



Greetings:

This letter is designed to provide you with guidance in the deduction of union dues. The text of this letter has been reviewed and approved by the International Executive Board as an appropriate interpretive ruling under Article XIV of the United Steelworkers Constitution.

FINANCE SUMMARY

The initiation fees shall be Ten Dollars (\$10.00), except where a higher initiation fee has been authorized.

Monthly dues for a member includes three components:

- 1) Percentage dues for a member are equal to 1.45% of that member's total earnings (not including lump sum payments) during the month, subject to a minimum of \$5.00 and a maximum of 2.8 times the member's average hourly earnings.
- 2) Dues on lump sum payments such as profit sharing, grievance settlements and arbitration awards and other like payments are calculated separately. Dues on lump sum payments are equal to 1.45% of such payments for the month without consideration of a maximum.
- 3) Per hour dues are equal to \$.02 per hour for all full hours included in total earnings.

An individual member shall be entitled to exoneration from the payment of dues for any month for which the member has not become entitled to five days' pay (40 hours) or its equivalent in wages and benefits in lieu of wages.

THE EARNINGS PERIOD

Dues may be deducted on a per pay basis using the earnings of each pay or using the previous month's earnings as the base, as agreed by the International Union.

If the per pay basis is utilized, which we believe is in the best interest of our members and the employers, you may accumulate the dues until the end of the month. However, you must submit the dues payment no later than ten (10) days following the last dues deduction of the month.

If you deduct on the basis of the previous month's earnings from the first pay period of the month, you must submit the dues payment no later than ten (10) days following the deduction.

DUES CALCULATION DETAILS AND EXAMPLES

Percentage dues are equal to the lower of 1.45% of gross earnings or 2.8 times average hourly earnings (if the earnings period is one month) as detailed below (various steps to follow):

Calculation A – Multiply total earnings less any lump sum payments (“adjusted total earnings”) by 1.45%.

Calculation B – Divide “adjusted total earnings” by the hours with which they were associated to determine “average hourly earnings”. Multiply this result by the appropriate cap multiplier based upon the related earnings period (see below). This is referred to as the maximum dues or dues cap.

Calculation C – Compare the results of Calculation A and Calculation B and deduct the lower of the two.

Dues may be deducted on a per pay basis using the earnings of each pay or the previous month's earnings as the base, as agreed by the International Union.

The table below shows the appropriate cap multipliers for various earnings periods:

<u>Earnings Period</u>	<u>Cap Multiplier</u>
Monthly	2.80
Semi-Monthly	1.40
Bi-Weekly	1.2923
Weekly	0.6461

Dues on lump sum payments, generally payments with no associated hours such as profit sharing payments, are equal to 1.45% of such payments without consideration of a maximum.

Per hour dues are equal to \$.02 per hour for all hours included in total earnings for the respective earnings period. Per hour dues do not apply to lump sum payments where the payments are not hourly based. Per hour dues are in addition to the percentage dues noted above and are not subject to any maximum.

Examples of the dues calculations are attached for your reference.

REPORTING FORM

A Summary of Union Dues reporting form (Form R-115), a copy of which is enclosed, is to be completed and mailed along with your remittance within the same ten-day period to the designated lock box address noted on the Summary of Union Dues form. The reporting form is not complex, but will necessitate your supplying us with the following information:

- Total members in bargaining unit for the reporting period, whether paying dues or not.
- Total number of individual dues deductions for the reporting period.
- Number of hours included in total earnings for the reporting period.
- Total earnings for the reporting period.
- Separate totals for the three components of dues for the reporting period - percentage dues subject to maximum, percentage dues related to lump sum payments, and per hour dues.

The following listings must be provided to both the local union financial secretary and USW staff representative within the 10-day period:

- A copy of the completed Summary of Union Dues reporting form (R-115);
- A detailed listing indicating the name and employee identification number of all members for whom dues deductions were made, together with appropriate data on hours, earnings and the amount of dues;
- A listing of new members, members reinstated, members terminated, members with no wages, members paying back dues and members paying in advance.

COMMON QUESTIONS

A detailed listing is enclosed which will be helpful in determining whether a particular payment is subject to dues deduction. In addition, below are some commonly asked questions:

How are dues calculated if a member's wages are not related to hours of work?

At times members are paid on the basis of mileage, piecework, drops, pick-ups, etc. Accordingly, we have approved a special calculation formula for dues payments in such cases as follows: 1.45% of the previous month's earnings may be deducted as percentage dues for the current month. In addition, 40 hours per week or 173 hours per month should be used in determining the additional per hour dues component.

Is vacation pay considered a lump-sum payment?

Vacation pay is subject to treatment as a lump sum payment if paid in addition to typical earnings. For instance, if an employee works for an entire pay period and in addition is paid in lieu of vacation (or "uses the vacation back"), the portion of that employee's earnings related to payment in lieu of vacation would be subject to union dues at 1.45% with no maximum. The remainder of the employee's earnings would be subject to the percentage dues calculation, but considering the 2.8 hour maximum.

Should you have any questions or require further assistance, please contact your USW staff representative or the Accounting and Finance Department at (412) 562-5007.

We appreciate your cooperation in this matter.

Sincerely,



Stanley W. Johnson
International Secretary-Treasurer

Enclosures

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Examples of Dues Calculations for Various Earnings Periods

The table below shows the appropriate cap multipliers for various earnings periods. The amount of dues indicated in the examples below are provided as a **reference source only** and are not to be used in the actual deduction of union dues.

<i>EARNINGS PERIOD</i>	<i>CAP MULTIPLIER</i>
Monthly	2.80
Semi-Monthly	1.40
Bi-Weekly	1.2923
Weekly	0.6461

<p style="text-align: center;"><i>Monthly Deduction</i></p> <p>Earnings = \$3,100.00; 173 hours worked</p> <p>$\\$3,100.00 \div 173 \text{ hrs.} = \\17.92 per hour $\\$17.92 \times 2.8 = \\50.17 (dues cap)</p> <p>$\\$3,100.00 \times 1.45\% = \\44.95</p> <p>$\\$.02 \times 173 \text{ hrs.} = \\$3.46 \text{ (per hr. dues)}$</p> <p>Dues Deducted: \$44.95 + \$3.46 = \$48.41</p>	<p style="text-align: center;"><i>Semi-Monthly Deduction</i></p> <p>Earnings = \$1,500.00; 98 hours worked</p> <p>$\\$1,500.00 \div 98 \text{ hrs.} = \\15.31 per hour $\\$15.31 \times 1.40 = \\21.43 (dues cap)</p> <p>$\\$1,500.00 \times 1.45\% = \\21.75</p> <p>$\\$.02 \times 98 \text{ hrs.} = \\$1.96 \text{ (per hr. dues)}$</p> <p>Dues Deducted: \$21.43 + \$1.96 = \$23.39</p>
<p style="text-align: center;"><i>Bi-Weekly Deduction</i></p> <p>Earnings = \$1,400.00; 80 hours worked</p> <p>$\\$1,400.00 \div 80 \text{ hrs.} = \\17.50 per hour $\\$17.50 \times 1.2923 = \\22.62 (dues cap)</p> <p>$\\$1,400.00 \times 1.45\% = \\20.30</p> <p>$\\$.02 \times 80 \text{ hrs.} = \\$1.60 \text{ (per hr. dues)}$</p> <p>Dues Deducted: \$20.30 + \$1.60 = \$21.90</p>	<p style="text-align: center;"><i>Weekly Deduction</i></p> <p>Earnings = \$950.00; 50 hours worked</p> <p>$\\$950.00 \div 50 \text{ hrs.} = \\19.00 per hour $\\$19.00 \times .6461 = \\12.28 (dues cap)</p> <p>$\\$950.00 \times 1.45\% = \\13.78</p> <p>$\\$.02 \times 50 \text{ hrs.} = \\$1.00 \text{ (per hr. dues)}$</p> <p>Dues Deducted: \$12.28 + \$1.00 = \$13.28</p>

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COMMONLY ASKED QUESTIONS

The following list should answer some of the most commonly asked questions regarding whether a payment should be considered in the calculation of union dues. Although this listing is not inclusive for all payments, should you have a question regarding payment, please call your USW staff representative or the USW Accounting and Finance Department.

Subject to Dues Deduction:

- ✓ Overtime
- ✓ Incentive payments
- ✓ Shift differential payments
- ✓ All paid holidays
- ✓ Vacation pay and Vacation allowance
- ✓ Signing bonus
- ✓ Service bonus
- ✓ Attendance bonus
- ✓ Employee contribution to 401(k)
- ✓ Profit Sharing
- ✓ Classroom instructor fees
- ✓ Jury and Witness allowance paid by employer
- ✓ Military encampment allowance for annual active duty
- ✓ Back pay
- ✓ Grievance settlements
- ✓ Arbitration awards
- ✓ Sick pay paid at 100%
- ✓ Bereavement pay

These items are included in gross income and not deducted separately.

Not Subject to Dues Deduction:

- ✓ Workers' compensation benefits
- ✓ Unemployment compensation
- ✓ Severance allowance
- ✓ Pension payments
- ✓ Supplemental Unemployment Benefits
- ✓ Sick pay-3rd party/self-insured paid at less than 100%
- ✓ Employer contribution to 401(k)
- ✓ Vacation pay/bonus for employees laid off three months or more
- ✓ Payment for opting out of health insurance plan
- ✓ Insurance benefits
- ✓ Relocation allowance
- ✓ Suggestion plan pay
- ✓ Clothing allowance
- ✓ Deceased employees' final pay