

# What's in the Tentative GM Contract?

This information comes from the language of the GM contract and the VEBA Memorandum of Understanding, as well as from the "Highlights". Main issues are:

## Money

**Base wage** -- The current COLA is rolled into the base wage, but there are no raises. Base wage rates are frozen for the 4 years of the contract.

**COLA** – Most COLA raises are taken away. Each time workers are due a new COLA raise, another 10 cents will be "diverted". In the "Highlights", it is estimated that at the end of 4 years, the total COLA will be only 73 cents. By comparison, the COLA from the last contract is \$2.13, even after some COLA was diverted.

**Bonuses** – There is a \$3,000 signing bonus. There is a Performance Bonus of 3% in 2008, 4% in 2009 and 3% in 2010. The "Highlights" says that these bonuses and COLA will add up to \$13,056 over 4 years.

### **What if we got raises and full COLA instead of bonuses?**

For many years, the standard UAW contract had a 3% raise every year, plus full COLA. If workers got 3% raises and full COLA instead of bonuses, after 4 years, it would add up to \$31,220.

The "Highlights" estimates the GM base wage and COLA to be \$28.85 in 2011. If workers got raises and full COLA instead of bonuses, the base wage plus COLA in 2011 would be \$33.88 – more than \$5 an hour more.

## 2-Tier wages

**All clean-up jobs will be outsourced.**

Workers currently on clean-up will be put back into production, or offered buy-outs.

**Many jobs will become low wages jobs.**

Pay rates:	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	
Starting Wage	\$14.61	\$14.00	\$14.00	Reduced medical benefits.
Full Wage	\$16.23	\$15.30	\$14.50	No regular pension.

The jobs that will become low wage include: Material Handling, Inspection, Sub-assembly, Machining, Truck Driving and "Others". The contract does not explain what "Others" means. The contract also does not say clearly what will happen to the workers already on those jobs. One thing is clear, if this contract is ratified, then most workers will be stuck on the line for all of their 30 years, because almost all of the off-the-line jobs will be either low wage or outsourced.

The contract also allows the company to hire **more temporary workers** to work any job in the plant for up to one year. These temporary workers would be paid 70% of full pay with few benefits.

**Information on the VEBA is on the other side.**

## VEBA for Current and Future Retirees' Health Care

For the last 43 years, the auto companies have guaranteed retiree health care. Under this tentative contract, the only guarantee is that retiree health care benefits will stay the same until January 1, 2012, four years and three months from now.

--The Committee that runs the VEBA "shall have the sole discretion to determine benefits and contribution made by retirees." In other words, they can reduce retiree benefits and increase what retirees pay, anytime after January 1, 2012.

### **More facts about the VEBA:**

--Much of the money put into the VEBA is not new money coming out of GM's pockets. It is money from the 2006 wage increase that was taken from GM workers, from COLA diversions and from a fund that GM already set up after past contracts.

--Money from the pension fund will be put into the VEBA.

--Part of GM's contribution (\$4.37 billion) is in a convertible note that is not guaranteed if GM declares bankruptcy.

--The VEBA agreement states clearly that once the company puts in their money, the UAW can never again ask the company to "provide additional contributions", "make any other payments" or "provide Retiree Medical Benefits".

--But, it says that the UAW can ask the Company to divert more of active workers' "profit-sharing, COLA, wages and/or signing bonuses" to fund the VEBA.

UAW president Ron Gettelfinger said the VEBA will last for 80 years. But if that is true, then why do they already have language in the contract to reduce retirees' benefits and divert more of the active workers' wages when the VEBA runs down?

Workers at Detroit Diesel and Caterpillar were given similar promises, but the VEBA at Detroit Diesel ran out in 12 years, and the one at Caterpillar ran out in 6 years.

## Job Security

The "Highlights" made a lot of promises about job security. However, in the actual contract, these promises are filled with loopholes.

GM promises products for many plants, but only "dependent on market demand".

GM promises not to close any more plants, except for 11 plants that the contract says will close or be sold.

Promises are made to stop outsourcing, but the contract language is exactly the same as the old contract, under which there was a lot of outsourcing of work.

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