



For the Common Defense

By Capt. Chris Beebe, Vice-President-Finance/Treasurer



Any discussion in any crew room about the benefits of one umbrella union for all airline pilots can be settled quickly, in my opinion, with one tangible resource ALPA has nurtured: the more than \$84 million Major Contingency Fund (MCF). No other labor union, pilot or otherwise, can point to such a powerful weapon in its negotiating toolbox.

As ALPA embarks upon its 75th year of representing pilots, it is worth noting that last year was the 20th anniversary of the MCF. The Fund was launched in 1985, which was one of the most tumultuous years ALPA had seen.

The United pilots went on strike for 29 days, taking on Dick Ferris to stop the growing B-scale cancer that American had created in 1983. Continental pilots were nearing the end of their strike that began in 1983 and saw Frank Lorenzo use the prevailing bankruptcy laws to terminate their contract and operate through the strike. Carl Icahn and Frank Lorenzo jostled over control of TWA, with the pilots siding with Icahn, whom they considered the lesser of two evils, and helping him to acquire the carrier.

By the fall of 1985, ALPA's Board of Directors, in a rare special meeting, had concluded that it was engaged in a war that would be protracted and expensive. To win this war, the BOD would need to establish a new, dedicated, and significant fund to oppose the forces arrayed against airline pilots.

The result was the creation of the Major Contingency Fund, which the Board wisely made sure was not to be used for the day-to-day operations of ALPA. The first MCF authorization was made in November 1985, in support of the Continental pilots. This was followed in spring of 1986 with

support for the Eastern pilots, and in 1987 for the United pilot group.

Approval was at the discretion of the Executive Committee (now the Executive Council) and ostensibly for the support of pilot groups in their strike efforts. Since then, the MCF has been refined, not only in how it may be used, but also in how oversight of it is maintained. Today, it is restricted

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to funding the Pilot-to-Pilot®, Family Awareness, and Strike Preparedness activities of pilot groups engaged in advanced stages of contract negotiations or during strikes either as a function of typical Section 6 of Railway Labor Act talks or of concessionary negotiations either outside or inside bankruptcy.

The MCF can also be used for issues that the Executive Board determines rise to the level of "defense of the integrity of the Association through litigation brought by or against the Association."

The Fund has two layers of oversight: the Executive Council and the Executive Board, which must each approve any MCF authorization.

An additional level of security is provided by the mandated use of an ALPA Strike Oversight Board member (from a separate pilot group), who is responsible for the approval of every expense an MEC applies against the MCF. Also, all MCF expenditures

must comply with a specific work plan and budget that the Executive Council approves.

To raise the money needed for ALPA's war chest, dues were increased to 2.35 percent of a pilot's income. This continued for 8 years, until 1993, when the initial goal of \$50,000,000 was reached, and dues were reduced. Through prudent investment and use of the MCF, and active oversight of any disbursements from it, the current balance exceeds \$84,000,000.

In terms of recent activity, the MCF was used to fund the successful pilots' strike at Polar, and the Atlantic Southeast Master Executive Council has been provided with an MCF authorization in the ASA pilots' 3-year-long negotiating marathon with a recalcitrant management.

Just before this article was written, the Executive Council recommended to the Executive Board—which at press time was voting on the measure—that a \$10 million authorization be approved for the Northwest MEC as it prepares for a potential strike if their contract is invalidated in the bankruptcy court. If approved by the Executive Board, the budget plan approval process will then get under way, in keeping with the strict oversight of the MCF.

Since 1985, ALPA's Major Contingency Fund has been the financial foundation that every MEC can leverage as a tool for reinforcing contract negotiations with managements that are only too happy to push us up to or over the edge. Since 1985, more than \$140 million has been expended from the MCF to defend our members and our profession. All ALPA members should be grateful for the vision of our forefathers and the sacrifices of ALPA members two decades ago. I am glad that we don't have to answer the question—where would we be without ALPA's Major Contingency Fund? 🚀