

BEFORE  
PAUL M. EDWARDS  
IMPARTIAL ARBITRATOR

*arb-87*

INLAND STEEL COMPANY )  
INDIANA HARBOR WORKS )

and )

UNITED STEELWORKERS OF AMERICA, )  
C.I.O., LOCAL 1010 )

Grievance No. 22-D-57

DECISION OF THE UMPIRE

The Question To Be Decided

Whether or not the wage incentive plan (85-7701) for the First, Second, and Third Helpers (melting occupations) in the No. 3 Open Hearth Department provides equitable incentive earnings in accordance with the provisions of Article V, Section 5, of the Collective Bargaining Agreement.

Decision of the Arbitrator

1. First Helper Occupation

The tonnage rate of the First Helper shall be increased from the present value of \$9.59 per 100 pay tons to \$10.23 per 100 pay tons. All other features of the incentive plan are found to be equitable.

2. Second Helper Occupation

The tonnage rate of the Second Helper shall be increased from the present value of \$7.24 per 100 pay tons to \$7.50 per 100 pay tons. All other features of the incentive plan are found to be equitable.

3. Third Helper Occupation

The tonnage rate of the Third Helper shall be increased from the present \$5.49 per 100 pay tons to \$5.76 per 100 pay tons. All other features of the incentive plan are found to be equitable.

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.

The jobs of First, Second, and Third Helpers were evaluated and hourly rates set. The evaluations and resulting hourly rates are the same in all Open Hearth Departments for the three jobs respectively.

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-57 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 Union's Position

While many points were presented in argument, the arbitrator selects the following as carrying the greatest weight in the Union case:

That both other Open Hearth Departments are "like departments."

That the large furnaces in No. 2 Open Hearth Department are more nearly "like" the No. 3 Open Hearth furnaces than any others.

That there is a relationship in the plant between furnace capacity and incentive earnings.

That, therefore, the earnings of the melting occupations should be higher than those of the comparable occupations in the No. 1 and No. 2 Open Hearth Departments.

#### The Company's Position

The most important points brought out in the Company's presentation are:

That the No. 2 Open Hearth Department is the "most like" department in the plant.

That the Agreement says "like department" and, therefore, means the whole department.

That the earnings provided for in the No. 3 Open Hearth incentive are equal to, or greater than, those of comparable occupations in the No. 2 Open Hearth Department and that, therefore, they are "equitable" in the meaning of the Agreement.

#### The Arbitrator's Opinion

While the Agreement provides several criteria for the determination of equitable earnings in incentive rates, only one applies in this case. Taking only the applicable words from Article V, Wages; Section 5, Incentive Plans; Paragraph 4 ("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 like department involved"), both No. 3 and No. 2 Open Hearths are like departments, but No. 2 is more "like." The arbitrator cannot accept the Company's position that because of the words "like department" the whole of a department must be used for these comparisons. It is true that the First, Second, and Third Helper jobs in No. 2 Open Hearth each constitute one occupation, but they are operating different sizes of furnaces, and the First and Second Helper occupations are earning materially different amounts of money on the large and small furnaces. The arbitrator believes that to ignore the earnings from the large furnaces, as such, and to base a decision on the comparison with the average earnings from both sizes of furnaces would involve the risk of creating an inequity in the earnings and thereby would actually violate the intent of the Agreement. If the higher earnings from the larger furnaces in No. 2 Open Hearth Department are the result of the capacities having been increased without corresponding adjustments in rates, that fact does not change the meaning of the Agreement. The large furnaces in the No. 2 Open Hearth Department constitute the best reference point under the terms of the Agreement for the determination of equity in the rates of the still larger furnaces in the No. 3 Open Hearth.

There is a long history in the basic steel industry of earnings increasing with size and capacity of equipment and output and importance of the job. This history should not influence the interpretation of the Agreement; however, the arbitrator must decide the question of equitable incentive earnings in relation to other incentive earnings in like departments. Two factors favor earnings in the No. 3 Open Hearth being equal to or lower than those from the larger furnaces in No. 2 Open Hearth. These are the lower amount of physical effort required and the better surroundings. These factors properly carry some weight in the determination of equitable earnings. Conversely, the elements of the jobs that carry great weight in determining equitable earnings are responsibilities and skills. The responsibilities inherent in the jobs for the larger, more modern and more costly equipment, for the greater output, and for the effective use of the facilities must carry considerable weight. The skills have apparently been reduced in some areas by mechanization, but it is inconceivable that less skill would be a specification for operating the larger equipment.

Two rates of output for the furnaces in the No. 3 Open Hearth have been used in the presentations--22.5 tons per furnace hour and 24.0 tons per furnace hour. These have been used as the lower and upper limits of the expected output. Also, ten of the best pay periods in the records, those from March 2 to July 19, 1953, inclusive, show an average output of 23.348 pay tons per furnace hour. The high period showed 24.9 and the low 21.22 pay tons per furnace hour. This period is apparently as representative as it is possible to obtain. Even in the best pay period, the average earnings of the No. 3 Open Hearth First Helpers did not equal those of the First Helpers on the large furnaces in the No. 2 Open Hearth.

A tabulation showing the comparisons that the arbitrator has used in determining the adjustments is attached.

Respectfully submitted,

/s/ Paul M. Edwards

Paul M. Edwards, Impartial Arbitrator

PME ms

January 4, 1954

The following tabulation indicates the basis for the umpire's decision. Earnings have been taken from Company Exhibit F unless noted.

	<u>Furnace Capacity Tons</u>	<u>Base Hourly Rate</u>	<u>Total Earnings Per Hour</u>	<u>Percent Over Base Rate</u>
<u>FIRST HELPER OCCUPATIONS</u>				
No. 2 Open Hearth				
Small Furnaces	170	2.685	3.340	24.4
Large Furnaces	210	2.685	3.462	28.9
No. 3 Open Hearth				
At 22.5 tons/hour	275	2.685	3.345*	25.0
At 24.0 tons/hour		2.685	3.486*	29.8
Umpire's Decision (22.5)		2.685	3.486	29.8
Umpire's Decision (24.0)		2.685	3.640	35.5
<u>SECOND HELPER OCCUPATION</u>				
No. 2 Open Hearth				
Small Furnaces	170	2.185	2.679	22.6
Large Furnaces	210	2.185	2.692	23.2
No. 3 Open Hearth				
At 22.5 tons/hour	275	2.185	2.665*	22.0
At 24.0 tons/hour		2.185	2.772*	27.0
Umpire's Decision (22.5)		2.185	2.722	24.6
Umpire's Decision (24.0)		2.185	2.835	29.7
<u>THIRD HELPER OCCUPATION</u>				
No. 2 Open Hearth	170/210	1.735	2.102	21.2
No. 3 Open Hearth				
At 22.5 tons/hour	275	1.735	2.070*	19.3
At 24.0 tons/hour		1.735	2.150*	24.0
Umpire's Decision (22.5)		1.735	2.131	23.4
Umpire's Decision (24.0)		1.735	2.215	27.6

\* Calculated earnings

January 4, 1954