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Union to rally against AK

'Management style' at issue

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BUTLER TWP — Members of the Butler Armco Independent Union are frustrated with the way AK Steel's management is running the Butler Works.

The union is so frustrated that it has called for a solidarity rally by its 1,700 members and 1,600 retirees at 3 p.m. Monday in Diamond Park, South Main Street.

Jim Gallagher, union president, said the

union picked Veterans Day for two reasons.

One is to honor military veterans, especially those who work and have worked in the Butler Works. The other is to tell the community of the risks "AK Steel's management style poses for the Butler plant and to the Butler community at large."

In a news release issued by the union Thursday, Gallagher said, "Veterans Day is the time when we embrace and defend our values and freedoms, which, unfortunately, have enemies both abroad and right here at

home.

"At AK Steel, the values and rights of our union membership are being attacked, and we feel it's time to answer that attack loud and strong."

AK and safety

AK Steel, based in Middletown, Ohio, bought the Armco Steel Co. in 1989. Armco had a plant in Butler since 1939. AK Steel bought all of the Armco plants and now has facilities in Ohio, Kentucky, Indiana and Texas.

The company produces flat-rolled carbon, stainless, and electrical steel products for automotive, appliance, construction and manufacturing markets, as well as tubular steel products.

Gallagher said that since the takeover, AK Steel's management style has resulted in frustrated workers, and a large number of firings and suspensions of workers. It also has caused financial losses for the company and its stockholders, he said.

The final straw for the union came Tuesday with the firing of nine union supervisors because they did not report employees for "so-called safety violations."

These firings came seven days after the death of Keith Eckenrode, 42, of Slippery Rock, who was pinned against equipment on an assembly processing line on Oct. 29. His death was the first at the plant in almost 10 years.

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AK Steel

A letter by the union sent to members on Wednesday states, "Steel-making is dangerous, as we were tragically reminded one week ago.

"While managers are slithering around the plant trying to catch someone in a real or imagined safety violation, our members are afraid to go to the plant hospital with a scratch or a bump because a suspension is sure to follow."

Alan McCoy, AK Steel's vice president of public affairs, said he would not respond to the union's "accusations."

"As for the safety of the Butler Works, it is one of the safest steel production facilities in the world," McCoy said. "Unfortunately, I believe that union politics are at work, and it is sad that the union would try to take advantage of this situation (Eckenrode's death)."

Regarding the safety of the Butler Works, in August 2001 the facility was the first steel plant in the country to earn the U.S. Department of Labor's highest designation in its Voluntary Protection Program.

It was the Butler plant's sustained excellence in all areas of safety and health management, as well as having gone beyond the agency's safety requirements that earned the plant this award, according to the Occupational Safety and Health Administration.

After receiving the safety award, the Butler Works was removed from OSHA's routine scheduled inspection list.

But it is not the lack of OSHA inspections that the Butler union is concerned with. It is the way in which management is running the safety program.

Gallagher explained that under Armco there was a "progressive disciplinary system," which was a stepladder system of discipline for each offense.

First offenses usually meant a worker would be counseled on a problem. Harsher measures of suspensions from work and no pay would be used as discipline for continued infractions, Gallagher said.

"But with AK it doesn't matter what you do, the progress of discipline continues from the first infraction," he said, explaining that if the first infraction is an untied boot, then an infraction of being late moves the worker to the second rung of the disciplinary ladder.

Since AK Steel took over the Butler Works, Gallagher said there have been 224 employee suspensions from work and pay in three years.

Gallagher said the nine firings this week brings the total number of firings to 59 in three years.

He did not say how many of those suspensions or firings came from safety infractions.

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JIM GALLAGHER,

Butler Armco Independent Union
president

"Because of the stress of working here, we have at least four people quitting every month. Not retiring. Quitting," Gallagher said.

The union now has about 300 fewer hourly employees than it did in November 1999, when AK Steel moved in. Gallagher said many of those workers have retired, with a large number of them retiring at the beginning of this year. They are not being replaced.

Earlier this year the company reported the Butler Works employed 2,300, with just over 1,700 of those being union workers. There are fewer than that now, Gallagher said.

"A lot of work is now contracted to outside companies," Gallagher said, adding that these jobs include maintenance of equipment, laborers and trucking.

"But the company's safety policy doesn't apply to contractors. They don't have to follow the same policy we do and that's not fair or safe," he said.

Profit losses and spending

Besides the safety issue, contractors are being paid "exorbitant" amounts for their work, work that used to be done by union workers, Gallagher said.

It is because of the contracting of outside workers, as well as the company's overall management of the Butler Works and its other plants, that AK Steel is losing money, Gallagher said.

"The stock price of AK Steel was approximately \$21 to \$22 per share when AK Steel took over the Butler Plant three years ago. Now the stock price is approximately \$7 per share," states the union's news release.

In October, AK Steel reported a third-quarter loss of \$3.3 million — the second quarterly loss this fiscal year.

The profit loss upsets union members, considering that AK Steel also is planning a sporting clay, or skeet-shooting, facility on the former Franchuk farm on Saw Mill Run Road. The company in August submitted a pre-application for the project to the Butler Township Planning

chief executive officer and president) struggles to survive with an annual compensation of only \$3.8 million with a \$4.8 million pension package.

"Meanwhile, according to Mr. Wardrop, his plan for the future is to require BAIU members to start 'sharing the grief' and accept reduced insurance and pension benefits, which has already happened to two other unions at the Butler Plant."

The "sharing the grief" statement, Gallagher said, was made by Wardrop during a question-and-answer period of a Webcast delivering the news of the third-quarter loss.

McCoy said while he can't remember the exact quote by Wardrop, the president's comment was in reference to the condition of the steel industry and its need to reduce legacy costs, which are retirement benefits all steel companies must pay.

The two other unions at the Butler Works, the Plant Protection union and the Salary union, both recently accepted new contracts.

But both unions lost benefits under the new contracts. The Plant Protection union accepted a 15 percent pay cut. The Salary union's two-year contract does not include a pay increase, Gallagher said.

What the union wants

Even though the Butler Armco Independent Union has called for Monday's rally and is speaking out publicly about its frustration with management, Gallagher said the union doesn't want to be known as a difficult union.

"We have never had a strike here, and we have no plans to be a radical union," he said.

"We just want to be treated with respect and dignity, and we want the company to work with us instead of against us," Gallagher added. "We think this plant and company could be profitable again if it would just work with us."