

USW-ATI contract imposes health care and pension cuts, casualized labor

Evan Winters
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On Tuesday, the United Steelworkers (USW) forced through a contract for 2,200 locked-out workers at Allegheny Technologies Inc. (ATI). The contract, which will end the over six-month lockout of ATI workers in six states, gives in to all of ATI's major demands, and in some cases is actually worse than the contract ATI proposed at the beginning of the lockout.

The contract essentially transforms the ATI workforce into casual labor. Increased contracting and brutally arbitrary scheduling practices allow ATI to exploit workers on its terms. Workers and retirees face thousands of dollars in increased health care costs. The elimination of defined-benefit pensions for new hires creates a second tier of workers, which ATI and the USW plan to mobilize against current workers and retirees in future contracts.

The contract sets a precedent that will be exploited by employers across the country as they seek to offload the crisis of capitalism onto the backs of workers.

Even if no other information were available, one would not need to look beyond the USW's conduct during the ratification process to know that the contract is a miserable betrayal. The USW and ATI announced a tentative agreement February 22, more than a week after unemployment benefits had expired for ATI workers. The USW then waited until an informational meeting on Saturday, February 27, to release any information about the contents of the contract.

At that meeting, workers were presented with a self-serving summary, instead of a full contract. Although retirees are deeply affected by the contract's provisions, they were not invited to the meeting. In a highly unusual move, the USW invited steelworkers' spouses to the meeting in a transparent attempt to generate additional pressure for a "yes" vote. ATI workers were given only three days to study the contract summary before voting on Tuesday, March 1.

If the USW truly believed that it had negotiated a good

contract, there would have been no need to hide the full contract and employ these bullying tactics.

The actual contents of the contract summary confirm this assessment. Despite the USW's claims that the contract contains "virtually none of the drastic concessions ATI sought to arbitrarily impose," in fact the contract summary released last Saturday is nothing more than a slightly edited version of ATI's August "last, best, and final offer."

ATI's most egregious demands centered around increased health care costs for active and retired workers, increased use of outside contractors, brutal changes in scheduling rules, and the elimination of defined-benefit pensions and health benefits for new hires.

The contract introduces 10 percent health care cost-sharing for active employees, with a \$6,000 per year out-of-pocket maximum for families. This is a major increase in health care payments for active ATI workers, although ATI demanded even higher payments in its August offer.

Unlike ATI's August offer, the final contract directly attacks retiree medical benefits. Non-Medicare-eligible retirees are now subject to the same 10 percent cost-sharing, along with an additional \$45 per month in premiums, a new \$600 deductible and a \$3,600 annual out-of-pocket maximum. Those eligible for Medicare have an out-of-pocket maximum of \$3,400 per year.

In 2012, retirees sued over similar attacks in the 2007 and 2011 contracts, but the suit was dismissed by a federal judge.

The contract also allows ATI to reduce its payments into the union-run Voluntary Employee Benefits Account (VEBA), which pays for retiree health benefits. While ATI will pay a fixed annual lump sum per retiree, the company's hourly contributions fall from \$2.50 per hour worked by active workers in 2016, to \$1.00 in 2020. Fifty cents per hour of these payments are taken directly out of the quarterly bonus workers formerly received.

Even if payments remained the same, union control of the VEBA gives USW executives an incentive to cut retiree benefits to boost the profitability of this investment vehicle. With retiree health care contingent on the hours worked by active workers, benefits will be dependent on whether or not ATI schedules enough hours to fund the VEBA.

The USW bizarrely claims that contractors are necessary to restart production because of attrition during the lockout. They insist upon this even as 420 workers from the idled Bagdad and Midland plants in western Pennsylvania require transfers. The Brackenridge, Vandergrift, and Louisville, Ohio mills were understaffed even before the lockout. Most importantly, workers report that roughly 200 workers retired during the lockout. Many did so prematurely for fear that they would lose benefits under the new contract if they did not retire before the deadline to do so under the old contract. By demoralizing and starving these workers, the USW helped ATI downsize by getting rid of its most experienced workers, using the resulting shortage of manpower to justify its support for increased contracting.

As in the August offer, contractors are allowed during so-called “surge” maintenance and repair work. Specialized maintenance work can be contracted out under some conditions. The contract states that “the non-core work of janitorial, grounds-keeping, road maintenance services, and interior/exterior building construction/maintenance *be* contracted out as the number of current or incumbents performing such work is reduced by attrition...” [emphasis added]. In the August offer, the “be” was only a “may be,” meaning that the current language means more contractors, not fewer.

In exchange, the USW has added toothless provisions that the company train some workers in all maintenance tasks so that “the Company does not become completely dependent on contractors.”

Scheduling language is based on the August offer. The key content remains unchanged. “Management may require a work week consisting of non-consecutive workdays and/or workdays of more or less than 8 consecutive hours.” In these cases, which can occur with as little as 48 hours notice, workers will not be paid overtime, but will instead be paid an ambiguous “premium time” wage.

ATI is given free rein in its scheduling practices unless “[W]orkdays of greater than 12 consecutive hours, and work weeks in excess of 48 hours are regularly scheduled for 4 out of 6 weeks.” Notably, this section does not limit

non-consecutive workdays, which the August proposal did. Workers can be forced to work up to 16 hour days with no notice under “emergency situations,” agreed upon by ATI and the USW.

In addition, ATI can impose “alternative work schedules” of 10-12 hours per day. This requires the approval of 60 percent of the affected workforce, which ATI and the USW will extort as needed.

As in the August offer, new hires are denied defined-benefit pensions and retiree health benefits, in favor of a grossly inadequate 401(k) account. Workers will receive retirement account benefits of \$2.65 per hour worked, and \$0.50 per hour to cover retirement health costs. This creates a two-tiered benefit system. Many current ATI workers see this for what it is: an attempt to create divisions between new hires and themselves to push through even deeper benefit cuts in the future.

In exchange for these concessions, the contract includes insulting incentives. The signing bonus, identical to ATI’s July offer, consists of \$1,500 in March 2016, and \$1,000 in 2019 and 2020. For workers looking to recover from six months on lockout, \$1,500 is totally inadequate. What’s more, now that the USW has dropped its unfair labor practices suit against ATI, workers have no chance of receiving back pay to help recover.

The contract also includes a new profit-sharing agreement that aims to further tie workers’ living standards to company profits. A worker noted to the WSWS that when ATI introduced profit-sharing in a previous contract, workers received a check the first year, and never again, as ATI manipulated its books to conceal profits.

The USW is presenting this rotten contract as a victory. The contract summary begins with a hollow statement titled “How ATI’s Assault on Our Contract Imploded.” To the extent that the USW does acknowledge concessions in the contract, it blames them on “a flood of illegal imports.” In other words, the USW blames Chinese steelworkers for the ATI lockout. The solution to wage cuts, the USW claims, is to fight for a “major overhaul” of US trade policy. In other words, if workers want jobs, they should line up behind the corporations and the Democrats for a trade war against China.



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