

Coalition of Airline Pilots Associations



Talking Points: Bankruptcy

Background: Over the last decade, bankruptcy, and the jettisoning of contracts and retirement plans within bankruptcy, have become a significant threat to airline careers. Between the year 2000 and 2005, 24 airline carriers filed for bankruptcy, including 4 large legacy carriers. In 2005, more than half the nation's passenger carrying capacity was in the hands of bankrupt carriers. Healthy airlines are forced to compete with carriers who have ravaged their employee's compensation and benefits in bankruptcy. This puts healthy airlines at a competitive disadvantage and contributes to the downward spiral of experience, professionalism and safety within the industry. Airline bankruptcy proceedings have destroyed tens of thousands of airline employee careers; and in doing so, devastated the airline pilot profession. It has driven qualified people from our flight decks, seriously inhibiting the industry's ability to attract the "best and the brightest".

- Railroad employees negotiate inside the Railway Labor Act (RLA), and fall under Bankruptcy Code 1167.
- Bankruptcy Code Section 1167 provides any changes to railroad labor agreements are subject to the collective bargaining process mandated by Section 6 of the RLA.
- Airline employees also are covered under the Railway Labor Act, but due to an historical anomaly, fall under Bankruptcy Code 1113.
- Bankruptcy Code Section 1113 allows the courts to unilaterally modify labor agreements within bankruptcy.

CAPA Position: To protect the integrity of our transportation system, CAPA would advocate section 1113 of the Bankruptcy Codes be modified to provide the protections of Section 1167 of the Bankruptcy Codes.

In today's modern world, airline transportation is essential to our nation's economy. There is no logical reason why airline labor is excluded from the protections in bankruptcy that railway labor contracts enjoy. All airline employees whether, working for financially sound or troubled carriers, are affected by bankruptcy code application and the exodus of qualified professionals from the airline industry is a significant safety issue. Government must recognize that in order to promote airline safety, qualified professionals must be attracted to the airline industry. Revising arcane regulations and bankruptcy code applications must be the start of the process to rebuild aviation careers and the aviation industry.