



## Air Wisconsin Pilots Deal With Chop

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Air Wisconsin  
SPRINGFIELD CORPORATION



Capt. Jason Weirick performs his preflight on one of Air Wisconsin's CRJ-200LRs.

**D**espite the ups and downs and utter turmoil that have defined the U.S. airline industry lately, Air Wisconsin has not only survived, it continues to thrive. Thanks go in part to a pilot group of dedicated, hard-working professional pilots and a resourceful management team.

Standing firm in the 11th hour in 2001, Air Wisconsin pilots issued a mandate to their Negotiating Committee: Raise the Bar. And 10 minutes before a strike was scheduled to begin on August 12, the Negotiating Committee and management agreed on a contract that provided the best wages and work-rule package in the regional industry.

Air Wisconsin pilots still have an industry-leading contract in 2006, despite agreeing to substantial concessions in an ultimately futile effort to preserve the airline's codeshare agreement with United Airlines in 2003.

Air Wisconsin's inspirations for standing its ground were the agreements that Atlantic Coast and Comair pilots negotiated in 2000 and 2001, respectively.

"Our 2001 contract was a step up from those of Atlantic Coast and Comair," says the Air Wisconsin MEC chairman, Capt. Carl Fleming. "We obtained the package we needed in wages, retirement, and scope."

"Air Wisconsin pilots used the success of Atlantic Coast and Comair to propel themselves into a better position," adds Air Wisconsin Contract Administrator Jane Schraft. "It was an example of effective pattern bargaining."

Piloting 18 BAe 146s as United Express and riding a wave of optimism into the fall of 2001, Air Wisconsin pilots couldn't have

foreseen the changing landscape of the U.S. airline industry that occurred after the devastation that wracked the country that September 11.

US Airways, the nation's sixth largest carrier, filed for bankruptcy protection in August 2002, while No. 2 United Airlines filed for bankruptcy that December. United's bankruptcy restructuring sent its regional carriers into a tailspin after UAL put its feeder flying up for bid in the spring of 2003.

Managements of United Express carriers Atlantic Coast, SkyWest, and Air Wisconsin all contemplated changes to their collective bargaining agreements, or in the case of SkyWest, the policy manual that included pay rates.

"It was a difficult time," says Capt. Fleming. "We believed we had to take concessions to keep our jobs. We worked very closely with the Atlantic Coast MEC so that neither of us would undercut the other. We made sure the wages and work rules contained in the concessionary contracts were comparable. We wanted to keep an even playing field."

ALPA's president, Capt. Duane Woerth, observes, "Pilot groups working together to maintain the integrity of all parties reflects the best of the early days of ALPA. This union was created to prevent airlines from pitting pilot against pilot in a race to the bottom."

Atlantic Coast management, however, decided to play on a different field and retooled itself into the now-defunct Independence Air.

Meanwhile, the Air Wisconsin pilots ratified amendments to their contract in April 2003 that retained much of what they had won in 2001, but allowed for modifications that brought wages and work rules more in line with the rest of the regional airline industry.

"We approved substantial concessions because we believed we had a deal with United," Capt. Fleming says. "But we were wrong."

### Blast from the past

Air Wisconsin was founded in 1965 by Air Wis Services, Inc., to provide service between Appleton, Wis., and Chicago, Ill. By the early 1990s, Air Wisconsin had grown into the U.S.'s largest regional airline—in part because of its mergers with Mississippi Valley Airlines and Aspen Airways and in large part because of a pioneering codeshare agreement with United Airlines.

In late 1991, UAL Corporation, parent of United Airlines, offered to buy Air Wisconsin. After a brief legal battle with American Airlines, UAL became the proud owners of the thriving regional airline with 289 pilots who flew 300 flights a day and operated both turboprops and jets.

But UAL didn't want the airline, according to Capt. Fleming. "The corporation bought us simply to acquire our 160 O'Hare slots." United was expanding and needed the Air Wisconsin slots at Chicago's O'Hare International Airport to continue its growth.

"United began selling us off in little pieces," Capt. Fleming says. The final 12 BAe 146s were sold to six individuals who created Air Wisconsin Airlines Corporation, a privately held Sub Chapter S corporation, Capt. Fleming says. In early 1994, United pilots negotiated a contract



F/O Christopher Dyrstad inspects the leading edge of the airplane's wing before takeoff.

with a scope clause that allowed Air Wisconsin to fly as many as 18 BAe 146s.

Air Wisconsin quickly returned to its roots—it continued to grow until it became the largest privately held regional airline in the United States.

### Back to the future

The concessions negotiated to retain the United Express flying went into effect on Oct. 1, 2003. In late 2004, the Air Wisconsin pilots discovered United had not assumed the codeshare agreement with Air Wisconsin and was once more threatening to rebid the Air Wisconsin flying. Management again asked the Air Wisconsin pilots to consider concessions, and the MEC responded with a resounding "NO." United ultimately transferred the Air Wisconsin flying to Mesa, GoJet, and SkyWest. The industry continued the shakedown, and wages and work rules were being scrutinized on most properties. "We knew we were taking a risk," Capt. Fleming says. "But the pilots were tired of playing the game."

The game changed again in early 2005 when Air Wisconsin management reached out to struggling US Airways in the midst of its second bankruptcy with an offer of aid: \$125 million that US Airways could use as exit financing in exchange for Air Wisconsin's right to fly as many as 70 CRJs.

US Airways agreed to the offer, allowing the Air Wisconsin pilots to preserve not only their jobs, but also their wages and work rules without further concessions.

The maneuver wasn't all smooth sailing, however. While



flying as United Express, Air Wisconsin pilots flew their BAe 146s and CL-65s from domiciles in Appleton, Denver, and Chicago. Under the US Airways Express banner, Air Wisconsin pilots fly out of domiciles in Philadelphia, Roanoke, Va., and Washington, D.C.

"All Air Wisconsin pilots have been displaced out of their domiciles," says Capt. Fleming.

Despite the challenges that come with a new codeshare agreement and the loss of the BAe 146s, which provided the highest wage rate on the property, the long-term contract that the Air Wisconsin pilots signed in 2003 continues to show improvements.

Capt. Fleming explains that the Air Wisconsin pilots agreed to an 8-year term to preserve their trip and duty rigs, reasonable insurance premiums, and retirement benefits. "The U.S. airline industry was doing so poorly that we knew it would take some time to recover. Because we had the best work rules in the industry, it made sense to lock up our contract for a longer term so those work rules would be preserved. In case the industry did start to recover, we negotiated a Wage Adjustment Mechanism that would ensure that we would not fall behind. We are guaranteed annual 1.5 percent across-the-board increases, in addition to our longevity increases, which run at about 3 percent." In addition, the Wage Adjustment Mechanism calls for pilot wage scales to be revised based upon a specified percentage added to the average rate of the other largest operators of 50-seat jets.

The wage adjustment for March 1, 2006, reset the wage rates 2 percent above the average industry rate; Oct. 1, 2008, pay rates will reset to 3 percent above the average rate; and on March 1, 2010, pay rates will be set at 4 percent above the average rate. As a consequence of the March 2006 wage adjustment, most Air Wisconsin pilots received a 2-4-percent wage increase, which will be compounded by the 1.5 percent increase in October.

"We came out of those concessionary negotiations with an eight-year deal that protected our position in the industry and saved the airline," Capt. Fleming says. "Plus, our wages are solid and are guaranteed to climb above the industry average for the next five years."

## Air Wisconsin Pilot Group At a Glance

**Number of pilots:** 837

**Fleet:** 70 Canadair 50-seat regional jets

**Operations:** The largest privately held regional airline in the United States, Air Wisconsin was founded in 1965. It schedules nearly 500 departures per day systemwide to 31 states and two Canadian provinces. With service to 73 cities throughout North America, the airline carries nearly 7 million passengers per year.

**Code share:** Agreement with US Airways.

**Headquarters:** Appleton, Wis.

**Domiciles:** Philadelphia, Pa.; Washington, D.C.; and Norfolk, Va.



F/O Christopher Dyrstad greets passenger Harrison Max as he steps off the airplane in Philadelphia.

The 401(k) plan at Air Wisconsin also helps to ensure that a pilot can make a career there. The company contributes 3 percent of wages annually for each pilot, regardless of whether the pilot contributes to the 401(k). The company also contributes as much as an additional 4 percent (as of July 1) based on the pilot's percentage of deduction. According to Schraft, this defined-contribution plan is "among the best regional airline plans."

To infinity and beyond

Air Wisconsin management approached the MEC earlier this year to discuss creating B-scale wage rates to ensure future growth and to bid on additional flying with airlines other than US Airways. (B scales are lower wages and work rules that would apply to all new pilots hired after the secondary wage rates and work rules were approved.)

"We knew they were talking about the Pinnacle flying [put up for bid by Northwest Airlines]," Capt. Fleming says. "And the MEC told management there would be no B scale on our property. We will not undercut our ALPA brothers and sisters. B scales rip pilot groups apart."

"Over the course of our 75-year history," says Capt. Woerth, "one of the most common ploys managements used to entice pilots into unwarranted concessions was the promise of growth; far too often, pilots took the bait. But the Air Wisconsin pilots stuck to their principles."

According to Capt. Fleming, Air Wisconsin continues to hire new pilots to staff its new domiciles and has scheduled two training classes per month through November to add to its current group of 800 pilots. He adds, "And management says there is a 'ten-year agreement to fly our sev-