

F. MINIMUM GUARANTEED HOURS FLYING PAY PER MONTH

	<i>Present</i> <i>(after 2 yrs.)</i>	<i>Proposed</i> <i>(after 1 yr.)</i>
	<i>Hours</i>	<i>Hours</i>
Domestic:		
Piston-----	60	59
Jet-----	65	59
International:		
All aircraft-----	70	61

Table II. Application of present and proposed wage scales to the Boeing 331

HOURLY RATES—DOMESTIC SERVICE

			<i>Present</i>	<i>Proposed</i>
1. Hourly Pay (the rate used is the top rate in the scale of longevity—10th year for present contract and 9th for proposed contract)-----			\$5. 75	\$6. 99
2. Mileage pay:				
Pegged Speed-----	<i>Present</i> 470 m.p.h.	<i>Proposed</i> 500 m.p.h.		
Mileage Rate-----	×. 018	×. 023	8. 46	11. 50
3. Gross weight pay (302,000 lbs.):				
Pay per 1000 lbs. (1st 150,000 lbs.)----	<i>Present</i> \$0. 01	<i>Proposed</i> \$0. 013	1. 50	1. 95
Pay per 1000 lbs. (Remaining 152,000 lbs.)-----	. 002	. 002	. 304	. 304
Total per hour-----			<u>16. 014</u>	<u>20. 744</u>
Percentage of increase in hourly rates—29%.				

MONTHLY

Yield at 85 hours present rate-----	\$1, 361. 19	
Yield at 70 hours proposed rate-----		\$1, 452. 08
Operational duty pay at present rate (monthly average)-----	26. 00	
Operational duty pay at proposed rate (monthly average)-----		36. 00
Projected monthly yield-----	<u>1, 387. 19</u>	<u>1, 488. 08</u>
Percentage of increase—7. 2%.		

D. Company's Proposals

During the negotiations the Company presented the Association with two alternative basic wage proposals. The Company offered an increase in monthly pay of 2½ percent retroactive to January 1, 1961, and an additional 2½ percent effective on the signing of a new agreement. As an alternative, the Company offered a general increase in monthly pay of 6.8 percent, to be effective prospectively only. The Company opposes any reduction in monthly hours. However, the Company is willing to write into the agreement a provision defining maximum hours in terms of 85 *credited* hours per month (255 credited hours per quarter on international service).

E. Discussion

The Association has advanced a number of arguments in support of its wage proposals, including increases in the cost of living, increases negotiated or recommended by Emergency Boards on other airlines, and increased productivity in the private economy and in the airline industry. The Association's primary contention is that the jet aircraft has brought about a vast increase in productivity as measured

by any reasonable standard of output per flight engineer man-hour, be it gross or revenue ton-miles, available seat-miles, or passenger-miles per hour for each flight engineer. The Association points out that, as compared to the typical piston aircraft utilized by this Company, the Lockheed Constellation, the modern turbo-jet airplane has cut flight time almost in half, has almost doubled the gross weight, the average number of seats, the number of trips and seat-miles per month, while the pay per trip has been substantially reduced. In its simplest terms, the Association argues that the flight engineer is now called upon to make more trips per month, at less pay per trip, on planes which are capable of carrying far more passengers on each trip or in any given period of time.

The fundamental purpose of the Association's demands for reduced hours, we believe, is to provide employment for more flight engineers. The Association contends that some 65 or more flight engineers have already been furloughed as a result of the introduction of jet aircraft. This problem will become magnified as the Company proceeds with its plans of utilizing more and more jet planes in place of its present piston equipment.

The Company contends that present salaries of flight engineers are notably high in relation to salaried maintenance and mechanical employees of the airline, and to comparable occupations in other transportation and in industry and government generally. The Company maintains that flight engineer salaries have risen over the past decade considerably more than has the cost of living and that annual salaries and monthly yields of TWA flight engineers compare favorably with other major carriers in the industry. The Company points out that National Airlines cannot be taken as a standard for wage comparisons inasmuch as National has a distinctly higher wage scale than other carriers and a different type of wage structure, with no operational duty pay or duty rigs.

With respect to the question of productivity, the Company maintains that the vast investments in the acquisition of turbine equipment has not begun to be realized in net revenue improvements. Airline passenger traffic, which exhibited marked growth in prior years, has now leveled off, and the industry generally, and TWA in particular, is in serious financial straits. In its simplest terms, the Company argues that the vaunted increase in productivity of the cockpit crew on the jet aircraft has thus far been demonstrated only in empty seats in the sky.

The Company argues that working conditions of flight engineers are exceedingly good, that actual flying or working hours fall considerably short of the present monthly maximum and that a flight

engineer has a great many hours off-duty hours and full days free from duty at his home base. The Company denies that the jet has brought about any deterioration in working conditions or that it has made the job of the flight engineer more difficult or complex.

The Board has considered the question of hours and wages from a great variety of standpoints, including costs of living, the comparative practices in the airline industry, the productivity factor, and the Association's contentions concerning the deterioration of working conditions with the advent of jet aircraft.

The Board does not find persuasive evidence that the present maximum level of 85 hours per month is onerous or burdensome, particularly with the liberalization of provisions governing flight pay and credit which have already been introduced or which are herein recommended. The evidence shows that, with a maximum of 85 paid hours per month, or its quarterly equivalent, actual flight time realized averages 57.2 to 64.7 hours per month on the various classes of service. Flight engineers at the present time average 13.7 calendar-days at home, free from duty, in domestic operations, and 15.2 calendar-days at home in international operations. By one of the Company's proposals, which the Board recommends to be adopted, flight engineers would enjoy a minimum of 9 calendar-days at home in a 30-day month or 10 days in a month of 31 days.

A reduction in hours, even with no increase in pay, would impose a very considerable burden on the Company in terms of its costs and efficient utilization of manpower. While the demand for reduced monthly hours has been presented in negotiations between the organizations representing both pilots and flight engineers on several major carriers, there has been no reduction in monthly maximum hours anywhere in the industry below the prevailing pattern of 85 hours per month or 255 hours per quarter on international operations.

It may be that in future years, as the productivity potential of turbo-jet aircraft is realized in net passenger revenue, improvements in hours and other working conditions will be realized by the flight personnel. On the basis of the evidence before us, and at the present stage of development, in both physical and financial terms of this Company, the Board does not find a basis to recommend a reduction in monthly hours.

During the period of time since the effective date of the last increase in the flight engineers' wage scale (November 1957), the Consumers' Price Index has increased approximately 5.8 percent. Productivity, as measured by total output per manhour, in the private economy generally, has increased in the magnitude of 2½- to 3-percent annually.

Wages in industry generally have also increased. According to reports of the Bureau of Labor Statistics, average hourly earnings, excluding overtime, in manufacturing industries, have increased from \$2.05 in 1958 to \$2.31 in February of this year. While this figure is not identical with the measure of actual increases in hourly rates of pay, it gives a reasonably accurate indication of a general increase in straight-time wages in the neighborhood of 10 to 12 percent. These figures are further borne out by reports of the Bureau of Labor Statistics on major wage developments in the years 1959 through 1961. The most frequent figures of average increases, including those currently negotiated and the cost-of-living and deferred increases resulting from previous contract negotiation, were in the neighborhood of 9 to 11 cents per hour in 1959 and in 1960, and approximately 8 cents an hour in 1961. These figures do not include the hourly value of fringe benefits negotiated during these years. While wage increases have tended to level off, in both percentage and cents-per-hour terms, during the past 2 or 3 years, there have been significant adjustments in fringe benefits, particularly in health and welfare insurance benefits, in many basic industries.

While the wage scale applicable to turbo-jet equipment has not been changed since the current agreement was executed in July 1958, it should be noted that this scale was itself negotiated in anticipation of the greater productivity of the jet aircraft and that this productivity factor has already been taken into account, in some measure, in the scale of hourly pay, the mileage rate, and the pegged speed of jet aircraft.

The Board has also given consideration to the increases which have been granted to flight engineers on other major carriers. As noted in the Association's arguments, National Airlines has negotiated a wage scale considerably above the level of the industry. National Airlines cannot be taken as an industry standard, however, since its basic wage scale is not typical of the industry generally, it is lacking in duty rigs and a number of other features of the "working conditions" on TWA and other carriers, and, it should be noted, National Airlines operates with a three-man flight deck crew.

During the past year Emergency Boards have recommended wage increases for flight engineers on Pan American World Airways and on Northwest Airlines (represented by the International Association of Machinists). In both instances the Boards recommended total increases of approximately 10 percent, of which 5 percent was to be made retroactive over a past year. As of this writing, it is the Board's understanding that Pan American has granted a 5-percent

increase covering the period June 1960 to June 1961, and that further increases are still under negotiation.

During these proceedings the Association advised that Eastern Airlines had offered a general wage increase to flight engineers in the neighborhood of 10 percent, partly retroactive and partly prospective, to restore the relationship between the captain-pilot and the flight engineer.

While there has not been an identity of wage movements as between the pilots and the flight engineers on Trans World Airlines, the Board notes that both the pilots and the flight engineers received increases effective in 1957. On the basis of before-and-after payroll comparison, the average increase to flight engineers was 10.2 percent; the average for pilots was 8.8 percent. Since then, the pilots have received a negotiated increase in 1959, which was made effective as of the termination of their contract in 1958, averaging 10 percent in wages, or 15 percent including payments into the Pilots' Trust Annuity. The Company is currently in negotiations with ALPA on matters of basic wages, as well as hours and working conditions.

Recommendations

After weighing all these considerations, the Board recommends that flight engineers be granted increase in compensation, covering a 3-year period, as follows: (1) 5 percent effective January 1, 1961; (2) 5 percent effective January 1, 1962; (3) 3 percent effective January 1, 1963.

In order to effectuate these increases, the Board recommends as follows:

(1) For the period from January 1, 1961, to December 31, 1961, inclusive, the Company should grant a lump-sum salary payment to each flight engineer in an amount equal to 5 percent of his gross earnings as a flight engineer in the Company's employ during the calendar year 1961;

(2) Effective as of January 1, 1962, the hourly rates and/or other component elements of the wage system, as provided in section III, COMPENSATION, of the basic agreement of July 29, 1958, should be adjusted so as to produce an increase of 10 percent in computed monthly yields, at 85 hours per month, for the various types of equipment. This 10 percent increase is based on rates existing prior to January 1, 1961, and is not in addition to the increase provided in paragraph (1) above.

(3) Effective as of January 1, 1963, the hourly rates and/or other component elements of the wage structure, as adjusted under paragraph (2) above, should be further adjusted so as to pro-

duce an additional increase of 3 percent in the computed monthly yields, at 85 hours per month, for the various types of equipment.

The Board recommends that the Company and the Association should negotiate the particular adjustments in wage and salary rates which they find best suited to effectuate these salary increases in the most equitable manner.

The Board recommends that the Association's request for reductions of maximum hours be withdrawn.

The Board recommends that the various proposals of the Association which were predicated on the adoption of a maximum of 70 flight-hours, or 75 pay-hours, per month, including its proposals to reduce the monthly minimum guarantee and to reduce prorated daily pay and credit, should also be withdrawn.



VI. WORKING CONDITIONS

A. General

The term "Working Conditions" as used by the parties refers to a great variety of practices and contractual provisions relating the scheduling of flights, flight pay and flight-time credit for nonflying hours, maximum flight and on-duty hours, minimum rest periods, operational duty-time, pay and credit for training, deadheading, test, ferry, and miscellaneous flying as well as flight-time limitations on a monthly, quarterly, or annual basis, as discussed above. All of these conditions are integrally tied up with the basic wage question. To the Association, they are closely associated with issues of monthly yield, productivity and protection of employment, as well as the improvement of working conditions as customarily conceived. To the Company, the provisions governing working conditions represent major factors of costs of operation and efficient utilization of manpower.

Within the time limitations under which the Board must operate, and in view of the vast number of unresolved issues relating to working conditions, the Board will address itself only to a selected group of issues and proposals which appear to be the most significant questions involved in the current controversy.

B. Flight Pay and Flight-Time Credit

As noted above, flying pay is made up of hourly pay, mileage pay, and gross-weight pay. Each of these component elements of flight pay is ultimately computed on an hourly basis. Thus, in addition to hourly pay as such, gross-weight pay consists of a negotiated figure of cents-per-thousand pounds for each hour flown on each type of equipment; mileage pay is based on a negotiated figure of cents per mile, and the number of miles is in turn determined by multiplying the hours by a negotiated pegged speed expressed in miles per hour. The crucial factor, therefore, in determining the flying pay is the number of hours with which a flight engineer has been credited during the month.

There are a number of provisions and practices whereby flight engineers are credited for purposes of flight pay and flight-time limitations with nonflying time. Such provisions are commonly referred to as "duty rigs."

Under the basic agreement, as supplemented by an interim "Gentleman's Agreement" of October 1960, the flight engineer receives flight pay on the basis of the greatest of the following computations:

- (1) Actual time block-to-block;
- (2) Scheduled time block-to-block;
- (3) A minimum of 1 hour for each 2 duty-hours on turbine equipment;
- (4) A minimum of 1 hour for each 4 trip-hours on piston and turbine equipment.

The on-duty period of the one-for-two formula is inclusive of flying time plus duty time before and after each flight, including lay-over time at any stopover terminal which does not exceed $9\frac{1}{4}$ hours.

The Association proposes to extend the duty rig and the trip rig to all types of equipment. The principal change in flight-time credits proposed by the Association is to adopt a one-for-three rather than a one-for-four trip rig. In other words, the Association proposes that for each 3 hours of total trip-time the flight engineer should be entitled to 1 hour's flight pay and credit. The Association also proposes a minimum daily guarantee of 4 hours' flight-time credit. (At earlier stages in the negotiations it had rejected the Company's "package proposal" which included this minimum guarantee feature.)

The Company has submitted a comprehensive set of proposals on flight scheduling which would include the following:

- (1) To continue the present maximum monthly and quarterly hour provisions on domestic and international operations with the exception that such hours shall be defined in the Agreement as *credited hours*, i.e., flight-time pay and credit for nonflying time would apply towards the maximum monthly and quarterly hours;
- (2) To continue and supplement the terms of the interim agreement, and to make these provisions, including the one-for-two on-duty hours, applicable to both piston and jet equipment;
- (3) To provide $1\frac{1}{2}$ hours' credit for each 2 hours on-duty time in excess of 12 hours in any one on-duty period;
- (4) To provide a minimum of 2-hours' credit under the one-for-two duty rig up to 12 hours on duty.

In addition, the Company proposes that, subject to certain conditions relating to the definition of trip-duty, "on each trip a flight engineer shall receive a total flight-time credit of not less than four (4) hours times the number of calendar days he is on trip-duty during such trip."

As a result of this minimum guarantee of 4 hours per calendar-day on each trip, flight engineers would be guaranteed a minimum

of 10 calendar days at home free from duty in each month (9 days in each 30-day month). Flight engineers currently enjoying more than 9 or 10 calendar days off per month might receive some additional hours or days off at home; none would suffer a reduction in the number of calendar days at home.

The impact of duty rigs is twofold: they affect the pay of the flight engineer and they affect the time which is credited towards monthly or quarterly maximum hours. The latter may be a far more important consideration because of its restrictive effect on manpower utilization. A flight pairing which spans, say, 30 trip-hours from reporting time to debriefing time at the home domicile, might include only 7 or 8 hours of actual flying time. However, if this trip pattern were made up of a number of segments, the total on-duty time, or the total trip-hours, including off-duty lay-overs, might yield flight-time credits of 10 to 11 hours under the one-for-two and one-for-four duty-time and trip-time formulas. The one-for-three formula requested by the Association would, of course, result in a significant increase in flight-time credit and a significant decrease in the number of times the flight engineer could make this trip within the maximum monthly hours. If, at the same time, the monthly maximum were also reduced, the effect on manpower utilization would be serious indeed.

In the Board's consideration of the general question of flight pay and flight-time credits, three factors seem especially significant. First, the Board is convinced that, if any significant change should be made in the provisions and practices governing hours in this industry, the best possibilities for a resolution of this controversy lie in the area of the various alternative arrangements for flight pay and flight-time credit, rather than in a movement to reduce the overall limits on monthly hours.

Second, the Board finds considerable variation in the practices in the airline industry with respect to pay and/or flight-time credit for time spent in nonflying duties. On some airlines compensation is based largely or entirely on negotiated base pay or flight pay, or both, without the utilization of duty rigs. Where duty rigs are provided, the most common practice appears to be the one-for-two formula for on-duty hours and the one-for-four ratio for overall trip-hours. The agreement between Eastern Airlines and the Flight Engineers' Association, however, provides pay and credit for trip-hours (from reporting time to final debriefing at the home base) on the basis of 1 hour's pay and credit for each $3\frac{1}{2}$ trip-hours.

The third point which is suggested by the evidence is that the impact of any particular pattern of duty rigs may vary considerably

from one carrier to another, depending on the nature of its schedules, the length of flight segments, and various other factors. A guarantee of minimum hours on a calendar day basis for each trip might be considerably more advantageous to the employees (or to the carrier) in one type of operation while the pattern of trip-hour credits or on-duty credits might be much more significant in another.

Weighing these various considerations, which are here only briefly summarized, the Board is of the opinion that the question of the ratio of flight time to time away from home, i.e., the pay and credit formula for trip-hours (section VI(C)(4), in the Company's proposals of December 1961, as set forth in Company Exhibit 82), should be referred back to the parties for further negotiation in the light of the practices in the industry, as best adapted to the particular needs and interest of this Company and its employees. In other respects, the Board finds that the proposals of the Company with respect to the revisions of section VI, **SCHEDULING**, represent a reasonable solution of the major issues relating to flight scheduling and working conditions.

The Board does not find support for the Association's proposals to reduce maximum on-duty hours or to increase the period of operational duty-time, either in prevailing practices in the industry or in any clear demonstration of need.

Recommendations

The Board recommends the adoption of the Company's proposal for minimum flight-time credit of 4 hours times the number of calendar days that a flight engineer is on trip-duty during each trip.

The Board recommends that the parties negotiate further on the question of minimum flight pay and flight-time credit for total trip-hours in the light of practices in the airline industry, as best adapted to the particular needs and interests of this carrier and its flight deck personnel.

With respect to the remaining issues relating to flight scheduling, the Board recommends that the parties adopt the revisions of section VI, **FLIGHT SCHEDULING**, as set forth in the Company's proposals of December 1961 (Company Exhibit 82).

C. Training Pay

The current contract provides training pay in addition to base pay (where applicable) for flight engineers who have completed 2 years of service as checked-out flight engineers at the rate of 2.65 hours of flight pay for each day of ground school, transition training and flight simulator training.

The Association proposes changes in the present contract to provide training pay at 2½ hours per day, at the rate for the highest paying type of equipment on which the trainee is qualified, or payment for flights missed, whichever is greater, in addition to base pay to employees who have completed one year or more of service. The daily rate conforms to the Association's proposal for a 70-hour month.

The Company proposes that training pay be increased from 2.65 hours per day to 2 hours and 50 minutes per day in all categories, said hourly rate to be based on the average of the preceding 2 months' experience. The Company's proposal incorporates a limited application of the principle of training pay or "flights missed," whichever is greater.

The Company proposal, however, has safeguards which prevent training pay from exceeding the compensation which the trainee would have earned on regular duty under the opportunities afforded pursuant to his seniority.

The Board finds that the parties have made considerable progress in the negotiation of this issue. The Company proposal modifying the current agreement's training pay provisions is fair and equitable. Many of the issues advanced by the Association are incorporated in whole or in part. The Company proposal provides take-home pay during training approximately the same as the employee would have earned on regular duty had the training not been ordered. It provides reasonable pay for necessary training.

Recommendation

The Board recommends that the Company's proposal be accepted.

D. Deadhead Time

The Association proposes to credit deadhead time on a one-for-one basis to all flight engineers including those with less than 2 years of service for both pay and flight-time limitation purposes. The present contract provides for deadhead time to be credited at one-half hour of flight time for each hour of deadhead time, performed at Company request, with no credit for deadhead time performed to balance time on the engineer's last trip of the month. The Company proposes to credit deadhead time performed at Company request on a one-half for one basis. When such time has been scheduled into a published turn pattern, the Company proposes to credit such time at three-quarters for one.

Recommendation

The Board recommends that the Company proposal on deadhead time be adopted, and that the Association's proposals be withdrawn.



VII. FRINGE BENEFITS

A. Vacations

The present contract provides for vacations calculated in accordance with the number of months worked in the preceding year and the employee's length of service, up to a maximum of 21 days after 12 years' service. The Association proposes a new schedule ranging from 14 days for service up to 5 years, to 30 days for up to 13 years of service. The proposal would eliminate the accrual of vacation time based upon months worked in the immediately preceding year.

The Association also proposes a change in the basis of vacation pay, with 2.5 hours per day or flight time missed during the vacation, whichever is greater. Under the present system a flight engineer is credited with his average daily flight time for the previous 6 calendar months.

The Association makes a number of proposals relating to the scheduling of vacations, including mandatory vacations rather than compensation in lieu thereof, even scheduling of vacations throughout the calendar year, penalty pay for delay in a scheduled vacation, and 48 hours free from all duty before beginning any vacation period.

Finally, the Association proposes to modify the present provision granting accumulated vacation pay to flight engineers who are furloughed or who resign with notice, by extending this provision to flight engineers who are discharged or who resign without notice.

The Company has proposed liberalization of the vacation schedule, with a maximum of 24 days after 12 years' service, rather than 21, and with vacation pay to be based on flights missed or average earnings in the preceding 6 calendar months, whichever is greater.

The present vacation schedule appears to be in line with industry standards. The seasonal operations of the airline would render it burdensome and costly to schedule vacation assignments equally throughout the calendar year. There is no evidence of abuse or hardship in the Company's present scheduling practices. The Company's proposal goes part way towards the "flights missed" basis of pay and credit.

The Association's proposal with respect to employees who are discharged or who resign from the service of the Company appears reasonable and consistent with the basic concept of accumulated vaca-

tion credit as an earned right. To this extent, the Board recommends acceptance of the Association's proposal.

Recommendations

The Board recommends that the Association's proposal to modify section X(F) of the agreement be adopted. In all other respects the Board recommends that the Association's proposals be withdrawn and that the Company's proposed revisions in the vacation section be adopted.

B. Sick Leave

The agreement provides sick leave based on length of service in accordance with Company regulations in effect at the time of the signing of the present agreement. Sick leave allowance accrues at the rate of $1\frac{1}{6}$ calendar days for each month of continuous service, to a maximum of 84 calendar days. During sick leave, base pay continues where applicable, and the employee receives a pro-rata share of his monthly guarantee to the extent of his accrued sick leave credit, subject to a maximum of 85 total pay hours per month.

The Association proposes: (1) to increase the maximum accumulated sick leave allowance from 84 to 90 calendar days; (2) to change the basis of sick pay and credit to 2.5 hours pay credit for each day on sick leave, based on the highest paying equipment on which the flight engineer is qualified, or flights missed, whichever is greater, not to exceed 75 pay hours per month (to correspond with the revised maximum pay hour proposal); and (3) to delete the present reference to existing Company regulations and to revert to a policy which obtained in its contract of April 1947. This contract provided a schedule of sick leave allowances ranging from 7 days sick leave in the 1st calendar year to a maximum of 70 days in the 10th year and thereafter. More important, the 1947 policy provided for automatic renewal of the sick-leave quota at the beginning of each calendar year. Under the present agreement, the employee who uses up a certain amount of his accumulated sick leave must accumulate the lost sick leave again at the rate of $1\frac{1}{6}$ days per month.

Finally, the Association proposes to add three additional provisions to the sick leave section of the agreement, as follows: (1) that flight engineers on sick leave shall not be removed from the payroll for any reason until they have exhausted their accrued sick leave credit; (2) a flight engineer leaving the service of the Company for any reason shall be entitled to his full accrued sick leave; and (3) a flight engineer shall receive his monthly guarantee during any period when he is unable to fly because of occupational injury, and such time shall not be charged against his accrued sick leave credit.

The Company has proposed an increase of maximum accumulated sick leave from 84 to 86 hours, and a change in sick leave pay and credit to 2.3 hours for each day, at the average hourly rate for the preceding 2 calendar months, not less than the hourly rate of the current guarantee and not to exceed 80 hours per month.

The Company opposes the automatic renewal policy as lending itself to abuse, and notes that it has been removed from agreements covering all other employees except the pilots.

In the opinion of the Board, the Association has not offered persuasive grounds to alter the basic plan of salary continuance to provide a schedule of automatically renewable amounts.

Recommendations

In the judgment of the Board, the Association's request for accumulated sick leave up to 90 days is reasonable and we recommend its adoption.

The Board recommends that the remaining proposals of the Association for additional sick-leave provisions be withdrawn.

C. Group Insurance

The present agreement provides that insurance benefits under the Company contributory group life insurance policies shall not be decreased without 30 days advance notice to the Association.

The Association proposes:

- (1) That insurance benefits now provided under the Company group insurance plan shall not be decreased by the Company;
- (2) That the cost of group life insurance policies shall be borne by the Company;
- (3) That the flight engineer shall be covered against injury and/or death by a minimum of \$100,000 insurance policy at Company expenses whenever he performs any type of flying other than the regular scheduled flights.

The Company has offered to pay 25 percent of the cost to the employee of his health and accident insurance.

In the judgment of the Board, the subject of insurance costs and benefits is closely related to the subject of basic wages. Any major increase in the contribution made by the employer to the cost of insurance may have to be offset against the amounts available for negotiated wage increases.

Recommendation

The Board refers the Association's proposals in the field of insurance benefits back to the parties for their further negotiations.



VIII. CONCLUSIONS

As noted at the outset, there are many issues in controversy which have not been discussed in this report. Some of them are minor. Some have been omitted because there was insufficient time for the parties to develop the evidence and arguments which would afford a basis for informed judgment. Still others have been passed over at the suggestion of the parties who, while they did not retreat from their positions, were willing jointly to withdraw their demands from the Board's consideration as being matters which they could resolve once they had reached a settlement on the major issues.

On all these matters, it is our intention that the issues be returned to the parties for further negotiations. It is our profound hope that the recommendations which are herein submitted will afford a framework within which the parties may move forward to resolve this long-standing controversy.

The Board is appreciative of the cooperation of the representatives of the parties under trying conditions throughout these proceedings. The atmosphere of the hearings and conferences has been conducive to shedding the greatest light, and the least heat, on the complexities of the system of wages and working conditions in the airline industry. This increases our confidence in their ability to reach a settlement of these issues without resort to a crippling stoppage in this vital industry. From here on the responsibility is in their hands.

Respectfully submitted.

JAMES C. HILL, *Chairman.*

THOMAS C. BEGLEY, *Member.*

ARTHUR W. SEMPLINER, *Member.*

May 1, 1962.

