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**SPENDING LIMITS AND FISCAL RESPONSIBILITY**

The following policy governing the allocation of ALPA’s funds shall be applicable, unless otherwise indicated, to all ALPA activities for which spending limitations are established.

All references to monetary amounts shall be in U.S. dollars unless otherwise specifically stated in another currency.

**A. INCOME**

SOURCE – Executive Board February 1981; AMENDED – Board 1996; Board 1998; REAFFIRMED – Board 2000; AMENDED – Executive Board May 2004; Executive Board September 2004; Executive Board May 2005; Executive Board October 2011

1. Dues Income

- a. The total dues rate for Active and Executive Active members is 1.95% of airline income as defined in Article IX, Section 3 and Section 4 of the ALPA Constitution & By-Laws.

2. Income Derived From Advertising in MEC and LEC Newsletters

SOURCE – Executive Board September 2004

All advertising income received by MECs and LECs shall be remitted to ALPA National. ALPA National shall deduct the cost of printing, mailing and any taxes related to the advertising pages, from the advertising income, and remit the net advertising income to the respective MEC or LEC account set up for this purpose.

- a. ALPA shall either: (i) transfer net advertising income to a separate advertising fund of the MEC or LEC on a monthly basis or (ii) credit the net advertising income to the MEC or LEC, as determined by the applicable MEC or LEC.
- b. Net advertising income transferred to a separate advertising fund from ii. above shall be subject to the policies and procedures of Section 60, paragraph U – Funds in the Custody or Control of Association Members or Employees. These funds, as well as funds solely consisting of voluntary contributions may be used for the purpose of funding Local Council or MEC retirement parties, among other items consistent with ALPA policy.
- c. In no event shall advertising income be co-mingled with a fund otherwise consisting solely of contributions by pilots on a voluntary basis.
- d. Newsletter advertisements shall not be sold so as to result in a net loss to the MEC or LEC.

3. Subscriptions to MEC and LEC Newsletters

- a. Subscription sales of MEC and LEC newsletters is prohibited.

**B. SPENDING LIMIT POLICY**

1. SPENDING LIMIT POLICY

SOURCE - Executive Board February 1981; AMENDED - Executive Board October 1991; Executive Board May 2004; Executive Board October 2011

- a. ALPA shall establish a balanced budget under a percentage of dues income spending limit concept.



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- b. The spending limit concept provides for the establishment of the following account categories:
  - (1) MEC Account
  - (2) Operating Contingency Fund
  - (3) Administrative and Support Account
  - (4) LEC Account

2. INCOME OFF-THE-TOP PRIOR TO THE SPENDING LIMIT ALLOCATIONS  
 SOURCE – Executive Board October 2011

- a. Beginning with the 2013 budget, \$200,000 will be allocated off-the-top, directly to the Operating Contingency Fund-Operating Fund.
- b. Beginning with the 2010 budget, \$500,000 will be allocated off-the-top each year. Initially, this \$500,000 off-the-top allocation will repay an outstanding loan. After the loan is repaid, the Executive Council will direct those funds to the Major Contingency Fund or to another strategic purpose, such as funding Kitty Hawk Insurance Company, Ltd.

3. SPENDING LIMIT POLICY AMENDMENTS

SOURCE - Board 1988; AMENDED – Executive Board May 2004; Executive Board October 2011

Amendments to Paragraphs D1 (MEC Account), D2 (LEC Account), D3 (Administrative and Support Account) and E (Operating Contingency Fund) of the Spending Limit Policy by the Executive Board shall require a two-thirds majority vote.

C. SPENDING LIMIT ALLOCATIONS

SOURCE - Executive Board February 1981; AMENDED - Executive Board May 1982; Board 1984; Executive Board November 1985; Executive Board September 1988; Executive Board October 1989; Executive Board May 1992; Board 1996; Board 1998; Executive Board November 1999; Executive Board May 2004; Executive Board October 2011

ALPA dues income shall be allocated to each Account as follows:

1.	MEC Account	36.5%
	Administrative and Support Account	58.0%
	Operating Contingency Fund (OCF)	3.5%
	LEC Account	2.0%

2. MEC DUES INCOME ALLOCATION SCHEDULE

SOURCE - Executive Board May 1992; AMENDED - Executive Board November 1999; Executive Board October 2011

- a. Consistent with paragraph C1 above, the Spending Limit MEC Account allocation shall be 36.5%. MEC income shall be allocated as follows:

- (1) Step 1: MEC income shall be allocated initially based on the tiers outlined



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below. In no event shall any airline receive less than 33.33%.

- (2) Step 2: Bring any MEC not meeting the income floor in their tier to the floor.
- (3) Step 3: Calculate total MEC income at 36.5% overall and pro-rate the difference between the income calculated in Step 2 and the income calculated in Step 3 amongst the MECs, with no MEC receiving less than 33.33%

MEC Dues Income (After Off-the-Top) Tier	MEC Income Percent
Greater than \$5,525,000	33.33% (but no less than \$1,841,667)
Greater than \$950,000 but less than or equal to \$5,525,000	41.00% (but no less than \$439,375)
Greater than \$552,500 but less than or equal to \$950,000	46.25% (but no less than \$313,820)
Greater than \$227,000 but less than or equal to \$552,500	56.80% (but no less than \$152,658)
Greater than \$110,500 but less than or equal to \$227,000	67.25% (but no less than \$78,124)
Less than or equal to \$110,500	70.70%

- b. The allocation of MEC dues income will be performed on a year-to-date basis each month to reflect actual dues income during the calendar year.
- c. The Executive Council may determine that a Master Executive Council which is required to negotiate and administer two or more separate contracts with separate system seniority lists for two or more airlines, each with substantial annual revenue, shall for purposes of the Spending Limit Policy be treated as two or more Master Executive Councils, and establish procedures for implementation, taking into account separate funding and joint funding for various operations of the MEC. Said Master Executive Council shall in all other respects continue to function as a single Master Executive Council.

3. Actual total MEC account income shall be credited to each MEC on a monthly basis.

4. LEC INCOME ALLOCATION

a. Consistent with paragraph C1 above, the spending Limit LEC Account allocation shall be 2% of dues income.

b. LEC income shall be allocated as follows:

- (1) Step 1: For those councils located outside the contiguous 48 United States and Canada, the supplemental per capita funding amount determined and approved by the Executive Council during the ALPA budgeting process shall be allocated to applicable LECs.



- (2) Step 2: the remaining LEC Account income shall be allocated to each LEC based on each council's membership inventory (as reported by the Membership Department for the month for the following classifications: active, executive active and non-members assessed service charges) as a percentage of the total ALPA membership inventory. For funding purposes only, local councils shall have a minimum inventory of 100 pilots.
- c. The allocation of LEC account income shall be performed on a monthly basis to reflect actual dues income during the calendar year.

**D. ALPA ACCOUNT BUDGETS**

AMENDED – Executive Board May 2004; Executive Board May 2008; Executive Board October 2011; Executive Board October 2011

1. MEC ACCOUNT

a. Budget

- (1) Operating budgets shall be required for each MEC. Such operating budgets shall be based on annual dues in the budget approved by the Executive Council and the allocation of MEC Account income pursuant to Paragraph C2 and shall not incorporate planned spending in excess of projected MEC account income plus the MEC's cumulative account balance except under the provisions of the Operating Contingency Fund Operating Fund as specified in Paragraph E.1.e.
- (2) There shall be an annual conference of MEC Secretary-Treasurers to address MEC financial issues and MEC budgets.
- (3) The Vice President-Finance/Treasurer shall ensure that a system of financial reporting is installed and maintained that permits each MEC to receive complete and timely information concerning the status of its spending in relation to the approved budget for that MEC.
- (4) A realistic, balanced budget shall be submitted by each MEC to the Vice President-Finance/Treasurer no later than December 1 of each year for the planned operation in the following year. MECs which fail to submit such budgets shall have a budget prepared for them consistent with the policies of this section.
- (5) MEC budgets shall be presented to the membership separately or by minutes of the MEC meeting at which the budget was approved.

b. Dues Refunds

SOURCE – Executive Board October 2011

- (1) If an MEC's cumulative account balance exceeds the lesser of (i) 75% of the MEC's annual income, or (ii) the maximum eligible amount of an MCF allocation to the MEC under Section 60F 1h(1), a dues refund will be permitted following the issuance of the final yearend MEC Account Status



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Report if authorized by MEC resolution. Only the amount in excess of the lesser of (i) 75% of the MEC's annual income, or (ii) the maximum eligible amount of an MCF allocation to the MEC under Section 60F 1h(1) will be available for refund.

- (a) Refunds will be issued on or about July 15<sup>th</sup> of each year.
- (b) MEC cumulative account balances will be verified during the regular ALPA audit.
- (c) There shall be no refund of dues for any MEC which has not ratified its first contract or for any MEC that received OCF or MCF funding during the previous five years.
- (d) The Executive Council may authorize for 90 days in any 12 consecutive months use of MEC account balance surpluses to meet ALPA's operating cash shortfalls. As cash shortfalls are covered, the monies will be replaced as soon as possible, but in no case later than 90 days, and the Vice President-Finance/Treasurer shall report each occurrence in wiring to the Executive Council.

c. Expenses

- (1) Master Executive Council Officers Financial Authorization  
SOURCE - Board 1974; AMENDED – Executive Board May 2003; Executive Board May 2004
  - (a) MEC Officer expenses and flight pay loss shall require approval by another MEC officer or a National Officer.
  - (b) An activity report showing names, dates, hours dropped and project number(s) shall be provided to the Finance Department on a monthly basis for MEC meetings, committee work, and other MEC projects. The preferred method of submission is utilizing the Association's flight pay loss software PRISM.
  - (c) The MEC Chairman, Vice Chairman or Secretary/Treasurer shall approve MEC expenses. No self-authorization is permitted.
- (2) A Master Executive Council Budgetary Control Program for each Master Executive Council shall be established incorporating the following:
  - (a) Flight pay loss and expenses
  - (b) Master Executive Council Office expense
  - (c) Staff expenses
  - (d) MEC Support  
SOURCE - Executive Board February 1981, Executive Board May 1982; Executive Board May 1990; AMENDED - Administrative January 1998 (Field Office Reference Removed); Executive Board May 2004
    - i. MECs which utilize office facilities (the MEC Office) will pay all expenses of these facilities, excluding expenses attributable to office space directly occupied by assigned Representation Department staff.



- ii. With the exception of Representation Department employees, MECs will be charged the cost of employees required in MEC offices.
- (e) MEC Account Expense Control: (AMENDED – Executive Board October 2011)
  - i. All MECs shall attempt to negotiate some form of company-paid flight pay loss Agreement.
  - ii. MECs shall attempt to limit MEC meetings to no more than three MEC meetings per year.
  - iii. MECs should consider the voting procedures described in Section 73, Part 1H and I.
  - iv. The number of members on the Negotiating Committee shall be limited to three, with the exception that an MEC can have a Negotiating Committee with four members if the flight pay loss of at least one of the members is paid by the company. For those MECs currently in active contract negotiations (including but not limited to restructuring, joint collective bargaining, Section 6) as of the effective date of this policy shall be exempted for the duration of the current negotiations.
- (f) MEC Cost Control Policies  
SOURCE - Board 1978; AMENDED - Executive Board May 1995; Executive Board May 2004

The following policies adopted by the Board of Directors are applicable in the conduct of Master Executive Council business:

- i. MEC Chairmen are requested to maintain flight qualification.
- ii. MECs are encouraged to elect the MEC Vice Chairman from among the members of the Master Executive Council.
- iii. MECs are encouraged to select MEC committee personnel from pilots already serving in those capacities in their own LEC, should comparable LEC committees exist.
- iv. MEC Committee Chairmen only will ordinarily present required reports to the MEC in session.
- v. MECs are encouraged to exchange material with other MECs on common subjects; i.e., safety, grievances, scheduling, aeromedical, hotels, etc., to reduce duplication of work and time by each MEC.
- vi. MECs are encouraged to hold MEC meetings, when possible, in domicile cities where existing ALPA and administrative support facilities are available.



- (3) MEC Petty Cash Fund  
SOURCE – Administrative; AMENDED – Executive Board October 2003
  - (a) ALPA shall provide each MEC accounting services for payment of expenses incurred in the conduct of its MEC business. The Finance Department is equipped to handle the direct payment of approved flight pay loss, member expenses, and per diem, as well as approved invoices for meeting rooms, vendor and consultant expenses. For purchase of small items such as postage, office supplies, or other incidental expenses, a petty cash fund shall be provided to each MEC on an as-needed basis. The cash level of the petty cash fund shall not exceed \$500.
  
- (4) Supplemental Per Diem Expense Allowance  
SOURCE - Board 2000; AMENDED – Executive Board May 2002; Executive Board October 2003; Executive Board May 2004; Executive Board September 2004
  - (a) An MEC may authorize a monthly per diem expense allowance which does not exceed two thousand dollars (\$2000) for MEC officers, an MEC Executive Administrator and designated MEC committee personnel. Such allowance shall be paid out of the MEC Account.
  - (b) An MEC shall initially authorize action under the above paragraphs by resolution adopted at an MEC meeting, forward the resolution to the Vice President-Finance/Treasurer, and review the resolution annually.
  - (c) MECs receiving OCF Contingency Funds, for the funding of operational deficits, shall not receive MEC per diem payments for a period of 3 consecutive months following OCF Contingency Fund funding.
  - (d) All per diem payments will be charged to the respective budget.
  
- (5) AFL-CIO STATE OR LOCAL LABOR BODIES AFFILIATIONS  
SOURCE - Executive Committee January 1979; AMENDED - Executive Committee August 1980; Executive Committee October 1988

Any initial affiliations of ALPA with state or local labor bodies shall be approved by the Executive Council under the following guidelines:

- (a) All requests for affiliations with state or local labor bodies shall be made by a local council, or councils jointly, by an MEC, or by the Executive Council.
- (b) Requests shall be filed with the Vice President-Administration/Secretary outlining in detail the basis for the desired affiliation and the projected cost.
- (c) The Executive Council shall act on requests for initial affiliation at the first regular meeting following receipt by the Vice President-Administration/Secretary of an application for such an affiliation. It should be understood that any such affiliation must have the prior





approval of the Executive Council before the application may be processed with the labor body.

- (d) Executive Council approval of said affiliations shall be for a maximum period of 24 months at which time the Vice President-Administration/Secretary shall review the affiliation, its continued desirability and need. Renewal approval shall be for a similar 24-month period.
- (e) If an affiliation approval is denied by the Executive Council, no ALPA funds shall be available to underwrite affiliations that are processed outside the scope of this policy. If renewal of an affiliation is denied by the Vice President-Administration/Secretary, no ALPA funds shall be available to underwrite affiliations that are processed outside the scope of this policy.
- (f) All affiliations shall be made in the name of ALPA.
- (g) The Vice President-Administration/Secretary will appoint the ALPA representatives to any such approved affiliations.

(6) **FUNDING AND PAYMENT OF MERGER RELATED EXPENSES**

SOURCE - Executive Board May 1982; AMENDED - Executive Board May 1990; Executive Board May 1991; Executive Board October 1991; Executive Board May 1998; Executive Board September 1998; Executive Board September 2002; Executive Board May 2004; Executive Board By Mail Ballot August 2005

- (a) Flight pay loss, expenses and direct support are chargeable to the MEC account. A group of pilots who are being transferred under Carrier Fragmentation Policy will be treated in the same manner after identification of the number and identity of the transferring pilots and commencement of the seniority integration time table, under a budget to be approved by the Executive Council and subject to a merger assessment for spending overages.
- (b) All spending of any MEC involved in a merger will be reported to the Executive Council, which will determine those expenses required to be paid with merger assessment monies.
- (c) An MEC may at any time levy an assessment(s) and maintain a Merger Assessment Fund. Any such assessment shall be levied and administered in accordance with applicable provisions of the ALPA Constitution and By-Laws, ALPA Policies, including these Merger Policies, ALPA Administrative Manual, Section 45, and ALPA Accounting and Finance Policies, ALPA Administrative Manual, Section 60, and applicable MEC policies. Monies derived from an assessment must be recorded in a manner showing the amount paid by each pilot.
- (d) The payment of legal and consulting fees in a merger between an ALPA airline and a non-ALPA airline are a proper expense of the pilots involved in the merger and shall be charged either to the MEC account or paid through an assessment of the pilot group, as provided in paragraphs (a), (b) and (c) above.



- (e) ALPA shall not, under any circumstances, pay any legal and consulting fees incurred by pilot groups involved in merger activity between any two ALPA represented carriers. This policy also applies to any legal and consulting fees incurred to resolve a dispute between pre-merger pilot groups over interpretation or application of the terms of an existing seniority integration agreement.
  - (f) STATEMENT OF INTENT: It is the intent that no ALPA pilot should approach a merger without proper representation. Further, in an ALPA airline to ALPA airline merger, ALPA Merger policy provides a vehicle for proper pilot representation. It is of particular concern that there is the potential that one of our smaller, or less financially able MECs, could face a merger with a non-ALPA carrier without sufficient means to provide adequate representation for their membership. As provided by ALPA Financial Policy, nothing in this policy restricts the MEC Chairman of such a pilot group from petitioning the President for supplemental funding to allow proper representation throughout the merger process.
  - (g) The use of a Merger Assessment Fund or Merger Dispute Fund for communications by merger representatives with their constituents, regarding matters within the scope of the merger representatives' responsibilities, is appropriate and authorized.
  - (h) Prior to merger of the MECs involved in a merger, each MEC shall consider the need for levying a standing assessment to provide for post-merger legal fees and expenses in connection with resolution of disputes which may arise from interpretation or implementation of a negotiated/mediated agreement or arbitration award, with knowledge that the post-merger MEC will not have authority to levy such an assessment.
- (7) MEC MEETINGS
- SOURCE - Board 1956; AMENDED - Administrative January 1998 (Field Office Reference Removed); Administrative December 1999 (Office Administration Department Reference Removed); Executive Board May 2004
- (a) Since the calling of a Master Executive Council meeting usually entails disbursing of ALPA funds for expenses and flight pay loss, it is requested that careful consideration be given to the timing of such meetings, and the President's office be advised prior to such meetings to obtain authorization clearance for the necessary money expenditures.
  - (b) If the meeting is to be held in the Herndon, VA or Washington, DC area, all requests for sleeping rooms should be directed to the Communications Department, stating full particulars and accommodations needed in sufficient time to receive and acknowledge same. Conference Room requests should be directed to the Facilities Manager (Finance Department).
  - (c) For meetings held other than in the Herndon, VA or Washington, DC area, use the MEC office facilities if suitable and available. If not available, the Council Chairman or the person conducting the meeting



should make arrangements. The Communications Department may be contacted for assistance.

(8) MEC MEETING PLACES

SOURCE - Board 1956; AMENDED – Executive Board May 2004

- (a) Master Executive Council meetings should normally be held at a location convenient to the majority of the MEC members so as to minimize expense and flight pay loss claims. However, it is suggested that one MEC meeting a year be held at the Herndon, VA or Washington DC office for purposes of education and indoctrination. During Board of Directors Meeting years, such a meeting may be called at the time of the Board of Directors meeting.
- (b) Minutes of all MEC meetings should be recorded in detail with a copy forwarded to the Membership Services Department for the permanent file. It is necessary that a complete record be maintained by the Membership Services Department of all meetings held, together with the members in attendance. Also, it is expected that the Master Chairman will keep an orderly file of all meeting minutes, exchanges of correspondence, records of actions taken, and related reports. Such file should be maintained and passed on to the incoming officers to assure continuity of effort and action.

- (9) The shifting of charges between the MEC Account and the Administrative Support Account is prohibited, except as specifically authorized by the Executive Council.

d. Fiscal Controls and Operating Contingency Fund

(1) MEC ACCOUNT BALANCE - FISCAL CONTROLS

SOURCE - Executive Board February 1981; AMENDED - Executive Board September 1988; Executive Board November 1999; Executive Board May 2000; Executive Board June 2006; Executive Board October 2011

- (a) When the Adjusted MEC Account Balance (defined as the MEC Account cumulative surplus or deficit plus the current quarter income, including funds received from the OCF Operating Fund incorporated into the MEC Account) is 100% or more of the Current Quarter Income (defined as the MEC Account income and funds received from the OCF Operating Fund incorporated into the MEC Account), no action is required.
- (b) When the Adjusted MEC Account Balance is less than 100% of the Current Quarter Income, the MEC Chairman will be required to submit a written report to the Executive Council within 30 days of notification of such an account deficit. Such report to the Executive Council shall specify reasons for the spending and steps being taken to eliminate the overspending.
- (c) When the Adjusted MEC Account Balance is less than 90% of the Current Quarter Income, the Vice President-Finance/Treasurer will advise the MEC Chairman in writing and the following will be required:



- i. The MEC, beginning with the second month thereafter, shall be subject to Flight Pay Loss (FPL) pre-approval by the Vice President-Finance/Treasurer under the provisions of subparagraph (e) below.
  - ii. To the extent funds are available, the Executive Council shall approve allocation of additional funds from the OCF adequate to bring the Adjusted MEC Account Balance with the additional funds to at least 90% of Current Quarter Income, in the form of a grant or loan or combination thereof in accordance with the provisions of this policy. The MEC Chairman will provide information requested by the Vice President-Finance/Treasurer or the Executive Council to assist in making determinations under this policy. An MEC subject to this policy may request that the Executive Council defer action until the following quarter on grounds that the Adjusted MEC Account Balance will then be at least 90% of the Current Quarter Income based on a submitted plan which demonstrates an adequate reduction in expenditures.
- (d) Grant and Loan Provisions
- i. Funding from the OCF may be in the form of a grant, in whole or in part, if the Executive Council determines:
    - (1) For an MEC which was not subject to FPL pre-approval during any month for which OCF funding is being requested, that it was necessary to use FPL and to incur other expenses in the amount leading to the deficit to fulfill the Association's representation responsibilities at the affected airline, taking into account (i) a reasonable level of spending by the MEC relative to other airlines of similar size and status in negotiations and (ii) any extraordinary circumstances.
    - (2) For an MEC subject to FPL pre-approval during any month for which OCF funding is being requested, that the MEC did not exceed total FPL hours authorized during any three-month period or that it was necessary to use FPL in excess of authorized hours and to incur other expenses in the amount leading to the deficit to fulfill the Association's representation responsibilities at the affected airline, taking into account (i) a reasonable level of spending by the MEC relative to other airlines of similar size and status in negotiations and (ii) any extraordinary circumstances.
  - ii. To the extent an MEC is not awarded a grant under subparagraph (d)i. above, funding from the OCF shall be in the form of a loan, in whole or in part, subject to the provisions of this policy and further subject to future conversion to a grant pursuant to this policy.
  - iii. The dollar total of loans permitted to an MEC Account from the OCF shall be determined by the Executive Council.



- iv. Future MEC surpluses shall be considered collateral for loans and may be used to repay OCF loans as determined by the Executive Council.
  - v. As a condition of granting and maintaining a loan(s), the Executive Council will require the MEC to develop and maintain a financial and operating plan that shall include how the MEC will reduce expenses, reduce and/or eliminate funding requirements from the OCF, and repay the loan.
  - vi. The Executive Council may require the MEC to levy an assessment under Article IX, Section 7C of the Constitution and By-Laws, on the members of that airline in an amount necessary to repay the loan. The Executive Council shall determine both the effective date and the duration of the assessment.
  - vii. The Executive Council may approve conversion of all or part of the outstanding loan to a grant.
  - viii. If the MEC is required to and does not levy an MEC assessment under the above provisions, the Executive Council will submit an agenda item to the Executive Board for action under Article IX, Section 17B of the Constitution and By-Laws requesting that such assessment be levied by the Executive Board.
- (e) Any MEC subject to FPL pre-approval by the Vice President-Finance/Treasurer shall be governed by the following procedures:
- i. FPL hours authorized to each MEC shall be made in consultation with the affected MEC Chairman and shall be based on a matrix of FPL hours established by the Vice President-Finance/Treasurer and confirmed by the Executive Council, based upon airline size, status in negotiations, and extraordinary circumstances. Such authorized hours shall be exclusive of company-paid flight pay loss.
  - ii. FPL hours for each MEC shall be authorized for consecutive three-month periods.
    - (1) Hours may be moved between the months during any consecutive three-month period to accommodate the scheduling of MEC activities.
    - (2) Surplus hours, if any, at the end of any consecutive three-month period may be carried over to the subsequent consecutive three-month period.
    - (3) If there is an FPL hours deficit at the end of a consecutive three-month period, FPL hours for subsequent consecutive three-month periods cannot be carried back to offset such deficit.
  - iii. Any MEC that is subject to FPL pre-approval under subparagraph 3 above and is brought up to 90% of its Current Quarter Income by



grants or loans from the OCF will remain subject to FPL pre-approval until the MEC maintains an Adjusted MEC Account Balance of 90% or greater of Current Quarter Income for a period of three consecutive months without additional funding from the OCF.

- iv. If any MEC's actual FPL hours exceed the total FPL hours authorized during any consecutive three-month period, that MEC shall be subject to the provisions of subparagraph d.(1)(d) above.
  - (f) In the event written reports and plans required herein dealing with the MEC Account Balance are not provided within the required time or in the event that any of the other foregoing requirements or conditions is not satisfied, then upon notification by the Vice President-Finance/Treasurer, ALPA shall not be obligated nor disburse any funds in excess of the then current quarter account balance and shall notify the MEC and MEC Officers that any such excess obligations or expenditures shall be considered to be a violation covered by the provisions of Article XIX, Section 1A, of the Constitution and By-Laws.
- e. MEC Account - General
- (1) Surpluses and deficits in MEC Accounts shall be carried forward into subsequent years.
  - (2) MEC ACCOUNTS - MERGED AIRLINES  
SOURCE - Executive Committee September 1981; AMENDED – Executive Board May 2004
- In the event of airline mergers, the financial statements of ALPA shall reflect the combined income, expenditures and Account Balance of the merged airlines upon the election of new Master Executive Council Officers.
- (3) LEC SURPLUSES AND DEFICITS  
SOURCE - Executive Board October 1991; AMENDED - Executive Board May 1995; Executive Board May 2004; Executive Board May 2008; Executive Board September 2010; Executive Board October 2011
- LEC surpluses and deficits for a given MEC shall be aggregated on an annual basis. Any aggregate LEC deficit shall be charged to the respective MEC account. Any aggregate LEC surpluses, as of the end of each year, will be credited to that LEC's respective MEC account.
- f. Resource and Planning Team for MECs Entering Negotiations  
SOURCE – Executive Board October 2011
- (1) Under the direction of the Vice President-Finance/Treasurer, a Resource and Planning Team, which may consist of pilot representatives from the Collective Bargaining Committee and Strategic Preparation and Strike Committee, and staff from the Representation, Legal, Communications and Finance Departments, shall be established. The Resource and Planning Team shall meet with MECs in session no later than six months prior to a



Section 6 opener/serving notice to bargain, or in the event of a request from airline management to engage in negotiations related to a merger, transaction or restructuring, to address issues such as:

- (a) Strategic planning
- (b) RLA/CLC and legal briefing
- (c) Pilot and staff resources available to support collective bargaining and MEC administration and budgeting
- (d) MEC funds and budgets
- (e) OCF/MCF funds, policies and oversight
- (f) Other resource and planning issues as appropriate

**2. LEC ACCOUNT**

- a. Budgets – AMENDED – Executive Board May 2004; Executive Board October 2011
  - (1) All LECs will submit a realistic balanced budget to the Vice President-Finance/Treasurer no later than December 1 of each year for the planned operation in the following year. Such budgets shall be based on annual dues in the budget approved by the Executive Council and the allocation of LEC Account income. LECs which fail to submit such budgets shall have a budget prepared for them consistent with the policies of this section.
  - (2) Any quarter an LEC is over budget, the LEC Chairman will meet with the Vice President-Finance/Treasurer and provide an explanation for the over-budget condition. Additionally, such Chairman will provide a plan of action for correcting the over-budget condition. The results of such meeting(s) will be reported to the Executive Council.
- b. Expense – AMENDED – Executive Board May 2004; Executive Board May 2009; Executive Board May 2010; Executive Board October 2011
  - (1) Local Council Office Allowance – AMENDED – Executive Board October 2011

Effective November 1, 2011, the Local Council Office Allowance shall be eliminated.
  - (2) Local Council Offices – AMENDED – Executive Board October 2011

No new LEC offices shall be established after November 1, 2011. LECs with an LEC office prior to November 1, 2011, shall be permitted to continue to have the office as long as the LEC has an annual LEC surplus effective fiscal year 2012 and beyond. If an LEC with an office has an annual deficit effective fiscal year 2012 and beyond, the LEC office operations shall be wound down as follows:

    - (a) If the LEC is located in the same building as its MEC, the MEC shall assume the operations and expenses of the LEC office in the year following the LEC's annual deficit.
    - (b) If the LEC is located in a building separate from its MEC, the LEC office shall be closed within 90 days following the end of the year following the LEC's annual deficit. All wind down expenses shall be charged to the LEC.



- (3) Local Council Newsletter Standards  
SOURCE - Executive Committee July 1992; AMENDED Executive Council January 1995; Administrative January 1998 (Canada Reference Added); Executive Board October 2003; Executive Board May 2004; Executive Board September 2004
- (a) ALPA will provide all printing and mailing services for LEC Newsletters. Printing and mailing costs will be charged to the respective LEC.
  - (b) LEC Newsletters will be limited to 192 pages per year (example: six 32-page issues per year).
  - (a) Newsletters will use be printed on standard 60-pound white opaque paper or equivalent and no more than two ink colors, including black, will be used.
  - (b) LEC Newsletters will be processed through the ALPA Publishing Services Department based on established lead-time schedules.
  - (c) ALPA will provide for the following distribution of LEC Newsletters: (a) members of that LEC; (b) that pilot group's MEC and MEC officers; (c) National Officers, to include the Executive Council and Executive Administrator.
  - (d) LEC Newsletters will be distributed as follows:
    - i. Paper copies bulk shipped to the local council officers in the applicable domicile and hand distributed by the officers in the domicile (e.g., stuffed in a pilots V-file or available for pilots to pick up in crew rooms), or
    - ii. Sent directly to the pilot according to the pilot's preference as established on the ALPA intranet. Paper mailings will be sent via U.S. Postal Service utilizing the most economical rate and/or bulk shipped.
  - (e) Copyrighted material will not be printed without the written permission of the copyright holder. Such permission shall be obtained at no cost to ALPA by the LEC/MEC officer responsible for the publication.
  - (h) Should the LEC wish to exceed any of these standards, prior approval of the Vice President-Administration/Secretary or Vice President-Finance/Treasurer will be required.
- (4) Reimbursement of Council Expenses – AMENDED – Executive Board May 2004; Executive Board October 2011
- (a) All reimbursement requests must be accompanied by the appropriate receipts, paid bills, and invoices.
  - (b) Actual expense incurred by a Council will be reimbursed, if within its annual budget established under paragraph 2a(1) above.
  - (c) In order that the Finance Department may be cognizant of current Council expenditures and to keep its obligations current, all Council





expenses must be submitted to the Finance Department so as to arrive no later than 60 days after the month in which they were incurred.

(5) Authorized Expense Categories

SOURCE – Executive Board May 2004; AMENDED – Executive Board April 2009; Executive Board May 2010; Executive Board October 2011

The following expense categories are authorized for LEC budgets:

- (a) LEC Office Expenses – No new LEC office leases other than for office locations as of November 1, 2011, shall be approved after November 1, 2011.
- (b) Secretarial Support – No new LEC staff positions shall be approved after November 1, 2011.
- (c) Duplicating Machine rental – requires purchase order
- (d) Cell Phone
- (e) Meals\*
- (f) Lodging\*
- (g) ASPEN/VARS charges
- (h) Depreciation
- (i) Supplies
- (j) Airfare – requires pre-approval of ticket purchase from Vice President-Finance/Treasurer
- (k) Postage
- (l) Overnight mail
- (m) Outside printing
- (n) Meeting room rentals
- (o) Meeting snacks/refreshments – includes finger foods such as pastries, cookies, pizza and non-alcoholic beverages. Group meals, buffets and plated meals are not reimbursable. Alcoholic beverages are excluded unless pre-approved by the Vice President-Finance/Treasurer.
- (p) Floral remembrance or charitable contribution for deceased member up to \$75
- (q) Retirement plaques – available only to members who retire in good standing
- (r) Other incidentals – includes tips, parking reimbursement or transportation to the meeting site
- (s) ALPA-sponsored training/seminars including grievance, communications, safety, and leadership. Expenditures covered include the cost of travel, lodging, and meals to attend these events. Flight pay



loss shall not be approved to be charged to an LEC. LECs that do not have a positive balance will need approval from the MEC prior to attending the event.

\*Can only be paid from LEC accounts with a positive balance.

LEC expenditures that are not permitted under the above expense categories but which may be considered a more economical alternative for LECs to fulfill their duties and responsibilities may be approved by the Vice President-Finance/Treasurer. Such approval must be sought and received in advance. All other LEC expenditures are prohibited and not subject to ALPA expense reimbursement.

- (6) MEMBERSHIP PLAQUES REIMBURSEMENT POLICY  
SOURCE - Executive Committee January 1980; AMENDED – Administrative February 2009

In the administration of longstanding policy of the Executive Council that suitable retirement plaques be made available to Local Councils at cost and at no expense to ALPA, Local Council requests for retirement and appreciation plaques shall be directed in writing to the appropriate Council Services Coordinator, and MEC requests shall be directed in writing to the Communications Department, including authorization on the reimbursement procedure to be utilized (Local Council funds, MEC funds, or MEC controllable budget). Under this authorization, the requesting party will be billed or the charges allocated against the appropriate fund or MEC budget. In those cases where costs are to be underwritten by an MEC fund or the MEC controllable budget, written authorization by the Master Chairman is necessary.

- (7) LEC Services Charged to Administrative and Support Budget

SOURCE – Executive Board May 2004; Executive Board September 2004

The following expense and services categories will be provided by ALPA and charged to the Administrative and Support Account:

- (a) Council Service Coordinators
  - (b) Computer training
  - (c) Technical Support of ALPA computers and equipment
  - (d) Records management
- (8) General
- (a) No entertainment expenses or group meals may be reimbursed from LEC funds.
  - (b) When the LEC budget has been exhausted, further expense reimbursement requires prior MEC approval and will be charged to the MEC budget.
  - (c) Rental cars are not authorized while on LEC business.



- (9) Local Council Expenses in Article VIII Hearings  
SOURCE - Board 1954; AMENDED - Executive Board May 1975

When charges are preferred against a member, and hearings are held by the Local Council in accordance with Article VIII, Section 1, of the Constitution and By-Laws, necessary expenses incurred during the hearings shall, with prior approval of the President's Department, be paid to the Local Executive Council, its members, and those persons directed by the Local Executive Council to appear at the hearings.

- (10) Flight Pay Loss for Council Meetings

No flight pay loss shall be approved for Local Executive Council or Local Council Meetings.

3. Administrative and Support Account

- a. Budgets – AMENDED – Executive Board May 2004; Executive Board May 2005; Executive Board October 2011

- (1) The Vice President-Finance/Treasurer, in constructing the annual ALPA budget, is directed to utilize descriptions and formats that clearly indicate the type of expense.
- (2) A one-year budget will be submitted by the Vice President-Finance/Treasurer so as to be received by the Executive Council at least 15 days prior to the meeting called for the purpose of approval of the budget.
- (3) The budget is to be sent to the Board of Directors at least 20 days prior to the Board of Directors meeting.
- (4) In the years between Board of Directors meetings, the one year budget shall be sent to the Board of Directors no later than November 1<sup>st</sup>.
- (5) As part of the development of the annual budget, the Executive Council is encouraged to use funds from the Administrative and Support Account to pay some or all of the premiums for the insurance purchased through Kitty Hawk Insurance Company, Ltd. In addition, the Executive Council may make a capital contribution to Kitty Hawk from the Administrative and Support Account if funds are available.
- (6) ALPA Safety Structure Funding  
SOURCE - Executive Board May 1994; AMENDED - Executive Board November 1999; Executive Board May 2004; Administrative December 2011

An Air Safety Organization annual budget proposal for the following funded activities shall be prepared by the National Safety Coordinator, based on submissions from the Group Chairmen (Aviation Safety, Aviation Security, and Pilot Assistance). The annual budget proposal is subject to approval by the SOC.



Air Safety Organization funding is provided in two areas:

- (a) Administrative Budgets - An Administrative Budget is provided to each Air Safety Organization component.
- (b) Accident Investigation Contingency Funding - An Accident Investigation Contingency Fund (AICF) shall be a sinking fund with surpluses carried forward into subsequent years and with mandatory funding determined by the Executive Council on an annual basis. (SOURCE: Executive Board October 1991; AMENDED – Executive Board May 2004)

(7) ALPA LEADERSHIP CONFERENCE

SOURCE - Board 1988; AMENDED - Board 1990; Board 1992; Board 1996; Executive Board May 2001

- (a) All newly elected MEC and LEC officers are encouraged to attend, with flight pay loss for this program limited to those participants who have not attended a training session in the past six years.
- (b) The Leadership Training Conference shall be given an annual budget per Conference, the amount of which shall be determined by the Executive Council. In the event a second conference is required, any request for additional funding shall be submitted to the Executive Council for approval.

b. Expenses

(1) NEW EMPLOYEE POSITIONS

SOURCE - Executive Board May 2000; AMENDED – Executive Board May 2004

- (a) The President is authorized to approve new employee positions charged to the Administrative and Support Account if within the Administrative and Support Account budget. All other new employee positions charged to an MEC Account must be approved by the Executive Council.

(2) FLYING THE LINE

SOURCE - Executive Board September 2000; AMENDED - Executive Board May 2001; Executive Board May 2004; Executive Board October 2007

Each MEC shall ensure that all members of the Association receive all versions of *Flying the Line*. ALPA Administrative and Support budget shall be charged for the cost and distribution of all versions of *Flying the Line* to all members.

(3) EXECUTIVE VICE PRESIDENTS MONTHLY INCIDENTAL ALLOWANCE

SOURCE - Executive Committee October 1976; AMENDED - Executive Committee January 1983; Board October 1990; Executive Council December 2002

Executive Vice Presidents shall receive an override of \$500.00 per month to cover extraordinary expenses as members of the Executive Council.



The Special Compensation Review Committee (SCRC) shall undertake a review of the Executive Vice Presidents' Monthly Incidental Allowance on an annual basis and make recommendations to the Executive Board, as appropriate.

- (4) Herndon Conference Center/DC Office Facility  
SOURCE – Executive Board October 2003

All National Committees and Departments shall hold their meetings and conferences at the Herndon Conference Center or 1625 Massachusetts Avenue office whenever feasible. If a facility other than the Herndon Conference Center or 1625 Massachusetts Avenue office is required, approval shall be sought in advance from the Vice President-Finance/Treasurer. It is recommended that organizers plan meetings as far in advance as possible to ensure availability of meeting space and lodging for meeting attendees. It is also recommended that the Meeting Planning Department in the Communications Department be utilized to maximize efficiencies and cost savings.

- c. Administrative and Support Reserve Account (ARA)  
SOURCE – Executive Board May 2005

- (1) An Administrative and Support Reserve Account (ARA) shall be established and funded from annual surpluses in the Administrative and Support Account. The Executive Council shall determine the amount of the surplus to be contributed to the ARA from any given fiscal year. The remainder of any surplus, if any, shall be carried forward consistent with paragraph (d)(5) below.
- (2) The Administrative and Support Reserve Account shall be used to fund Administrative and Support Account projects and expenses as determined by the Executive Council.

- d. Fiscal Controls

- (1) When the Administrative and Support Account has a cumulative annual surplus or has a cumulative annual deficit of less than 2.5%, no action is required.
- (2) When the Administrative and Support Account has a cumulative annual deficit of 2.5% or more, the President, within 45 days, must submit a written report to the Executive Council which states the reason for the deficit and the steps being taken to eliminate the deficit.
- (3) When the Administrative and Support Account has a cumulative annual deficit of 5% or more, the Executive Council, within 90 days, will review the account and:
  - (a) Authorize a mail ballot of the Board of Directors for approval of a membership assessment to provide the account with a cumulative deficit no greater than 2.5%. The assessment requested may not be less than the amount required to provide the Administrative and Support Account with a cumulative deficit no greater than 2.5%, and may at the



discretion of the Executive Council eliminate the Administrative and Support Account deficit, and/or

- (b) Request the President to reduce the Administrative and Support Account expenses.
- (4) In the event the written reports and plans required herein are not provided within the time limits outlined in subparagraphs (2) and (3), ALPA shall not disburse any funds in excess of the current quarter account balance. No charges to an account may be paid by ALPA commencing with the 46<sup>th</sup> day unless a positive account balance exists. The Vice President-Finance/Treasurer shall provide written notice to the President, with copies to the Executive Council, in the event the aforementioned time limits have expired for the Administrative and Support Account.
- (5) Annual Administrative And Support Account Balance Disposition  
SOURCE - Executive Board May 1982; AMENDED - Board 1986; Executive Board November 1999

Surpluses and deficits in the Administrative and Support Account shall be carried forward into subsequent years.

4. CANADA BOARD

AMENDED – Executive Board May 2004

a. Budget

- (1) The Canada Board may use surplus funds from the current year to fund the Canada Board budget for the subsequent year, with the specific authorization by resolution of the Canada Board prior to the end of the year in which the surplus is created. A copy of such authorization for use of such surplus funds shall be provided promptly to the Vice President-Finance/Treasurer.
- (2) Any surpluses at year-end which have not been authorized for use in funding the subsequent year's approved budget, shall be returned to the appropriate MEC accounts at year-end.
- (3) Deficits will be recovered as an additional charge to the MECs in the year in which they are incurred.

b. Expenses

(1) EMA AND BASIC LIFE INSURANCE FUNDING

- (a) Prior year Group D MEC Operating Surpluses will be prioritized first for EMA and Basic Life funding.
- (b) At the option of the Canada Board, an amount up to 1/12 of each Group D MEC's current year SMRA will be deposited monthly to the EMA and Basic Life accounts.
- (c) If the subsequent year-end audit of MEC spending reveals that there was insufficient SMRA available, the Group D MEC's membership shall



- be assessed the deficiency in accordance with the Canada Board's authority.
- (d) When a Group D MEC requires OCF funding, the Canada Board has the option to pay the MEC's EMA and Basic Life premiums from Canada Board contingency funds.
  - (e) At the option of the Canada Board these premium payments (from d. above) are repayable to the Canada Board either from the borrowing Group D MEC's future SMRA surpluses or by membership assessment.
  - (f) During any year that EMA and Basic Life premiums are to be funded through Group D MEC surpluses, each MEC will be required to allocate these premiums within the MEC's budget.
- (2) Canada Board Insurance Administration
- (a) FINANCIAL ADMINISTRATION
    - i. The Finance Department will administer the invoicing, collection and transfer of optional Mutual Aid and Optional Group Life Insurance premiums to the Mutual Aid account and the insurance trust under the authority of the Canada Board. The cost of this administration will be charged to the plans in accordance with ALPA policy for insurance plan administration.
    - ii. The Finance Department will administer Basic Group Life and Extended Mutual Aid assessments on the membership or the operating income of Group D MECs under the authority of the Canada Board. Those allocations of dues will be transferred monthly to the insurance trust and the extended Mutual Aid Accounts. Should a membership assessment be required, these assessments will be transferred, when available, to the insurance trust and the Extended Mutual Aid account, less the administrative cost of the assessment.
- (3) The Canada Board may authorize a monthly per diem expense allowance which does not exceed \$2000.00 CDN for Canada Board officers, to be paid from the Canada Board budget.
- (4) Canada Board Office Facilities  
SOURCE – Executive Council September 1998
- (a) The Canada Board will be provided with appropriate office facilities funded from the Administrative and Support Account.
  - (b) Canada Board office facilities will not be closed without prior consultation with the Canada Board. Relocation and/or the reduction of office facilities below existing levels will be considered a closure of facilities subject to consultation. The Canada Board has expressed its intent to continue to centralize its support facilities at one location in Canada.



**E. OPERATING CONTINGENCY FUND**

1. OPERATING CONTINGENCY FUND (OCF)

SOURCE - Executive Board February 1981; AMENDED - Executive Board September 1988; Executive Board October 1991; Executive Board October 1993; Executive Board by Mail Ballot December 1998; Executive Board November 1999; Executive Board May 2000; Executive Board May 2004; Executive Board May 2005; Executive Board May 2007; Executive Board October 2011

- a. The Operating Contingency Fund (OCF) shall be a sinking fund with surpluses carried forward into subsequent years. The OCF shall be divided into three separate funds: the Special Projects Fund, the Contingency Fund and the Operating Fund. The Executive Council shall determine the manner in which annual surpluses are rolled into subsequent years including allocation to the three funds, taking into account the provisions of subparagraph d(1) below, provided that annual surplus in the Operating Fund shall be allocated to the Contingency Fund.
- b. Annual allocation of the OCF to each of the three funds shall be determined by the Executive Council.
- c. The Special Projects Fund shall be used for projects and initiatives of special importance to the Association, including safety issues and organizing. This fund shall not be used for MEC Account funding. The transfer of funds from the Special Projects Fund to the Contingency Fund or Operating Fund requires Executive Council approval.
- d. The Contingency Fund shall be used for MEC Account funding or projects of special importance to the Association.
  - (1) Except for allocations to projects of special importance to the Association, the Executive Council shall preserve the maximum amount possible of the annual fund allocation and any fund surplus for Operating Fund use during years of peak periods of contract negotiations.
  - (2) MECs receiving or eligible under subparagraph e. below to receive MEC Account funding from the Operating Fund may receive funding (grants or loans) from the Contingency Fund only under extraordinary circumstances that could not have been anticipated during the development of the MEC's annual budget, when such funding is necessary to fulfill the Association's representation responsibilities, or under the provisions of paragraph F below. The Executive Council may establish specific criteria for use of the Contingency Fund by such MECs.
  - (3) MECs which are not eligible under subparagraph e. below to receive MEC Account funding from the Operating Fund may request MEC Account funding from the Contingency Fund.
  - (4) Any MEC Account surplus for a year in which funding is received shall automatically be transferred to the Contingency Fund, up to the amount received from the Contingency Fund.
  - (5) MECs receiving OCF Contingency Funds shall not pay MEC per diem payments to authorized individuals, subject to paragraph D.1.c.(4)© for a period of 3 consecutive months following OCF Contingency Fund funding.





- (6) During the period that MECs receive OCF Contingency Funds, justification will be required prior to the authorization of member compensation (including flight pay loss) for an Executive Administrator.
  - (7) When the Adjusted MEC Account Balance is less than 90% of the Current Quarter Income and is therefore eligible for Contingency Fund funding under Section 60 D.1.d(c)ii and the funding amount is determined by the Vice President-Finance/Treasurer to be significant, the MEC Secretary/Treasurer shall develop a balanced budget for the MEC, in coordination with the Vice President-Finance/Treasurer and the appointed Contingency Fund Oversight Board (CFOB), for the remainder of the year. The balanced budget must be completed within 30 days upon notification to the MEC Chairman and MEC Secretary/Treasurer by the Vice President-Finance/Treasurer and be presented to the Executive Council at the next Executive Council meeting.
- e. Contingency Fund Oversight Board  
SOURCE – Executive Board May 2007; AMENDED – Executive Board October 2011
- (1) Formation  

A Contingency Fund Oversight Board (CFOB) shall be appointed by the President for MECs receiving Contingency Fund funding, who in the judgment of the Vice President-Finance/Treasurer, have received significant Contingency Fund funding or for MECs who are anticipated to receive Contingency Fund funding.
  - (2) Composition
    - (a) The CF Oversight Board shall be composed of up to three current or former Executive Vice Presidents not from the election sub-group of the MEC receiving funding. The size and needs of the pilot group shall be considered in deciding the number of members for the CF Oversight Board.
    - (b) For a Board with two or three members, one member shall be designated by the President as chairman of the CF Oversight Board.
  - (3) Duties and Responsibilities  

The CF Oversight Board shall be charged to:

    - (a) Act on behalf of the Executive Council to ensure adherence to the balanced budget submitted by the MEC Secretary/Treasurer to the Vice President-Finance/Treasurer.
    - (b) Provide accountability to the Executive Council for all funds expended by the MEC for activities until the CF Oversight Board is dissolved.
  - (4) Dissolution  

The CF Oversight Board assigned to an MEC shall be dissolved at the discretion of the Vice President-Finance/Treasurer.



(5) Removal

Members of the CF Oversight Board shall be subject to removal by the Executive Council.

(6) Flight Pay Loss

The members of the CF Oversight Board shall be authorized flight pay loss when necessary, and the costs of the CF Oversight Board shall be borne by the Executive Council.

(7) Dispute Resolution

In the event a dispute arises between the CF Oversight Board and the MEC over the expenditure of funds, the Executive Council shall act to resolve such dispute.

- f. The Operating Fund shall be used to provide supplemental funding for flight pay loss costs related to negotiations or extraordinary circumstances to MECs of airlines with less than 1000 Active and Apprentice members as of June 30 of the prior calendar year or with an average annual prior calendar year Active member airline income for dues purposes of less than \$75,000.

(1) The Operating Fund shall be allocated in the following manner:

- (a) The Executive Council, when approving the annual budget, shall establish the initial OCF allocation to the Operating Fund for the budget year to provide for flight pay loss expenses in accordance with this policy. At such meeting, the Executive Council, after considering the recommendations of the Vice President-Finance/Treasurer, shall also approve a method for allocation of Operating Fund monies to MECs which are likely to be eligible for funding based upon (a) a matrix for flight pay loss hours based on size of the pilot group and status in negotiations and (b) a reasonable level of spending by an MEC on items other than flight pay loss relative to other MECs for airlines of similar size and status in negotiations, and (c) known extraordinary circumstances. Company paid flight pay loss shall be excluded from the matrix. The Vice President-Finance/Treasurer shall review the OCF matrix on an annual basis to determine if the Full-Time-Equivalent (FTE) minimums are appropriate, along with the relative steps/levels with respect to negotiations status and pilot group size, and make recommendations regarding any changes to the Executive Council during the annual budgeting process. (AMENDED – Executive Board October 2011)
- (b) Each MEC which is likely to be eligible for funding will be notified by the Vice President-Finance/Treasurer or his designee of its projected MEC Account income, terms of the method of funding established under subparagraph e(1)(a) above and the annual OCF allocation to the Operating Fund, following the review and approval of the Association's annual budget by the Executive Council.



- (c) An MEC which is likely to be eligible for funding and desires funding shall submit a funding request to the Vice President-Finance/Treasurer no later than October 1 or 30 days after the date of notification under subparagraph e(1)(b) above, whichever occurs later. Such request shall include a detailed description of the MEC's projected activities and plans for the following year.
  - (d) The Vice President-Finance/Treasurer shall allocate funding from the Operating Fund to eligible MECs based upon the allocation method established under subparagraph e(1)(a) above and any extraordinary circumstances affecting the MEC. Additional funding requests may be submitted to the Vice President-Finance/Treasurer at any time during the year.
  - (e) The budget of an MEC which has received funding shall be submitted by December 1, as required by paragraph D1(a)(4) above, and shall include a detailed breakdown of projected flight pay loss costs by category.
- (2) An MEC which has been allocated funding and moves to a more advanced stage of negotiations (e.g., direct negotiation to advanced mediation) during the budget year may submit a request for supplemental funding and may receive increased funding incorporated into the MEC Account upon request to the Vice President-Finance/Treasurer and approval by the President or Executive Council, as required.
- (3) The allocated funding for an MEC which concludes negotiations will be reduced based upon its new matrix status. Such adjustment will be made within 90 days following the conclusion of negotiations.
- (4) Any MEC Account surplus for a year in which Operating Funds are received shall automatically be transferred to the Operating Fund, up to the amount received from the Operating Fund.
- g. Distribution of funds from the Operating Contingency Fund to the Administrative and Support Account or MEC Account, regardless of dues income, requires Presidential or Executive Council recommendation and Executive Board approval, except that the President may approve allocations from the Special Projects Fund or Contingency Fund of \$25,000 or less, and the Executive Council may approve allocations from such funds up to \$200,000 and all allocations from the Operating Fund.
- h. Spending allocations (including loans) in excess of the balance of any of the OCF funds are prohibited without Executive Board approval.
- i. Any MEC intending to request an allocation from the Operating Contingency Fund shall forward its financial plan for the handling of such finances and future spending to the Vice President-Finance/Treasurer prior to the Executive Council meeting at which the request will be considered.
- j. A request for additional funds for extraordinary merger, negotiations, or other expenses, shall be directed to the Executive Council and, if deemed appropriate, be funded in part or in whole from the OCF, but only as allowed by the loan and grant provisions of this policy and other applicable policies.



SECTION 60 – ACCOUNTING AND FINANCE

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- k. The Executive Council shall preserve the maximum feasible amount of funds in the OCF for use during peak periods of negotiations. If the Executive Council determines that the balance in the OCF is such that the OCF can provide sufficient and sustainable funding for ALPA MECs during peak periods of negotiations, the Executive Council shall direct any repayment of OCF loans established pursuant to Section 60D 1d(1)(d) to the MCF.
- l. Deficits incurred by MECs for airlines which permanently cease operations or in situations where the Executive Council determines that there will no longer be any dues income to the Association shall be paid from the OCF. This provision shall not be applicable in the event of an airline merger addressed by Section 60, D1e(3). MEC Accounts - Merged Airlines.
- m. Surpluses generated by MECs for airlines which permanently cease operations or in situations where the Executive Council determines that there will no longer be any dues income to the Association shall be paid to the OCF. This provision shall not be applicable in the event of an airline merger addressed by Section 60, D1e(2). MEC Accounts – Merged Airlines.

F. MAJOR CONTINGENCY FUND

1. MAJOR CONTINGENCY FUND POLICIES

SOURCE - Board 1985; AMENDED - Executive Board May 1987; Board by Mail Ballot June 1987; Membership by Mail Ballot July 1987; Board 1988; Board 1990; Executive Board May 1991; Executive Board October 1991; Board 1992; Executive Board May 1994; Board by Mail Ballot June 1994; Board 1994; Executive Council April 1995; Executive Council May 1999; Executive Board May 1999; Executive Council January 2001; Executive Board May 2002; Executive Board May 2004; Executive Board May 2010; Executive Board October 2011

- a. The Vice President-Finance/Treasurer shall continue reporting the status of the Major Contingency Fund annually to the membership and quarterly to the Board of Directors when the MCF cash balance is above \$50 million, and quarterly to the membership and monthly to the Board of Directors when the MCF cash balance is below \$50 million. The Major Contingency Fund report distribution shall be by the most cost effective method available as determined by the Vice President-Finance/Treasurer. (Refer to Article IX, Section 14D of the Constitution and By-Laws.)
- b. The term “cash balance,” as used in Article IX, Sections 14 and 16 of the Constitution and By-Laws and Association policy regarding the MCF, is interpreted to be defined as follows:

	(A) The sum of the value of all assets in the MCF
minus	(B) The value of real estate assets in the MCF
minus	(C) The value of any MCF liabilities or obligations
equals	(D) The MCF cash balance

All Major Contingency Fund assets, liabilities and obligations shall be valued by the Executive Council in a realistic, conservative manner. The Executive Council may value assets at a percentage of market value. The Executive Council may value MCF liabilities or obligations (e.g. funding commitments) based on a realistic projection of expenditures for each financial commitment from the MCF.



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- c. The Vice President-Finance/Treasurer shall provide forecasts on the Major Contingency Fund cash balance no less than annually to the Executive Board.
- d. On December 31<sup>st</sup> of any year, if the Major Contingency Fund cash balance, valued in accordance with the above, exceeds \$150 million, there shall be a refund to the members in accordance with Article IX, Section 15, of the Constitution and By-Laws, to the extent that the cash balance of the Major Contingency Fund is not reduced below \$150 million cash balance. In the interest of economy, a refund which would average less than \$50 per member will be deferred.
- e. The Major Contingency Fund can be made available for funding in response to proposed or actual extraordinary bankruptcy filings by airline entrepreneurs and managements which are intended to confront labor and/or enrich or entrench these entrepreneurs and managements, and which if successful would have significant adverse effects on the pilot profession. The Executive Council shall apply this policy interpretation on a strict and narrow basis, in each case taking into account the potential threat to the airline piloting profession and the ability to respond under normal Association budgeting practices and policies. The Executive Council shall apply the provision of paragraph g. below to allocations under this paragraph as appropriate.
- f. The Major Contingency Fund shall not be utilized under any conditions as a source of funding for past or current budgeted operational expenses, unless specifically authorized by the Executive Board as a result of loss of dues revenue due to a work stoppage. Such Fund may be utilized only for those purposes outlined in Article IX, Section 14B of the ALPA Constitution and By-Laws.
- g. The MCF may properly be used for defense of the integrity of the Association through litigation brought by or against the Association.
- h. The MCF may be properly used to provide funding to MECs (a) in advanced stages of negotiations to fund communications-related activities, including strike preparedness, pilot-to-pilot and family awareness projects and (b) during strikes to fund MEC activities. Approval of an MCF authorization and a financial operating plan for expenditures to be reimbursed from the MCF shall be pursuant to Article IX, Section 14C of the ALPA Constitution and By-Laws. Reimbursement of the MEC Account from the MCF (a) is subject to the review and approval of the specific expenditures incurred by the appointed Strike Oversight Board pursuant to Section 65 of the ALPA Administrative Manual and (b) shall occur only after all MEC funds (MEC Account Income, MEC Reserve/Restricted Reserve Accounts, SMRA Income, SMRA Accounts, OCF grants/loans) are exhausted.

(1) MCF Allocations

- (a) The maximum amount of an MCF allocation to an MEC pursuant to paragraph 1.g above shall be based on the size of the pilot group, as follows:

Pilot Group Membership (AC + AP)	Allocation
1-250	\$ 500,000
251-500	\$1,000,000



501–2000	\$2,000,000
2001–4000	\$2,500,000
Over 4000	\$5,000,000

(2) Major Contingency Fund Financial Operating Plan

- (a) The financial operating plan shall be developed at the direction of the MEC Chairman in consultation with the Strike Oversight Board, ALPA Director–Communications, and ALPA Director–Finance.
- (b) The financial operating plan shall not take effect nor shall any MCF expenditures be authorized or reimbursed until, in the judgment of the Executive Council, a pilot group has entered advanced stages of negotiations, which typically occurs well into mediation or conciliation.
- (c) The financial operating plan shall include an MEC communications plan as part of the MEC’s strategic plan. The Executive Council shall not consider a financial operating plan for approval without an MEC communications plan and strategic plan.
- (d) The MEC communications plan, which shall be developed in consultation with the ALPA Director–Communications, will include the communications goals, objectives and initiatives of the MEC and a description and justification of the expenditures in the financial operating plan.
- (e) The financial operating plan shall include one or all of the following, as appropriate: advanced negotiations budget, 30-day cooling-off budget and on-strike budget.

(3) Major Contingency Fund Expense Guidelines

- (a) The Executive Council shall develop, approve, and maintain guidelines regarding allowable MCF expenditures including but not limited to the following:
  - i. Flight pay loss levels by function or committee based on factors such as status of negotiations, airline size, and scope of operations.
  - ii. Strike centers, including assets and resources used in strike centers and the timing of opening strike centers, which shall not be opened until, in the judgment of the Executive Council, the MEC is entering the endgame of negotiations.
  - iii. Communication vehicles and programs to include audiovisual products
  - iv. Road show expenses
  - v. Advertising/billboards



- vi. Picketing
- vii. Polling
- viii. Family Awareness events
- ix. Union building items/giveaways

2. SUSPENSION OF DUES CONTRIBUTIONS TO THE MAJOR CONTINGENCY FUND  
SOURCE - Board 1992; AMENDED - Board 1994; Executive Board May 1999; Board 2000; Executive Board May 2004

When, in the judgment of the Executive Council and the Executive Board, the Major Contingency Fund will drop below a sixty-five million dollar (\$65,000,000) cash balance within 90 days, dues contributions to the Major Contingency Fund may be reinstated by approval of the Board of Directors in accordance with the provisions of Article IX, Section 14A.

**G. OTHER ACCOUNTS AND FUNDS**

1. HERNDON BUILDING  
SOURCE - Executive Board September 1990; AMENDED - Executive Council September 1994; Board 1998; Executive Council May 1999; Executive Council November 1999; Executive Board May 2002

- a. Upon sale of the Herndon building the Major Contingency Fund will receive all net proceeds in excess of outstanding loans from third parties and costs of sale unless the proceeds are used to acquire another headquarters building for the Association.
- b. Any net additional future borrowing against the equity value of property assigned to the Major Contingency Fund shall be subject to the same conditions and restrictions applicable to the use of Major Contingency Fund assets.
- c. The Executive Council shall be authorized to further pledge the Herndon property to third party lenders in order to obtain funds for which the required Major Contingency Fund approval has been obtained pursuant to paragraph b. above.

2. ALPA LITIGATION FUND - POLICIES, RULES, AND REGULATIONS  
SOURCE - Executive Council January 1996; AMENDED – Executive Board May 2004

- a. General: The rules of legal ethics prohibit ALPA from recovering attorneys' fees greater than ALPA's employment cost unless a separate account, apart from ALPA's general treasury, has been established. This fund shall receive the award of fees for the time of ALPA's in-house attorneys and their staff representing ALPA litigation and other matters.
  - (1) In the event that, as a result of its participation in any litigation, arbitration, mediation, or administrative proceeding, ALPA becomes entitled to recover attorneys' fees for the time of ALPA's in-house attorneys and their staff, the entire recovery shall be deposited into ALF.
  - (2) All funds in ALF shall be maintained in an interest-bearing account if feasible.



- b. ALF may disburse its funds pursuant to the following conditions:
  - (1) Upon deposit of the funds described in Paragraph 2a., above, ALF immediately shall issue a payment to ALPA in an amount equal to ALPA's actual cost in participating in the matter, including the actual cost of its in-house attorneys and their staff, applicable overhead, outside counsel fees, damages, and any other costs related to the matter.
  - (2) The Director of the Legal Department shall designate one or more legal matters—litigation, arbitration, mediation, or administrative proceedings—as matter(s) to be funded by ALF (“ALF-designated matters”). With the exception of Paragraph. b(1), above, ALF funds shall be used only for ALF-designated matters.
- c. Payments and disbursements by ALF shall be made in accordance with the following procedure:
  - (1) All bills and costs designated by the Director of the Legal Department shall be submitted to ALF for payment or (in the case of expenses initially paid by ALPA such as employee salaries and overhead) reimbursement.
  - (2) All disbursements from ALF must be approved, in writing, by the Director of ALPA's Legal Department and the Director of ALPA's Representation Department.
  - (3) All checks issued by ALF in excess of \$5,000.00 must be signed by the Legal Department Director and the Representation Department Director; checks for \$5,000.00 or less may be signed by either Director.
- d. ALF shall maintain its records and accounts in accordance with generally accepted accounting principles and shall be subject to audit from time to time, and at least once a year.
- e. Neither the President of ALPA, nor its directors, officers, or employees (with the exception of the ALPA attorneys designated herein) shall have authority to withdraw funds or issue checks from ALF.

**3. SCHOLARSHIP PROGRAM**

SOURCE - Executive Board May 1969; AMENDED - Board 1972; Board 1982; Executive Board May 1988; Executive Board May 1998

- a. ALPA shall sponsor a four-year scholarship program for a deserving child of a medically retired, long-term disabled or deceased ALPA member. Four individual scholarships will be established on a continual basis, consisting of a contribution of \$3,000.00 per year per individual. The recipients shall conform to the requirements as set forth in Part 7D of Section 35.
- b. Additionally, a separate single year scholarship award in the amount of \$2,000.00 shall be granted to a deserving individual as directed by the Executive Council.
- c. In any one year, ALPA funding for the scholarship program shall not be in excess of \$14,000.00.
- d. The Vice President-Administration/Secretary and Vice President-Finance/Treasurer are charged with the responsibility of selecting the recipient(s) of





**SECTION 60 – ACCOUNTING AND FINANCE**

**10/31/11**

the ALPA scholarship(s) and conducting an annual review of the scholarships in effect, questions of continued eligibility, and related administrative aspects involved in the maintenance of a scholarship program.

- e. Each Master Executive Council shall maintain current records on qualified persons for an ALPA scholarship in order that no eligible dependents or survivors of ALPA members will be excluded from consideration for ALPA scholarship benefits.

**4. INDUSTRY ORGANIZATIONS MEMBERSHIP**

SOURCE - Executive Committee October 1977; AMENDED - Executive Committee October 1988; Executive Committee September 1989; Executive Committee April 1986; Executive Council October 1997; Executive Council July 2001

Membership in and annual financial support of the following organizations is authorized, and the President shall incorporate allowances annually in the budget for such ALPA participation:

- |  |   |
|--|---|
| Aerospace Medical Association                        | National Intercollegiate Flying Association             |
| Air Cadet League of Canada                           | National Safe Skies Alliance (NSSA)                     |
| American Arbitration Association                     | RTCA  |
| Council of Institutional Investors                   | Wayne State University Archives                         |
| Flight Safety Foundation                             | SAFE Association  |
| Hazardous Materials Advisory Council                 | Society of Experimental Test Pilots (SETP)              |
| International Society of Air Safety Investigators    | SAE Aerospace Council & Cooperative Engineering Program |
| National Air Traffic Controllers Association (NATCA) |   |

The question of annual continuation of such participating membership is to be reviewed by the Vice President-Finance/Treasurer on the occasion of the annual budget review.

**H. KITTY HAWK INSURANCE COMPANY, LTD.**

**1. ASSOCIATION RISK MANAGEMENT PROGRAM**

SOURCE – Board 1998; AMENDED - Board 2000; Executive Board September 2002; Executive Board May 2004; Executive Board May 2005; Executive Board June 2006; Executive Board May 2010

The following Association risk management program is to be implemented under the supervision of the Executive Council:

- a. Protection shall be secured against the risk of adverse legal decisions relating to duty of fair representation, errors and omissions, employment practices and fiduciary liability, by utilizing a reserve concept funded through Kitty Hawk Insurance Company, Ltd., with reinsurance of amounts in excess of the limits available through Kitty Hawk with another insurer.
- b. In its insurance policies with Kitty Hawk effective beginning July 1, 2010, ALPA shall have an aggregate deductible of \$20 million and a minimum deductible of \$2 million for each claim, regardless of whether the aggregate deductible has been



exhausted. The Executive Council shall review the capital in Kitty Hawk on an annual basis and, in considering existing pending cases and ongoing operating expenses, determine if Kitty Hawk has capital available to commit to a retention amount, thereby reducing ALPA's aggregate deductible.

- c. Annual premium payments from the Major Contingency Fund to Kitty Hawk shall be the aggregate annual cost of Kitty Hawk reinsurance premiums. The A&S Account shall be reimbursed from the Major Contingency Fund for net external defense costs associated with lawsuits for which ALPA has provided notice under the terms of the ALPA-Kitty Hawk insurance agreements.
- d. Continued development and implementation of programs aimed at reducing risk exposure to adverse litigation, including education of ALPA representatives on these risk controls.
- e. Transfer of funds (other than claim obligations) from Kitty Hawk to ALPA require Executive Council or Executive Board recommendation and Board of Directors approval.

**I. INVESTMENT POLICY**

SOURCE - Executive Committee October 1974; AMENDED – Executive Board May 2004

- 1. The Vice President-Finance/Treasurer, together with the General Manager, Director of Finance and Director of Retirement and Insurance, shall constitute the Investment Management Committee (IMC).
- 2. The Investment Management Committee (IMC) shall supervise investment of ALPA's funds in accordance with the requirements of Article IX, Section 13 of the Constitution and By-Laws and the applicable investment policy statements for each ALPA fund, and to insure the greatest possible return to ALPA consistent with security of ALPA for these invested funds.
- 3. The Vice President-Finance/Treasurer shall include in his report to each regular Executive Council meeting a statement on the status of ALPA investments and investment performance.
- 4. To the extent practical, investments shall be made in North American corporations with affiliated, organized union workers not currently boycotted by the AFL-CIO. The Executive Council will continue to monitor and review investments.

**J. MEMBERSHIP AND MEMBERSHIP DUES**

**1. INCOME SUBJECT TO DUES**

SOURCE - Executive Board May 1993; AMENDED – Executive Board May 2004

Income that would be subject to dues includes, but is not limited to: regular pay, incentive or overtime pay, holiday pay, sick pay, vacation pay, maternity leave pay, recurrent training pay, company meetings pay, bank time pay, check airman pay, pay adjustment for flying different equipment, profit sharing bonus, pilot paid individual 401(k) contributions where the 401(k) plan is not the only pension program offered, pre-tax medical deductions, and pre-tax dependent care deductions. The Executive Board has interpreted Article IX to include Instructor or check airmen compensation as subject to dues and not exempt under Article IX, Section 4.



Income not subject to dues, as stated in Article IX, Section 4, includes, but is not limited to: sick leave in excess of that provided by an employment agreement or company sick leave policy, income received from the company for services in a different job classification while physically unable to perform as a pilot or flight officer, special bonus or merit award, provided that a general bonus to all members of the airline shall not be exempt, income received for services to the company not requiring flight crewman qualifications while on furlough status from a flight crew position, allowances received for foreign cost of living, furlough income, imputed company paid insurance, imputed travel benefit income, income received after retirement for vacation, income received in the form of corporate securities, individual 401(k) contributions where that is the only pension program offered, moving expense reimbursement, and taxable or non-taxable per diem.

Contractually negotiated cost of living allowance income for a select group at a particular domestic location on an airline system shall be interpreted not to fall in the same dues-exempt category as foreign station allowance income. Also, “foreign” does not include any states, territories, or possessions of the United States or the District of Columbia.

2. DUES CHECK-OFF (DCO)

SOURCE – Executive Board May 2004

It is encouraged that all member and non-member ALPA dues and services charges shall be collected through the use of the voluntary dues check-off process at all airlines that have an agreement in place.

3. INSURANCE CHECK-OFF (ICO)

SOURCE – Executive Board May 2004

All reasonable efforts should be made to arrange Insurance Check-Off (ICO) Agreements with airline management.

4. ASSESSMENT CHECK-OFF (ACO)

SOURCE – Executive Board May 2004

All reasonable efforts should be made to arrange Assessment Check-Off (ACO) Agreements with the airline management.

5. ARRANGEMENT PLANS

SOURCE – Executive Board May 2004

A one time set-up and processing fee may be charged to members for whom arrangement plans are established. Set-up and processing fee levels shall be approved by the Executive Council.

6. DELINQUENT MEMBER STATUS REPORTS

SOURCE - Board 1962; AMENDED – Executive Council September 2002

Monthly delinquency reports or statements shall be provided to Council officers via the ALPA Members Only portion of the ALPA website and shall be used as a good standing voting roster.



7. MEMBERSHIP REPORTS

SOURCE - Board 1947; AMENDED – Executive Board May 2004

The Vice President-Administration shall provide a complete Council membership list to each Local Council Chairman on a monthly basis.

8. BAD STANDING RECORDS DISTRIBUTION

SOURCE - Executive Board May 1971

The Bad Standing Roster distributed to Local Council Chairmen shall clearly indicate the reason for a delinquency, with the amount of money owed. The Vice President-Finance/Treasurer shall determine the recipients of trial balances and all other financial information on a “need-to-know” basis.

9. RETROACTIVE PAY SUBJECT TO DUES

SOURCE - Executive Board November 1949; AMENDED – Executive Board May 2002

Retroactive pay received by any member will be subject to dues for the year during which it was received without regard to when such retroactive pay was earned. However, in no case shall dues be assessed on retroactive pay for periods during which the member was on probation.

10. ALPA POLICIES AND PROCEDURES APPLICABLE TO AGENCY FEES

SOURCE - Executive Committee August 1978; AMENDED - Executive Committee November 1979; Executive Committee January 1986; Executive Committee November 1987; Executive Committee by Mail Ballot June 1992; Executive Council May 1994; Executive Board May 2004

**OBJECTION PROCEDURES**

- a. Non-members who are required by contract to pay an agency fee to ALPA as a condition of their employment may object to the use of their fees for purposes that are not germane to collective bargaining. The procedure for submitting an objection is described in paragraph 2 below. Any non-member who submits an objection in the proper manner will be granted an adjustment in his/her agency fee amount, by reduction and/or rebate, to ensure that his/her payment will be used exclusively for purposes germane to collective bargaining.
- b. A non-member wishing to object must send a written notice to the Vice President-Finance, Air Line Pilots Association, 1625 Massachusetts Avenue N.W., Washington, DC 20036. Each objector must send a separate notice in a separate envelope. The notice must contain the objector’s name, address and ALPA identification number. A notice of objection may be submitted at any time during the calendar year for which the objection is to apply. An objection will be valid only for the calendar year in which it is made. An objector may renew his/her objection by sending a notice to the Vice President-Finance/Treasurer during any calendar year in which he/she wishes his/her objection to apply. To ensure proof of delivery, objectors are encouraged to use certified mail.
- c. No objection under these procedures will be accepted from an ALPA member, and no ALPA member will be eligible for a dues reduction or rebate. ALPA members may express their objections to ALPA expenditures through the democratic processes available to them under ALPA’s Constitution.



**CALCULATION OF GERMANE AND NONGERMANE EXPENDITURES**

- d. The Finance Department shall maintain ALPA’s financial records in a manner that will permit a reasonably accurate identification of those categories of expenditure that are germane to collective bargaining and those that are not. ALPA’s independent auditors will conduct an annual review of the operation of ALPA’s system for recording expenses and allocating them to functional categories. After the close of each year, the Finance Department, under the direction of the General Manager and with the advice of the Legal Department, will prepare a “Statement of Germane and Nongermane Expenses” which will disclose, in reasonable detail, the year’s expenditures, segregating those that were germane to collective bargaining from those that were not.
- e. The Statement of Germane and Nongermane Expenses will be completed immediately after completion of the Association’s annual audit. Promptly thereafter, the Vice President-Finance/Treasurer will send the Statement of Germane and Nongermane Expenses to each non-member who is required to pay an agency fee to ALPA. Each such non-member shall also receive a copy of these Policies and Procedures. The Statement of Germane and Nongermane Expenses will also be sent to each member of ALPA’s Board of Directors.

**ESCROW ACCOUNT**

- f. ALPA shall deposit in an interest-bearing escrow account each year an amount equal to 1.5 times ALPA’s estimate of its total agency fee rebate obligation for that year. ALPA shall base its estimate on the previous years’ experience, budget projections for the current year, and any other available information. All rebates shall be paid out of the escrow account.

**FEE REDUCTION AND REBATE PROCEDURE**

- g. Beginning in 1994, the following procedures shall apply:

- (1) Monthly Billing Statement Payers

Any objector who is paying monthly installments based on a monthly Statement of Account will receive an estimated billing credit against his/her current year’s estimated agency fee. This estimated billing credit will be equal to the product obtained by multiplying the estimated agency fee billing by the percentage of nongermane expenses shown on the most recent available Statement of Germane and Nongermane Expenses. ALPA will endeavor to credit the objector’s account within 1 month of the date objection is received. The billing of subsequent monthly installments will be reduced in consideration of the estimated billing credit.

In the following year, after the Statement of Germane and Nongermane Expenses has been completed, ALPA will adjust the estimated billing credits based on (1) the actual percentage of nongermane expenses for the objection year and (2) the actual reported income of the objector. If the estimated billing credits were insufficient, ALPA will issue additional credits. If the estimated billing credits were too large, the objectors will be billed for the excess amount.



(2) Checkoff Payers

Any objector who is current and pays his/her entire agency fee obligation by means of payroll checkoff will receive a rebate, with interest, in the following year after completion of the Statement of Germane and Nongermane Expenses. This rebate will be based on the actual percentage of nongermane expenses for the objection year. However, if any delinquent obligation exists on the objector's account, a billing credit without interest will be issued in place of a rebate.

(3) Income Information

If the Association does not receive a statement of the objector's income for the objection year from his/her airline before processing final adjustments and rebates, the objector will be asked to provide a W-2 form for that year. No rebate or final adjustment will be issued in the absence of complete and accurate income information for the objection year.

**ARBITRATION PROCEDURE**

- h. Any pilot who believes that ALPA has made an error in its application to him/her of the policies and procedures set forth above may request that his/her complaint be submitted to an independent arbitrator for hearing and decision. A request for arbitration shall contain a brief statement of the issue or issues to be arbitrated, and must be sent to the Vice President of Finance of ALPA by certified mail, return receipt requested, no later than 30 days after the event that is the basis for the complaint. If the pilot so requests, ALPA will place in escrow, pending the outcome of the arbitration, the portion of the pilot's agency fee that ALPA determines to be reasonably in dispute.
- i. Unless the parties otherwise agree, the selection of the arbitrator, and the procedures of the arbitration, will be governed by the American Arbitration Association Rules for Impartial Determination of Union Fees. Each side will bear its own costs of arbitration, including (but not limited to) any travel costs, lost pay and attorney's fees. ALPA will pay all fees and expenses of the American Arbitration Association and the arbitrator, unless the pilot or pilots participating in the arbitration voluntarily elect to share those fees and expenses.
- j. To the extent permitted by law, the decision of the arbitrator shall be final and binding on the parties.

11. DELINQUENT ACCOUNTS COLLECTION

SOURCE - Executive Board May 1969; AMENDED - Board by Mail Ballot June 1990

In administering the arrangements for and the collection of delinquent accounts, the member will be expected to bring his account up to date within the maximum time period of five years from the date of establishment of the Arrangement Plan, or by twelve months prior to normal retirement from his airline, whichever date is earliest. The total back dues obligations shall be repaid to ALPA in equal installments, or multiple installments, based on the five year or twelve months prior to retirement date, whichever is applicable, with a minimum monthly payment of \$1.00 per month for each \$1,000.00 of annual airline income on the outstanding obligation, plus the ALPA finance charge specified in Article IX, Section 9. Such payments shall be in addition to other regular ALPA financial



obligations. In the event of default, or delinquency, the member shall be advised and reminded of such delinquency. If the member fails to bring his account to a current status, the total balance of the unpaid back dues obligations shall immediately become due, transferred to the member's regular dues account, effect a Bad Standing status, which will eliminate voting rights, and thereafter effect normal expulsion proceedings, if unpaid. However, there shall reside in the authority of the Vice President-Finance/Treasurer, the discretion to extend these limits in cases where extenuating circumstances warrant relaxation of the policy for the best interest of ALPA.

a. **ARRANGEMENT PLAN MINIMUM**

SOURCE - Board 1984; AMENDED - Board of Directors by Mail Ballot June 1990

Arrangement Plans and Arrangement Plan minimums shall be in accordance with Article IX, Section 6A, of the ALPA Constitution and By-Laws.

b. **OUTSTANDING FINANCIAL OBLIGATIONS TO ALPA**

SOURCE - Executive Board May 1990

The Vice President-Finance/Treasurer, with the approval of the Executive Council, shall establish a program to encourage all members to remain current on payment of ALPA financial obligations as they approach retirement and to pay any outstanding financial obligations prior to retirement. This program shall include communications from ALPA and the member's Master Executive Council. In addition, ALPA will enforce union security provisions of applicable agreements and, where appropriate, take legal action to collect outstanding financial obligations which remain unpaid at the time of retirement.

c. **COLLECTION OF OUTSTANDING FINANCIAL OBLIGATIONS**

SOURCE - Executive Board September 1990

The Legal Department shall take prompt legal action, wherever appropriate, to collect outstanding financial obligations incurred by delinquent members.

d. **ARRANGEMENT PLANS**

SOURCE - Executive Board May 1990

(1) A pilot desiring an ALPA arrangement plan shall submit an application on an ALPA Arrangement Plan Request Form which shall include the following information:

Complete financial statement;

Statement of Gross Monthly Income and Itemized Monthly Expenses.

(2) Payroll deductions, if available, for current and past obligations are required. If payroll deductions or payments cease prior to full payment pursuant to the Arrangement Plan, any unpaid balances are immediately due and payable.

(3) The arrangement plan will be in the form of a promissory note.



12. ACTIVE MEMBERS ASSESSMENT OBLIGATION WHILE ON SICK LEAVE  
SOURCE - Administrative November 1960; AMENDED – Executive Board May 2004

All members on Active Membership status will be billed for assessments levied under Board of Directors authorization. The assessment obligation of Active members who are on sick leave status will be determined on the basis of the following considerations:

- a. A member who receives sick leave compensation, as provided under his employment agreement or company sick leave policy, for the entire period for which an assessment is levied will pay full amount of this billing.
- b. A member receiving no such sick leave compensation for the period covered by an assessment will not be required to pay the assessment.
- c. A member receiving sick leave compensation for only a portion of the period covered by an assessment will pay the equivalent pro rata share of the assessment.

13. RELIGIOUS OBJECTIONS TO THE PAYMENT OF AGENCY FEES  
SOURCE - Executive Council September 1995; AMENDED – Executive Council April 2005

Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. §§ 2000e(j) and 2000e-2©, has been interpreted by the Equal Employment Opportunity Commission and federal courts to require labor organizations to make reasonable efforts to accommodate religious objections to the payment of agency fees. Air Line Pilots Association has followed that interpretation on a case by case basis. The following statement of policies and procedures is a formal implementation of that previously informal policy.

- a. Policy

In accordance with the current EEOC Guidelines on Discrimination Because of Religion, 29 C.F.R. Part 1605, 45 Fed. Reg. 72610, ALPA will make reasonable efforts to accommodate sincerely held religious objections to the payment of agency fees. To obtain an accommodation on religious grounds, it is not necessary that the objection to the payment of agency fees be based on traditional theistic concepts. Nor is it necessary that the pilot asserting the objection be affiliated with a formal religious group that has established tenets opposed to the financial support of labor unions. However, these factors are to be considered along with all other relevant factors in determining whether the asserted objection is sincere.

- b. Procedure

The Vice President-Finance is responsible for: (1) directing an investigation of any asserted religious objection to the payment of agency fees, (2) determining whether an accommodation is appropriate, and (3) determining the nature of the accommodation to be offered. Accordingly, any asserted religious objections to the payment of agency fees should be brought to his attention. The Vice President-Finance should consult as appropriate with legal counsel.

An asserted religious objection must be reduced to writing, and must be supported by information sufficient to allow an investigation into the sincerity of the objection. If in the view of the Vice President-Finance the objector does not initially provide sufficient information to allow a thorough investigation, a questionnaire designed to





elicit such information may be sent to the objector. Any such questionnaire will state that membership or association with an established or recognized religion is not a prerequisite to obtaining a religious accommodation, but is one factor among many to be considered. As part of the investigation, the objecting pilot will be offered the opportunity to meet, at the pilot's expense, with the Vice President-Finance.

Following the investigation, the Vice President-Finance will determine whether an accommodation is appropriate and inform the objecting pilot by letter of his decision. If an accommodation is granted, it will take effect as of the date ALPA first received written notice of the pilot's objection.

The objecting pilot may appeal the decision of the Vice President-Finance to the Executive Council. The appeal must be made in writing and received by the President within 45 days of the date the decision of the Vice President-Finance is sent to the pilot. The President will schedule the appeal to be considered at the next regular meeting of the Executive Council. If it is impractical to hear the appeal at the next regular meeting, the appeal will be heard at a regular meeting as soon as practical thereafter. The objecting pilot will be given an opportunity to appear before the Executive Council and make a statement in support of his objection and request for accommodation.

c. Nature of Accommodation

In the case of a pilot who has sincere religious objections to providing any financial support to a labor union, the objecting pilot will be allowed to make payments to a charity in lieu of agency fee payments. Such payments will be handled as follows.

- (1) The charity to receive payments from the objecting pilot will be a secular, non-labor, national charity agreeable to both ALPA and the pilot, to which neither party has any relation and to which the pilot has not previously contributed.
- (2) The payments to the agreed-upon charity will be equal to the agency fees that the pilot would be required to pay under the applicable collective bargaining agreement if he were not a religious objector. Those agency fees will be computed on the assumption that if the pilot were not a religious objector he would have submitted an objection to the use of his agency fees for purposes not germane to collective bargaining and received the appropriate reduction in such fees. The purpose of this paragraph is not to create any new or additional rights in religious objectors to challenge the amount of the agency fee, but rather to ensure that they pay the same amount to charity as a secular objector would pay in reduced agency fees under the union's agency fee policy which was created pursuant to *Ellis v. BRAC*, 466 U.S. 435 (1984) and related cases.
- (3) Pilots who make a charity-substitution payment pursuant to this policy shall personally certify to the union in writing that either:
  - (a) They did not deduct the charity-substitution payment from their federal or state income taxes as a charitable contribution; or,
  - (b) They deducted only that portion of their charity-substitution payment from their federal or state income taxes as a charitable contribution which they could have deducted as a job expense if they were secular objectors



who were paying union dues or fees instead of the charity-substitution payment.

Tax laws may change, but the purpose of this provision is to ensure that secular and religious objectors are treated exactly the same when it comes to the tax impact of their compulsory payments.

- (4) In no event will the union have the right to request or inspect the tax returns of any pilot making a charity-substitution payment, but the pilot may be asked to submit some form of corroboration for their certification under the previous paragraph. Such corroboration could be a statement from someone with whom the pilot is willing to share the relevant tax information, such as his spiritual advisor.
- (5) The amount of the payments to charity will be estimated and adjusted annually by the Membership and Council Services Department. Within 30 days after an accommodation is granted, and annually thereafter prior to April 15, the objecting pilot must submit a W-2 form for the prior year to the Membership and Council Services Department, and the Membership and Council Services Department will estimate the pilot's obligation for the current year and adjust the prior year's obligations to reflect his actual income. The objecting pilot will receive monthly statements from ALPA reflecting these adjusted and estimated billings.
- d. In response to monthly statements from ALPA indicating adjusted and estimated obligations, the pilot will submit signed receipts or other reliable evidence that he has paid the billed amount to the agreed charity. Failure to submit to ALPA timely evidence of adequate payments will be treated in the same manner as failure to submit agency fee payments would be treated in cases not subject to this accommodation; in other words, in accordance with the terms of the collective bargaining agreement governing his employment, the pilot will be subject to discharge for failure to provide timely evidence of sufficient payments to the designated charity.
- e. The objecting pilot will be obligated to pay agency fees directly to ALPA on income earned prior to the date ALPA first received written notice of his objection. If the Membership and Council Services Department lacks a reliable statement of the pilot's income for any prior years, the objecting pilot will be required to submit W-2 forms for those years.

14. PROCESSING FEES FOR THE HANDLING OF RETURNED CHECKS, DEFAULTED LOANS AND DEFAULTED ARRANGEMENT PLANS

SOURCE - Executive Council January 1998

- a. Expenses incurred in the handling of returned personal checks, defaulted arrangement plans and defaulted loans issued by a private lending institution and guaranteed by the Association, shall be recovered by the Association by billing the account(s) of members involved in a processing fee. Such fees shall be reasonable and are to be established by the Vice President-Finance/Treasurer. These fees shall be subject to the provisions of Article IX, Sections 10 and 12 of the ALPA Constitution and By-Laws.



**K. EXPENSE POLICIES – MEMBER AND GENERAL**

**1. EXPENSE REIMBURSEMENT PROCEDURE**

SOURCE - Administrative November 1960; AMENDED - Executive Council October 1994; Administrative January 1998 (Canada Reference Added); Executive Council September 2002; Executive Board October 2003

- a. Reimbursement for expenses, effective January 1, 2004, is accomplished by submitting a record of all expenses electronically, using ALPA's on-line expense reporting system, Concur, to the Finance Department. Required receipts shall also be submitted to the Finance Department in a manner determined by the Vice President-Finance/Treasurer, utilizing the best available technology. The HELP Desk or the Finance Department may be contacted for instructions on accessing the ALPA Expense Report electronically. Care in its execution is urged so that it will not be necessary to return it for correction or substantiation. Receipts are required for all expenses greater than \$75 unless they are one of the following, which will require receipts regardless of the amount: all transportation expenses including airfare, train fare and car rental; group meals; entertainment; hotel/lodging folios; and taxicab expenses >\$12. Airfare and train fare receipts will include both the "passenger receipt" and the boarding pass. The Vice President-Finance/Treasurer or his designee may require the submission of all receipts under this policy to further substantiate expenses submitted for reimbursement.
- b. Special attention should be devoted to stating the nature of the ALPA business for which the expense reimbursement is being requested, so that the Finance Department may accurately charge the costs to the specific projects involved. Also, the name of the person authorizing the activity on which the expenses were incurred, and for which reimbursement is sought, must be included on the ALPA Expense Report if reimbursement is to be made. All reports must be approved when submitted to the Finance Department.
- c. No ALPA expenses are to be self-authorized. Questions regarding this policy, or expense approval, should be directed to the Vice President-Finance/Treasurer or the ALPA General Manager.

**2. TAXICAB FARES AND RECEIPTS**

SOURCE - Board 1982; AMENDED - Executive Council October 1994; Executive Council April 1998; Board 2000; Executive Council September 2002

Receipts for taxi fares in excess of \$12.00 are required to be submitted with the ALPA Expense Report. Receipts should show the fare excluding tips. Reimbursable tips may not exceed 15%. The Executive Council shall undertake an annual review of this expense.

- a. Use of taxis while on LEC/LEC Committee business outside of your home base of operation is reimbursable.



3. AUTO EXPENSES

SOURCE - Executive Committee August 1953; AMENDED - Executive Committee May 1956; Executive Committee July 1957; Board by Mail Ballot July 1963; Board 1972; Board 1982; Board 1963; Board 1982; Executive Council May 1996; Board 2000; Executive Board May 2004

- a. Reasonable transportation expenses may be paid to pilots on ALPA business subject to the provisions of b. through f. below.
- b. The auto travel allowance shall be the official mileage allowance established by the Internal Revenue Service.
- c. ALPA members employed by Canadian air carriers will be reimbursed for auto expenses in accordance with paragraph 6 below—“Meals and Travel Expenses - Pilots Employed by Canadian Air Carriers.”
- d. The Association will reimburse daily parking fee expenses when they are incurred in connection with ALPA business.
- e. Toll expenses are reimbursable.
- f. Rental cars are not authorized while on LEC business.

4. AUTO COLLISION INSURANCE

SOURCE - Executive Committee May 1986; AMENDED – Executive Board May 2004

- a. Reimbursement is not approved for the purchase of additional collision insurance coverage on automobiles rented while on ALPA business.
- b. Damages sustained to autos rented while on authorized ALPA business will be paid directly by ALPA. This policy excludes any deductibles on personal automobiles used on ALPA business which remain the responsibility of the member/employee, subject to ALPA mileage policy reimbursement.

5. EXPENSE POLICIES – MEMBER AND GENERAL

SOURCE – Executive Board September 2004

- a. Automobiles purchased by ALPA for the purpose of conducting ALPA business are the property of ALPA.
- b. Personal use of ALPA automobiles is prohibited, except where provided by resolution of the Board of Directors, Executive Board, or Executive Council.
- c. Insurance, maintenance, registration, taxes, etc. shall be charged to the appropriate budgeting authority when incurred.

6. MEALS AND LODGING

SOURCE - Board 1950; AMENDED - Executive Committee August 1954; Executive Committee May 1956; Executive Committee July 1957; Board 1960; Board by Mail Ballot November 1967; Executive Board May 1969; Board by Mail Ballot November 1973; Board 1974; Board by Mail Ballot May 1976; Board 1978; Board 1980; Board by Mail Ballot July 1987; Board 1990; Executive Council October 1994; Board 1996; Executive Council April 1998; Board 2000; Executive Council September 2002; Executive Board May 2004

- a. Allowable meal and incidental expenses (tips) within the continental United States (“CONUS”) shall be determined by using the Regular Federal Per Diem Method



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rates established by the U.S. Internal Revenue Service for the locale where the pilot is performing ALPA business, and adjusted whenever these rates are adjusted.

- b. Allowable meal and incidental expenses (tips) in Alaska, Hawaii, Puerto Rico, U.S. territories and Canada shall be determined by using the highest CONUS rates for any locale established by the Regular Federal Per Diem Method and adjusted whenever these rates are adjusted.
- c. Allowable meal and incidental expenses (tips) for international travel outside U.S. or Canadian territory shall be determined by using the U.S. State Department guidelines for the locale where the pilot is performing ALPA business, with receipts required except when obtaining a receipt would impose an unreasonable burden, and adjusted whenever these rates are adjusted.

(1) The following rate reductions will be applicable when meals are provided:

Breakfast	20%
Lunch	25%
Dinner	55%

(2) The following rates will be applicable in the absence of receipts (when obtaining a receipt would impose an unreasonable burden):

Breakfast	\$10.00
Lunch	\$12.00
Dinner	\$25.00
Incidentals	\$ 2.00
Total	\$49.00

The Executive Council may adjust these rates annually.

- d. ALPA members employed by Canadian air carriers will be reimbursed for meals and incidental expenses in Canada in accordance with Paragraph 6 below. Exchange rate policies set forth in Paragraph 6 below will be applicable for meals and incidental expenses in the United States or for international travel.
- e. Amounts above these maximums will be disallowed. The ALPA Expense Report should show the actual amount expended for each meal.
- f. A list of hotels that are considered reasonable has been compiled by the Communications Department and should be referred to when arranging accommodations. This list is not an exclusive list. Members are urged to continue to use and/or seek accommodations that will result in savings to ALPA and so advise Communications. At ALPA-utilized hotels, when prior arrangements have been established, hotel bills may be signed over to ALPA for payment. However, only room rental charges will be billed to ALPA. Laundry, valet, telephone, fax, meal charges, or any other incidentals shall be paid by the individual contracting the expense and the paid bills covering these expenditures submitted by the member to the Finance Department on the ALPA Expense Report. Laundry and valet expenses are not authorized while a member is away from his residence for a period of five (5) calendar days or less.



Interpretation of Policy

SOURCE - Executive Council September 2000; AMENDED - Executive Council December 2002

In order to provide for suitable lodging for MEC officers who maintain primary residence in a different geographic area from the locale of the MEC office, where it is financially beneficial to the Association for the MEC officer to be reimbursed for lodging in lieu of incurring hotel expenses, the Vice President-Finance/Treasurer and General Manager shall approve monthly reimbursement of MEC officer housing expense which is actually incurred, utilizing the standard real estate industry “average area rental costs” method for up to a two bedroom, two bath unit, in lieu of payment of other lodging expenses in that locale for that MEC officer. MEC officers may be reimbursed for their monthly rental or mortgage payments. The use of this alternative for lodging shall be approved by the MEC, charged to the MEC budget, and shall not be considered a necessary expense for OCF purposes.

INTENT: The reimbursable amount shall not exceed the “average area rental costs.” There will be no gross up on such amount and all tax consequences of the IRS will be borne by the MEC officer.

7. MEALS AND TRAVEL EXPENSES - PILOTS EMPLOYED BY CANADIAN AIR CARRIERS

SOURCE - Executive Council January 1997; AMENDED - Executive Council August 1998; Board 2000; Executive Board May 2004

- a. Effective January 1, 2001, allowable meal and incidental expenses (tips) in Canada for ALPA members employed by Canadian air carriers shall be determined by using the highest CONUS rates for any locale established by the Regular Federal Per Diem Method and adjusted whenever these rates are adjusted.
- b. In the event that the exchange rate shifts more than 5 percent from the established rate on the 20<sup>th</sup> of any month, the new rate shall be utilized for expenses beginning the first of the following month.
- c. The conversion rate shall be the spot rate published in the Wall Street Journal for the close on the 20<sup>th</sup> of the month, or the Friday before the 20<sup>th</sup> should the 20<sup>th</sup> fall on a weekend or Monday holiday.
- d. The exchange rate will be that in effect when expense is incurred, and for travel periods, the rate in effect on the first day of travel away from home base.
- e. Car travel is to be measured in kilometers and will be reimbursed in Canadian funds in the amount of \$.36 CAD per kilometer, and adjusted as it is adjusted by the United States Internal Revenue Service (Example: \$.36 USD/mile= \$.36 CAD/km).

8. TELECOMMUNICATIONS

SOURCE – Board of Directors October 2000; AMENDED – Executive Board October 2003; Executive Board May 2004; Executive Board May 2005; Executive Board May 2008

- a. Telecommunications services shall be available to members in the following ALPA positions:
  - (1) ALPA National Officers and Executive Vice Presidents



- (2) MEC Officers and LEC Officers
  - (3) Members of MEC standing committees with the approval of the respective MEC Chairman or the MEC Secretary/Treasurer. A standing committee for the purpose of this provision shall be defined as a committee that has been established and funded within the MEC budget with the approval of the MEC.
  - (4) Members of ALPA Board of Directors Committees and Presidential Committees with the approval of the respective Committee Chairman and the Vice President-Finance/Treasurer.
  - (5) Aspen mailboxes shall be available to active members only, except with prior approval of the President.
- b. The following procedures shall apply to telecommunications expenses:
- (1) Use of ALPA approved wireless plans is required unless the use of an ALPA plan is not technically or financially feasible as determined by Vice President-Finance/Treasurer. ALPA National will assume the cost of transferring an existing plan to an ALPA approved plan.
  - (2) ALPA will provide up to a \$50 reimbursement for the purchase of a wireless phone and up to a \$50 reimbursement for the purchase of wireless phone accessories once every three years or to replace broken or malfunctioning phones and/or accessories, whichever occurs first. Repair costs up to \$50 every three years will be reimbursed. Any cost in excess of \$50 shall be borne by the member. Wireless phones purchased shall become the property of the member.
  - (3) Wireless and calling card bills shall be distributed on a monthly basis to MEC Secretary-Treasurers, National Committee Chairmen, and/or the Vice President-Finance/Treasurer, as appropriate.
  - (4) Distribution of guidelines to all members, including:
    - (a) Cost effective calling methods.
    - (b) Use of land lines to call 800 numbers whenever possible.
    - (c) Cost of ASPEN use in the U.S., Canada and for international calls.
  - (5) An ASPEN audit/cost awareness program, including monitoring of ASPEN user lists.
  - (6) An audit/cost awareness system for telephone and wireless use, including review of whether users are matched with appropriate plans.
  - (7) All references to monetary amounts shall be in U.S. dollars unless otherwise specifically stated in another currency.



c. CHARGEBACKS

SOURCE - Executive Committee September 1989; AMENDED - Executive Committee September 1992; Executive Board May 2004; Executive Board October 2007

- (1) Prevailing toll free telephone line use charges for utilization of the ASPEN voice mail system shall be charged to the controlling budget authority. A monthly user fee shall be established by the Executive Council, subject to annual review during the budget process, and shall be charged to the controlling budget authority for each mailbox allocated within its domain.
- (2) The cost of the Intranet will be offset by a chargeback system using a \$50 per month charge for each MEC, LEC, and committee web site, to be reviewed by the Executive Council on an annual basis.

9. INCOME TAX GROSS-UP PAYMENTS ON ALPA REIMBURSED EXPENSES

SOURCE - Board 2000; AMENDED - Executive Board May 2001; Executive Board May 2002; Executive Board May 2004

ALPA members in good standing who are subject to payment of federal, state and/or local income taxes and FICA on ALPA paid expenses, including expenses for lodging, transportation, meals and other expenses incurred and reimbursed because the member is either (a) based in the locale where the ALPA office is located (but maintains his primary residence in a different geographic area) or (b) lives in the city where the ALPA office is located, shall receive a “gross-up” payment calculated so that the member does not reasonably incur income tax liability on such taxable ALPA reimbursed expenses.

- a. The tax gross-up shall be calculated using the prevailing FICA tax rate (currently 7.65%) and an appropriate Federal and State tax rate, as determined by the Executive Council.
- b. All gross-up payments will be charged to the respective budget.

10. INCOME TAX SERVICES

SOURCE - Board 1956; AMENDED - Board 1968; Executive Board May 1969; Executive Council January 1994; Board 2000; Executive Board May 2004

ALPA shall not provide income tax services for its members. ALPA shall not become involved in the completion or preparation of individual tax returns or advice to individual members concerning tax matters.

11. EXPENSES DISPUTES ARBITRATION

SOURCE – Executive Board December 1971

In the event a difference of opinion arises as to authorization for any ALPA duties, or as to the validity of the final claim for expenses, a board, composed of the Vice President-Finance/Treasurer and any two members to be selected from the Council Chairmen or Vice Chairmen from Councils situated in the Home, D.C. area, selected by the Vice President-Finance/Treasurer, will promptly arbitrate the dispute.





**L. GIFTS**

SOURCE – Executive Board May 2004; AMENDED – Executive Board May 2010

No ALPA funds or property (including separate funds maintained by MECs and Local Councils, but excepting separate funds established with voluntary contributions for the purpose of providing assistance to members in need) may be used to purchase or provide gifts, gratuities, or awards expressing thanks, recognition, or appreciation (collectively, “gifts”), except in accordance with this policy.

1. Gifts must be in recognition of benefit provided to ALPA, reasonable in value under the circumstances, and properly authorized.
2. Funds budgeted to Local Councils through LEC per capita funding shall not be used to purchase gifts.
3. Gifts in the form of cash are prohibited. “Gift cards” may be purchased from MEC, Canada Board, or National funds or property, if properly authorized in accordance with Section 60.L.4 and 5, and if tax reporting is properly accomplished in accordance with Section 60.L.8. “Gift cards” may not be purchased using Local Council funds or property.
4. Gifts shall be authorized only in the following manner:
  - a. In the case of National funds or property, by the National Officer with authority as to the activity providing the benefit provided to the Association.
  - b. In the case of Canada Board funds or property, by the Canada Board President, in accordance with (i) a general authorizing resolution that embodies this policy and authorizes them to make such gifts; or (ii) a specific resolution authorizing a specific gift or gifts.
  - c. In the case of MEC funds or property, by the MEC Chairman or Secretary–Treasurer, in accordance with (i) a general authorizing resolution that embodies this policy and authorizes them to make such gifts; or (ii) a specific resolution authorizing a specific gift or gifts.
  - d. In the case of Local Council funds or property, by the Local Council Chairman or Secretary–Treasurer, in accordance with (i) a general authorizing resolution that embodies this policy and authorizes them to make such gifts; or (ii) a specific resolution authorizing a specific gift or gifts.
  - e. Self-authorization is prohibited. Another officer shall be substituted for authorization purposes if a proposed gift is to be given to an officer who would otherwise provide the authorization.
5. No member or other person shall receive gifts purchased with ALPA funds that are valued at more than \$250 (US or CAD) in the aggregate per year, provided:
  - a. Items of modest value used for “union building” activities shall not be subject to this policy or count toward the \$250 limit.



- b. Gifts at the National, Canada Board, MEC and Local Council level shall be counted separately, if not coordinated or pooled.
  - c. An individual exception to the \$250 limit in a reasonable amount may be approved in advance of making the gift (i) in the case of National funds or property, by resolution of the Executive Council; (ii) in the case of Canada Board funds or property, by resolution of the Canada Board addressing a specific gift and recipient or, in limited circumstances for flowers or other similar, modest tokens of consideration given in recognition of holidays or significant life events, by the Canada Board President; and (iii) in the case of MEC funds or property, by resolution of the Master Executive Council addressing a specific gift and recipient or, in limited circumstances for flowers or other similar, modest tokens of consideration given in recognition of holidays or significant life events, by the MEC Chairman or Secretary–Treasurer, and in any case with approval of the Vice President–Finance/Treasurer.
  - d. Exceptions to the \$250 limit are not permitted in the case of Local Council funds or property.
6. All gifts shall be recorded in a manner that permits periodic reporting of gifts to the authorizing body. The record will include the recipient’s name and a brief description of the gift and its purpose. Multiple gifts will be individually itemized.
  7. The Vice President–Finance/Treasurer will provide a report of all gifts on a regular, periodic basis to the Canada Board President (in the case of Canada Board funds), MEC Secretary–Treasurer (in the case of MEC funds), and the Executive Council (in the case of National funds). The Fund Administrator of any Local Council fund used to purchase gifts will provide a report of any gifts to the Local Council at the next Local Council meeting.
  8. The ALPA Finance Department (in the case of budgeted ALPA funds) and the Fund Administrator (in the case of separate funds maintained by MECs) will ensure that taxes are withheld, paid and reported as required by applicable Internal Revenue Service regulations and state laws. An MEC (in the case of MEC funds or property) and the Executive Council (in the case of National funds or property) may approve tax gross-up in the case of gifts subject to tax. The value of the gross-up will be included as part of the value of the gift in determining whether the gift is within the \$250 limit.
  9. No ALPA funds may be used to purchase gifts for ALPA employees, except:
    - a. through programs, such as the employee recognition award program, that are maintained by the ALPA Human Resources Department and approved by the President, or
    - b. for flowers or other similar, modest tokens of consideration given in recognition of holidays or significant life events.



**M. MEMBER COMPENSATION AND PAYMENTS**

AMENDED – Executive Board May 2004; Executive Board June 2006

STATEMENT OF INTENT: The historic strength of ALPA is as a member-driven and pilot-controlled organization, supported to a large degree by members who volunteer their time to serve their fellow pilots. In addition, it is recognized that there is a need to provide fair and equitable compensation and days off for ALPA officers, representatives and members who are assigned to full time or part time duty with the Association. While ALPA encourages members to volunteer their time to perform ALPA work, it has long been recognized that there is ALPA work that cannot be completed on a member's days off, or by rearranging schedules to perform ALPA work on days off. It is also recognized that "flyback" of dropped trips is not always a realistic possibility. Likewise, it is recognized that members who provide service to ALPA have a need for days off. For members who drop trips or are removed from regular scheduling to perform full time or part time ALPA duties, flight pay loss, in terms of what an officer, representative or member could reasonably earn pursuant to the collective bargaining agreement if engaged in line flying, shall continue to be a part of compensation policy under Article XVII, Sections 2 through 4 of the Constitution and By-Laws. Consistent with Article XVII, Section 5 of the Constitution and By-Laws, this policy also provides for other methods of fair and equitable compensation and days off.

1. NATIONAL OFFICERS, EXECUTIVE VICE PRESIDENTS AND NATIONAL COMMITTEES - AUTHORIZATION AND APPROVAL

SOURCE - Board 1968; AMENDED - Board 1974; Executive Board November 1999; Executive Board May 2004; Executive Board October 2005; Executive Board June 2006; Executive Board May 2007; Executive Board April 2011

- a. Compensation of the President, National Officers (First Vice President, Vice President-Administration, and Vice President-Finance/Treasurer) and Executive Vice Presidents shall be established in accordance with Article XVII of the Constitution and Bylaws. Such compensation/allowances received by the National Officers and Executive Vice Presidents shall be published quarterly in an electronic format. Self-authorization is not permitted.
- b. Executive Vice Presidents:
  - (1) Trips dropped to perform ALPA work should not reasonably exceed the amount of time required to perform ALPA work. Travel time is included as part of ALPA work.
  - (2) Flight pay loss for Executive Vice Presidents to perform ALPA work shall be pre-approved by the National Officer with oversight authority over the work, subject to the additional pre-approval provisions in 60M 1b(5) and 60M 1b(6) below if appropriate, utilizing the National Committee Flight Pay Loss Pre-Approval web application.
  - (3) Flight pay loss is subject to the following:
    - (a) Flight pay loss will be in accordance with the policies of the Executive Vice President's own MEC or Canada Board as appropriate, and in no event



will flight pay loss authorized be more than the maximum number of hours or applicable units (e.g., miles, trips, etc.) per month that could have been earned by the member pursuant to the collective bargaining agreement based upon his seniority/longevity, bid status (e.g., lineholder, reserve), equipment, and domicile if engaged in line flying.

- (b) Full time flight pay loss shall be authorized only by the President. In determining full time flight pay loss, the President or the National Officer with oversight authority for the work if authorized by the President may take into account the position that could reasonably be held by the Executive Vice President consistent with his rights and obligations under the collective bargaining agreement.
- (4) Trip drops by Executive Vice Presidents for attendance at Executive Council, Executive Board, and Board of Directors meetings; participation in Executive Council committees; and participation in ALPA National committee meetings as a representative of the Executive Council shall be charged to the appropriate Administrative & Support Account budget.
- (5) For Group A Executive Vice Presidents, trip drops for ALPA work will be charged as follows:
  - (a) For work with their own MECs (e.g., attendance at MEC meetings), trip drops shall be charged to their MEC subject to the pre-approval of the MEC Chairman.
  - (b) For work with other MECs in other election groups (e.g., attendance at MEC meetings), flight pay loss authorization shall be authorized in advance by the National Officer with oversight authority for EVP flight pay loss or his designee, and shall be subject to the constraints of the applicable Administrative & Support account annual budget. The Executive Council shall be responsible for ascertaining the appropriate level of funding for such Executive Vice President activities in the annual budget.
  - (c) If flight pay loss is not authorized under 60M 1b(5)(b) above, then flight pay loss may be charged to the MEC for whom the Executive Vice President is performing work or to the Executive Vice President's own MEC, subject to the pre-approval of both the appropriate MEC Chairman whose budget is to be charged and the National Officer with oversight authority for EVP flight pay loss or his designee.
- (6) For Group B and Group C Executive Vice Presidents, trip drops for ALPA work will be charged as follows:
  - (a) For work with their own MECs (e.g., attendance at MEC meetings), trip drops shall be charged to the MEC subject to the pre-approval of the MEC Chairman.



- (b) For work with other MECs in their election group (e.g., attendance at MEC meetings), flight pay loss authorization shall be authorized in advance by the National Officer with oversight authority for EVP flight pay loss or his designee, and shall be subject to the constraints of the applicable Administrative & Support account annual budget. The Executive Council shall be responsible for ascertaining the appropriate level of funding for such Executive Vice President activities in the annual budget.
    - (c) If flight pay loss is not authorized under 60M 1b(6)(b) above, then flight pay loss may be charged to the MEC for whom the Executive Vice President is performing work or to the Executive Vice President's own MEC, subject to the pre-approval of the appropriate MEC Chairman whose budget is to be charged.
  - c. National Committees:
    - (1) Trips dropped to perform ALPA work should not reasonably exceed the amount of time required to perform ALPA work. Travel time is included as part of ALPA work.
    - (2) Flight pay loss authorization shall be subject to the constraints of the National Committee's annual budget. Flight pay loss for a National Committee that has exceeded its annual budget must be authorized in advance by the National Officer with oversight authority for the National Committee or his designee.
    - (3) Flight pay loss is subject to the following:
      - (a) Flight pay loss is authorized up to the maximum number of hours or applicable units (e.g., miles, trips, etc.) per month that could have been earned by the member pursuant to the collective bargaining agreement based upon his seniority/longevity, bid status (e.g., lineholder, reserve), equipment and domicile, if engaged in line flying.
      - (b) Full time flight pay loss shall be authorized only by the President. In determining full time flight pay loss, the President or the National Officer with oversight authority for the National Committee if authorized by the President may take into account the position that could reasonably be held by a National Committee Chairman, consistent with his rights and obligations under the collective bargaining agreement.
    - (4) Trip drops for National Committee work, in coordination with the member's MEC officer where appropriate, shall be approved by the National Committee Chairman.
    - (5) National Committees may, subject to the approval of the National Officer with oversight authority over such Committee or his designee, adopt flight pay loss policies:



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- (a) To require pilots to perform additional ALPA work when trips dropped exceed the time required to perform ALPA work that caused the original trip drop.
  - (b) To prohibit performance of ALPA work during the pilot's vacation (to limit the costs related to Vacation Bank cash option payouts or Vacation Bank days off).
  - (c) To require pilots to fly back trips to reduce flight pay loss when trips dropped exceed the time required to perform ALPA work.
- (6) Flight pay loss/compensation for members assigned to special national projects shall be approved by the National Officer with oversight authority over the project.
- (7) For full time National Committee work, the President, in coordination with the Vice President-Finance/Treasurer and subject to the approval of the applicable MEC Chairman, may authorize the use of member compensation options set forth in Section 60M 2c(4), 60M 2b(4)(b), 60M 2b(5) and 60D 1c(4). For part-time National Committee work, only Section 60D 1c(4) shall apply. Any change to the use of these member compensation options shall be coordinated with the Vice President-Finance/Treasurer and subject to the approval of the applicable MEC Chairman.
- (8) Flight pay loss/compensation received by members of National Committees or on assignment to special national projects shall be published quarterly in an electronic format.

**2. MASTER EXECUTIVE COUNCILS - AUTHORIZATION AND APPROVAL**

SOURCE – Executive Board June 2006

**a. General Policies**

- (1) Compensation of MEC officers, MEC members, representatives and members assigned to duty with the Association by a Master Executive Council shall be in accordance with Article XVII of the Constitution and Bylaws, ALPA policy and MEC policy (which shall be consistent with Article XVII and ALPA policy).
- (2) MEC officers are charged with being familiar with ALPA policy governing member compensation and expenses.
- (3) Each Master Executive Council shall adopt and maintain a written policy governing MEC officer, representative and member compensation (including flight pay loss) and expenses, which is consistent with ALPA policy, and must be submitted to the Vice President-Finance/Treasurer to determine conformity with ALPA policy. A Master Executive Council that provides no material compensation to members may request in writing that the Vice President-Finance/Treasurer approve a waiver of this requirement.



- (4) Master Executive Council policies shall include the following:
    - (a) Assignment of responsibility among the MEC officers for approval of individual member compensation submissions, including a provision prohibiting self-authorization.
    - (b) Provision for prior approval by the MEC Secretary-Treasurer or a designated MEC officer of all trips dropped.
    - (c) Provision for publishing MEC policy on flight pay loss/member compensation and expenses on the MEC website.
    - (d) Provision for making ALPA paid (directly or by reimbursement to the carrier) flight pay loss/compensation received by members available to the MEC and membership on at least a calendar quarterly basis.
  - (5) The provisions of ALPA policy shall govern compensation received by an MEC officer, representative or member, whether paid by the carrier and reimbursed by ALPA to the carrier or paid by the carrier without ALPA reimbursement or paid directly by ALPA.
  - (6) ALPA training programs for MEC officers, Local Council officers and representatives likely to receive flight pay loss/member compensation shall include training on ALPA and MEC policy. Training for representatives (who are not MEC or Local Council officers) who will not regularly be receiving flight pay loss/member compensation may be confined to matters that are relevant to the particular situation.
  - (7) An MEC officer, in coordination with National Committee Chairmen and/or National Officer(s) as appropriate, shall be notified of trip drops for National Committee work for members of the airline.
- b. Full-time compensation, including full-time flight pay loss, shall be governed by the following policies.
- (1) Full-time flight pay loss may be authorized by the MEC for MEC officers assigned to full-time duty with the Association if the MEC budget can support such expense.
  - (2) Full-time flight pay loss may be authorized by the MEC Chairman, or his designee who must be another MEC officer, for any member of the airline (except for MEC officers) assigned to full-time duty with the Association if the MEC budget can support such an expense.
  - (3) A member assigned to full-time duty with the Association and receiving full-time flight pay loss, may from time to time, “fly back” dropped trips or pick up trips, provided that there is an equivalent reduction in flight pay loss received by the member.



- (4) Full time flight pay loss:
  - (a) An MEC shall determine the flight pay loss to be paid to a full-time MEC officer or member assigned to full-time duty up to the maximum that could have been earned by the member pursuant to the collective bargaining agreement if engaged in line flying. Such flight pay loss is authorized up to the maximum number of hours or applicable units (e.g., miles, trips, etc.) per month that could have been earned by the member pursuant to the collective bargaining agreement based on his longevity/seniority, bid status (e.g., lineholder, reserve), equipment and domicile, if engaged in line flying.
  - (b) In determining full-time flight pay loss, in recognition of the variables attendant to pilot pay, as an alternative to flight pay loss calculation under subparagraph M.2.b(4)(a), an MEC may determine that a member receive up to ten percent (10%) above the applicable minimum monthly guarantee or up to ten percent (10%) above the estimated flight pay loss calculated under subparagraph M.2.b(4)(a), but not more than an applicable contractual limitation (for example, the monthly pay cap).
  - (c) In determining full-time flight pay loss, an MEC may take into account the position that could reasonably be held by the MEC officer or member consistent with his rights and applicable restrictions under the collective bargaining agreement.
- (5) Compensation in a reasonable amount beyond the limitations set forth in subparagraph M.2.b(4) above is permitted if the method of calculating such compensation, maximum amount of such compensation, and provision for payment of such compensation being made directly by ALPA to the member is specified in MEC policy approved by the Vice President-Finance/Treasurer prior to implementation. Such MEC policy shall take into account whether the recipient is receiving any payment under Section 60.D.1.c.4. An MEC subject to flight pay loss pre-approval by the Vice President-Finance/Treasurer under Section 60.D.1.d shall not be permitted to provide compensation beyond the limitations set forth in subparagraph M.2.b(4) for the time period set forth in subparagraph 60.D.1.d(1)(e)(iii).
- (6) An MEC may provide flight pay loss/compensation for a reasonable transition time for return to the line of a member who has been assigned to full-time duty with the Association.
- (7) Compensation paid by the carrier without ALPA reimbursement shall be reported by the MEC Secretary-Treasurer to the Vice President-Finance/Treasurer on a calendar quarter basis. If such data is included in other reports received by the Vice President-Finance/Treasurer (or ALPA Finance Department) during each calendar quarter, the MEC Secretary-Treasurer may request that it be extracted from such reports and furnished to the MEC Secretary-Treasurer for confirmation, in lieu of making a separate report.





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- c. Part-time compensation, for members who are not assigned to full-time duty with the Association, including part-time flight pay loss, shall be governed by the following policies.
  - (1) Trips dropped to perform ALPA work should not reasonably exceed the amount of time required to perform ALPA work. Travel time is included as part of ALPA work.
  - (2) Members are encouraged to drop a minimum amount of time to perform ALPA work. Flight pay loss is authorized up to the maximum number of hours or applicable units (e.g., miles, trips, etc.) per month that could have been earned by the member pursuant to the collective bargaining agreement based upon his seniority/longevity, bid status (e.g., lineholder, reserve) equipment and domicile, if engaged in line flying.
  - (3) MECs may adopt MEC policies on flight pay loss:
    - (a) To require pilots to perform additional ALPA work when trips dropped exceed the time required to perform the ALPA work that caused the original trip drop.
    - (b) To prohibit performance of ALPA work during the pilot's vacation (to limit the costs related to Vacation Bank cash option payouts or Vacation Bank days off).
    - (c) To require pilots to fly back trips to reduce flight pay loss when trips dropped exceed the time required to perform ALPA work.
    - (d) To establish a standard of reasonable time lost in determining flight pay loss.
    - (e) To permit trip trading or bidding into known days of ALPA work, providing that such action is consistent with rights and restrictions under the member's collective bargaining agreement and is consistent with subparagraphs M.2.c(1) and M.2.c(2) above.
  - (4) As an alternative to part-time flight pay loss based on dropped trips, with approval of the Vice President-Finance/Treasurer, MECs may adopt written policies governing members assigned to part-time duty with the Association which provide for the following:
    - (a) A reasonable equivalent to flight pay loss when release from assignment to flight duty is requested and granted. Such policy may be applied where a computer bidding/preferential bidding system or conventional bidding system is in effect. Such policy may be applied to compensate lineholders and/or reserves for days performing ALPA work. Any such policy shall take into account the provisions of the applicable collective bargaining agreement and shall:
      - (1) State the types of known ALPA work to which it is applicable (e.g., MEC meetings, committee work, all known blocked activities).



- (2) Provide uniform daily maximum hours of flight pay loss equivalent for all pilots or all similarly situated pilots (e.g. lineholders, reserves) and/or types of ALPA work (e.g., short term, long term), reasonably pro-rated based on an objective standard, such as the monthly guarantee or cap, line construction cap or approximate (median) (average) monthly maximum pay hours if there is no cap (e.g., 80 hours divided by 20 days equals four hours).
  - (3) Preclude a pilot from receiving multiple forms of compensation (e.g., flight pay loss equivalent and vacation pay or sick leave pay) for any day.
  - (4) Preclude a pilot from receiving more than the applicable monthly cap, line construction cap or reasonable equivalent of monthly maximum pay hours that could be earned, when combined with the pilot's flight pay hours and flight pay loss for the month or applicable pay period.
  - (5) Incorporate such other provisions as approved by the Vice President-Finance/Treasurer or by the Executive Council upon his request or request of the MEC.
- (b) A reasonable daily stipend to be paid by the Association to pilots for days performing ALPA work in lieu of receipt of any flight pay loss or other form of compensation or vacation or compensatory days off under ALPA International or MEC policy for those days, provided that such stipend shall not exceed an hour limit as set by MEC policy, at the pilot's hourly rate, but in no event less than \$50.00 or more than \$250.
  - (c) Compensatory days off (later trip drop) equivalent to days off spent performing ALPA work on not more than a one-for-one basis, authorized by the MEC Secretary-Treasurer or designated MEC officer, taken within sixty (60) days of the days of ALPA work (which may be extended by the MEC Secretary-Treasurer or designated MEC officer if the carrier denies trip drops within the time limit), and not exceeding a fixed number of days per member each calendar year established by MEC policy. A pilot who has received flight pay loss or another form of compensation or stipend under ALPA or MEC policy for days spent performing ALPA work shall not receive compensatory days off for those days. Total compensation for a month in which a pilot receives compensatory days off (later trip drop) shall not be more than the applicable monthly cap, line construction cap or reasonable equivalent of monthly maximum hours that could be earned by the pilot.

### 3. LOCAL COUNCIL BUDGETS

SOURCE – Executive Board June 2006

- a. There shall be no member compensation, including flight pay loss, charged to a Local Council budget.



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**4. FLIGHT PAY LOSS AND EXPENSES - TIME LIMITS FOR SUBMISSION**

SOURCE - Executive Board November 1947; AMENDED - Executive Committee April 1968; Administrative November 1956; Executive Board December 1971; Executive Board October 2003; Executive Board May 2004; Executive Board June 2006

- a. Claims for compensation/flight pay loss and daily expenses not submitted to the Finance Department within 60 days after they are incurred are forever thereafter deemed to be null and void, and uncollectible.
- b. In the case of compensation/flight pay loss, the 60 day period will start from the date of normal receipt of the pay voucher for members not reimbursed through Company payroll.
- c. Compensation/flight pay loss shall be reported by the National Committee or MEC, to the Finance Department in the month in which it occurs, for proper accountability in the appropriate period and charged against the appropriate budget.

**5. HEARING BOARD AND APPEAL BOARD CASE EXPENSES**

SOURCE - Board 1964; REAFFIRMED - Executive Board May 1975

Flight pay loss and expenses for ALPA representatives are authorized if their appearance at any hearing before the Hearing Board or Appeal Board is directed by said Board and further provided that the prior approval of the President has been obtained before said expenses have been incurred.

**6. COMPENSATION/FLIGHT PAY LOSS REIMBURSEMENT PROCEDURES**

SOURCE - Board 1954; AMENDED - Board 1956; Administrative November 1956; Board 1974; Executive Council September 2002; Executive Board May 2004; Executive Board June 2006

Appropriate existing ALPA procedures will be utilized by the Finance Department in all cases where final and satisfactory adjustments are not consummated in accordance with policy.

- a. Reimbursement for compensation/flight pay loss shall, where feasible, be through regular airline company pay channels consistent with ALPA policies. Compensation/flight pay loss claims shall be preceded by a "Compensation/Flight Pay Loss Activity Report," and be sent to the appropriate authority for approval. Those members whose airline has no provision for billing ALPA for compensation/flight pay loss may request reimbursement for compensation/flight pay loss for ALPA business, using the "Compensation/Flight Pay Loss Claim Form."

Those members reimbursed through Company payroll shall submit a "Compensation/Flight Pay Loss Claim Form," or other approved form, executed only to the extent agreed by the MEC Chairman and Vice President-Finance/Treasurer. All claimants shall submit a company pay voucher for the month in which compensation/flight pay loss occurred when it becomes available. Should any difference occur between the amount of money paid the member and the amount verified to be correct, based upon his company pay voucher, it shall be individually adjusted by the pilot and ALPA.



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- b. Compensation/flight pay loss claims paid to members directly by ALPA shall have employment taxes withheld, using the prevailing FICA tax rate and an appropriate Federal and State income tax rate, as approved by the Executive Council, and shall be subject to dues and assessments.

**7. FLIGHT PAY LOSS IN UNION ACTIVITY DISCHARGE/SUSPENSION CASES**

SOURCE - Executive Board December 1969; AMENDED - Executive Committee January 1970; Executive Board May 1988; Executive Board May 1989; Executive Board May 2004

- a. At the determination of the Executive Council, any elected representative or any appointee of the National Officers or the MEC suspended or discharged because of authorized union activities shall be continued on full flight pay loss.
- b. In handling requests for flight pay loss in these cases, assessment of all facts available in such cases shall be undertaken, including the views of the MEC involved. When approved, such flight loss payment shall be retroactive to the date of suspension or discharge of the involved member, and flight pay loss payments in any such instance to a suspended or discharged member shall cease upon disposition of his case under the member's contractual grievance machinery. ALPA must be consulted if settlement is offered and unless the President or his designee is a party to the settlement offer and concurs with the pilot's decision, the Executive Council may terminate continuing flight pay loss support.
- c. Any monies paid such suspended or discharged member by his carrier as a result of a grievance decision, or earlier in the grievance process, shall be repaid by the member to ALPA up to but not exceeding that amount received from ALPA in the form of flight pay loss. The amounts and sources of other income may be considered by the Executive Council. The Executive Council shall review each case when and if additional information becomes available.
- d. Once the Executive Council has made an initial authorization for payment of Flight Pay Loss benefits, the Vice President-Finance/Treasurer shall report on the status of such case at each regular meeting of the Executive Council, at which time the Executive Council will determine whether or not said benefits are to be continued.
- e. All expenditures incurred pursuant to this policy shall be charged to the respective MEC budget on a current basis, unless otherwise authorized by the Executive Council.

**8. RETIREMENT PAY LOSSES**

SOURCE - Board 1954

No member due to his participation in ALPA activities shall suffer retirement pay loss, and the President is authorized to pay the claims for such members for any retirement pay losses in accordance with methods and procedures to be established by the Home Office, with the approval of the Executive Council.

**9. COMPENSATION/FLIGHT PAY LOSS RESTRICTIONS**

SOURCE - Executive Board May 1969; AMENDED - Executive Board May 1971; Executive Board May 1995; Executive Board May 2004; Executive Board June 2006



- a. The MEC or Executive Council, depending on whether the funds utilized are from the MEC or national budget, will be informed by a pilot receiving compensation/flight pay loss when he is no longer medically qualified for more than 90 consecutive days to perform duties as a commercial airline pilot. It is the responsibility of the body providing the funds to determine whether a pilot who is medically disqualified for more than 90 days receives further compensation or must draw on the pilot's sick leave bank or receives some combination thereof for performance of authorized ALPA assignments, and to determine the method of payment for any compensation aside from sick leave pay.

**10. RETIRED MEMBERS EXPENSES**

SOURCE - Executive Board May 1969; AMENDED – Executive Board May 2004

Neither salary or fee shall be authorized for payment to retired pilots on ALPA assignments other than those made and authorized by the President or the Executive Council. Expenses as authorized for active members are also authorized for retired pilots serving on MEC committees.

**N. TRAVEL EXPENSES**

**1. TRAVEL TICKETS**

SOURCE - Administrative November 1956; AMENDED – Executive Board May 2004

ALPA shall not purchase airline tickets for members performing ALPA business for travel on a member's own airline or when reciprocal travel is available on other airlines, unless the cost of the own airline/reciprocal airline travel is more expensive than a purchased ticket, or if the own airline/reciprocal airline travel would not provide for a timely arrival/departure to/from an event or meeting. For members unable to secure transportation on a member's own airline or when reciprocal travel is unavailable on other airlines while performing ALPA business, requests to purchase airline tickets shall be made in advance to the ALPA Travel Specialist at 703-689-4243 or via e-mail at [alpatravel@alpa.org](mailto:alpatravel@alpa.org), and shall be approved by the Vice President-Finance/Treasurer.

**2. TRAVEL SERVICES**

SOURCE – Executive Council January 1992; AMENDED – Executive Council September 2002 ; Executive Board May 2004

- a. All ALPA member tickets shall be purchased through the ALPA Travel Specialist as follows:
  - (1) Tickets shall be purchased at the most economic fare applicable. CONUS and Canada First class and business class travel is not permitted. Requests for non-CONUS and non-Canada business class (or non-CONUS and non-Canada First Class travel in a two-class only service) will be considered only in exceptional circumstances, and only if the MEC budget is sufficient to fund such expenditures. Such requests must be approved in advance by the President or his designee.
  - (2) Travel will be conducted on ALPA carriers whenever possible. In the event that comparable fares are available on both ALPA and non-ALPA carriers, travel will be booked on the ALPA carrier.



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- (3) Non-refundable tickets shall be utilized to the maximum degree feasible. Booking shall occur as far in advance as possible to secure the lowest cost non-refundable tickets.
  - (4) In lieu of the traveler’s preferred itinerary, ALPA members may be required to take an alternate flight, fly into/out of an alternate airport, or take a connecting/layover flight provided that the alternate booking permits a timely arrival/departure at/from the meeting or event and results in an appreciable savings to the Association.
  - (5) Purchase of upgrade coupons, airline club memberships and similar items will not be reimbursed by ALPA.
- b. ALPA’s Travel Specialist will provide travel services for ALPA members. The procedures for members on approved ALPA business shall be as follows:
- (1) Call ALPA’s Travel Specialist during business hours at (703) 689-4243 or via email at [alpatravel@alpa.org](mailto:alpatravel@alpa.org) to book flights, and car rentals. After business hours, on weekends and holidays, call Omega Travel at (800) 285-6342 and use ALPA ID code: “CFX3-ALPAIAD”. In order to make a reservation, you must have the following information available: purpose of trip, name of person authorizing the travel and the project number. Business travel for anyone who does not have an ALPA sponsored credit card must be booked through the Travel Specialist.
  - (2) Airline travel will be conducted via E-Ticket. Paper tickets will be authorized only when necessary.
  - (3) All changes or cancellations are to be made directly with the ALPA Travel Specialist by the traveler. To alter or cancel flights after hours and on weekends/holidays, please call Omega at 800-US-OMEGA (800-285-6342). The ALPA identification code is “CFX3-ALPAIAD.”
  - (4) Hotel rooms shall be booked through the Meetings staff in the Communications Department at (703) 689-4103 whenever feasible.
  - (5) Hotel rooms billed directly to ALPA shall be for room and tax only. All other expenses shall be paid by the traveler and submitted for reimbursement if appropriate under ALPA expense policy.
3. FUNDING OF ALPA STAFF EXPENSES FROM A REQUESTING MEC, LEC OR NATIONAL COMMITTEE  
SOURCE - Executive Board May 1990; AMENDED – Executive Board May 2004
- a. When a requesting MEC, LEC or National Committee requires the appearance of an ALPA staff person, and this request is made less than seven days from the date of the appearance, the difference between the actual cost of the airfare and the seven day advance purchase price shall be charged to the requesting MEC, LEC or National Committee.
  - b. Meal and lodging expenses incurred in excess of two days for any requested appearance regarding (a) above shall be charged to the requesting MEC, LEC or National Committee.



- c. Existing expense policy of cost being charged to the staff member's department will continue to apply in any instance in which the requested staff member is to represent ALPA's interest before the company, and advance notice was not reasonably possible.

Requests for staff appearances require approval of, and coordination through, the President or his designee.

**O. VACATION TIME LOST**

**1. VACATION TIME, RETURN OF LOST**

SOURCE - Board 1974; AMENDED - Executive Board November 1975; Executive Council January 1996; Executive Board May 1996; Executive Council September 2002; Executive Board May 2003; Executive Board May 2004; Executive Board April 2011

**a. General**

- (1) ALPA encourages pilots performing Authorized ALPA Work to use vacation days as days free of flying and Authorized ALPA Work to the maximum degree feasible.
- (2) Any pilot incurring lost vacation while performing Authorized ALPA Work may, subject to this policy, establish an ALPA Vacation Bank to be compensated for such loss through either a Cash Option or a Days Off Option.
- (3) Authorized ALPA Work shall be defined as the performance of ALPA duties or travel to or from the locale(s) where such duties are performed on days when the pilot was scheduled for vacation or, for a pilot performing ALPA Work who as a result is not awarded and/or assigned vacation, lost vacation while performing ALPA Work as defined in paragraphs b.(2) and b.(3) below.
- (4) Authorized ALPA Work shall not be scheduled over an awarded and/or assigned vacation period unless that work cannot reasonably be performed at a different time and must be scheduled with the approval in writing of the MEC Chairman or MEC Secretary/Treasurer for MEC activities, and, for ALPA National Activities, the President or the Vice President-Finance/Treasurer.
- (5) Options can be used individually or in combination, subject to the limits within this policy. A pilot shall elect the Cash Option or the Days Off Option on the ALPA Vacation Activity Report when the lost vacation is deposited in the ALPA Vacation Bank. A pilot can subsequently move lost vacation between the Cash Bank and Days Off Bank only during the vacation year in which the lost vacation is deposited in the ALPA Vacation Bank and only with the approval of the respective MEC Chairman and the ALPA Vice President-Finance/Treasurer, subject to the limits within this policy.
- (6) Any pilot who is entitled to a cash out of vacation by his/her airline – either annually, irregularly, or upon furlough, resignation, termination or retirement – shall provide appropriate documentation as determined by the Vice President-Finance/Treasurer to show that the pilot did not have vacation time cashed out by his/her airline that is also in the ALPA Vacation Bank.



- (7) Executive Vice Presidents incurring lost vacation while performing authorized ALPA work shall be subject to their own MEC policies or Canada Board policy as appropriate, on vacation in accordance with Section 600 1e. Authorization for Executive Vice Presidents to perform ALPA work over an awarded and/or scheduled vacation period shall be pre-approved by the National Officer with oversight authority over the work, subject to the additional pre-approval provisions in 600 1a(7)(b) and (c) below, if appropriate.
- (a) Lost vacation for attendance at Executive Council, Executive Board, and Board of Directors meetings; participation in Executive Council committees; and participation in ALPA national committee meetings as a representative of the Executive Council shall be charged to the appropriate Administrative & Support account budget.
- (b) For Group A Executive Vice Presidents, lost vacation for ALPA work shall be charged as follows:
- (i) For work with their own MECs (e.g., attendance at MEC meetings), lost vacation shall be charged to their MEC subject to the pre-approval of the MEC Chairman.
- (ii) For work with other MECs in other election groups (e.g., attendance at MEC meetings), lost vacation authorization shall be authorized in advance by the National Officer with oversight authority for EVP lost vacation or his designee, and shall be subject to the constraints of the applicable Administrative & Support account annual budget. The Executive Council shall be responsible for ascertaining the appropriate level of funding for such Executive Vice President activities in the annual budget.
- (iii) If payment for lost vacation is not authorized under 600 1a(7)(b)(ii) above, then lost vacation may be charged to the MEC for whom the Executive Vice President is performing work or to the Executive Vice President's own MEC, subject to the pre-approval of both the appropriate MEC Chairman whose budget is to be charged and the National Officer with oversight authority for EVP lost vacation or his designee.
- (c) For Group B and Group C Executive Vice Presidents, lost vacation for ALPA work will be charged as follows:
- (i) For work with their own MECs (e.g., attendance at MEC meetings), lost vacation shall be charged to the MEC subject to the pre-approval of the MEC Chairman.
- (ii) For work with other MECs in their election group (e.g., attendance at MEC meetings), lost vacation authorization shall be authorized in advance by the National Officer with oversight authority for EVP lost vacation or his designee, and shall be subject to the constraints of the applicable Administrative & Support account annual budget. The





Executive Council shall be responsible for ascertaining the appropriate level of funding for such Executive Vice President activities in the annual budget.

(iii) If payment for lost vacation is not authorized under 600 1a(7)(c)(ii) above, then lost vacation may be charged to the MEC for whom the Executive Vice President is performing work or to the Executive Vice President’s own MEC, subject to the pre-approval of the appropriate MEC Chairman whose budget is to be charged.

b. Accrual

- (1) For a pilot who is awarded and/or assigned vacation by his/her airline, a full day of vacation will be credited to a pilot’s ALPA Vacation Bank under this policy if the pilot performed at least 4 hours of Authorized ALPA Work during the given work day. A half-day of vacation will be credited to a pilot’s ALPA Vacation Bank under this policy if the pilot performed at least 2 hours but less than 4 hours of Authorized ALPA Work during the given work day. A pilot who performs less than 2 hours of Authorized ALPA Work during the given work day shall not be entitled to any credit in his/her ALPA Vacation Bank for that day. The number of hours on any day a pilot spends traveling to or from the location the pilot performed the Authorized ALPA Work shall be considered as hours of Authorized ALPA Work under this paragraph.
- (2) For a pilot who is awarded and/or assigned vacation by his/her airline and, pursuant to the provisions in paragraph b.(1) above, would have a number of vacation days credited to his/her ALPA Vacation Bank equal to or greater than 71% (5 of 7) of the total number of days in pilot’s applicable awarded and/or assigned vacation, such pilot shall have all of the vacation days in the applicable vacation credited to his/her ALPA Vacation Bank.

Examples (T=Travel, AW=ALPA Work, V=Vacation Day):

(a) 3 ½ Days of ALPA Work

Vacation			V	V	V	V	V	V	V
ALPA Work	3 hrs T	7 hrs AW	7 hrs AW	7 hrs AW	7 hrs AW	3 hrs T			

(b) 3 Days of ALPA Work

Vacation			V	V	V	V	V	V	V
ALPA Work				5 hrs T	7 hrs AW	5 hrs T			

(c) ©7 Days of ALPA Work

Vacation			V	V	V	V	V	V	V
ALPA Work					4 hrs T	7 hrs AW	7 hrs AW	7 hrs AW	4 hrs T



- (3) For a pilot performing ALPA work for the pilot's entire vacation year who, as a result, is not awarded and/or assigned vacation at his/her airline:
    - (a) To the extent that the pilot does not take vacation days accrued on his/her airline which the pilot would be entitled to take during that pilot's airline vacation year as a result of performing ALPA work (or is not cashed out by his airline for vacation days), those unused vacation days will be treated as lost vacation while performing Authorized ALPA Work and deposited into the pilot's ALPA Vacation Bank at the close of the pilot's airline vacation year subject to the provisions of this policy.
  - (4) For a pilot performing ALPA work who both (1) is not awarded and/or assigned vacation and (2) performs ALPA work for less than the pilot's entire vacation year, lost vacation will be credited to the pilot's ALPA Vacation Bank as follows:
    - (a) Finance/Treasurer with appropriate documentation as determined by the Vice President-Finance/Treasurer showing vacation days, if any, taken (or cashed out by his/her airline) by the pilot during the months in which the pilot performed and did not perform full-time ALPA work.
    - (b) Vacation days will be deposited into the pilot's ALPA Vacation Bank at the close of the pilot's vacation year in monthly increments equal to one twelfth of the pilot's annual vacation accrual for the months that the pilot performed ALPA work during the pilot's vacation year.
    - (c) Vacation days will be deducted from the pilot's ALPA Vacation Bank in an amount equal to actual number of vacation days taken (or cashed out by his/her airline) during such vacation year in excess of a number of vacation days equal to the total of one twelfth of the pilot's annual vacation accrual times the number of the months in which the pilot is not performing ALPA work during the pilot's vacation year.
  - (5) If a pilot believes he/she has been inappropriately denied the ability to deposit lost vacation days into his/her ALPA Vacation Bank, the pilot can appeal the denial to the Vice-President-Finance/Treasurer.
- c. Cash Option
- (1) The cash value for lost vacation hours credited to the ALPA Vacation Bank under the Cash Option (the Vacation Cash Option Bank) will be determined based on the pilot's hourly rate of pay at the time the credit is recorded.
  - (2) Lost vacation days shall be converted into lost vacation hours by multiplying the number of lost vacation days by the pilot's contractual number of pay hours per day of vacation at the time the vacation days are lost under paragraph 1b.(1) above or deposited in the ALPA Vacation Bank under paragraphs 1b.(2) or 1b.(3) above due to performing Authorized ALPA Work. For pilots who are compensated for vacation by his/her airline based on trips missed, his/her pay hours per day of vacation shall equal his/her contractual monthly pay cap (in the absence of a contractual monthly pay cap, the pay cap for this calculation shall be 100 hours) divided by his/her contractual maximum average number of days on duty (average number of days per month less the average minimum number of days off per month).



- (3) Effective January 1, 2003, for lost vacation hours deposited in his/her ALPA Vacation Bank on or after January 1, 2003, pilots may receive a cash out from his/her Vacation Cash Option Bank for any vacation year up to an amount not to exceed the greater of (a) the pilot's annual accrual rate of vacation days in that vacation year less 14 days or (b) 14 days of vacation; except, that if a pilot has vacation cashed out by his/her company under provisions in the pilot's collective bargaining agreement, the number of vacation hours cashed out from his/her ALPA Vacation Cash Option Bank plus the number of vacation hours cashed out by his/her company cannot exceed 100% of the pilots vacation hours in any vacation year.
  - (4) Subject to review and approval of appropriate documentation pursuant to paragraph 1a.(6) above, lost vacation hours to be compensated under the Cash Option shall be automatically cashed out by ALPA either (1) within 60 days following the end of the vacation year of the respective pilot's airline or (2) within 60 days of the pilot's date of furlough, resignation, termination or retirement.
- d. Days Off Option
- (1) Vacation days deposited in the Vacation Days Off Option Bank shall be taken as union leave days in the current or the 2 following vacation years to the year in which they were deposited. If circumstances at the pilot's airline prevent the pilot from utilizing union leave days within such a period of time, the pilot can request an extension from the Vice President-Finance/Treasurer to utilize union leave days. Vacation days not taken under this provision shall be forfeited.
  - (2) A pilot shall notify his/her respective MEC Chairman or MEC Secretary/Treasurer a sufficient amount of time prior to the dates which he/she desires to use as vacation days from his/her Vacation Days Off Option Bank in order to meet the requirements for bidding vacation at his/her airline to assure that every reasonable effort can be made to accommodate the request for such union leave.
  - (3) Irrespective of the limits in 1c.(3) above, any pilot with vacation days in the Vacation Days Off Option Bank who is furloughed, terminated, medically retired and/or placed on long term disability (i.e., unable to receive union leave days due to circumstances beyond his/her control, except for normal retirement), shall have such vacation days cashed out, subject to the provisions in paragraph 1c.(4) above.
- e. MEC Vacation Policies
- (1) MECs may adopt MEC policies on methods of compensating pilots on that MEC's airline incurring lost vacation while performing Authorized ALPA Work that are different from this policy only as follows:
    - (a) To prohibit the use of the ALPA Vacation Bank in all respects.
    - (b) To prohibit the Cash Option in whole or in part.
    - (c) To require days in the Days Off Option Bank to be utilized over a period that is shorter than that which is permitted by this policy.



- (d) To prohibit the use of vacation days in the Days Off Option Bank over a holiday period unless the original deferred vacation days occurred over the same holiday period.
  - (e) To define the notification period for utilizing the Days Off Option under paragraph 1d.(2) above.
  - (f) To permit the use of the Days Off Option converted to equivalent contractual vacation bank hours.
  - (g) To permit the use of the Days Off Option or Cash Option by pilots who, subject to paragraph 1b.(4), and through no fault of their own, would lose vacation days as a result of their ALPA work.
- f. Administration of Vacation Bank
- (1) Any pilot who is awarded and/or assigned vacation and incurs lost vacation while performing Authorized ALPA Work shall submit a request for deposit of the lost vacation in the ALPA Vacation Bank in writing, substantiating both the Authorized ALPA Work performed (including travel days) and proof of vacation awarded and/or assigned on those days, to his/her respective MEC Chairman or MEC Secretary-Treasurer for MEC activities, or to the ALPA President or Vice President-Finance/Treasurer for ALPA National Activities, for approval within 30 days from the time such vacation loss was incurred. If approved, an ALPA Vacation Activity Report, which shall include a description of the work performed on days on which the pilot lost vacation due to Authorized ALPA Work, shall be forwarded to the Finance Department within 30 days of submission to the respective approving authority.
  - (2) Any pilot who was not awarded and/or assigned vacation shall submit a request to his/her respective MEC Chairman or MEC Secretary-Treasurer for MEC activities, or to the ALPA President or Vice President-Finance/Treasurer for ALPA National Activities, for deposit of vacation days consistent with paragraphs 1b.(2) and 1b.(3) above. If approved, an ALPA Vacation Activity Report which includes the backup calculation shall be forwarded to the Finance Department within 30 days of submission to the respective approving authority.
  - (3) Payments made due to vacation being liquidated from a pilot's Vacation Cash Option Bank shall be subject to dues, assessments, and applicable taxes being withheld by ALPA. Those applicable taxes include using the prevailing FICA tax rate and an appropriate Federal and State tax rate, as approved by the Executive Council.
  - (4) The ALPA Finance Department shall send a statement of Vacation Bank activity to pilots with ALPA Vacation Banks on no less than an annual basis and distribute Vacation Bank reports to applicable MEC Secretary/Treasurers on a monthly basis.
  - (5) The Vice President-Finance/Treasurer shall determine the type and form of documentation and information necessary to comply with this policy.



g. Transition

- (1) Any pilot with vacation hours accrued in the ALPA Vacation Bank as of December 31, 2002 shall notify his/her MEC Chairman or MEC Secretary/Treasurer on or before August 1, 2003 regarding the assignment of hours in his/her Vacation Bank as of December 31, 2002 that remain in his/her Vacation Bank as of June 1, 2003 to his/her Vacation Cash Option Bank and his/her Days Off Option Bank. ALPA's Finance Department shall be notified of each pilot's election by the respective MEC Secretary/Treasurer on or before September 1, 2003. If no election is received by the Finance Department as of this date, one half of such vacation hours shall be assigned to each bank. All such elections or assignments are irrevocable. The pilot shall confirm that the use of the ALPA Vacation Bank continues to be in compliance with paragraph 1a.(4) above.
- (2) Any pilot who elects the Days Off Option for vacation days accrued as of December 31, 2002 may elect to receive days off for such vacation days through the pilot's vacation year that begins in 2005.

**P. OUTSIDE CONSULTANTS AND CUSTODIANS**

1. ALPA MANAGEMENT OF OUTSIDE PROFESSIONAL OR CONSULTING SERVICES  
SOURCE - Executive Board May 1977; AMENDED - Board 1984; Executive Board September 1988; Board 1988; Executive Board December 1989; Executive Board May 1990; Executive Council April 1997; Executive Board November 1999; Executive Council January 2000; Executive Board October 2003
  - a. ALPA's present facilities and resources shall be used whenever possible.
  - b. Requests by MECs, departments or national committees to retain outside legal counsel or other professional consultants shall be forwarded to the General Manager and shall include the following:
    - (1) A written justification for not using ALPA's present facilities and resources.
    - (2) A statement of the nature of the services.
    - (3) A detailed and realistic budget, which includes information as to the extent of the project and expected goal.
    - (4) A specific method of repayment, if applicable; i.e., MEC Account, SMRA Funds, Major Contingency Fund, membership assessments, department or national committee budgets, Operating Contingency Fund, etc.
  - c. Before the President or the Executive Council authorizes the retention of outside professional or consulting services, the appropriate ALPA department will be directed to coordinate with other ALPA officers or committees in defining the objectives and budgetary needs of the project.

Additionally, that department may be required to identify and recommend appropriate counsel or consultants; assist in their selection and retention; establish equitable guidelines governing fees; monitor performance; and assist interested



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ALPA officers, MECs or committees in evaluating the outside counsels' or consultants' compliance with ALPA's objectives, interests and policies.

- d. A standardized ALPA contract will be used, wherever possible, when engaging outside legal counsel and/or outside professional or consulting services. All ALPA contracts with outside legal counsel and/or outside professional or consulting services shall:
  - (1) Include a requirement that appropriate progress reports be submitted by the outside consultant to the MEC Chairman and to the President or his designee.
  - (2) Be negotiated by the General Manager or his designee.
  - (3) Require the General Manager's signature with the approval of the President.
- e. No ALPA funds may be utilized to pay for the services of outside professional or consulting services until approved by the President and the Executive Council. Once approved, the cost of these services will be borne by the requesting entity (i.e., MEC, department or national committee).
- f. The Vice President-Finance shall submit to the Executive Council at each regular meeting a report of the prior 12 months of outside legal counsel and consultant expenditures. The report will include the status of each outside professional or consulting services agreement for compliance and continued relevancy of the project.
- g. If an outside legal counsel and/or outside professional or consulting service is retained for an MEC project or matter, and this consultant requests information from any ALPA department, the request must be channeled through the MEC Chairman. Any information supplied to the consultant will likewise be channeled through the MEC Chairman.
- h. Duplicates of all reports generated by outside legal counsel and/or outside professional or consulting service will be forwarded to the relevant department, which will catalog and index such reports for future use by ALPA.
- i. ALPA shall not pay the consultant unless an appropriate itemized and receipted invoice and progress report are received; this restriction does not preclude a retainer fee. All payments will be from the ALPA Finance Department in Herndon, Virginia and will be paid on a monthly basis.
- j. The President, with the concurrence of the Executive Council, is authorized to place legal counsel, investment bankers and other consultants on retainer to the Association where beneficial, provided that, notwithstanding other provisions of this policy:
  - (1) The President is authorized to enter into such agreements without prior approval of the Executive Council in an amount up to \$20,000.
  - (2) On an emergency basis, the President is authorized to enter into such agreements for up to a 30 day period without prior approval of the Executive Council.
  - (3) Such agreements are to be reported to the Executive Council at its next regular meeting.



INTENT: The provisions dealing with the process for retaining attorneys are not intended to apply to General Counsel, as is the case with existing policies or to the retention of outside local counsel as recommended by the Director of the Legal Department (or his designee) and approved by the President.

- k. Any contract or agreement with a member pilot to serve as a “consultant” for an MEC, department or national committee who will be compensated or provided expense reimbursement for such services must be approved by the President with the concurrence of the Executive Council consistent with paragraph j. above, subject to the following:
  - (1) Consulting contracts with active member pilots are prohibited.
  - (2) Consulting contracts with member pilots (e.g., furloughed and retired members) shall be for a maximum of 6 months in duration. The total duration of all consulting agreements with a member pilot shall be 18 months, except that for MEC furlough relief coordinators the total duration shall be 24 months. Under extraordinary circumstances, the MEC, department or national committee retaining a member pilot as a consultant may request that the Executive Council approve an extension of a consulting contract for member pilots, other than furlough relief coordinators, for up to 6 months or to the conclusion of the project for which they were hired as a consultant, whichever is greater, beyond the 18 months in this paragraph and for furlough relief coordinators the term shall be determined by the Executive Council.
  - (3) Consultants can serve as advisors but cannot serve as members of MEC committees or as National, MEC or LEC officers.
  - (4) Compensation for a member pilot as a consultant shall be for a maximum of 16 days per month at the lesser of a daily rate of (i) \$200 per day for working 4 hours or less on any given work day and \$400 per day for working more than 4 hours on any given work day, or (ii) 45% of the pilots’ average daily compensation during the three months prior to entry into a membership classification other than Active member (assuming 16 days per month) for working 4 hours or less on any given work day and 90% of the pilots’ average daily compensation during the three months prior to entry into a membership classification other than Active member (assuming 16 days per month) for working more than 4 hours on any given work day. In the event a furloughed member pilot is under an existing contract at a level of compensation that exceeds those established in this section, the MEC, department or national committee retaining such pilot as a consultant or as a furlough relief coordinator may request that the Executive Council approve the continued retention of such pilot at his existing compensation level for the duration of his current contract and all extensions thereto.
  - (5) Maximum days per month under paragraph k(4) above may be increased with the approval of the President.
  - (6) Such consulting contracts shall provide the consultant with expense reimbursement and meals under the ALPA Expense Policy.



2. Compensation For Custodian Representatives

SOURCE - Executive Committee April 1991; AMENDED – Executive Council April 2002; Executive Board October 2003

a. PART-TIME CUSTODIAN

This anticipates a modest level of activities, working on average 4 hours or less per day, a minimum number of full days and/or custodian is engaged in alternative employment; however the individual will be responding to telephone calls, correspondence, and other representation information as required.

- (1) Compensation shall be a maximum of \$200 per day for a maximum of 16 days per month. For furloughed member pilots, compensation shall be for a maximum of 16 days per month at the lesser of a daily rate of (i) \$200 per day, or (ii) 45% of the pilots' average daily compensation during the three months prior to furlough (assuming 16 days per month).
- (2) Maximum days per month in paragraph a(1) above may be increased with the approval of the President.
- (3) Custodian to submit an Activity Report which reflects activities undertaken during the month. Such report to be submitted within 60 days to the ALPA Vice President-Finance/Treasurer for approval prior to any payment of compensation.
- (4) Custodian representatives for Canadian carriers shall be reimbursed in Canadian currency converted at the then-current ALPA rate applied to the amounts in a. and b. above.

b. FULL-TIME CUSTODIAN

Full-time Custodians are anticipated to be involved to such degree in managing the responsibilities of the Custodian assignment that they are reasonably precluded from alternative employment and work 4 hours or more per day as a Custodian.

- (1) Compensation shall be a maximum of \$400 per day for a maximum of 16 days per month. For furloughed member pilots, compensation shall be for a maximum of 16 days per month at the lesser of a daily rate of (i) \$400 per day, or (ii) 90% of the pilots' average daily compensation during the three months prior to furlough (assuming 16 days per month).
- (2) Maximum days per month in paragraph b(1) above may be increased with the approval of the President.
- (3) Custodian to submit an Activity Report which reflects activities undertaken during the month. Such report to be submitted within 60 days to the ALPA Vice President-Finance/Treasurer for approval prior to any payment of compensation.
- (4) Custodian representatives for Canadian carriers shall be reimbursed in Canadian currency converted at the then-current ALPA rate applied to the amounts in a. and b. above.





**Q. PURCHASING POLICY**

SOURCE - Executive Committee October 1965; AMENDED - Board 1984; Executive Committee April 1986; Board 1988; Executive Board May 1990 (AFSSC Report); Executive Board May 1991; Executive Council July 1993; Executive Board September 1994; Executive Board May 1995; Executive Council July 1997; Executive Council May 1998; Executive Council January 2000; Executive Council August 2000; Executive Board May 2004; Executive Board April 2011

**1. PURPOSE**

The purpose of ALPA's Purchasing Policy is to establish procedures to:

- a. Ensure the proper use of ALPA funds by purchasing the highest quality items at the most economical cost.
- b. Establish equipment and furniture standards that will allow for the transfer of such items between ALPA offices.
- c. Eliminate purchases that may be a duplicate of item(s) available from another ALPA source.
- d. Provide a centralized location from which current market data on state of the art equipment, furniture, and furnishings can be obtained prior to purchases being made.
- e. Establish a coordinated flow of inventory information between the field and ALPA's Finance and Purchasing Departments.
- f. Ensure that an overall system is in place which will result in purchasing records that will satisfy auditing standards at all times.

**2. SCOPE**

AMENDED – Executive Board April 2011

ALPA purchasing policy establishes guidelines that will best serve ALPA's offices and representative groups in the acquisition of office furniture and equipment. These procedures apply to all purchases.

Compliance with a sound purchasing procedure provides good business practice in the acquisition of goods and services. The cooperation of all parties will result in continued cost effectiveness and will ensure that ALPA always receives the highest quality products at the best available price.

**3. PURCHASING GUIDELINES AND PROCEDURES**

AMENDED – Executive Board April 2011

- a. ALPA's centralized Purchasing Department was established to facilitate the purchase of items for ALPA within the guidelines established by this Purchasing Policy.
- b. All purchases with a price of \$300.00 or more are to be processed through the Purchasing Department in the Herndon Office and must meet the Purchasing Authorization Limitations in paragraph d.
- c. All assets with a cost greater than \$1,000 will be capitalized. Any item with a cost of less than \$1,000 will be expensed.



- d. Where referenced, the term “requesting party” shall mean a department, elected or appointed representative, and other pilot group (e.g., master and Local Executive Councils, committees, etc.). Where the requirements for sufficient budgetary funds is reference herein, it shall mean any budgetary fund or finance method proposed by the requesting party (e.g., department budget, MEC budget, LEC budget, etc.).
- e. The following steps in the Purchasing Acquisition process represent the normal procedures to be followed when seeking authority to purchase an item(s). Procedures that may differ slightly for specific items are clearly noted herein.
  - (1) The requesting party will submit a Purchase Requisition to the Purchasing Department at least 5 days in advance of such purchase. The Purchase Requisition is an electronic ALPA form. If the electronic form is not available, information may be typed on a memo to the Purchasing Department and sent via e-mail or fax. The Purchase Requisition will include item description, quantity, charged budget information, and a complete, detailed justification for the purchase. The justification should be adequate to explain the business purpose of the acquisition to an auditor five years from the date of purchase without requiring the presence of the approving authority.

A Purchase Requisition is required for the following:

- Standard Equipment/Furniture (see paragraph 5)
  - Office or Residential Space - Leasehold, Furnishing, Renovation, Decorating or Redecorating Improvements (see paragraph 6b)
  - Office Equipment Purchase (see paragraph 7)
  - Subscriptions over \$1,000 (see paragraph 9)
- (2) The release of all purchase orders can only be performed by the Purchasing Department to ensure that:
    - (a) Preference is given for union-made items or for items made in North America.
    - (b) Use of the ALPA logo for artwork (designs, shirts, etc.) requires pre-approval by the Vice President-Administration/Secretary, including review as to compliance with ALPA branding guidelines approved by the Vice President-Administration/Secretary.
    - (c) Competitive items on the market are compared to ensure that unit prices and terms are favorable (see paragraph 10, Competitive Bidding Procedures).
    - (d) Orders are grouped so that quantity discount pricing and/or special pricing on items under national purchase contract can be achieved.
    - (e) Standardization of ALPA equipment is maintained and previous problems with similar items can be reviewed.
    - (f) Purchases are avoided when equipment or services can be obtained from existing inventory.



- (g) Detailed and adequate justification is provided.
- (h) Requesting party has sufficient budgetary funds.
- (3) The Purchase Requisition and justification will be reviewed by the Purchasing Department.
- (4) If the Purchase Requisition does not meet with the purchasing procedure (e.g., over budget, incomplete or inadequate, etc.), such requisition will be returned to the requesting party for compliance with this procedure.
- (5) If all purchasing criteria are satisfied, the Purchasing Department will process a Purchase Requisition and forward to the approving authority(ies) for authorization.
- (6) The approved Purchase Requisition will then be converted into a “Purchase Order” and forwarded to the General Manager for further authorization if necessary.
- (7) The Purchasing Department will dispatch the approved “Purchase Order” to the vendor.
- (8) The Purchasing Department will notify the requesting party of final action on his request.
- (9) The General Manager will review any questions regarding compliance with this procedure.

4. PURCHASING AUTHORIZATION LIMITATIONS

AMENDED – Executive Council September 1998; Executive Council January 2000; Executive Board May 2000; Executive Board April 2011

Listed below are the various positions within ALPA and their corresponding expenditure authorization limitations for the purchase of items:

APPROVAL LIMITS

AUTHORIZATION AMOUNT

President

Up to \$50,000 for capital items charged to the Administrative and Support Account if within requesting department budget; up to \$20,000 for capital items charged to MEC Accounts or for capital items charged to the Administrative and Support Account if not within requesting department budget. All purchases of capital items for more than \$20,000 approved by the President shall be jointly approved by the Vice President-Finance/Treasurer and reported in writing to the Executive Council at its next regular meeting.



Executive Council Approval Required	Over \$50,000 for capital items charged to the Administrative and Support Account if within requesting department budget; over \$20,000 for capital items charged to MEC Accounts or for capital items charged to the Administrative and Support Account if not within requesting department budget; over \$20,000 for capital items purchased during the term of a lease, lease/purchase, or rental of the item.
MEC Chairman	Up to \$1,000
Canada Board President	Up to \$1,000
LEC Chairman	Up to \$300
Committee Chairman	Up to \$300
General Manager	Up to \$10,000 for all
Directors/Managers	Up to \$1,000
Supervisors	Up to \$500
Purchasing Clerk	Up to \$300

5. STANDARD EQUIPMENT/FURNITURE  
 AMENDED – Executive Board April 2011

The use of standardized equipment, furniture and furnishings affords ALPA the opportunity to interchange such items between ALPA offices or departments as needed and to maintain the quality of such items. Contact the Purchasing Department for a list of those items established as standard equipment, furniture, and furnishings.

In the event a non-standard line of equipment, furniture or fixtures is desired, prior approval must be obtained from ALPA’s Purchasing Department, including a detailed justification with the reason for the variance from standard item(s).

6. OFFICE OR RESIDENTIAL SPACE  
 AMENDED – Executive Board April 2011

The following procedures shall apply to ALPA Offices, MECs, LECs, Committees and other ALPA groups.

- a. New or Additional Space (Purchase Order is **not** required)

A request for acquiring or leasing new or additional office or residential space, or any lease renewals or extensions, shall be forwarded to the Director of Finance, in writing, for action by the General Manager of ALPA. Such request must contain a detailed justification for new or additional space along with a financial operating plan addressing how the new/additional space will be financially supported. Such request(s) will be approved only if the requesting party has sufficient budgetary funds available as well as favorable purchase/lease terms and conditions. Section 15, Part 1, Paragraph P, and Section 50 of the Administrative Manual shall apply to new office or residential space.



- b. Leasehold, Furnishing, Renovation, Decorating or Redecorating Improvements (Purchase Order **is** required)

A request for furnishings, renovating, decorating, redecorating or completing leasehold improvements on rented or leased space or on property or space owned by ALPA must be forwarded to the Director of Finance for action by the General Manager. Such request must contain a detailed justification along with the projected costs. Such request(s) will be approved only if the requesting party has sufficient budgetary funds available.

A Master Executive Council, Local Executive Council, Committee, or other ALPA group who requests furnishings, renovation, decorating or redecorating, or leasehold improvements for its exclusive use shall fund such improvements from its own budget. Such requests must be processed through the Purchasing and Finance Departments so that cost allocation and funding sources can be established.

**7. OFFICE EQUIPMENT PURCHASE (Purchase Order **is** required)**

AMENDED – Executive Board April 2011

The following procedures apply to ALPA Offices, MECs, LECs, Committees and other ALPA groups.

- a. Purchase, lease, lease/purchase or rental of office equipment shall include copy equipment, telephone and telephone systems, postage meters, computer hardware/software, fax machines, etc. Purchasing policy provides that purchase of new, used, additional, specialized, or replacement office equipment, furniture, and furnishings will be approved if the cost is within the budget of the requesting party and meets ALPA's standards for such items. The procedures for requesting these items are contained in paragraph 3, Purchase Guidelines and Procedures.

**8. SUPPLY PURCHASES**

AMENDED – Executive Board April 2011

- a. For the Washington and Herndon offices, a user account may be established by the Purchasing Department, with the approval of a budgeting authority (department director or Manager) that provides access for online ordering of office supplies from a local office products vendor with whom ALPA has arranged special pricing and volume discounts.
- b. For ALPA offices, MECs, LECs, committees, and other ALPA groups outside the Washington, DC area, users may order office supplies in amounts up to the authorization limits provided in paragraph 4, Purchasing Authorization Limitations.

**9. SUBSCRIPTIONS (Purchase Order **is** required if cost is greater than \$1,000)**

AMENDED – Executive Board April 2011

The following procedures apply to ALPA offices, MECs, LECs, committees and other ALPA groups.

- a. Requests for expenditures over \$1,000 for new subscriptions or renewals must be submitted to the Purchasing Department on a Purchase Requisition or in writing via e-mail or fax from offices outside Herndon/Washington. Requests for subscriptions will be processed following the guidelines outlined in paragraph 3, Purchasing Guidelines and Procedures.



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- b. All subscriptions must be made in the name of “Air Line Pilots Association” and must be addressed to an ALPA office. ALPA funds shall not be used for subscriptions mailed to private residences.

**10. COMPETITIVE BIDDING PROCEDURES**  
 AMENDED – Executive Board April 2011

The following bidding procedure applies to all ALPA offices, MECs, LECs, committees, and other ALPA groups. The Purchasing Department uses these guidelines to obtain the required bids prior to purchase.

TYPE OF PURCHASE	MORE THAN ONE VENDOR	ONE VENDOR
Under \$300	No bids required	
Over \$300 and up to \$1,000	Three <b>TELEPHONE</b> bids. Vendor name and bid information to be noted on Requisition	Purchase per specifications after attempt to locate more than one vendor.
Over \$1,000	Three <b>WRITTEN</b> bids attached to Requisition For Purchase.	

In addition, ALPA solicits annual bids on high use items to ensure the best quality items at the lowest cost.

**11. INVENTORY CONTROL**

The following procedure applies to all ALPA offices, MECs, LECs, committees and other ALPA groups.

- a. ALPA maintains a current inventory of all ALPA equipment, furniture, and furnishings with an individual cost of \$1,000 or greater, identified with asset tags to expedite future inventories and improve the security of ALPA equipment.
- b. When a purchased item whose value is \$1,000 or greater is received, an asset tag will be applied and the item will be recorded in the Association’s asset management database maintained by the Finance Department. The Purchasing Department will be responsible for ensuring that equipment is tagged upon receipt. All required information will be forwarded to the Finance Department to facilitate invoice payment and recording of capital items in the asset management system. The Finance Department will not pay invoices for furniture and equipment until it has been tagged.
- c. Furniture and equipment shipped directly to the field will be received and tagged by the recipient, who will forward the tag information to the Purchasing Department. The Finance Department will not pay invoices for furniture and equipment until it has been tagged.
- d. Computer equipment that is considered capital equipment will be tagged using inventory tags provided by the Purchasing Department, and the information will be



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provided to the Information technology/Operations and Services Department, who is responsible for ALPA's office automation equipment inventory.

**12. OWNERSHIP**

AMENDED – Executive Board April 2011

- a. All acquisitions made with ALPA funds, regardless of cost of item or type or source funds, shall become the exclusive property of ALPA. If you wish to purchase equipment from ALPA, you must contact the Purchasing Department for the sales price, which shall be its fair market value. All proceeds from the sale of equipment are to be returned to ALPA.
- b. When an asset that is assigned to an MEC is sold, the proceeds of the sale, up to remaining net book value, shall be returned to the national account. The MEC Account will be charged for any shortfall, and credited for any surplus between the sale price and the net book value of the asset.
- c. When an asset that is assigned to an MEC is lost, stolen, or destroyed, the proceeds of any insurance settlement, up to the remaining net book value, shall be returned to the national account. The MEC Account will be charged for any shortfall and credited for any surplus between an insurance settlement (if any) and the net book value of the asset.

**13. RECEIVING**

AMENDED – Executive Board April 2011

The following receiving procedures will ensure that items received are as ordered and meet ALPA's standards of quality and price.

a. Purchasing Department Receiving Procedures

The only department authorized to accept shipments of purchased items is the Purchasing Department. Do not accept delivery in your department; direct all deliveries to the Purchasing Department. When your order has been determined to be correct, it will be delivered to you by personnel from the Purchasing Department. Shipments for the Washington office will be sent to Washington via the mail shuttle once they have been received and processed according to this policy.

b. The Purchasing Department will use the following procedures to receive items:

- (1) Inventory and inspect all goods received. On the packing slip, record any discrepancies and/or damage and report them to the vendor.
- (2) Record purchases as they are received.
- (3) Tag all equipment, furniture and furnishings with a cost of \$1,000 or greater. Record inventory information.
- (4) Arrange for delivery of equipment, furniture or furnishings to the appropriate department.
- (5) For partial shipments, make a duplicate copy of the packing slip and retain it in the file. The purchase will be completed upon receipt of the back order and processed as above.
- (6) Full payment for partial orders received will not be made.



c. MECs, LECs Committees, and Other ALPA Groups

Upon receipt of a shipment, the individual responsible for receiving the delivery will inspect all goods received. If the goods received are acceptable, this individual will authorize its acceptance by signing the packing slip. If there are any discrepancies with the delivery, it should be noted on the packing slip. The packing slip should be sent to the Purchasing Department for processing. It will be the responsibility of the Purchasing Department to resolve the discrepancy with the vendor.

**R. COMPUTER EQUIPMENT AND SOFTWARE**

SOURCE - Board 1984, AMENDED - Board 1988; Executive Board September 1994; Executive Council January 1995; Administrative January 1998 (Field Office Reference Removed); Executive Council May 1998; Executive Council January 2000; Executive Board October 2003; Executive Board May 2004; Executive Board June 2006; Executive Board May 2008; Executive Board April 2011

1. Standardized ALPA personal computers shall be available to members in the following ALPA positions:
  - a. ALPA National Officers and Executive Vice Presidents
  - b. MEC and LEC officers and elected representatives
  - c. Members of MEC standing committees with the approval of the respective MEC Chairman or the MEC Secretary/Treasurer. A standing committee for the purpose of this provision shall be defined as a committee that has been established and funded within the MEC budget with the approval of the MEC.
  - d. Members of local council standing committees, with a demonstrated need and with the approval of the respective LEC Chairman, MEC Secretary/Treasurer, and Vice-President/Finance, provided that the local council budget is sufficient to fund such a purchase on an annualized basis. A local council standing committee shall be defined as a committee that has been established and approved by the LEC.
  - e. Members of ALPA national committees and Presidential committees with the approval of the respective Committee Chairman and the Vice-President Finance.
2. The terms for acquiring and the characteristics of a standardized ALPA personal computer shall be as follows:
  - a. The list of standard ALPA personal computers shall be periodically reviewed and approved by the IT Advisory Committee. The committee shall also establish and periodically review a maximum cost for such personal computers. This information is available from the Purchasing Department. Customization of ALPA personal computers is not permitted.
  - b. ALPA personal computers must be obtained through the Purchasing Department. Member reimbursement of the cost of the acquisition of a personal computer is not permitted except as provided for in paragraphs (1) and (2) below. The Purchasing Department shall be required to keep an inventory of standard ALPA personal computers.





- (1) Any member who purchases a personal computer used to perform ALPA business while actively holding a position as defined under paragraph R.1. is entitled to an annual reimbursement in arrears equal to the lesser of (1) 1/3 of the cost of the then-existing standard ALPA computer, or (2) 1/3 of the actual cost of the personal computer purchased by the member. A member is eligible for such reimbursement for only one personal computer during any consecutive three-year period and must be actively holding a position as defined under paragraph R.1. to receive reimbursement. Requests for reimbursement under this paragraph must be accompanied by all appropriate receipts. Any personal computer purchased under the provisions of this paragraph shall be the property of the member. Any and all maintenance, repairs, service, upgrades or other work performed on personal computers purchased under this paragraph are the responsibility of the member and not ALPA. ALPA will not provide any technical support for personal computers purchased under this paragraph.
- (2) The following requirements are necessary for reimbursement under this plan:
  - (a) Computer being reimbursed must meet or exceed ALPA computer standards necessary to perform ALPA work, and be compatible or be made compatible with ALPA computer systems. The Information Technology and Services Department will maintain a list of minimum computer requirements to perform ALPA work, as approved by the Information Technology Advisory Committee. Individuals should check this list prior to purchasing any computer to verify computer compatibility.
  - (b) Reimbursement requests shall be made within 60 days of purchasing the computer equipment to be used for ALPA work.
- c. Only one computer shall be purchased for each position provided under paragraph R.1. above every three years retroactive to your most recent computer purchase, except to replace a stolen, lost or non-functioning computer.
- d. The cost of the computer shall be charged to the appropriate budget over three years. If a member's computer is stolen, a police report shall be filed and a copy of the report sent to the Director of Finance. Members receiving payment on a claim, made on their personal insurance policy, for a stolen ALPA computer shall forward such payment to the Finance Department.
3. Purchases made without prior approval in conformance with this policy will not be reimbursed.
4. Requests by the Master Executive Councils, local councils, or national committees to purchase office automation equipment, including personal computers, fax machines, telephones, cellular phones, related peripheral equipment and software shall be subject to ALPA purchasing procedure and must be in compliance with ALPA Host-PC Connection, Data Security, Hardware/Software Compatibility and Physical Security guidelines and computer standards established by the IT Advisory Committee.
5. All Master Executive and Local Council Representatives seeking approval for the purchase of office automation equipment or software for their exclusive use will submit a request to their MEC or LEC for authorization. MECs and LECs approving the purchase will submit a request in accordance with the Purchasing Policy as outlined in Paragraph 2



above. The cost of equipment or software will be charged to the budget of the requesting MEC or local council.

6. Approval will not be granted for the purchase of office automation equipment or software for a Local Council if it does not have adequate funds, unless the MEC is willing to absorb such costs.
7. All national committee members seeking approval for the purchase of office automation equipment or software for their exclusive use will submit a request to their national committee chairman for authorization. National committee chairmen approving the purchase will submit a request in accordance with Purchasing Policy as outlined in Paragraph 2 above. The cost of the equipment or software will be allocated to the appropriate national committee budget. Approval will not be granted for the purchase of office automation equipment or software if the national committee does not have adequate funds.
8. All items whose cost is greater than \$1,000 shall be fully charged against the MEC, local council, or national committee budget over a period of 36 months. Items whose cost is \$1,000 or less shall be expensed against the MEC, local council, or national committee budget in the month during which the expense was incurred.
9. The MEC, local council, or national committee, in conjunction with the Information Technology and Services Department, will be responsible for the physical inventory and tracking of all office automation equipment assigned to Master Executive/Local Councils/committee representatives/members.
10. All members as defined under paragraph R.1. above requesting office automation equipment will sign an Equipment Acceptance Form. This form will be returned to the Information Technology/Operations and Support Department.
11. Upon vacating office, the outgoing officer/representative/member will have several options for the disposition of office automation equipment that is assigned to him. He must complete the disposition of office automation equipment no later than the first day after leaving office unless he has been recalled or has less than 30 days' notice for termination of office, in which case the disposition of the office automation equipment must be completed within 30 days of notice. The options for disposition of office automation equipment shall be as follows:
  - a. The equipment can be returned to ALPA
  - b. The equipment can be purchased from ALPA at a residual price not less than the remaining depreciable value, as determined by the Vice-President Finance/Treasurer.
  - c. The equipment may be transferred to another authorized officer/representative/committee member as defined in paragraph 1 above. The member transferring the equipment must contact the Purchasing Department to request a Transfer of Equipment Form. He will then forward the signed form to the receiving member for signature. The receiving member will forward the completed form to the Purchasing Department. The receiving member will also receive an Equipment Acceptance Form for signature.



- d. If the equipment is not disposed of in accordance with paragraph 11 (a), (b) and (c) by the date that either the new officer/representative term commences or 30 days after notification of officer termination, whichever is later, resolution of missing ALPA equipment will be processed using all appropriate collection measures.
  - e. Regardless of how the equipment is disposed of, any ALPA information that may be stored on the equipment must be reviewed by Information Technology and Services and be handled in accordance with the ALPA Document Management Program.
  - f. If equipment is lost or stolen and is not recovered, the applicable budget will be charged for any remaining book, value on the asset. A police report is required by ALPA if the equipment is stolen.
12. All computer equipment and software purchases for items other than the standard computer equipment and software as defined by the IT Advisory Committee (see paragraph 2b) will be subject to the computer reimbursement guidelines established by the Vice President-Finance/Treasurer. These guidelines are available from the Purchasing Department. No reimbursement will be provided for those items purchased outside of these guidelines.

**S. CHARITABLE CONTRIBUTIONS**

SOURCE - Board 1956; AMENDED - Executive Committee September 1975; Executive Committee October 1977; Executive Board November 1985; Executive Board May 2004

- 1. Disbursements may be made to such foundations, memorials, and public welfare organizations, as may be deemed worthwhile by the Executive Council, with an appropriate amount budgeted annually for this purpose, and administered by the Executive Council.
- 2. All requests for contributions shall be processed by the Executive Council. It shall consider of primary importance those requests for contributions from foundations, memorials or public welfare organizations which are dedicated to research in or cure of physical or mental afflictions which would affect airline pilots and their families. In processing contribution requests, the Vice President-Administration/Secretary in consultation with the Vice President-Finance/Treasurer shall advise the Executive Council at its meetings as to which requests, if any, fall specifically within Executive Council Contribution policy as being beneficial to ALPA and to the membership.
- 3. In conjunction with the long-standing policy of ALPA with respect to sending floral remembrances on the occasion of the death of an individual with whom ALPA has had a working relationship, the President is authorized, at his discretion, to make contributions not to exceed \$100 to recognized charities in lieu of floral remembrances in honor of deceased individuals, said contributions to be made on behalf of ALPA. These contributions are to be paid from this fund without the stated requirement of Executive Council approval.
- 4. Should a Local Council Pilot Representative purchase flowers or make a contribution on behalf of ALPA for a deceased member, reimbursement will be made up to the allowable maximum of \$75.00 for flowers, or \$75.00 if a monetary contribution was made.
- 5. Any floral remembrance or contributions not in accordance with the above provisions, or which are not sent on behalf of a Local Council, national or other committees, or by ALPA



representatives are not reimbursable by ALPA. (SOURCE - Executive Committee January 1979; AMENDED - Executive Council September 1994)

**T. ASSESSMENT ADMINISTRATION**

SOURCE – Executive Board May 2004; AMENDED – Executive Board May 2005

1. MEC Assessments

- a. The ALPA Constitution and By-Laws, Article IX, Section 7.C, provides that MEC assessments may be levied on the members in the employ of any airline by the MEC to cover extraordinary expenses for any strike or other benefit purposes, and for any other lawful trade union purpose, by a majority vote by secret ballot of the members of such MEC, or by a majority vote of the valid ballots returned of the membership voting in a membership referendum conducted by secret ballot under Association Voting Procedures. Proxies may not be used in any such balloting. If the MEC elects to levy an assessment by secret ballot of the members of the MEC, the ballot must be conducted either at a (i) regular MEC meeting or (ii) special MEC meeting held on at least 30 days notice.
- b. An MEC can assess its members based on a percentage of duesable income or as a flat rate for all members on a monthly basis.
- c. Prior to an MEC voting on an assessment resolution, the draft resolution shall be reviewed by the Vice President-Finance/Treasurer or his designee to ensure it conforms with policy and can be administered.

2. General

- a. The Finance Department will administer the invoicing, collection and transfer of monies for all assessments.
- b. Governing bodies shall submit, whenever feasible, all resolutions regarding assessments to the ALPA Legal Department for review prior to action by the governing body.
- c. The out-of-pocket costs of the administration of the assessment and the ongoing costs of the assessment fund shall be charged to the assessment fund.
- d. The assessment fund established shall be subject to the policies outlined in paragraph U – Funds in the Custody/Control of ALPA Members.
- e. The Finance Department may disburse monies on behalf of the assessment fund and recover its out-of-pocket costs.
- f. Prior to a final distribution of any assessment fund, an independent review of the fund shall be performed under the direction of the Vice President-Finance/Treasurer. All out-of-pocket costs associated with this review shall be charged to the assessment fund prior to the final distribution.
- g. All refunds of assessments shall be subject to the provisions outlined in Paragraph T.3.f, with the exception that, an MEC may make a separate determination on an MEC assessment refund.



3. DISPOSITION OF MERGER ASSESSMENT FUNDS

SOURCE - Board 1984; AMENDED - Executive Board May 1990; Executive Board October 1991; Executive Board May 1998; Executive Board by Mail Ballot February 2005

- a. If an MEC establishes a Merger Assessment Fund and, without consummating a merger, subsequently elects to liquidate the Fund, in whole or in part, the Fund will be reviewed by independent auditors under the direction of the Vice President-Finance/Treasurer and distributed as provided in this section. At the discretion of the Vice President-Finance/Treasurer, additional review procedures may be performed.
- b. A review of each Merger Assessment Fund shall be conducted within sixty (60) days after the signing of the merged working agreement or the initial implementation of the merged seniority list, whichever occurs later. This review is to be conducted by the Office of the Vice President-Finance/Treasurer, and at the discretion of the Vice President-Finance/Treasurer, additional review procedures may be performed. The results of the review shall be reported to the Executive Council and the merged MEC.
- c. Except as provided in Part 2, Carrier Fragmentation Policy of ALPA Merger Policy, monies remaining in the Merger Assessment Fund shall be transferred within ten (10) working days of the completion of the review, to the custody of the Vice President-Finance/Treasurer. Such Fund shall subsequently be known as the Merger Dispute Fund.
- d.
  - (1) Each pre-merger MEC shall elect two Merger Dispute Fund trustees who will jointly authorize expenditures from that Fund. It is recommended that the trustees not be merger representatives. Should a trustee, once elected, become unable or unwilling to continue in that position once the merged MEC officers have been elected, the remaining trustee will select a replacement from his pre-merger pilot group.
  - (2) Should both trustees, once elected, become unable or unwilling to continue in that position once the merged MEC officers have been elected, the merger representatives will select two replacements from their pre-merger pilot group.
- e. The Vice President-Finance/Treasurer will maintain custody of the Merger Dispute Fund for the effective period of the conditions and restrictions contained in the final merger document, except that the Fund may be terminated earlier by the mutual agreement of the majority of the respective merger committee members in conjunction with the approval of the Vice President-Finance/Treasurer. The Vice President-Finance/Treasurer, upon the termination of the effective period of conditions and restrictions contained in the final merger document, shall contact the Merger Dispute Fund trustees and start the refund process.
- f. Upon termination of the Merger Assessment Fund or Merger Dispute Fund, distribution will be on a pro-rata basis to those pilots who contributed to the Fund unless the balance in the Fund (after paying expenses attributable to the Fund, including distribution expenses) drops below \$50.00 U.S. or Canadian currency per covered pilot. In the event the pro-rata pilot share of the Fund drops below \$50.00 U.S. or Canadian currency, the monies may, at the discretion of the Merger Dispute



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Fund trustees, be transferred to ALPA for the account of the successor merged MEC. If, after the pro-rata distribution has been made, any monies remain undistributed for any reason the Vice President-Finance/Treasurer will review the reasons and determine how long the monies should be held before they are turned over to the account of the successor merged MEC.

**4. DISPOSITION OF MERGER ASSESSMENT FUND**

Monies in the Merger Assessment Fund of the MEC on the airline which transfers assets shall not be subject to Part 1, Section K of ALPA Merger Policy, except for those monies assessed from and for the benefit of the transferring pilots. Monies remaining in any separate Merger Assessment Fund assessed from and for the benefit of the transferring pilots shall be subject to Part 1, Section K, except that the merger representatives shall designate the Merger Dispute Fund Trustees.

**U. FUNDS IN CUSTODY**

**1. FUNDS IN THE CUSTODY OR CONTROL OF ASSOCIATION MEMBERS OR EMPLOYEES**

SOURCE - Executive Council August 1994; AMENDED - Executive Board October 2001; Executive Board October 2003; Executive Board May 2004; Executive Board by Mail Ballot February 2005

**a. General**

- (1) Covered Funds - This policy shall apply to all ALPA funds in the custody or control of Association members or employees, including but not limited to: (a) ALPA MECs, MEC Officers, MEC committees, and other MEC representatives (together “MEC funds”) or (b) ALPA Local Councils, LECs, LEC officers, Local Council committees, and other Local Council representatives (together “Local Council funds”), whether derived from dues, assessments, donations, or investments (any of the above also being referred to in these Policies as an “ALPA fund” or as a “fund”).
- (2) Authorizing Resolution - To establish or maintain an ALPA fund, an MEC, LEC or Local Council as applicable shall adopt an authorizing resolution describing the fund’s purpose, source of assets, permitted purposes for expenditures, procedures for authorizing expenditures, identity of persons having signing authority in accordance with paragraph e. below, terms and procedures for dissolution, and disposition of balances upon dissolution. The authorizing resolution shall designate by name or title an ALPA representative to administer the fund (called here the “Fund Administrator”).
- (3) Recognized Financial Institution - All ALPA funds shall be deposited in a recognized financial institution. There shall be one separate account (bank or other) for each fund. The funds may not be co-mingled. There shall be at least two signatories for each account.
- (4) Taxpayer Identification Number - An MEC shall use its own single taxpayer number provided by the Vice President-Finance/Treasurer for all of its MEC funds, and a Local Council shall use its own single taxpayer number provided by the Vice President-Finance/Treasurer for all of its Local Council funds.



- (5) **Signature Authority** - The ALPA Vice President-Finance/Treasurer shall have signing authority on each ALPA fund, together with the individuals specified in the remainder of this paragraph. Expenditures from an ALPA fund shall require the signature of the Fund Administrator or his designee, as authorized by MEC/LEC policy, for expenditures of under \$1000. All other expenditures shall require the signature of the Fund Administrator and one other person who shall be either (a) the ALPA Vice President-Finance/Treasurer or (b) an MEC officer with respect to MEC funds or a Local Council officer with respect to Local Council funds. As an exception to the foregoing two sentences, expenditures to a person having signing authority shall also require the written approval of another MEC officer or Local Council officer having jurisdiction of the fund.
  - (6) **Internal Reporting Requirements** - A Fund Administrator shall provide statements to the body that authorized the fund no less than annually, reporting the fund's financial activity (including income and expenditures by category). The Fund Administrator shall maintain and provide to the Vice President-Finance/Treasurer or his designee, on a regular basis but no less than annually, reports showing all specific fund receipts, all specific fund disbursements (e.g., check register), account statements from the financial institution, and the ALPA Fund Account Reconciliation prepared by the Fund Administrator. An MEC, LEC or Fund Administrator shall make all fund records available upon request to the Vice President-Finance/Treasurer and to the auditors specified in paragraph 7. below.
  - (7) **Independent Review** - In addition to the requirements outlined in Section 60, paragraph V4. of the Administrative Manual, funds shall be reviewed by independent auditors under the direction of the Vice President-Finance/Treasurer, at the request of (a) an MEC for any of its MEC funds or Local Council funds of a Local Council or LEC within that MEC, (b) an LEC or Local Council for its Local Council funds, (c) or the Vice President-Finance/Treasurer for any ALPA fund. At the discretion of the Vice President-Finance/Treasurer, additional review procedures may be performed.
- b. **Responsibilities of Fund Administrator**
- (1) **General** - A Fund Administrator shall (a) maintain, in a secure location and orderly format, the records of the fund in accordance with these policies, including all receipts and disbursements, (b) reconcile the fund account on a monthly basis, and (c) complete the annual financial data summary for required U.S. Department of Labor filings. A Fund Administrator shall promptly report any discrepancies in the fund account to the appropriate MEC Officer or LEC Officer and the Vice President-Finance/Treasurer.
  - (2) **Retention and Transfer of Records** - A Fund Administrator shall transfer all fund records to his successor no later than ten days after the successor assumes his position. A Fund Administrator shall retain fund records for three years and shall each year send to the Vice President-Finance/Treasurer or his designee all such records three or more years old.
  - (3) **Government Reporting Requirements** - By January 31<sup>st</sup> of each year, a Fund Administrator shall prepare and submit to the Vice President-



Finance/Treasurer or his designee forms provided by ALPA for completion of annual government reports applicable to the prior year along with a copy of the last financial institution statement for the applicable prior year, and all other documentation for such reports. ALPA will provide the necessary forms to the applicable MEC or Local Council officers no later than the first week of January.

- (4) Fund Receipts Report - A Fund Administrator shall maintain a detailed Fund Receipts Report showing the dates of receipt and deposit, the payer, and purpose of the receipt.
- (5) Receipt of Funds - Checks are the preferred method of receiving funds. A Fund Administrator shall maintain copies of all checks received by the fund and of receipts for cash or property. Receipts for cash and property must be placed in a secure receptacle that may only be opened by the Fund Administrator and MEC or Local Council Officer (who is not the Fund Administrator) jointly.
- (6) Reconciliation of Receipts - A Fund Administrator shall reconcile fund receipts to the Account Statement on a monthly basis and shall include such receipts in the Fund Account Reconciliation.
- (7) Fund Disbursements Report - A Fund Administrator shall maintain a detailed Fund Disbursements Report showing the dates, recipients, and purposes of disbursements. Each disbursement must be allocated in accordance with U.S. Department of Labor, Labor Management reporting requirements. Effective January 1, 2004, the disbursement categories are: Representational Activities, Political Activities and Lobbying, Contributions, Gifts and Grants, General Overhead, Union Administration and Benefits.
- (8) Authorization of Disbursements - Expenditures shall be approved in accordance with the applicable authorizing resolution and the provisions of paragraph (1) above. A Fund Administrator shall require appropriate backup documentation, including original receipts and/or invoices, for all disbursements.
- (9) Reconciliation of Disbursements - A Fund Administrator shall reconcile disbursements to the fund's Account Statement on a monthly basis as part of the Fund Account Reconciliation.

## V. FINANCIAL REPORTING AND REVIEW

### 1. FINANCIAL REVIEW MEETINGS

SOURCE - Executive Board September 1988; AMENDED - Board 1988; Administrative January 1998 (Canada Reference Added); Executive Board October 2003; Executive Board May 2004; Executive Board by Mail Ballot February 2005

- a. During each Regular Executive Board Meeting, the present MEC Officers of: Group A, B1, B2, C1, C2 and D Carriers shall meet in caucus groups for budget review. Additionally, these caucuses shall meet with the President or his designee at each regular Executive Board meeting, or as required, to mutually discuss financial issues.





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2. The Vice President-Finance/Treasurer shall report monthly to the MEC Secretary/Treasurer as to the status of the MEC Account.
3. The MEC Secretary/Treasurer shall report at least quarterly to the members of the airline as to the status of the MEC Account including SMRA.
4. Each MEC Account, LEC account, and the Canada Board account shall be independently reviewed at the direction of the Vice President-Finance/Treasurer. The recommended time line for each MEC Account review is to be at the end of the Officers' terms. At the discretion of the Vice President-Finance/Treasurer, additional review procedures may be performed.

**W. REVIEW OF ASSOCIATION RECORDS**

1. **MEMBERS' REVIEW OF MEMBERSHIP AND ACCOUNTING RECORDS**  
SOURCE - Board 1968; AMENDED – Executive Board May 2004

The Board of Directors encourages concerned members of all Councils to exercise their right to examine the records of the Association under Article XIII of the Constitution & By-Laws. Any evidence of alleged wrongful actions discovered by such a review, shall be reported in writing to the appropriate LEC, MEC or National Officer.

**X. PRESIDENTIAL TRANSITION**

1. **PRESIDENTIAL TRANSITION BENEFITS**  
SOURCE - Board 2000; AMENDED – Executive Board April 2009
  - a. One month of pay (calculated on “Monthly Total Presidential Compensation in effect at time of severance) shall be paid to the outgoing President for each year of service as President of the Air Line Pilots Association, or pro rata portion thereof for service less than an entire year, as a transition benefit.
    - (1) Payments will be made monthly, commencing (subject to satisfaction of procedures under subparagraph (3) below) with the first month following the last day of service in office. The date for each monthly payment will be determined by the Vice President-Finance/Treasurer or his designee.
    - (2) Payments shall be made for a maximum period of 12 months.
    - (3) Prior to receiving his first monthly payment and each monthly payment thereafter, the outgoing President shall advise the Vice President-Finance/Treasurer or his designee of his known or anticipated total monthly earnings to be received as an employee and/or for work performed or services rendered in a capacity other than as an employee (for example, as a consultant, proprietor or partner). This amount shall be deducted from the “Monthly Total Presidential Compensation” calculated under subparagraph 1a above to be paid to the former President. Investment income, retirement income, ALPA annuity income and other passive income shall not be included in this offset calculation. The Vice President-Finance/Treasurer or his designee may in his discretion require the former President to provide verification of his earnings on a monthly or other periodic basis as a condition of receiving further payments under this policy and offset prior overpayments from future payments.



- b. In the event the President dies while in office, a transition benefit equal to one month of pay (calculated on “Monthly Total Presidential Compensation in effect at the time of death) for each year of service, or pro rata portion thereof for service less than an entire year, shall be paid to the spouse, or if none, per capita, to any children under the age of 21. Such benefit will be paid on a monthly basis, not to exceed 12 months, and shall commence the first month following the date of death. No such benefit shall be paid if there is no spouse or child under the age of 21.
- c. In the event the former President dies during the period that transition benefits are being paid under subparagraph 1a above, the remaining portion of the transition benefits that would have been paid to the former President shall be paid to the spouse, or if none, per capita, to any children under the age of 21, on a monthly basis. The remaining monthly payments calculated under subparagraph 1a above shall not be reduced by reason of prior earnings of the former President covered by subparagraph 1a(3) above. No such benefit shall be paid if there is no spouse or child under the age of 21.
- d. Transition benefits shall only be payable at the discretion of the Board of Directors to an outgoing President who is recalled from office.

**2. PRESIDENTIAL TRANSITION MEDICAL COVERAGE**

SOURCE - Board 2000; AMENDED – Executive Board April 2009

Medical coverage for the outgoing President and spouse shall continue, as applicable in accordance with Federal law. In addition:

- a. Such coverage shall be provided in accordance with the coverage provided to retired employees of ALPA and shall continue concurrent with the payment of severance transition benefits in paragraph X.1. above.
- b. If medical coverage is obtained by the outgoing President as a result of employment and/or for work performed or services rendered in a capacity other than as an employee, as defined in paragraph X1a(3) above, medical coverage provided herein will terminate the first of the month following such eligibility for medical coverage.
- c. In the event of death during the applicable coverage period, medical benefits will continue in force for the spouse and children to the extent they are covered under the ALPA Plan for the remainder of the severance period.

**3. REPORTS**

SOURCE – Executive Board April 2009

Payments, offsets and benefits hereunder will be reported to the Executive Council at each Executive Council meeting held during the time of such payments/benefits.

**Y. NATIONAL OFFICER COMPENSATION AND EXPENSE ALLOWANCE REVIEW**

SOURCE – Board 1994; AMENDED – Executive Board November 1994; Executive Board October 1997; Executive Board Mail Ballot November 2000; Executive Council December 2002; Executive Board May 2007

- 1. The Special Compensation Review Committee (SCRC) shall be composed of five members of the Executive Board of the Association, with two members each from Election Groups A and B, and one member from Election Group C, for the purpose of reviewing and making recommendations regarding National Officer Compensation and Expense Allowances,



including Presidential Compensation, other National Officer Compensation, Officer Expense Arrangements (including the appropriate dollar amount levels of the National Officer Dislocation Allowance and National Officer Service Allowance), and National Officer Automobiles on, at least, a biennial basis.

2. Subject to paragraph 3 below, the MEC Chairmen of the second and third largest member airlines of election groups A and B, and the MEC Chairman of the second largest member airline of election group C, shall serve as members of the SCRC commencing January 1 immediately following a regular Board of Directors Meeting. Airline size shall be determined by active membership as of January 1 immediately following the Board of Directors Meeting. Members of the Executive Council shall not serve on the committee. In the event that an MEC Chairman is unwilling or unable to serve at any time, the MEC Chairman of the next largest airline in rotation who is willing to serve will be a member of the committee. Where an Election Group includes only one airline, the MEC Chairman of that airline shall serve.
3. If, as of January 1 immediately following the regular Board of Directors Meeting, an incumbent SCRC member's airline is not the second (or third, in the case of Election Groups A and B) largest member airline of the respective Election Group, the incumbent member shall, nevertheless, continue to serve commencing January 1 immediately following a regular Board of Directors Meeting while continuing in office as MEC Chairman. At any time that such incumbent SCRC member is no longer the MEC Chairman or is unwilling or unable to continue to serve on the SCRC, the MEC Chairman of the second (or third, in the case of Election Groups A and B) largest airline, in accordance with paragraph 2 above, shall assume such SCRC position. If an active MEC Chairman eligible to serve on the SCRC, or who is serving on the SCRC, is unwilling or unable to continue to serve on the SCRC, the MEC Chairman of the next largest airline in rotation, in accordance with paragraph 2 above, shall assume such SCRC position.
4. The Chairman of the SCRC shall be elected by secret ballot of the members of the SCRC at its first meeting and, thereafter, as may be necessary.
5. The SCRC shall review and take action on each National Officer entitlement to either a National Officer Relocation Allowance or a National Officer Dislocation Allowance.
6. The SCRC shall review and take action on each continuing entitlement to a National Officer Dislocation Allowance at least annually, as well as requests for accelerated disbursement of this allowance.
7. The SCRC shall undertake a review of the Executive Vice Presidents' Monthly Incidental Allowance on an annual basis and make recommendations to the Executive Board, as appropriate.
8. The SCRC shall promptly report its findings, recommendations and actions to the Executive Board and the Board of Directors.
9. Claims of entitlement to relocation or dislocation allowances, or requests for accelerated payment of National Officer Dislocation Allowances, which cannot be resolved by the SCRC shall be referred to the Executive Board for final resolution.



10. In the event that the tax law is modified, the SCRC shall evaluate any applicable changes and report to the Executive Board for that body's action in determining whether or not current policy should be altered.



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