



AMFA/Southwest Airlines AMT Contract Negotiations Update

Update # 30 April 23, 2015

Participants for AMFA:

Aaron Hansen – AMFA Asst. National Director
Justin Madden – AMFA National Secretary-Treasurer
Earl Clark- Director, Region I
Michael Nelson – Director, Region II
Bob Cramer – Airline Representative, Local 4
Matt Townsend – Airline Representative, Local 11
Shane Flachman – Airline Representative, Local 18
Mike Young – Airline Representative, Local 32
Lucas Middlebrook – AMFA Counsel

Participants for Southwest Airlines:

Mike Ryan – VP, Labor Relations
Gerry Anderson – Sr. Director, Labor Relations
Michelle Jordan – Director, Labor Relations
Scott Collings- Director, Central Region
Mark Lyon – Sr. Manager, Labor Relations
Sam Moser – 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.

The parties were scheduled to meet on Thursday, April 23, 2015 to resume Aircraft Maintenance Technician (“AMT”) negotiations. However, Facilities Maintenance Technician (“FMT”) negotiations were cut short by a full day due to the Company’s unwillingness to move on certain issues. Therefore, the parties agreed to resume AMT negotiations a day early on Wednesday, April 22, 2015. The Company presented a counter-proposal to the comprehensive proposal that AMFA passed on March 11, 2015. The Company did not accept our comprehensive proposal and countered with a proposal that extensively degrades your existing terms and conditions.

Some of the notable items from the Company’s comprehensive counter are:

- A proposal in Article 2 (coupled with the deletion of LOA-1) for the unfettered ability to close maintenance facilities and contract out existing work when the Company deems operationally necessary;
- A proposal in Article 2 to combine paragraphs 5 and 6, which effectively reduces your customarily protected work, and that would allow the Company to outsource maintenance work on any aircraft not currently operated by Southwest such as the 737-Max;
- A proposal in Article 4 to carve out both the Maintenance Controller and Technical Instructor classifications and cover those groups in separate appendices in the back of our contract;
- A proposal in Article 5 to require unknown Company-controlled “special qualifications and/or authorizations” to enter a bid location or to work overtime;
- A proposal in Article 6 for a twenty-hour duty limit coupled with an outright rejection of our non-monetary proposal to allow shift overlaps for overtime purposes;
- A proposal in Article 6 to effectively eliminate paid rest by forbidding an employee scheduled to work in excess of 16 hours from overtime eligibility;
- A proposal in Article 8 to abolish down-lines by allowing the Company to use non-SWA mechanics for any field service trips where borrowed parts, robbed parts or other parts can be obtained locally;
- A proposal in Article 8 that would allow vendors to perform all ETOPS work in all non-staffed maintenance stations;

- A proposal in Article 10 to eliminate the requirement to backfill temporary vacancies in both the Lead and Inspector classifications unless “deemed necessary by the Company;”
- Rejected the Union’s proposal in Article 11 that would allow for a two-year vacation accrual bank and the ability to sell back 80 as opposed to 40 hours of accrued vacation;
- Rejected the Union’s increased longevity pay increase and countered with a maximum \$1.75 at the conclusion of year 15;
- Rejected the Union’s increased skill premium proposal and countered with sixty-five cents per hour;
- Rejected the Union’s increased wage rate proposal and countered with a 2% base pay rate increases per year beginning at a supposed ratification date of August 2015 with no retroactive pay;
- Rejected the Union’s increased license premium proposal and countered with a 15 cent increase for both licenses (i.e. Company proposed 7.5 cents increase per license);
- A proposal in Article 15 for a \$10.2 million ratification bonus payable across the entire group – equating to approximately \$4,000 per employee before taxes in exchange for your retroactive pay;
- Rejected outright the Union proposal in Article 16 to increase the 401(k) percentage contribution;
- Rejected Union’s Article 20 me-too proposal covering health care benefits and indicated that there will be no consideration of caps on employee paid premiums;
- A Proposal in Article 24 to eliminate day/shift trades between Inspectors and Mechanics;
- A proposed eradication of all of LOA-1, including the minimum mechanic to aircraft ration and the Union’s ability to monitor the Company’s outsourcing practices by eliminating the Outsourcing Liaison position currently held by Craig Hamlet;

As you can see from the above– the Company’s “must-have” list of concessions to our current agreement has essentially remained unchanged over more than two years of negotiating. During a time of record profitability the Company is seeking language changes that would degrade our covered work, reduce your ability to earn overtime and erode basic quality of life protections. The question then becomes: what is the Company offering in return for these concessionary sacrifices that it seeks from you? The answer gleaned from the Company’s comprehensive proposal is: no retroactive pay; percentage increases to pay rates that do not track projected cost of living increases during the life of the contract; no caps to health care premiums; and no increase to 401(k) percentage contributions.

It is important for each member to contrast the Company’s concessionary approach to bargaining with the first quarter earnings that are released this week. We continually hear that Southwest wants to reward its employees. Unfortunately that tag line does not seem to track with reality, and therefore we must watch what they do and not listen to what they say.

In conclusion to our previous update after we passed our comprehensive proposal, we indicated that “we must all be prepared for the distinct possibility that the Company rejects our proposed path to a fair deal; instead reverting to its take-it-or-leave-it delayed approach to collective bargaining.” Therefore, as offensive as the Company proposal is, it should come as no surprise.

We ask that you keep these comprehensive proposals in context – they are proposals and nothing more – they just happen to be packaged together as opposed to an article-by-article pass. The next session is

scheduled for June 2. We would like to thank those who took their time to observe these negotiations. If you have any questions, don't hesitate to contact your representative. Failure to receive full and accurate information to your questions does not serve us individually or collectively as one group moving towards one goal. We also appreciate your support and ask that you reach out to your elected representatives to any additional questions you may have.

Sincerely,

Your Negotiating Committee.