

# Wichita Windfall at



*Local 839 members celebrate the first installment of \$240 million to be divided among nearly 4,000 IAM members at Spirit AeroSystems in Wichita, KS. Each member will receive more than \$61,000 as part of a unique equity payout negotiated for workers at the newly-formed company.*

**W**hen the Boeing Company confirmed in 2004 that it was selling its commercial aircraft operations in Wichita, KS, the tightly-knit community held its collective breath. A shakeup at the city's largest employer could mean big changes, including lost jobs, uncertain futures and fewer opportunities for

Wichita's next generation.

The sale of the sprawling aircraft assembly plant to Montreal-based Onex Corp. is proving to be more of an economic shot in the arm than the kick in the pants so many expected.

Most surprising was the announcement in November that an initial public offering (IPO) would generate more than \$240 million in cash and stock to be distributed among

nearly 4,000 IAM-represented employees at Spirit AeroSystems, the new company formed by Onex.

But that first wave of five figure checks did not come easy. The sale by Boeing precipitated an intense round of bargaining where union negotiators fought to preserve existing contract terms and members rejected an initial offer from the company that failed to protect the jobs of

# Spirit AeroSystems



Photo by Larry W. Smith

their co-workers.

In fact, the unique contract language that paved the way for the multi-million dollar windfall was not even a part of the initial negotiations.

"This was among the most complex and challenging negotiations I've ever been involved in," said International President Tom Buffenbarger, who met with local negotiators and company officials to work out the final details of the equity-sharing program. "So many people were involved, from local and

district negotiators to the experts at IAM Strategic Resources to Rep. Dick Gephardt, who acted as a labor liaison on behalf of Onex. The bottom line was making the new company work for employees as well as investors."

Kansas Governor Kathleen Sebelius also worked closely with the Machinists and championed legislation that provided tax incentives for prospective buyers.

"Our goal was and continues to be keeping jobs in Wichita, regardless of the name on the door," said Sebelius. "We also made it clear that with state investment came a commitment to the workers in our state."

After the new contract was ratified, new work began coming in to the Wichita plant. Unlike Boeing's strategy of divesting the manufacturing side of its plane making business, Spirit aggressively sought new work.

"The sale marked the end of one era and the beginning of another here in Wichita," said District 70 President Steve

*"We feel very strongly about giving back to the community," said Local 839 Community Services Chairwoman Kathy Petersen, who, like others, donated a portion of her check to the local's Community Service Fund. Petersen also set money aside for her children, her parents and for future emergencies. "I feel very fortunate that the IAM had the foresight to negotiate this into our contract."*

Rooney. "We've gone from outsourcing to insourcing."

Spirit and its IAM-represented workforce's success is spreading to the entire state. The initial cash payout of \$34,556 in December, to be followed by \$26,884 in March, is equal to almost 17 percent of Wichita's total retail sales of \$811.7 million in December 2005.

While many IAM members used their hard won windfall to pay bills or add to their savings, it is also likely that more than a few flat screen TVs turned up under Wichita's Christmas trees this year.

"The economic ripple effect is multiplied with every purchase, every dollar spent," said Southern Territory GVP Bob Martinez, who praised members of Local 839 for demanding an agreement with Spirit that rewarded their service and sacrifice. "The benefits of their solidarity are being enjoyed throughout the community."



Photo by Larry W. Smith