



Sept. 17, 2018 – Update #8

The Real Facts about ArcelorMittal's Proposal

ArcelorMittal has proposed a three-year labor agreement that attacks many of the hard won benefits that we have achieved over the years. USW members have fought for generations to negotiate fair wages, incentives, health insurance, pensions, overtime pay, supplemental unemployment benefits (SUB), sickness and accident benefits (S&A), layoff minimization, scheduling and many other protections that make our workplaces safer and give us a stronger voice on the job.

The company would like us to believe that its latest contract proposal is acceptable and fair, but this is a deceitful characterization. **The company wants us to ignore a very important fact – its concessionary demands would more than wipe out any pay increases the company has proposed.**

They have attacked our security and “safety net” provisions. They have even failed to address some of our non-economic proposals and ignored most of the local issues we have brought to the table.

ArcelorMittal is trying to convince us that we should ignore how profitable the company is now and accept major concessions for the sake of “sustainability” because the industry has faced downturns in the past – conveniently overlooking the critical fact that the flexibility of our contracts has enabled the company to survive the tough times and thrive now that the market has rebounded.

The company's proposal is **not** fair, and its demands for huge concessions are **not** necessary.

Here are the facts:

ArcelorMittal can afford a fair agreement that meets the needs of our members and families.

- ArcelorMittal will make huge profits this year, and forecasts for the market and the industry are very positive for future years – as acknowledged by both the company and Wall Street.
- Hourly workers have waited more than three years for a wage increase, yet management regularly rewards itself with pay increases and bonuses. They claim to care about the long-term interests of the company, but they operate it without a comprehensive plan for the future viability and sustainability of our facilities. This short-term mentality leads to

inconsistencies – which is exactly what greedy, self-entitled bosses do when they think they can get away with it.

- **From 2015 to 2017, even when the company was not profitable, the owner still took millions of dollars in management and branding/franchise fees every quarter whether the company was profitable or not.**

USW members already have made sacrifices.

- As a result of market conditions created by unfair foreign trade, USW members went through the last three-year labor agreement without a wage increase.
- Over the years, we have fought at every turn for tariffs to level the playing field and rebuild our industry. We understood the threat that the company and industry faced, and as a union, we made responsible decisions to protect our earnings and secure our future.

The company's proposal would cost workers dearly.

- To start with health care, ArcelorMittal proposes to have us start paying for our health care coverage on Jan. 1, 2019, at a price of \$198 per month for a family.
- That doesn't include higher out-of-pocket costs due to other cuts in benefits. The company proposal increases our deductibles, increases our copayments and specialty drug costs. These changes would cost the average employee another \$750 per year in out-of-pocket health care expenses.
- Over the three years of the company's proposed contract, an employee with a family would pay over \$7,100 in health care premiums, plus an average of another \$2,200 in out-of-pocket expenses for higher deductibles, drug copays and copayments.
- For new hires, the situation is even worse. They will have no option and be forced into what's called a "high deductible health care" plan. The proposed plan covers only 80% of most services, and a family would be responsible for \$3,000 in deductible costs before the plan would cover anything. A single prescription would cost up to \$200, and, by the way, the company is offering current employees the option to sign up for this high deductible plan, which would produce greater concessions than they already have on the table.

This plan would devastate current and future retirees.

- By the end of ArcelorMittal's proposed contract, current pre-Medicare retirees and their families as well as current active employees, who will retire in the future, and their families would be hit with an increase in monthly premiums to \$440 per month for its plan – more than doubling the current monthly premium. The premium for single, pre-Medicare current and future retirees would more than double and increase to \$220 per month.
- For current and future Medicare retirees and spouses, the company has proposed to increase premiums to \$220 by the end of the proposed contract and for single Medicare current and future retirees, the premium will increase to \$110. Again, these increases more than double what retirees pay today.
- Many of these current retirees are on fixed incomes, and this kind of increase would devastate monthly budgets and finances. They want to offer the same high deductible plan to pre-

Medicare retirees who can't afford the increased premiums – meaning higher out-of-pocket costs for the retiree. ArcelorMittal management simply wants to discard people once they're out of the plants and mines and break the promises made to them over decades of hard and dangerous work.

- Furthermore, these premium increases do not really produce one cent of savings for ArcelorMittal – our VEBA covers the cost of retiree healthcare over the capped amount that ArcelorMittal is obligated to spend. Because of changes made in the last round of bargaining, the VEBA is better funded than three years ago – with a balance of over \$600 million – so ArcelorMittal's proposals are simply unjustified and an obvious attempt to “raid” the VEBA that we created.

The concessions don't end with health care.

There are many other concessionary pieces to ArcelorMittal's proposal:

- Proposed increased contributions to Steelworker Pension Trust (SPT) and increases to the multiplier for those covered by a Defined Benefit Pension do not provide meaningful pension improvements.
- They want to eliminate the Hot-Rolled Steel Bonus program.
- They want employees who are in Labor Grade 1 not to be eligible for incentive payments.
- They have proposed a cap on vacation pay which would lower the amount of weekly vacation pay. This cap affects more than 2,000 of our sisters and brothers and as the contract goes forward it would lower the vacation pay of many others.
- They want to eliminate SUB benefits for members who have less than three years of service. For remaining members who are laid off and receiving SUB benefits and then return to work, they would have to work two weeks to restore one week of benefits in advance of a subsequent layoff.
- The company wants the ability to force employees to use and/or change scheduled vacations for shutdown outages.
- They want us to be required to attend safety meetings outside the regular workday and work week.
- The company has proposed that if an employee calls off or does not work as scheduled, they would be disqualified from overtime payments for the rest of the week.
- They demand that should the health care “Cadillac Tax” provision go into effect the health care plan benefits will be reduced to avoid the company paying a penalty.

We must reject this proposal and show management we are united.

Unfortunately, ArcelorMittal management does not seem to respect our contributions to the company's current financial health or recognize the sacrifices we have already made in the name of sustainability. This proposal is extremely unfair in terms of the costs it imposes and the wages it offers during its term.

Our USW negotiating committee did not come into these negotiations spoiling for a labor dispute or the difficulties a work stoppage would create for our families and our communities. We came to negotiate in good faith, and we cannot allow management to impose the unnecessary and unfair concessions it brought to the table.

In addition to the company's unrealistic proposals, your bargaining committee has also been hindered by the company's unfair labor practices which include dragging its feet at the table; delaying and failing to respond to our proposals; and delaying in providing us with the information we requested months ago that's needed for us to understand the basis for its proposals and to formulate informed counterproposals.

We have not worked and sacrificed to save the industry and these facilities for the company to force us to accept dramatic cost shifting and wage packages that are far below what we have earned and deserve.

The USW is prepared to negotiate a responsible settlement, but we are not buying into or playing their game. In order to do that, we must show management that USW members are prepared to fight.

Our proposals are fair and reasonable.

Our wage proposals have been consistent with gains within the manufacturing sector, and considering we took a wage freeze in 2015 when the industry and the company were not profitable, we are clearly justified in our demand. Unfortunately, the company's offer is only half way there.

We need pension contribution increases, and the company can afford our proposals. We are not going backwards on health care. In fact there are several areas in which we should fix and improve some of our current coverages, and we certainly are **not** going to pay premiums!

We also need improvements in dental coverage (the cost of dental procedures certainly has increased and we have not had improvements in years). We have no intention to go backwards in retiree health care coverage, and again, there is no economic value to the company in increasing premiums on retirees or current employees when they retire.

We have made reasonable proposals to increase vacations for both the most junior and senior employees and considering the amount of overtime the company demands we work, more time off with our families is more than justifiable.

We have made other demands that fix many of the issues we deal with every day on the shop floor, from local issues to issues that improve our quality of life, recognition for the sacrifices of our brothers and sisters who serve in the military and improved profit sharing. Most of them are being ignored by the company, but none of them unaffordable or unreasonable!

It is now clear that membership authorization for a strike is necessary. We do not want a fight, but we will not stand by while the company makes huge profits and at the same time demands the lowering of our standards of living!