



## **AEROSPACE PROFESSIONAL STAFF ASSOCIATION**

*Representing the non-supervisory MTS since 1974*

P. O. Box 248, Hawthorne, CA 90251-0248

### **Company Announces Plans to Cut Retirement Contribution by 38% and Reduce Short Term Disability Benefit by 40%**

The company has announced their plans to make a 38% cut to retirement plan benefits and a 40% cut in short term disability.

This follows years of receiving half the raises that other companies give their employees and significant cost shifts to employees in the form of increases in medical copays.

It takes no passion, vision, or imagination to cut real pay and benefits.

In fact any business school graduate can do that, and it requires no special skill and no brilliance to compare pay and benefits to others and cut them with the justification other companies are doing it and we need to be “competitive.” It is not innovative. It is regressive. What requires skill and brilliance is to increase pay and benefits. It is what a servant leader would do who, as Dr. Austin has said, is to serve those who are led. Our management is supposed to be leaders – not followers. We are the good guys, and we are better than this. Is this what commitment to our people looks like?

Simply because other companies are doing something does not make it right. When one company does it, and gets away with it, another one does it. We are the richest country in the world and these other companies are highly profitable. No company has to do this, it is a choice. It is an immoral choice, and an unethical choice, to pay people less than the value they are producing. Simply because some people choose to accept less pay and benefits does not make it any more ethical.

For many decades, we have seen companies and the government abuse their power and cut pay and benefits. It has caused a massive wealth transfer to the richest people and has caused all sorts of folly and calamity starting with less government spending including spending on government contractor's pay and benefits.

Senior management does not have to figure out how to make ends meet when they retire, they have a non-qualified defined contribution plan called CORP that costs 5.7 million dollars a year. And it is disingenuous of them to request cuts in the employees' retirement when not only they have proposed no cuts in CORP but are increasing its cost by increasing the number of employees that qualify for it by creating more VP and GM positions. In fact, the company increased the contribution from 25% of annual salary and some bonuses to 35% starting in 2016. This is a 40% increase. Note the company ran the same size company in the 1960s and 1970s with four VPs.

APSA is for more management only when it increases pay and benefits and never at the expense of pay and benefits. Note the compensation of one VP, without the cost of support staff, is usually more than \$500K. The cost of one VP would pay for the cost the company is trying to save in the short term disability or prescription drug copays.

Management should be working to increase pay and benefits. And when they have to cut pay and benefits, it should be a last resort and not a first resort. It also means they failed us all and



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should not receive any raises or bonuses while the rest of us are requested to do more work for less real pay and benefits.

Maybe it is a lack of appreciation for the extraordinary effort it takes to do a million things right for a space vehicle to work and just one thing wrong to have the mission end in catastrophe. Even a very small change in this effort can have devastating effects. This cost cutting approach was tried in the 1990s, it demoralized people and some did not put in the same extraordinary effort and that led to a number of successive failures. Why would anyone want to put in the same extraordinary effort for less pay and benefits? Every day here is the World Series and you will not win the World Series everyday with an average paid team.

And while people love working here, there are real limits to the amount of cuts they are going to tolerate. Who among us would want to see our pay not keep up with inflation let alone other companies? Who among us would want to see year-after-year cuts in benefits? Who indeed?

Probably nothing is more cruel, as several early career women have told APSA, than the 40% cut in short term disability. Our analysis shows one of the primary users of the benefit are early career women starting families. They were counting on this benefit to start a family and bond with their child. It is nearly impossible for them to make up a 40% shortfall in their salaries at the same time they are facing the daunting costs of starting a family. These are the early career people we want to attract, and this is a cost effective way to attract early career women. Without this benefit, we fear the low percentage of women here will shrink. This is our most family friendly benefit. We simply do not understand what caring person would try to balance our budget on the backs of pregnant women.

We are at a total loss of why management would do this just to save a relatively few dollars. Maybe it is because senior management has not spent hours crying with people who are dying, who are in total despair of how they are going to manage on 40% less while facing large medical expenses, instead of being 100% focused on getting better.

These cuts can be reduced or stopped. It will not be easy. It will take hard work. Each of you will have to help. All of us will have to work together. And the cuts are going to occur unless you stand up and make your voice heard by joining APSA and get involved. Otherwise the company will think you do not care. And APSA knows you do care. If you are a member please ask a friend to join. If you are not a member, take the first step, please fill out the application and join and scan and e-mail it to Richard W. Mahoney at [richard.w.mahoney@aero.org](mailto:richard.w.mahoney@aero.org)

Everyone make your voices heard and e-mail AsktheCEO and your VP and respectfully ask the CEO and your VP to maintain the Short Term Disability Benefit, to not double the prescription drug copay, and not to freeze and reduce the retirement benefit.

4 October 2017