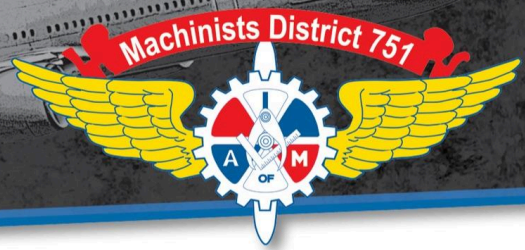


# 2024 CONTRACT FACTS ISSUES IN FOCUS



## *One set of Progression in a Career*

### **About this priority:**

A key priority in negotiations has been achieving one set of Seniority Progression Increases (SPI) in a career. This will allow all members who promote to higher grade IAM-represented jobs to combine SPI earned in all labor grades, enabling them to reach maximum pay without being reset. This includes many members who have applied themselves by taking classes on their own time,

### **What we have achieved within the new proposal:**

The following new language gives our members one set of progression in their career, *even if they upgrade to another IAM-represented job*. This new language will also immediately move 1,500 members to max pay upon ratification.

Each member still in progression who had earned SPI in a lower labor grade will *immediately combine all Seniority Progression Increases*. Employees shall automatically progress to the base rate range maximum upon their twelfth (12TH) seniority progression increase.

Here is the language: "Seniority progression increases shall accumulate towards the progression to maximum rate, irrespective of the labor grade or job classification in which seniority progression was earned."

## **Here's the history and why it matters:**

The current wage system includes a minimum and maximum wage scale. That requires members newly hired and placed either at the minimum rate, or in between the min and the max, to go through 12 Seniority Progression Increases (SPI) before they reach maximum pay. Each SPI is 6 months, and each member currently receives a .50 cent wage increase per each 6-month step. After 12 steps (6 years) the members' pay will be increased to the maximum rate in the labor grade.

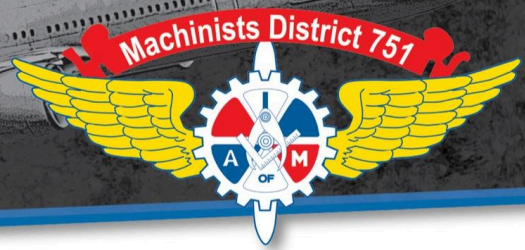
Additionally, often, to be considered for a promotion, members take classes on their own time to meet specific minimum requirements they must achieve to be promoted into a higher-grade job classification. This system is good because it lays out a path for a member to apply themselves, learn new skills, and prepare themselves to take on a more responsible position with higher pay.

Unfortunately, when this was negotiated in 1992, it discouraged a member from taking a promotion while in progression, when that member was not at the maximum pay for their labor grade. Members not at max pay could not combine Seniority Progression Increases (SPI) earned in the lower labor grade to SPI they would earn in the higher labor grade, once promoted. This forced members to go through 6-year progression, all over again, costing some members over \$100,000 in lost wages during that time frame.

## **In summary, key highlights within the latest proposal include:**

- One set of progression your entire career, even if you upgrade to another IAM-represented job.
- 1,500 members immediately move to max pay.
- Each member still in progression who had earned Seniority Progression Increases in a lower labor grade will immediately combine all SPI's.
- You will automatically progress to the base rate range maximum upon your 12th seniority progression increase.

# 2024 CONTRACT FACTS ISSUES IN FOCUS



## Compounding Wage Example

Wage increases that compound over time put more money in your pocket. Compound growth means that each annual general wage increase is being applied to a wage that will grow each year of the contract. For instance, 5% of \$80,000 is more than 5% of \$75,000. Below is an example of how the compounding wages in the latest proposal would lead to higher increases over time for a member at Labor Grade 4.

### Example of what we have achieved within the new proposal:

Let's take the example of a member at Labor Grade 4: You start with the September 2023 maximum rate of \$42.55 and then add the COLA fold-in of \$0.44 which adds up to \$42.99 per hour. Note: This is what shows on the June 2024 wage card. The June 2024 wage card is included on a following page for reference. This year, upon ratification, you would receive a 12% general wage increase (GWI).

- In the first year, the 12% GWI gives you an increase of \$5.16 per hour, bringing your hourly rate to \$48.15.
- In the second year, your 8% GWI is calculated on the new \$48.15, *not just the original \$42.99*, so you receive an increase of \$3.85, bringing your hourly rate to \$52.00.
- This pattern continues, with each year's GWI being calculated on the previous year's higher hourly rate, leading to a larger overall increase over time due to the compounding effect.

Note: The GWI is calculated off the current wage card of June 2024 (included on next page) or each individual's current Wage Rate.

**Step-by-step breakdown of wage progression under new proposal at Labor Grade 4 at Max Rate:**

- Year 1:
  - September 2023 hourly rate: \$42.55 + COLA fold-in \$0.44 = \$42.99
  - GWI of 12% ( $\$42.99 \times 0.12$ ) = \$5.16
  - New hourly rate ( $\$42.99 + \$5.16$ ) = \$48.15
  
- Year 2:
  - Starting hourly rate: \$48.15
  - GWI of 8% ( $\$48.15 \times 0.08$ ) = \$3.85
  - New hourly rate ( $\$48.15 + \$3.85$ ) = \$52.00
  
- Year 3:
  - Starting hourly rate: \$52.00
  - GWI of 8% ( $\$52.00 \times 0.08$ ) = \$4.16
  - New hourly rate ( $\$52.00 + \$4.16$ ) = \$56.16
  
- Year 4:
  - Starting hourly rate: \$56.16
  - GWI of 7% ( $\$56.16 \times 0.07$ ) = \$3.93
  - New hourly rate ( $\$56.16 + \$3.93$ ) = \$60.09

Summary:	Year 1	Year 2	Year 3	Year 4
Increase of...	\$5.16	\$5.16	\$5.16	\$5.16
Additional Increase of...		\$3.85	\$3.85	\$3.85
Additional Increase of...			\$4.16	\$4.16
Additional Increase of...				\$3.93
<b>Total Increase from Current (\$42.99) Wage:</b>	<b>\$5.16</b>	<b>\$9.01</b>	<b>\$13.17</b>	<b>\$17.10</b>
<b>New Wage*:</b>	<b>\$48.15</b>	<b>\$52.00</b>	<b>\$56.16</b>	<b>\$60.09</b>
*Not including any potential COLA in years 2-4. For information on how the COLA is calculated, go <a href="#">here</a> .				

**Key takeaway: Compounding wage increases = higher increases over time.**

FOR REFERENCE:

**CURRENT / JUNE 2024 RATE CARD**

LABOR GRADE	MINIMUM RATE *	MAXIMUM RATE
11	26.00	51.74
10	25.00	50.42
9	24.00	49.25
8	23.00	48.00
7	22.00	46.71
6	21.00	45.48
5	20.00	44.18
4	19.00	42.99
3	18.00	41.79
2	17.00	40.52
1	16.00	39.26
A	15.74	23.71

\*Minimum wages as set by the State, individual cities, and municipalities could increase the Minimum per hour base rate.

Rates shown above are first shift.

Second shift: add \$1.00

Third shift: add .10 cents

Seniority progression increases of .50 cents will occur at 6 month intervals up to the Maximum Rate in accordance with Section 6.3(a) of the Bargaining Agreement.

# 2024 CONTRACT FACTS ISSUES IN FOCUS



## Retirement Security: 401(k) Details

In the new proposal, the Boeing Company 401(k) plan would provide the following:

1. An **automatic** Special Company Retirement Contribution (SCRC) to every IAM-represented worker's 401(k) account of 4% of pay. The SCRC contribution includes overtime, differential pay, etc. This is *not contingent* upon any employee contributions.
2. For workers who do contribute, a matching employer contribution of **100%** up to 8% of pay. **This is a notable increase over the current 75% matching employer contribution.** This matching contribution is on an employee's base rate only, not including overtime. This is contingent upon employee contributions. The company will match dollar for dollar of your contributions, up to 8%. For example, if an employee contributes 6%, the company will match 6%. If an employee does not contribute, the company does not provide a match.
3. An addition one-time employer contribution of **\$5,000**: The Company agrees to make a One-time Company Contribution to The Boeing Company 401(k) Retirement Plan (the "401(k) Plan") on behalf of each employee who is (a) covered by the Agreement, and (b) on the active payroll upon ratification of the Agreement (including on a leave of absence of ninety (90) days or less) or approved military leave of absence on September 12, 2024 pursuant to Section 6.6(b), even if such military leave of absence is longer than ninety (90) days, and (c) returned to work by no later than October 31, 2024.

**For the life of the contract:**

When IAM members contribute 8% of pay, the total company contribution is 12% of pay. This is a total contribution of 20% of pay.

**Context:**

Retirement security experts typically recommend that workers without 401K match programs such as those reflected in this proposal save roughly 15% of their pay, for every year of their career, in order to maintain the same standard of living in retirement. This, in addition to Social Security, should provide enough of an income replacement to live as comfortably as they did while working. We have reached a proposal in which the employer is positioned to contribute nearly the entirety of that recommended 15% for employees who participate. The proposal establishes a clear pathway by which employees are able to achieve a majority-employer-funded 20% total contribution to exceed the recommended 15% threshold.

4% Employer Automatic Contribution  
+ 8% Employer Match Contribution

**12% Total Employer Contribution**  
+ 8% Employee Contribution  
**= 20% Total Contribution**

# 2024 CONTRACT FACTS ISSUES IN FOCUS



## *Increased Multiplier*

### *For The Boeing Company Employee Retirement Plan (BCERP)*

#### **Background:**

In 2014, the company excluded all newly hired employees from participating in the BCERP. In 2016, the company froze any further benefit accrual for all participants in the plan.

There are roughly 13,000 IAM members who still have a benefit in the BCERP, based on their years of service before 2016. The current benefit formula is \$95 per month per year of service (prior to the freeze). So, if you had been at Boeing for 10 years prior to the freeze, your basic benefit payment would be:

$$\$95 \times 10 = \$950 \text{ per month}$$

#### **Benefit Increase**

Under the latest company proposal, the benefit will increase to \$105 per month per year of service (prior to the freeze), for those who are eligible. So, if you have 10 years in the pension, the new basic benefit payment will be:

$$\$105 \times 10 = \$1,050 \text{ per month}$$



## Lump Sum Option

In addition, effective January 1, 2025, members will have the opportunity to take a lump sum cash out of their pension benefit.

- If you choose this option, your entire BCERP benefit must be cashed out.
- The lump sum payout is entirely voluntary. If you choose not to take it, you will still be entitled to your monthly benefit in retirement.
- Employees will be allowed to roll over their entire lump sum into their existing Boeing 401(k) account.
- The lump sum option may not be right for everyone. The Union encourages you to meet with a financial planner before making this very important decision.

###

# 2024 CONTRACT FACTS ISSUES IN FOCUS



## *Letter of Understanding #2 Protections gained for facilities and maintenance jobs*

### **Background / Challenge:**

The language in the contract relevant to this LOU entered the agreement decades ago as a stop gap to protect the members who perform facilities and maintenance work. While this language ensured members impacted would not be laid off as a direct result of subcontracting, it didn't force the company to maintain the headcount of these classifications.

Unfortunately, due to normal attrition over the decades, as members retired or moved on, the company did not replace them. This led to fewer members being able to perform the work, which the company then used as an opportunity to outsource more work to contractors onsite.

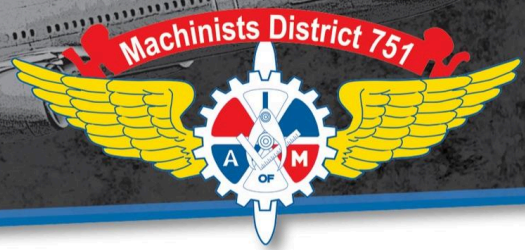
LOU #2, Facilities Maintenance and Subcontracting had to be prioritized as a major job security issue. It is as important to the membership as securing the next airplane program. Attempts in past negotiations failed to force the company to maintain the headcount and didn't identify specific work statements that could not be subcontracted at all. Our facilities and maintenance jobs were, literally, on the line and could be lost forever.

**What we have achieved in latest proposal:**

In these negotiations, we secured requirements to maintain the headcounts of our facilities and maintenance job classifications and identified specific work that is not work of a type and character that could not be outsourced in the future. The protections in LOU #2 negotiated in this agreement have never been achieved in the past. This is a solid win for our members that perform this statement of work.

# # #

# 2024 CONTRACT FACTS ISSUES IN FOCUS



## *Letter of Understanding #37 Protections gained for inventory, tracking, disbursement, and more*

### Background / Challenge:

The content of Letter of Understanding (LOU) #37 was originally proposed by the company and came into the contract in 2002 and was one of the main reasons the union recommended that the membership vote no and vote to strike on the 2002 contract offer. Members rejected that 2002 contract, but did not vote to strike by the two-thirds strike vote required, so this was accepted by default.

This provision eliminated IAM jurisdiction in job classifications that perform inventory transactions, track the use, disbursement, acquisition, and /or inventory of parts, materials, kits, and other goods or products inside our factories, which impacted over 3,500 members and their jobs.

In the 2008 negotiations and strike, we were able to carve back our jurisdiction over these jobs, with the exception of 787 Final Assembly where the company had already implemented the use of a company called "New Breed" to perform this work, and also for a couple of BDS locations.

This was a big win in the 2008 contract negotiations, but it still had some impact on 787 off-site inventory and distribution of parts.

**What we have achieved in latest proposal:**

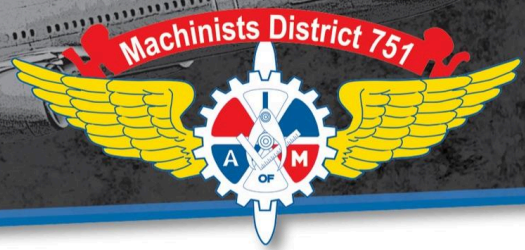
In this 2024 contract proposal, the Union was able to eliminate any future use of third party vendors to perform our jurisdictional work related to performing inventory transactions, tracking use, disbursement, acquisition, and/or inventory of parts, materials, kits, and other goods or products, unless it was already in existence. This is a good win, establishing job security and jurisdiction over bargaining unit work both now and into the future.

*"Except where vendors are already performing the work, all receiving, inventory, distribution tracking and acquisition of parts, materials, tools, kits and other goods or products consistent with bargaining unit job descriptions shall be performed by bargaining unit employees. Nothing in this Letter of Understanding will be construed to permit suppliers or vendors are not permitted to install parts or components on the airplane, unless the vendors or suppliers are correcting errors or performing warranty work."*

The changes achieved in LOU 37 ensure this statement of work is performed by bargaining unit members.

# # #

# 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.

# # #



# 2024 CONTRACT FACTS ISSUES IN FOCUS



## *Improvements to Overtime Rules*

### Background / Challenge:

For many job classifications at Boeing, members have been forced to work far too much mandatory overtime.

- The current CBA allows for up to 19 days straight without a break. (And after just a 2-day break, members could be forced to work another 19 days in a row – which happened to many people regularly.)
- The current CBA does not have a limit of overtime hours per regular workday and there are times when 12 hours per day are designated for multiple weeks.

Often, these exorbitant amounts of designated overtime are worked by those in the most physically demanding classifications, but certainly across most organizations – i.e. those same members who may need a break most of all.

In addition, members were often informed of required designated overtime very late in the week or at the end of their weekday work shift.

This causes terrible disruptions to our members' work-life balance and ability to schedule outside activities, including necessary arrangements such as childcare.

At the same time, many members would like to work *more voluntary* overtime than their organization allowed. But they would still would like more say in when they work those hours (e.g., be able to say no after having worked several weekends in a row without a break).

## What we achieved in the latest proposal

We reduced designated overtime provisions in the following ways:

- o **Quarterly Limit:** We had previously reached agreement, during the 2018 Puget Sound Attendance Requirements effects bargaining, to reduce the quarterly limit of mandatory overtime from 128 hours to a maximum of 112 overtime hours in a budget quarter. This limit of 112 hours is now written into the agreement.
  
- o **Weekend Limit:** Employees will not be designated to work more than 1 weekend in a row, even if the first weekend was voluntary. (The definition of weekend work remains the same, and the 8-hour limit on a Saturday or Sunday remains the same.)
  
- o **Weekday Limit:** Employees will not be designated to work more than 2 overtime hours on a weekday, except where necessary for emergent production situations or critical line moves. This means that management cannot arbitrarily designate weeks of 12 hours per regular weekday.
  
- o When the whole shop is required to work the weekend, an employee may be exempted if they had scheduled vacation, bereavement, or military leave on the Friday before and/or **the Monday after** the weekend (previously, it was just the Friday).
  
- o Employees assigned weekend overtime shall not be required to report earlier than the start time of their normal work schedule.
  
- o An employee may be exempted from mandatory overtime if they have a pre-scheduled medical appointment after their regular shift and working would result in a cancellation penalty for the appointment or unreasonable delay in necessary medical care.

We also increased access to voluntary overtime. This will give members who want to work more overtime the ability to do so, which should also, in turn, reduce the amount of designated overtime that must be worked within a shop.

Specifically:

- o Employees may only be excluded from voluntary overtime after they have worked **three consecutive** weekends (increased from two consecutive

weekends previously).

- o Employees may only be excluded from voluntary overtime after they have worked 160 overtime hours in the budget quarter (increased from 128 hours previously).

- o Employees who have used sick leave on the day before the overtime day will no longer be excluded from working voluntary overtime (if they report that they are able to work).

The company must now give **more advance notification** of mandatory overtime. Specifically:

- o For designated weekend overtime, the Company must notify employees **no later than the first rest break on the Thursday preceding the weekend overtime**, except in emergent situations (previously, it was Friday).

- o For designated weekday post-shift overtime, the Company must notify employees no later than first rest break on that day.

- o For designated weekday pre-shift overtime, the Company must notify employees no later than the last rest break of the day prior.

###



- Under the 16% cap, employee contributions in all plans **went down** – by 3.6% in 2023 and down again by 1.5% in 2024.

**What we achieved in the latest proposal:**

- **We achieved a reduction in the Aggregate Medical Cost Share Cap from 16% to 15%, effectively reducing your current employee contributions by 9.3% in 2025 for all medical plans.**
  - o For example, for family coverage in the Traditional Medical Plan, the 2024 employee monthly contribution of \$153.96, will be reduced to \$139.59 in 2025.
  - o See the new Contribution Rates below.
- While our initial focus in bargaining was to reduce the cost of using the medical plans, we quickly realized that any cost decrease to use the plan would force an increase in the monthly premiums. We then focused on reducing the cost share from 16% to a lower cost share. We achieved a decrease of 1% to a total aggregate cost share of 15%.
- **This should serve us well in containing uncontrolled increases in the monthly premium through the life of the agreement.**

See additional reference and background material on following pages:

FOR REFERENCE :

## January 2025 Employee Contribution Reduced by 9.3%

Plan and Coverage Tiers	Current Monthly Contribution (16% Cost Share Cap)	January 1, 2025 Monthly Contribution (15% Cost Share Cap)
<b>Traditional Medical Plan</b>		
Employee Only	\$51.32	\$46.53
Employee + Spouse	\$102.64	\$93.06
Employee + Child(ren)	\$102.64	\$93.06
Employee + Spouse + Child(ren)	\$153.96	\$139.59
<b>Selections WA</b>		
Employee Only	\$89.82	\$81.44
Employee + Spouse	\$179.64	\$162.88
Employee + Child(ren)	\$179.64	\$162.88
Employee + Spouse + Child(ren)	\$269.46	\$244.32
<b>Selections Plus OR</b>		
Employee Only	\$89.82	\$81.44
Employee + Spouse	\$179.64	\$162.88
Employee + Child(ren)	\$179.64	\$162.88
Employee + Spouse + Child(ren)	\$269.46	\$244.32
<b>Kaiser WA</b>		
Employee Only	\$89.82	\$81.44
Employee + Spouse	\$179.64	\$162.88
Employee + Child(ren)	\$179.64	\$162.88
Employee + Spouse + Child(ren)	\$269.46	\$244.32
<b>Kaiser OR</b>		
Employee Only	\$51.32	\$46.53
Employee + Spouse	\$102.64	\$93.06
Employee + Child(ren)	\$102.64	\$93.06
Employee + Spouse + Child(ren)	\$153.96	\$139.59
<b>Kaiser CA</b>		
Employee Only	\$51.32	\$46.53
Employee + Spouse	\$102.64	\$93.06
Employee + Child(ren)	\$102.64	\$93.06
Employee + Spouse + Child(ren)	\$153.96	\$139.59

See the history below.

### Employees Have Experienced Significant Rising Healthcare Costs in the Last Decade

From 2013 through 2016, employee monthly premium contributions rose 10% each year, and in 2017 there was a huge one-time increase in the rates again.

- During the four-year period from 2013 - 2016, employee contributions increased by 33.1% for all plans and coverage tiers:

#### Employee Monthly Premium Contributions 2013 - 2016

<b>Traditional Medical Plan</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2013-16 % Change</b>
Employee Only	\$20.00	\$22.00	\$24.20	\$26.62	33.1%
Employee + Spouse	\$40.00	\$44.00	\$48.40	\$53.24	33.1%
Employee + Child(ren)	\$40.00	\$44.00	\$48.40	\$53.24	33.1%
Employee + Spouse + Child(ren)	\$60.00	\$66.00	\$72.60	\$79.86	33.1%

From 2016 - 2017, employee contributions significantly increased by 33.6% on average\* across all plans, in just one year.

- \*Some plans increased employee contributions by 50.3% and other plans increased by 16.9%

#### Employee Monthly Premium Contributions 2016 - 2017

<b>Traditional Medical Plan</b>	<b>2016</b>	<b>2017</b>	<b>2016-17 % Change</b>
Employee Only	\$26.62	\$40.00	50.3%
Employee + Spouse	\$53.24	\$80.00	50.3%
Employee + Child(ren)	\$53.24	\$80.00	50.3%
Employee + Spouse + Child(ren)	\$79.86	\$120.00	50.3%

# # #