

2024 CONTRACT FACTS ISSUES IN FOCUS



Letter of Understanding #42 & Letter of Understanding #43

Why job security is so important

Background / Challenge:

Letter of Understanding (LOU) #42: 737 Max Work Placement

This LOU was negotiated in the 2011 extension, after the company threatened to move the new 737 Max production somewhere else if our members did not agree to a 4-year extension. The 2011 extension included a 2% GWI each year, pension increases for all members, a cost shift of healthcare by increasing the medical plan monthly premiums by 10% each year, and creation of the AMPP bonus. This extension wasn't our worst, but it opened the door for future threats.

At that time, in 2011, we were building thirty-one 737NG's every month, with roughly a third of our members supporting the 737 program in the Puget Sound and Portland. Members accepted this extension by 74% and secured the work for IAM members, SPEEA members, salaried employees, and the entire supply chain in WA State.

It's important to understand that we did not have any language requiring that the production of derivatives of the 737, or any replacement of the 737, would be performed by members within our jurisdiction.

The company used the threat of taking away thousands of jobs from our members and their families to place us in a position without leverage. Again, this wasn't our worst extension, but it was the first one that emboldened the company to use more threats, which they most certainly did.

Letter of Understanding (LOU) #43: 777X Work Placement

The next round of threats happened very quickly. A year and ten months later, the company used the same threats to force IAM 751 and W24 into an even worse situation.

The company threatened to take production of the new 777X somewhere else if our membership didn't accept the worst agreement we had ever faced. Members were forced to agree to give up our defined benefit pension, accept another massive cost shift in healthcare by continuing the 10% increase in monthly healthcare premiums, agree to stagnated wages of only 4% GWI over eight years, endless progression by removing the maximum wage after 6 years, and a ten-year extension.

This was an offer that the majority of our District BR's and staff internally rejected and argued against voting. While we could not strike, as this attack was in the middle of the contract, members were asked to vote and accept or reject the contract offer.

The offer was rejected by the membership in WA and OR by only 69% in November 2013. Despite the membership rejecting the offer, the company and the International kept at it and we were forced into further discussion.

The company altered their offer by backing off of the removal of progression to max pay after 6 years. Members were, again, forced to vote on this offer.

Even though the District finally had a united message that members should reject the most destructive offer that our membership had ever faced, our members narrowly accepted the loss of the pension, cost shift of healthcare, stagnation of wages and being locked into the agreement for over 10 years, by just over 50%.

This became the worst failure of our time, and we have been attempting to rebuild from that fateful vote on January 3, 2014. All our anger and frustration can be traced back to this extension.

Despite all of this, LOU 42 has served us well in protecting the 737 Max production, and we have been able to maintain production while severely limiting the outsourcing of production work from the point it was created and going forward.

Similarly, LOU 43 has also served us well in protecting the current production and fabrication of 777X parts, subassemblies, and major components.

Next Airplane Program

While the company says the replacement for the 737 Max is not going to happen until the mid-2030's, it's extremely important that we never let this company have the kind of leverage they had over us in 2011 and 2013/14 when they freely, with the help of elected officials, threatened our livelihoods, our families, and the communities we live in.

We had to take a stand and get a guarantee for the next commercial program before it is announced. Attaining this was critical for securing our jobs going forward. We vowed to never let this company have the power to threaten us again.

What we achieved in latest proposal:

We were successful in getting a guarantee that, if the company launches a new commercial airplane program during the life of the agreement, it will be placed in WA and OR.

If they don't launch the plane in the next 4 years, or if they try to remove this guarantee during negotiations, then we will fight to maintain this language – and we will have the power to strike, if necessary.

This protection has never been achieved by anyone – no governor, workforce development council, or state government has achieved this without giving away billions of dollars in tax revenue.

The entire state of WA, all Boeing employees, and the supply chain, has you to thank for taking this stand and delivering more jobs for the future than anyone, ever.

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