Boeing Presents Final Offer to St. Louis Machinists' Union

Boeing [NYSE:BA] and the International Association of Machinists and Aerospace Workers (IAMAW) District Lodge 837 have concluded negotiations and a final three-year contract has been offered to represented employees.

The offer, if ratified by the union's membership, would replace the three-year contract that expires at midnight on May 23. More than 2,800 employees in St. Louis, St. Charles, Mo., Patuxent River, Md., and China Lake, Calif., are members of the IAMAW 837.

Negotiations, which began officially on April 26, focused on wages, compensation, health care and retirement benefits.

"Our IAMAW employees are the best in the industry. That's why they have the best package going into these negotiations, and that's why they will have the best coming out," said John Van Gels, Boeing IDS vice president of operations and St. Louis site executive who is leading the company's bargaining team. "This contract is one way we can show how much we appreciate them. Their hard work and outstanding performance have made this company competitive. Because of them we will grow our business in St. Louis and continue to be competitive.

"There's no doubt that they are well-compensated because they deserve to be," Van Gels continued. "Their wages are higher than our competitors' and are in the top 25 percent of those paid in the local market. And they are getting the highest pension multiplier in Boeing which is also better than our competitors'."

Highlights of the new offer include:

- Year One - 3 percent general wage increase; $3,000 signing bonus
- Year Two - $2,000 lump sum wage payment
- Year Three - 3 percent general wage increase

Retirement benefits increase 20 percent to $60 per year of service from $50 per year of service for retirements, effective on or after July 1, 2004

The cost of health care was a major issue discussed at the bargaining table. Boeing, like other major employers, has been faced with escalating health care costs that have been increasing at an annual rate of 14 to 15 percent. This year alone, Boeing will spend $68.2 million providing health care benefits for IAMAW 837 members - $24.1 million for active employees and $44.1 million for retirees.

"We're committed to providing employees with high-quality, cost-effective health care benefits, but for Boeing to remain competitive, employees must take a greater role in controlling their health care costs," Van Gels said.

In addition to numerous cost-saving measures and health awareness educational campaigns among its workforce, Boeing is asking employees to pay a larger portion of their premium costs. Nationwide, the average worker shares 21 percent of the cost of health care coverage for a single individual and 30 percent of the cost for family coverage. Under the current contract, IAMAW 837 members contribute 6.2 percent toward that cost.

Under the new offer, union members and their families would be able to select one of several health care plans, including one that requires no employee contribution. The other plans would require employee contributions of 10 percent.

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