



Delta Flight Attendants Vote on a Union

Results may indicate direction for baggage handlers, service agents

By Christopher Hinton, MarketWatch

November 3, 2010

NEW YORK (MarketWatch) — Delta Air Lines may be facing the unionization of more than 20,000 flight attendants Wednesday, which could drive up the carrier's labor costs and indicate the future of its other labor groups.

Voting for Delta ([DAL 13.78](#), -0.07, -0.52%) flight attendants ends at 2 p.m. Eastern time, with results to be announced afterward by the Association of Flight Attendants-CWA.

"If Delta flight attendants chose to join AFA, we would work with management immediately to negotiate a joint contract," said AFA spokesperson Corey Caldwell.

The election may be a bellwether for Delta, the world's second-largest airline. Some 14,000 baggage handlers are also casting ballots on whether to unionize, and more than 16,000 customer-service agents begin voting next week.

Delta, which is largely nonunion, merged with unionized Northwest Airlines in 2008.

By organizing, flight attendants hope to secure higher wages and benefits, raising Delta's labor costs and narrowing a long-time cost advantage the carrier had over its more unionized rivals, according to Robert Herbst of [AirlineFinancials.com](#).

"It won't have an immediate impact, but as time goes on, maybe within a year, flight-attendant costs will increase by 3% to 5% and may climb as high as 10%," Herbst said in an interview.

Delta's wage cost for flight attendants as a percentage of operating revenue is now at 2.87%, Herbst said. That compares with budget carrier Southwest Airlines ([LUV 13.90](#), -0.18, -1.28%) at 3.84%, Continental Airlines at 3.94% and American Airlines parent AMR Corp. ([AMR 8.23](#), +0.38, +4.87%) at 3.87%.



It could take several years before the union is able to secure a labor agreement, during which time the labor costs for flight attendants would remain stable, said Jerry Glass, a labor expert with F&H Consultants Group and one of the few who expects Delta workers to reject the union.

“Now that the merger has taken place and Northwest sees how Delta operates, they’ve seen it isn’t so bad when there isn’t a union,” Glass said.

Buffering potential wage increases at Delta relative to its peers is the expectation that labor costs across the industry will climb over the next two to three years.

Airline employees saw their hourly wages slashed to 1990s levels after the attacks of Sept. 11, 2001, as the industry tried to right itself. That was followed by record-high fuel prices and the impact of the recession.

Bolstered by two years of bankruptcies and mergers that have improved capacity management, boosted ticket prices and returned the industry to profitability, unions now say it’s time to reclaim more of those lost earnings.

For 2010, the International Air Transport Association recently tripled its profit outlook for the industry to \$8.9 billion. For 2011, the forecast is for a industry profit of \$5.3 billion.

Flight attendants at Continental Airlines and United Airlines — now units of United Continental Holdings Inc. ([UAL 28.57](#), -0.04, -0.14%) — as well as at American Airlines and US Airways ([LCC 11.98](#), +0.06, +0.47%) are currently in contract negotiations.

Support for a union among Delta flight attendants would be a resounding victory for the AFA-CWA, which tried and failed to organize Delta’s cabin crews in 2002 and 2008.

Helping the union this time are new U.S. rules that favor majority voting, overturning a longstanding policy that a majority of an entire labor group must vote on unionization, with absent ballots counted in favor of management.

Labor organizers accused Delta’s management in past elections of adding furloughed employees to its flight-attendant roster to stack absent votes in its favor.

Christopher Hinton is a reporter for MarketWatch based in New York.