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BEFORE
PAUL M. EDWARDS
IMPARTIAL ARBITRATOR

INLAND STEEL COMPANY)
INDIANA HARBOR WORKS)
and)
UNITED STEELWORKERS OF AMERICA,)
C.I.O., LOCAL 1010)

Grievance No. 22-D-56

DECISION OF THE UMPIRE

The Question To Be Decided

Does the wage incentive plan (85-0210) effective September 9, 1952, for the stocking, charging, pouring, stripping, and switching crews of the No. 3 Open Hearth provide equitable incentive earnings, as provided for in Article V, Section 5, of the Collective Bargaining Agreement?

Decision of the Arbitrator

It is the decision of the arbitrator that the wage incentive plan (85-0210) effective September 9, 1952, for the stocking, charging, pouring, stripping, and switching crews does provide equitable incentive earnings, as provided for in Article V, Section 5, of the Collective Bargaining Agreement.

Summary of the Case

The Company built a new Open Hearth No. 3. This shop has furnaces of larger capacity than the old shops and also has more mechanization, instrumentation, and generally better working conditions.

An incentive plan based on tonnage output was developed by the Company and proposed to the Union.

The negotiations concerning the incentive plan were carried through the contractual steps and the plan duly installed without Union acceptance.

The Union entered Grievance No. 22-D-56 alleging that the incentive "does not provide equitable incentive earnings in relation to other incentive earnings in the department or like departments involved, and the previous job requirements and the previous incentive earnings." The grievance has been carried through all of the grievance steps and is now before this arbitrator in conformance with the terms of the Company-Union Agreement.

The incentive plan that was installed has paid earnings above the respective base rates in almost equal ratios to that in the No. 2 Open Hearth.

This incentive plan has a very low "pay slope." That is, a substantial difference in pay tons per man hour is required to make a small difference in earnings, about five to one is typical.

The Union's Position

The principal points made by the Union are:

The jobs in the No. 3 Open Hearth are more complex than those in the No. 2.

The duties are different.

The tonnage per man hour is greater.

When one furnace in the No. 3 Open Hearth is down for any reason, tonnage earnings will drop by 25 per cent. This would not be true in the other Open Hearth Departments because of the larger number of furnaces and greater flexibility in the crews.

There should be a relation between the furnace crew's earnings and those of the stocking, charging, and pouring crews. Any adjustment made in one case should result in an adjustment in the other.

The Company's Position

The rates for the No. 3 Open Hearth positions were based on the earnings of like positions in the No. 2 Open Hearth during a representative period. They provide earnings above the respective base rates in ratios equal to those in the No. 2 except where conditions were materially different. An exception is the occupation of stripper crane man, where the tonnage at the No. 3 Open Hearth is only about half that stripped at the No. 2 Open Hearth.

The Arbitrator's Opinion

The Collective Bargaining Agreement under which the Union's case for higher pay in the No. 3 Open Hearth is being arbitrated provides that: "If the grievance be submitted to arbitration, the arbitrator shall decide the question of equitable incentive earnings in relation to the other incentive earnings in the department or like department involved and the previous job requirements and the previous incentive earnings, and the decision of the arbitrator shall be effective as of the date when the new incentive was put into effect." From this section of the Agreement, the arbitrator selects the following wording as bearing on the case at hand: " . . . the arbitrator shall decide the question of equitable incentive earnings in relation to the other incentive earnings in the . . . like department involved . . ."

The No. 2 Open Hearth is the "most like" department involved.

The arbitrator believes that basic differences in job content have been accounted for in the evaluation of the base rates. Most of the base rates for comparable jobs are the same in the two departments; but some are different, obviously reflecting the differences in the jobs. The evaluations and base rates are not in dispute in this case. Therefore, the decision as to equitable incentive earnings can start from that point--the base rates.

The following tabulation, compiled from Company Exhibit III, B and G, and other submissions of the parties, forms the most pertinent comparison available.

Occupation	Job Class		Base Rate		Total Earnings		Ratio		Reference
	Open Hearth #2	#3	Open Hearth #2	#3	Open Hearths #2	#3	T.E. to B.R. Open Hearth #2	#3	
Hot Metal Cranemen	12	12	1.985	1.985	2.417	2.417	1.217	1.217	(1)
Floor Payloader Operator	11	11	1.935	1.935	2.111	2.116	1.090	1.094	(1)
Hot Metal Distributor	16	11	2.185	1.935	2.480	2.220	1.136	1.147	(3)
First Ledleman	17	-	2.235	-	2.722	-	1.218	-	(2)
Ledlemen	-	19	-	2.335	-	2.987	-	1.279	(2)
Second Ledleman	12	-	1.985	-	2.402	-	1.210	-	(2)
Nozzle Setter	-	10	-	1.885	-	2.332	-	1.237	(2)
Platform Men	6	6	1.685	1.685	2.078	2.080	1.233	1.234	(1)
Pit Hooker	-	5	-	1.635	-	1.772	-	1.084	(4)
Pit Hammer	3	6	1.545	1.685	1.628	2.168	1.054	1.287	(3)
Charging Car Operator	17	17	2.235	2.235	2.720	2.693	1.217	1.205	(1)
Ladle Crane Operator	17	17	2.235	2.235	2.725	2.693	1.219	1.205	(1)
Stripper Crane	13	11	2.035	1.935	2.479	2.154	1.218	1.113	(3)
Mould Yard Crane	5	5	1.635	1.635	1.815	1.817	1.110	1.111	(1)
Scrap Crane Operator	7	7	1.735	1.735	2.067	2.106	1.191	1.214	(1)
Pit Conductor	-	12	-	1.985	-	2.055	-	1.035	(1)
N. G. Conductor	12	-	1.985	-	2.054	-	1.035	-	(1)
Pit Switchman	-	9	-	1.835	-	1.905	-	1.038	(1)
N. G. Switchman	9	-	1.835	-	1.904	-	1.038	-	(1)
Raw Materials Conductor	-	12	-	1.985	-	2.068	-	1.042	(1)
S. G. Conductor	12	-	1.985	-	2.070	-	1.043	-	(1)
Raw Materials Switchman	-	9	-	1.835	-	1.905	-	1.038	(1)
S. G. Switchman	9	-	1.835	-	1.905	-	1.038	-	(1)

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(1) Those jobs marked with the reference note (1) have been evaluated in the same job class and carry the same base hourly rate. Here, then, is a group of jobs where the Company and the Union have agreed that job content of comparable jobs in the No. 2 and No. 3 Open Hearths are so nearly the same that the same base rate is applicable. In addition, the incentive plans have resulted in earnings within two per cent in all cases, some slightly higher and some lower. The Agreement says, "... equitable incentive earnings in relation to the other incentive earnings in the ... like department involved ...". The arbitrator believes that, in the case of these jobs, the Company has carried out its obligation under the Agreement to the letter. It is recognized that tonnage in the No. 3 Open Hearth is more likely to go up in the future than down and that the earnings comparisons will probably favor the No. 3 Open Hearth positions. However, with the "flat" earnings curves used in these incentives, the difference will not be enough to upset the relationship.

(2) In the cases of the Ladlemen and Nozzle Setter, marked (2) on the tabulation, the duties and job content are admittedly different, and the value of the differences has been agreed to by the Union and Company in the evaluations. The ratio of incentive earnings above the respective base rates is higher in the case of the No. 3 Open Hearth. Therefore, the arbitrator believes that the terms of the Agreement have been complied with in these cases.

(3) In the cases marked (3) there are jobs of the same title in both departments, but the job content was of sufficient difference to justify a difference in evaluation. The evaluation of the Hot Metal Distributor is lower in the No. 3 Open Hearth, with the base rate conforming. However, the percentage of incentive earnings above the base rate is at least equal, in fact for the reference periods, about one percentage point higher. In the case of the Pit Helper, the evaluation is higher in the No. 3 Open Hearth, and the percentage of incentive earnings above the base rate is much higher. The No. 2 job received only 5 per cent incentive during the base period, while more than 28 per cent has been paid to the Pit Helpers in the No. 3 Open Hearth. In the case of the Stripper Crane, the evaluation is lower, and only about one half of the percentage of incentive earnings has been provided. An increase in this rate might appear to be justified under the Agreement--equitable incentive earnings in relation to those in like departments. The problem is that this position handles only about half of the tonnage handled by the Strippers in the No. 2 Open Hearth. If the tonnage should be increased to equal that in the No. 2, with no other change, then the earnings would be equal and the terms of the Agreement would be fulfilled. The arbitrator believes, however, that the Company has carried out its obligation to provide equal opportunity when the job conditions are equal. To increase this tonnage rate now to provide 22 per cent incentive would result in 44 per cent being paid at tonnage equal to that stripped at the No. 2 Open Hearth. This is certainly not required by the Agreement.

(4) The one remaining job, the Pit Hooker, has apparently no opposite number in the No. 2 Open Hearth organization. Incentive earnings 8.4 per cent above the base rate were earned during the reference period. This is low when compared to most other pit and pouring jobs. However, the following facts restrain the arbitrator from ordering a change in the tonnage rate: (a) The Pit Conductor and Pit Switchman and their opposite numbers in the No. 2 Open Hearth are earning less than 4 per cent over the base rate; (b) The incentive ratio of the Pit Helper's earnings in the No. 3 Open Hearth is 28.7 per cent, compared to 5.4 per cent for the No. 2 Open Hearth. This indicates a selectivity in apportioning incentive earnings that operated in both directions; (c) No evidence was presented by either party on which a change for this one job could be based. For these reasons the arbitrator cannot justify a change.

To summarize:

Comparable jobs in the No. 2 Open Hearth form the "most like department" from which to establish equity in the incentive earnings of the job in question.

The complexity of the jobs is accounted for in the evaluations and resulting base rates.

A reduction of one furnace in the No. 3 Open Hearth will probably affect the earnings of the positions in question more than normal rebuilding and other operating conditions do in the No. 2 Open Hearth. However, there must have been some rebuilding during the reference period. (There was one period of reduced earnings lasting several weeks, although no evidence was given concerning it.) It appears, therefore, that normal furnace rebuilding has been covered in the rates. Also, any change in tonnage in the future should favor the No. 3 Open Hearth jobs as compared with those at No. 2.

The Union contended for a tie-in between the decision in the case of the furnace operating crews, First, Second, and Third Helpers, and this case covering service crews. In the case of the furnace crews, the arbitrator could not accept the Company's position that the average earnings of all First Helpers (and the other two positions) on both small and large furnaces constituted the proper basis for determining equitable earnings for the No. 3 Open Hearth furnace operating positions. Such a decision would have resulted in the positions at the No. 3 Open Hearth receiving less in percentages and in actual earnings than those on the large furnaces at the No. 2 Open Hearth and would have violated the obvious intent of the Agreement. Such a situation does not exist in the present case. The arbitrator concludes, therefore, that the terms of the Agreement have been complied with.

Respectfully submitted,

/s/ Paul M. Edwards

Paul M. Edwards, Impartial Arbitrator

January 6, 1954