

Figure 9. Employment and estimated payroll at Port Authority airports.

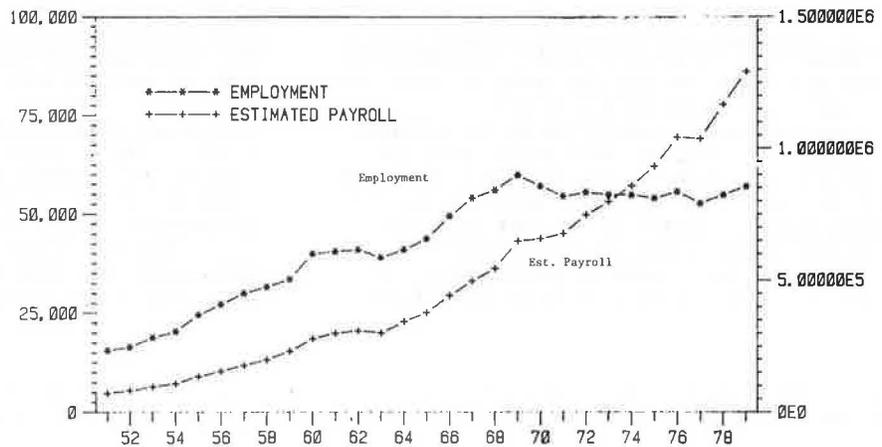
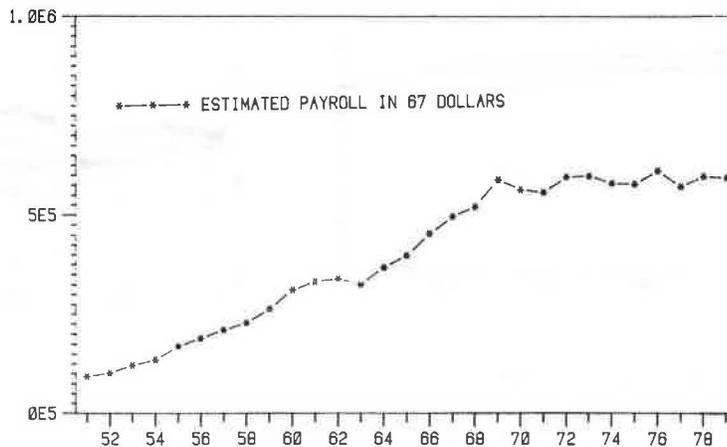


Figure 10. Estimated payroll in constant dollars at Port Authority airports.



airline wages and to estimate local payrolls resulting from airport employment (Figures 9 and 10). Although national data are not necessarily directly applicable to local wage levels, it is reasonable to assume that trends at the regional level would be fairly similar. Current (1979) employment at the three Port Authority airports of some 57,000 workers is, thus, estimated to represent a regional payroll in the order of \$1,300,000,000. These data are used as inputs in various economic impact studies.

In summary, this discussion has attempted to illustrate with examples of studies done at various points in time, how many CAB data have been of great value in the analysis and interpretation of development at the local level, although some of the charts used as illustrations, admittedly, are somewhat dated they still appear to represent problem areas which are as real and in many cases even more urgent today as they were a few years ago, especially in the light of many recent developments in the marketplace as a result of deregulation. Continuation of, at least, a minimum level of data collection in the areas indicated appears vital to our ability to intelligently analyze, interpret and subsequently forecast regional traffic developments.

Although, in the words of one of my co-panelists "we wouldn't cease to function" if the body of available data were greatly reduced, there is no question that loss of a number of vital data would greatly impair that ability.

DATA REQUIREMENTS OF PILOT REPRESENTATION  
Jill Kastris, Air Line Pilots Association  
International

Summary

The Air Line Pilots Association which negotiates employment agreements with the 29 airlines whose pilots it represents, makes continuing and widespread use of Civil Aeronautics Board data to support the collective bargaining process. It publishes a quarterly "Negotiator's Factbook of Selected Statistics." All data in this report is from CAB Form 41 Schedules B1, P1, P3, P5, P6, P7, P8, T1, T2 and T3. ALPA also produces a quarterly "Hard Hours Report" using T schedule data. In other industries lack of data slows competitive bargaining. The CAB Uniform System of Accounts does not disclose competitive information, provides data essential for labor purposes, minimizes reporting burdens and should be preserved.

What Is ALPA?

The Air Line Pilots Association (ALPA) is both a labor union and a professional organization. The Association maintains its national headquarters in Washington, D.C., and operates 13 other offices as well. In addition to contract negotiation and grievance services, ALPA provides representation

and legal counsel in areas of licensing, medical certification, mergers, and other employment problems.

In its labor role, ALPA is the largest union organization of professional flight deck crew members in the nation. Its current membership includes the 33,000 pilots of 29 airlines for which it holds collective bargaining representative rights.

ALPA's origins are rooted in the social and economic climate of the early 1930s. Founded, in secrecy, in 1931 under the leadership of Captain David L. Behncke, a Boeing Air Transport pilot, ALPA was formed to protect pilots against the depression era's arbitrary and exploitive management, long hours of high risk flight duty, poor working conditions, and low pay.

The Association held its first open meeting at Chicago's Morrison Hotel, July 27, 1931. In a unanimous vote, the 24 pilots present agreed to affiliate with the American Federation of Labor. ALPA became one of the first white collar unions.

ALPA scored its first big labor victory in 1933 when it succeeded in having the National Labor Board accept jurisdiction over an industry-wide aviation labor dispute. This ultimately led to legislation that set national standards for maximum flying hours and minimum wages based on hours, mileage, and base pay.

A few years later, ALPA successfully pushed for a congressional amendment to include the airline industry under the Railway Labor Act. This provided pilots with the same type of job protection that had taken railroad workers fifty years to secure. It provided a mechanism for ALPA to seek certification as the collective bargaining representative of pilot groups of various airlines. ALPA did not turn to the bargaining table until after mid-1938. Its first collective bargaining agreement was signed on May 15, 1939 with American Airlines. By 1941, ALPA had secured employment agreements with most of the major air carriers in the nation.

At present, ALPA negotiates separate employment agreements with the 29 airlines whose pilots it represents. Staff specialists provide assistance in negotiations, grievances and other labor matters, but the actual collective bargaining is done by members of each pilot group. It is for this purpose ALPA accesses Civil Aeronautics Board data.

#### What Is Representation?

Representation entails those activities involved in airline collective bargaining, i.e. procedures and grievance handling, changing current work rules, pay and/or working conditions. These activities are established in the Railway Labor Act: negotiation, mediation, arbitration.

Although settlements prior to mediation used to be rare, more than half of all airline contract negotiations in recent years have been successfully concluded prior to involvement of the mediator. For negotiations to begin, the pilots and the company exchange "Section Six" proposals on items they want changed in the contract. If an agreement is not reached through this direct negotiation process, either party (or both) may request mediation.

Since a strike is unlawful until the RLA's procedures have been exhausted, the negotiating parties anticipate the participation of a mediator assigned by the National Mediation Board (NMB). Because the ensuing step of the RLA procedures does not commence until the NMB determines that an impasse has been reached, the negotiating parties are normally motivated to make effective use of the mediation phase. Moreover, the effectiveness of mediation has been enhanced by the fact that only

one presidential emergency board has been appointed for airline disputes since 1966, thus eliminating an earlier tendency of each party to use the mediation period as a convenient opportunity in which to prepare for its presentation to the emergency board.

Active mediation does not end with the proffer of arbitration except in the rare case that the proffer is accepted.

If arbitration is unsuccessful in producing an agreement, self-help, a strike, becomes legal until a new agreement is reached.

It is throughout this process of preparation for negotiations through whatever procedures ensue before an agreement is reached, that ALPA's Representation Services provides statistical support to the pilot negotiating committee.

Representation Services is an economic analysis and research department within ALPA which provides data for purposes of negotiating pilot contracts. Historically some discrepancies during negotiations may have gone unresolved but today a number of data bases are accessed which aid in answering such questions as:

1. What percentage of total operating expenses are wages at one carrier versus another? What percent of aircraft operating expenses?
2. Has the airline made a profit or experienced a loss over the last twelve months? What are the operating revenues and expenses?
3. What is this opener going to cost the company?
4. What are the cockpit crew wages and fringes per block hour?
5. What are the crew costs per block hour by aircraft type?

#### Specific ALPA Applications of CAB Form 41 Data

In anticipation of these questions and more that are repeatedly asked by negotiating committees, the Negotiator's Factbook of Selected Statistics is produced quarterly by Representation Services. Every figure in this report is from CAB Form 41 schedules: B1, P1, P3, P5, P6, P7, P8, T1, T2, and T3.

The report includes the following information for the major national and regional air carriers:

Net income after taxes  
 Net income as a percent of revenue  
 Cash flow

Operating revenue  
 Operating expense  
 Operating profit  
 Net income before income taxes

Overall return on investment  
 Percent of debt to equity  
 Return to stockholders  
 Return to lenders

Total debt  
 Stockholder equity  
 Working capital  
 Interest coverage ratio

Passenger revenue as a percent of operating revenue  
 Charter revenue as a percent of operating revenue  
 Cargo/mail revenue as a percent of operating revenue  
 Operating profit as a percent of operating revenue

Cockpit crew wages and fringes as a percent of revenue  
 Fuel cost as a percent of revenue  
 Flying operations expense as a percent of revenue  
 Total aircraft operating expense as a percent of revenue

Fuel cost per block hour  
 Cockpit crew wages and fringes per block hour  
 Cockpit crew wages  
 Cockpit crew fringes  
 Crew cost per block hour by aircraft type

All employees wages as a percent of total operating expenses  
 All employees wages and fringes as a percent of total operating expenses

Cockpit crew wages as a percent of total operating expenses  
 Cockpit crew wages and fringes as a percent of total operating expenses  
 Cockpit crew wages and fringes as a percent of aircraft operating expenses  
 Fuel costs as a percent of aircraft operating expenses  
 Cockpit crew wages and fringes as a percent of flying operations expense  
 Fuel costs as a percent of flying operations expenses  
 Cockpit crew fringes as a percent of their wages  
 Cockpit crew employee benefits and pension as a percent of their wages  
 Cockpit crew reimbursed expenses as a percent of their wages  
 Cockpit crew payroll taxes as a percent of their wages  
 Net operating equipment and property  
 New operating equipment and property as a percent of debt  
 New flight equipment as a percent of original cost  
 Transport revenue as a percent of new flight equipment

Revenue-passenger miles  
 Available seat miles  
 Revenue per passenger mile (yield)  
 Operating expenses per seat mile (unit costs)  
 Passengers  
 Passenger load factor  
 Breakeven load factor  
 Difference between passenger and breakeven load factors  
 Average stage length  
 Average passenger trip length  
 Total aircraft miles  
 Total block hours  
 Average daily equipment utilization  
 Average number of aircraft in service  
 Total departures  
 Average daily departures per aircraft  
 Percent of airborne to block hours  
 Average block to block time  
 Average air time  
 Average taxi time  
 Total number of employees  
 Total number of cockpit crewmen  
 Number of senior management employees  
 Total number of employees, excluding senior management and cockpit crewmen

Another Application: Evaluating the Applicability of Labor Protective Provisions.

Although the labor protection provisions have not yet been tested, layoffs at TWA, United, and Continental are close to or above the 7-1/2 percent threshold, and it is likely that one of these carriers will be the first case. However, separating deregulation - caused dislocations from layoffs due to the current economic recession will be the most difficult and perhaps subjective part of the process, and the CAB will have to develop a methodology to handle this issue.

Toward this end, a model was formulated using the Official Airline Guide data base with the CAB ER586 data base to approximate the effects of deregulation on a particular carrier. The assumption was made that the main impact of deregulation is in the increased ability of carriers to alter their route structure. Carriers can more freely abandon unprofitable routes, and can shift their aircraft in order to compete for the more profitable routes. The entry of "local" carriers and newly certificated carriers into markets reduces the profitability of the established route structure of some "trunk" airlines, causing them to reduce the frequency of their flights or abandon the route altogether. Looking at abandonment of routes and changes in frequency of service due to loss of market share when a new carrier enters a market will isolate an effect of deregulation. Concentrating on entry and exit will minimize fuel and recession related changes in the industry.

The methodology would be to examine the route structure of a carrier, and to find the markets it abandoned and the routes on which it reduced the frequency of flights when another carrier entered the market in a twelve month period. New markets added in the same twelve month periods would partially offset the decline in routes and frequency. For each route change, the number of block hours associated with it would be computed, and the total could be found. This would then be multiplied by total employees per block hour (at beginning of year) to give an approximation of the effect on employment of deregulation.

As you can see, CAB reporting requirements directly impact ALPA and so ALPA has followed closely the regulatory changes implemented since the Airline Deregulation Act of 1978.

While ALPA applauds the improvements in reporting requirements, there have been some problems.

A Problem With A CAB Data Reporting Change

In one case where the CAB has changed the reporting of the P-10 data from quarterly to annually, ALPA was unable to produce timely productivity analyses since headcounts were not reported adequately for ALPA purposes. ALPA produces a quarterly "Hard Hours Report" which indicates the number of hard hours, or hours actually (Account 2630 of the T Schedule) flown by pilot status by equipment type.

The reports mentioned here are entirely computer generated. Thus CAB reporting changes require us to make modifications to computer programs and publications. While ALPA applauds many of the changes proposed to date, it should be emphasized that the CAB data is vital for ALPA to perform its functions properly.

A large amount of information that can be useful to either side in collective bargaining is already available and public. For unions, the employer's annual report and Securities & Exchange Commission reports (such as the Form 10-K) are helpful to understanding the employer's economic posture. If the employer's financial statements

are a maze of qualifications and exceptions noted by the auditing firm that reviewed the balance sheets, then the union will need to be aware of that information. State corporate reports and product line reports filed with state or federal agencies also give information that is readily available to researchers. The general health of the industry is determinable from periodic Census Bureau statistical reports and from the Bureau of Labor Statistics documents published by the Department of Labor.

Contract information is routinely available to unions and to managers from the Bureau of National Affairs publication "Collective Bargaining Negotiations and Contracts". The employer and union parties to a contract generally permit public release of basic information about a contract, including wage information, term of the contract, workers covered, locations, etc. The results of union elections are routinely distributed by the NLRB's election statistics office. That organization publishes the monthly election reports, which the NLRB is required to publish. Listings are by union, company name, number of employees eligible, outcome of the vote, and Standard Industrial Code (SIC) applicable to the unit in which the voting took place.

By the use of the published services and generally available library sources, a union knows the employer's financial position, the general health of its market, its record with union elections, the existing and new contracts governing its workers, and the sites at which particular union successes or failures have occurred. The employer has access to the same information and can plan to respond to a campaign with information on subjects such as criminal conduct by union officials, losses suffered by the union in related firms' elections, and weaknesses in other contracts for other facilities.

At that point, the public sources may be exhausted, and the amount of information that the union can gather through direct observation may be exhausted. The statutes and the contractual obligations governing normally undisclosed information become essential to successful bargaining - if they can be understood and managed. For the employer, defending some of the same data against disclosure may likewise be essential to successful bargaining positions on important issues.

So begins the use of information law to assist in the collective bargaining process.

#### Duty To Disclose In Collective Bargaining Process

The subject of information exchange is a controversial one in every case in which information withheld is power denied.

The option that "knowledge is power" captures the spirit with which information sharing is imbued in the context of collective bargaining. The legal system recognizes the truth of the axiom as it applies to the bargaining responsibilities of transportation corporations subject to the Railway Labor Act. Employers and employee organizations are required to exchange all information relevant and useful in the collective bargaining process. The duty to share information has been developed and expanded over the five decades since the enactment of the Railway Labor Act. Section 3 paragraph (i) "disputes between a group of employees and a carrier ... concerning rates of pay, rules of working conditions shall be handled ... with a full statement of the facts and all supporting data ..."

In other industries, the exchange of information can be long, the burden of furnishing the data great, the form in which the data is furnished inconsistent and costs due to delays in bargaining high. Some industries rely on the Primary Act of

1974, the Freedom of Information Act, and other legal recourse due to a need to force employers to provide relevant data and in so doing, competitively sensitive data has sometimes become public and hurt the company.

Contract, state law or federal regulations, currently give unions much greater power to obtain employers information and examine many sensitive aspects of employers' affairs. Until and unless society sorts out the privacy concepts, proprietary protections of business data, union access rights, and government passage of data from one competing firm to another, all concerned should work together to preserve the existing CAB's Uniform System of Accounts which does not give away competitive information, which provides sufficient data for labor purposes and which minimizes the reporting burdens.

#### AIR CARGO TRAFFIC AND FINANCIAL DATA CONTINUITY PROBLEMS AND USES

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##### Summary

In studies of the U.S. air cargo industry and of the impacts of advanced aircraft technology on the future of the industry, requested by the Congress, Civil Aeronautics Board data and publications have been the primary sources. Lack of consistency and compatibility in the data and changes in reporting requirements tended to degrade the quality of the analysis. The elimination of CAB data reporting requirements for air cargo in 1978 has made it extremely difficult to make a comprehensive evaluation of the state of the industry or to monitor its performance under deregulation. With the advent of Form 291 reporting requirements, it will now be possible to make data aggregations from information submitted by the 418 certificate holders.

#### Introduction

Congress has been increasingly concerned with the growing threat posed by subsidized foreign competition to U.S. built aircraft in civil air transport markets, such as the multinational A-300 that has captured 30 percent of new transport aircraft sales. The Office of Technology Assessment (OTA) was charged by House and Senate committees with analyzing the impacts of advanced aircraft technology on several air transport areas, including the air cargo system, over the next twenty to thirty years. SRI assisted the OTA in defining the research problems involved in the air cargo analysis and provided chapters on the history of the air cargo industry (1949-1977) and on the state of the industry since deregulation.

SRI examined impacts of major past aircraft technological developments on air cargo operations as an indication of the effects that might be expected from future advances in technology. In this analysis it was attempted to determine the effects, if any, of these developments on total air cargo traffic, on the distribution of cargo traffic between all-cargo and the belly compartments of passenger (combination) aircraft, and the impact on costs, revenues and profits.