UNITED OFFERS PILOTS 13% RAISE IN BID TO FIND LABOR PEACE

News / Airlines

United Continental Holdings Inc., seeking labor peace five years after the airline's creation in a merger, is offering pilots a raise in a proposed contract that would put them at or near the top of the U.S. industry's pay scale, two people briefed on the plan said.

The tentative deal calls for a 13 percent increase in 2016, followed by annual boosts of 3 percent and 2 percent, said the people, who asked not to be identified because the negotiations aren't public. United announced the "agreement in principle" on a two-year extension with the Air Line Pilots Association on Nov. 20 without giving specifics.

The provisions offer a glimpse of how United and its pilots came together at a carrier still struggling to unify its workforce since the 2010 tie-up between former parent UAL Corp. and Continental Airlines Inc. Union leaders need to vet the proposal before sending it to a ratification vote among more than 12,000 United pilots. If approved, it would run through January 2019.

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United spokeswoman Megan McCarthy said the carrier doesn't discuss proposed labor agreements. An ALPA spokesman didn't return calls seeking comment on the accord.

Ratification would remove one labor challenge from the agenda for new Chief Executive Officer Oscar Munoz, who's on medical leave until early 2016. He and his team are confronting operational issues such as late flights, with United trailing its large-carrier peers in on-time arrivals.

Without the extension, the pilots could start negotiating a permanent contract in May. United announced a tentative contract agreement in October with Teamsters-represented mechanics. The airline has yet to reach a deal with flight attendants, who remain split between those who started with pre-merger UAL and those who started with Continental.

United pilots would earn a higher base wage than peers at American Airlines Group Inc., the world's largest carrier, and No. 3 Delta Air Lines Inc., according to Raymond James Financial Inc. analyst Savanthi Syth. She said it wasn't clear how Delta's rankings would be affected by the airline's profit-sharing plan, which varies year to year.

Kit Darby, an Atlanta-based pilot consultant who tracks airline pay, said the captain of a Boeing Co. 777 jet with 12 years of experience could have expected US$270 an hour at United next year, based on original pay rates. Under the proposed extension, that same 777 captain would get US$313 an hour.

Captains with the same experience can expect US$272 and US$293 hourly at Delta and American in 2016, Darby's data show, not counting any profit-sharing payments. The twin-engine 777 is the largest model flown at all three of the major U.S. carriers.

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