



# AMFA–Southwest Airlines AMT Contract Negotiations Update

Update #44 August 11, 2016

**Participants for AMFA:**

*Earl Clark – Director, Region I*  
*Michael Nelson – Director, Region II*  
*Bob Cramer – Airline Representative, Local 4*  
*Craig Hamlet – Airline Representative, Local 11*  
*Shane Flachman – Airline Representative, Local 18*  
*Mike Young – Airline Representative, Local 32*  
*Lucas Middlebrook – AMFA Counsel*  
*Peter Manikowski – AMFA Economist*

**Participants for Southwest Airlines:**

*Mike Ryan – VP, Labor Relations*  
*Gerry Anderson – Sr. Director, Labor Relations*  
*Cindy Nagel – Sr. Director, Labor Relations*  
*Bill Venckus – Director, Labor Relations*  
*Scott Collins – Director, Central Region*  
*Mark Lyon – Sr. Manager, Labor Relations*  
*John Donnelly – Manager, Financial Planning*

The Negotiating Committee is providing this update to the AMFA Membership at Southwest Airlines. This report is the only official authorized source of negotiating communications by the Committee.

We heard from you, the members, at the outset of these negotiations that you were not interested in a concessionary agreement. Your Committee has maintained that position and protected your directive throughout this process. The proposal presented by the Company this week was nothing short of just that – a concessionary agreement whereby you would fund your own raises by selling your language. The Company wants us to sell our work, our ability to earn overtime and quality of life work rules wholesale in order to fund the economic package you will see in this update. In fact, the Company delivered a prepared speech following presentation of its last economic pass, which informed your Committee that there is no deal unless we abandon language that we have fought for years to secure. This does not sit well with your Committee – we trust it does not sit well with you either. Please keep this in mind as you read through this update.

We met with the Company beginning on Tuesday, August 9, 2016, for a scheduled three-day mediated negotiation session. The Company presented a proposal, which included its remaining work rule requests and a counter to AMFA's last economic pass. The Company's remaining work rule proposal included:

- No vacancies except those due to vacation and floating holidays will be backfilled in the inspector department;
- The ability to use vendors to perform 25 domestic down-lines per year;
- The ability to only use AMFA mechanics for RII or where Maintenance Control determines necessity for international down-lines;
- Elimination of paid rest on a day trade;
- Sweeping changes to scope language allowing the Company to outsource customary work, including dismantling of C-checks, with only a promise (not in writing) of bringing in some undefined work in the future;
- Proposal to kick the can down the road with respect to Maintenance Controllers and Technical Instructors and negotiate those groups' terms at a later date.

The Company responded to AMFA's remaining work rule proposals as follows:

- Rejected our request for an additional floating holiday "due to cost;"
- Rejected our request for an additional week of vacation at 20 years "due to cost;"
- Only agreed to a vacation bank program that would allow you to roll up to 40 hours into the following year;
- Countered with ability of employees to use up to six days per year of sick time to care for an ill spouse or dependent child;
- Rejected our ask to expand health insurance benefits for employees on OJI leave;
- Rejected our ask to cap health care premium percentages;
- Rejected our ask to insert paragraph 3 of LOA #1 into Article 2;
- Rejected our ask to insert paragraph 4 of LOA #1 into Article 2;
- Rejected our ask to insert paragraph 6 of LOA #1 into Article 2;
- Only agreed to retain a 2.75 mechanic to aircraft ratio.

In addition to its unprecedented work rule asks, including gutting our scope protection, the Company proposed the following economic package:

- 13% ratification bonus;
- 10% snap-up increase to wages in year 1 with 2.75% increases in the out years;
- Longevity increase of 15 cents per year for years 13-15.

Your Committee responded to the Company on Wednesday, August 10. First, the Committee responded to the Company's work rule asks as follows:

- Proposal that temporary vacancies in inspector department due to vacation, floating holidays, and paid rest will be mandatorily backfilled. AMFA included bereavement leave as a vacancy that would not need to be mandatorily backfilled;
- Proposal that Company could use vendors up to ten (10) times per year for emergency field service, both domestically and internationally, and that the Union would be notified within the next business day of such vendor use;
- Proposal that day trades must be submitted 24 hours in advance in order to qualify for paid rest;
- Proposal to remain at book for Article 2, Scope;
- Proposal that Maintenance Controllers and Technical Instructors be completed as part of this deal.

The Committee made the following movement with respect to our remaining work rule proposals:

- Agreed to withdraw our request for an additional floating holiday;
- Agreed to withdraw our request for an additional week of vacation;
- Proposal to allow employees the ability to bank up to 120 hours of vacation;
- Accepted Company counter-proposal regarding sick leave to care for an ill family member;
- Agreed to withdraw our request for expansion of health care benefits for employees on OJI;

- Held our position with respect to a cap on health care premium percentages;
- Held our position with respect to all items from LOA #1 that we want moved to Article 2;
- Proposed that mechanic-to-aircraft ratio remain at the level existing at date of ratification and that only mechanics, inspectors, and leads be included in that computation.

AMFA presented the following economic counter:

- 24% ratification bonus;
- 21.33% snap up on wages in year 1;
- 4.5% increase in each out year;
- Accepted Company's longevity increase proposal.

The Company returned on the morning of Thursday, August 11, and did not move at all with respect to its work rule proposals. The Company failed to alter its position on these proposals and rejected our counters despite all of the movement made by AMFA on Wednesday. The Company presented the following economic package, but it came with a very big caveat. **The Company presented this as a take-it-or-leave-it package, meaning unless we agree to all of the work rule asks – including dismantling of scope protection – there is no economic package;** however, with that understood, this is what the numbers were:

- 20% ratification bonus;
- 14% snap up rate increase in year 1;
- 3% increase in each out year;
- 12% increase in license pay (\$2.25/hour per license);
- 12% increase in skill premium (\$.56/hour);
- 12% increase in shift premium (\$.71/hour);
- \$.15/hour longevity pay after years 12-15 (\$1.75/hour maximum).

The Company returned in the afternoon, at which time your Committee explained that we had been prepared to provide an economic counterproposal; however, after we heard the Company's position that there is no deal unless we agree to their existing work rule requests, we did not feel it was appropriate to provide a counter at this time. The session ended with the Company Committee leaving the room abruptly.

The next session is a three-day session scheduled for August 23-25, 2016. We will keep you updated as to the status of these scheduled sessions. Please stay informed, and if you have any questions, don't hesitate to contact your Local Airline Representative.

Sincerely,

Your Negotiating Committee