



# AMFA/Southwest Airlines Contract Negotiations Update

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**Participants for AMFA:**

*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*  
*Scott Collings – Director, Central Region*  
*Jay Munn – Manager, BWI*  
*Michelle Jordan – Director, Labor Relations*  
*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.

We began the scheduled two-day Aircraft Maintenance Technician (AMT) negotiations on Wednesday, July 9, 2014. Due to the recent departure of Mr. Sokol, we were unsure of the direction for this session. We requested information from the Company prior to the session so that we could prepare to ensure our time at the table was used as efficiently as possible; however, an informative reply from the Company never came. The only message we received from the Company prior to meeting was that their Chairman was unsure if his new committee would be pursuing the same, less, or more “must have” items. It was not until we were in session on Wednesday that we learned the new Company Committee, with new Vice President of Technical Operations Landon Nitschke as their primary maintenance customer, would proceed pursuant to the same “must have” items that were previously presented. It was agreed that during this session we would focus on five articles (Articles 9, 12, 13, 21, 22), which the Company felt they could possibly move on. At the time, these five articles were either “Tabled” or the Company owed AMFA a response. Prior to the Company caucusing to work on their proposals, we took time for Landon Nitschke to visit and introduce himself to the Committee and share some of his viewpoints.

The Company returned at 1330 hrs and gave us their Article 12: Leaves of Absence proposal, and they removed their proposed language addition from the Guidelines for Employees, which mentions a 3-year limit to leaves of absences. The Company also presented a proposal for Article 13: Sick Leave and On-The-Job Injuries, where they removed their asks for “vacations” to be included in the current Article 13, Section 9 language and omitted their earlier proposal for a section dealing with gainful employment while on an On-the-Job Leave. The Company also said they would contact the Benefits Department in regards to our proposal that would allow the use of accrued sick time leave to care for a newborn child or a serious illness of a spouse or dependent children. The Company then presented an Article 9: Seniority proposal in which they reinserted the current temporary supervisor language that we had struck. It was noted that this is a valuable program for the Company as our members are providing approximately 20,000 hours a year to accommodate their supervisor staffing deficiency. There was further discussion dealing with our concerns regarding abuses with the current temporary supervisor system, and we will be presenting further proposed changes to address these problems.

On Thursday the Company presented an Article 22: Arbitration proposal. In this proposal they said they would withdraw their 2-year “die date” for a grievance language if we would agree to removal of the subpoena language that the parties had previously come to a Tentative Agreement (TA). The Company also presented a possible resolution for Article 21: Grievance Procedure essentially going

back to the October 2013 proposal and removing the two items – one proposed by each side – that are keeping this Article from being TA'd.

The Company then presented their “Concept of Economics,” which is similar to what has been described to other workgroups. The Company stated that this presentation was intentionally vague, as they did not want to see numbers showing up in our Negotiation Updates. Basically, as their starting point, they outlined a Ratification Bonus (first year only), one bonus tied to ROIC (Return on Investment Capital), and one bonus tied to an unknown to-be-determined measurement for all Technicians. They also proposed to change the annual raise scheduling in years one (1) through five (5). In this Company scenario there would be **NO FIXED RAISES** for more than 80% of the topped-out Technicians. The Company explained that the rationale behind this proposed pay freeze was “to allow our competitors a chance to catch-up” to the SWA thereafter rate. After the economic presentation, we caucused to discuss Articles 21 and 22. We told the Company that recognizing past practice of arbitral subpoenas on the property, we would agree to go back to current language, and we TA'd Article 22. We also requested to “Table” Article 12, as the Company became uncomfortable removing the 3-year limit on leaves of absences as well as Article 21. We also owed the Company a reply to Article 11: Vacations, but we made the decision to also “Table” it at this time.

During our caucus after the economic concept was presented, one of the members in attendance commented that the Company is asking for these major “must haves,” but is insulting us by offering only the possibility of additional compensation based on measurements that we have no control over. As the old adage goes, they would seem to want to have their cake and eat it too. While this is an important observation, it led to another discussion – the importance and value of our contract language. While it only takes simple math to figure out how much overtime you would have to work to bring home an extra 1% or 2% for a given year, it would be more difficult to realize the amount of money that would be lost if the rules applying to Field Service or the availability to work overtime was decreased or nonexistent. The AMFA Committee is very conscious of the importance of the current contract language, and understands the earning potential it represents for our members.

The Company said they wanted to get into Article 2: Scope of Agreement in the near future, and hopefully, Mr. Sokol took the two bullet points he presented to us at his last session with him. Rest assured that your Committee will never entertain the idea of gutting our scope language for a Technician per aircraft ratio, especially in light of the recent Fourth Line and Inspection Backfill violations that AMFA had to fight through arbitration to enforce. The Technicians at Southwest Airlines are the most efficient and productive in the industry. During the July 9 session, one of the company members commented that Southwest “is growing and has a great future ... [and currently has] record profits and record revenue.” However, despite this “great future,” “record profits,” and “record revenue,” the Company is coming with their hands out; therefore, we expect, as we know you do, not to be presented with another concessionary contract offer from the Company.

Thank you to the observers who participated in this session. We invite everyone to exercise their rights under the AMFA Constitution to observe negotiations. The next session will be in Dallas, TX on July 29, 30, and 31. We are dedicating this session to working exclusively on Maintenance Control, Technical Trainer, and the Support Technician issues. The goal of this session is to get the group-specific needs identified and work to align them with current language.

Sincerely,

Your Negotiating Committee.