

Pensions Remain Thorny Issue For Delta Pilots

With pay cut deal, strike threat on back burner for now

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The deep pay cuts pilots at bankrupt Delta Air Lines have accepted may be the least of their worries: Their retirement benefits are in jeopardy as well.

Union leaders say that in the lead-up to approving another round of salary cuts on Wednesday, Delta's 6,000 pilots expressed serious concerns that the nation's third-largest carrier would next seek to terminate their pension plan.

The Air Line Pilots Association says the latest pay cut agreement, while painful, will at least buy its leaders some time to negotiate conditions that would be implemented if the pension plan is nixed.

The union wants Atlanta-based Delta to credit toward a comprehensive concessions package the sides work out the amount the airline has not paid to the pilots' pension plan since filing for bankruptcy in New York on Sept. 14.

Pilots also are hoping to share in Delta's future profits and new equity that will be issued when it emerges from bankruptcy.

"They were trying to pocket the money they weren't contributing to the defined benefit pension plan, and we called their bluff on it," union spokesman John Culp said Thursday, adding, "I believe this (agreement) has forced their hand and they're going to have to address it with us."

Culp said Delta missed \$145 million in qualified pension contributions on Oct. 15 and has been refusing to pay roughly \$7 million a month in nonqualified pension contributions.

"If they're going to stop supporting the plan, then contractually they have to deal with us," Culp said.

Plan in limbo

Delta spokeswoman Chris Kelly said the airline is unsure what will happen to the pension plan.

"We'll continue to work together with ALPA and Delta active and retired employees to try to save Delta's pension plan," Kelly said.

But, she added, "There are simply too many factors, some of which are beyond the company's control, to be able to make guarantees at this time."

Asked about the union's contention that it should be given credit for the money the airline has saved thus far in missed pension contributions, Kelly declined to comment.

Congress is still debating pension reform legislation that could help Delta spread out the payments of future obligations to its pension plan. But even if that reform comes it may not be enough.

The 14 percent cut in wages and other cuts equal to an additional 1 percent wage reduction that pilots agreed to Wednesday are on top of a 32.5 percent pay cut the pilots agreed to last year as part of a \$1 billion annual concessions package.

Delta had been seeking to void the pilot contract so it could impose \$325 million in new concessions on its pilots, but agreed to an interim deal worth less than half that. The two sides will now try to work out a comprehensive deal by March. If they can't, a three-person arbitration panel will decide the fate of the pilot contract.

The pilot union's threat of a strike is on the back burner for now. But if the contract is ultimately thrown out by the arbitration panel, the threat could resurface.

That point was reinforced in a letter the chairman of the union's executive committee, Lee Moak, sent to pilots after Wednesday's vote.

"While I am hopeful that an agreement can be obtained, a decision by the neutral panel on the question of contract rejection is still a real possibility," Moak wrote. "Our position on a rejected contract has not changed. We will not work willingly without a contract."