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BEFORE
PAUL M. EDWARDS
IMPARTIAL ARBITRATOR

INLAND STEEL COMPANY)
)
and)
)
UNITED STEELWORKERS OF AMERICA,)
LOCAL UNION 1010)

Grievance No. 16-C-312

ARBITRATOR'S AWARD

The Question To Be Decided

Does the Cold Strip 54" Tandem Mill wage incentive plan, File No. 77-0304, provide equitable incentive earnings in accordance with the provisions of Article V, Section 5, of the Collective Bargaining Agreement?

Decision of the Arbitrator

The Company was not in violation of the Collective Bargaining Agreement in the installation of the 54" Tandem Mill Wage Incentive, File No. 77-0304. The Arbitrator finds that this wage incentive plan provides equitable earnings to the employees in the crew in relation to their previous earnings and to the earnings of other occupations in the department.

Summary of Facts of the Case

The 54" Tandem Cold Reduction Mill in the Cold Strip Mill Department of the Company was operated from August 23, 1938, until January 24, 1950, under Wage Incentive Plan 68-R-2 without significant change except as base rates were adjusted due to general wage increases or job evaluation.

In the period just prior to January 24, 1950, the Company made mechanical changes in the mill which consisted principally of a change of motor drives for the four stands and changes in the drive gears associated therewith.

As a result of these mechanical changes and under the terms of the May, 1947, Agreement as revised, the Company revised the wage incentive plan, increasing the payment per coil and reducing the payment per thousand pounds for the various widths and gauges rolled. This revision, Wage Incentive Plan 68-R-3, was installed effective January 24, 1950. The mill was operated and the crews were paid on Incentive Plan 68-R-3 for over a year from January 24, 1950, to May 28, 1951. During this period the Union entered a grievance, and in settlement thereof the Company made revisions to the rate effective for current payment on May 28, 1951, and retroactive to January 24, 1950. The revised incentive plan is titled 77-0304 and superseded Incentive Plan 68-R-3 for the entire period subsequent to the mechanical changes. The Union was not satisfied that the revision provided equitable rates under the Agreement and, on September 13, 1951, entered Grievance No. 16-C-312, contending that the rate is inadequate and does not provide equitable earnings in relation to other incentive earnings in the department or like departments. This grievance was processed through the various stages of the grievance procedure and is now being decided by this arbitration award.

During the incentive revisions there was a change made in the base rate of the mill in the 54" Tandem Mill; however, the question of base rates, including this change, is not an issue in this case.

Grievance No. 16-C-312 requested an equitable rate and incentive pay to February, 1949. During the hearing the Union changed its position on the effective date to January 24, 1950, and the effective date is not a matter of dispute.

The Union's Position

While considerable data and argument were presented, the points which have the greatest weight with the Arbitrator in the case presented by the Union are:

The revisions to the incentive plan were made before the mechanical changes were tried out. The expected increase in speed was not attained by the mill following the mechanical changes. The mill drive motors could not be operated at the higher voltage anticipated prior to the change.

Although the earnings of the crew of the 54" Tandem Mill increased from 35% over base rate in the three months prior to the revision of the incentive to more than 50% over the base rates currently, all other earnings in the department have increased in the meantime so that the earnings of the crew of the 54" Mill remain inequitable by comparison.

The Company spent practically no money on the mechanical changes that were made to the 54" Mill, whereas large amounts were spent in the installation and revision of other equipment in the department. The Union contended that a change actually did not take place in the intent of the Agreement.

The increase in earnings which has occurred has been a result of changes in the type of material that was processed on the mill, since the lighter gauges have been transferred to the 40" Five-Stand Tandem Mill and the heavier gauges which were previously processed on the 72" Tandem have been transferred to the 54" Mill. Also, new pickling lines and other improvements in processing have resulted in better quality of steel so that it is now possible to roll larger tonnages on these mills.

In summing up, the Union contended that the changes were made on the mill did not justify the revision of the incentive plan and that also the incentive rate was inequitable in relation to that of the 72" Tandem Mill and of some other jobs in the department.

The Company's Position

The Company contends that a major equipment change was made on the 54" Tandem Mill which increased the maximum speed from eight hundred feet per minute to approximately twelve hundred feet per minute. It further contends that this change in equipment justified a change in the incentive plan in effect under the terms of the Agreement and that the earnings received by the crew are equitable under the terms of the Agreement in relation to the previous earnings of the crew and to the earnings of other occupations in the department.

Opinion of the Arbitrator

A violation of Article V, Wages; Section 5, Incentive Plans; of the Company-Union Agreement is alleged, and it is under the terms of this section and the grievance procedure, Article VIII, that the grievance is being arbitrated. The pertinent parts of Section 5, Incentive Plans, which apply to the case at hand are: "In such cases or in cases where an incentive plan in effect has become inappropriate by reason of new or changed conditions resulting from mechanical improvements made by the Company in the interest of improved methods or products or from changes in equipment, manufacturing processes or methods, materials processed, or quality, or manufacturing standards, the Company shall have the right to install new incentives subject, however, to the

provisions of the aforesaid Wage Rate Inequity Agreement. Such new incentives shall be established in accordance with the following procedure." The contractual steps for the development, explanation, and installation of new incentives follow. In Paragraph 4 of this section we continue: "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."

In spite of the testimony regarding the extent and cost of the mechanical changes to the 54" Mill, it is agreed by both parties that a mechanical change was made. The language of the contract in this respect is extremely broad, and the change would not necessarily have to be a mechanical change. The agreement says, "inappropriate by reason of new or changed conditions resulting from mechanical improvements made by the Company in the interest of improved methods or products, or from changes in equipment, manufacturing processes or methods, materials processed, or quality, or manufacturing standards." This covers ground much wider than the change in motors and gearing which was actually made. The problem is not whether a mechanical change was made or whether the contract gives the Company the right to change the incentives as a result of this change, but only whether the resulting rates are equitable "in relation to the other incentive earnings in the department or like departments involved and the previous job requirements and the previous incentive earnings." The Arbitrator finds that the terms of the agreement carrying the greatest weight in the decision of this case are "equitable incentive earnings in relation to the previous job requirements and the previous incentive earnings." This is the most direct comparison. A change was made in the mill; the same crew operated the mill after the change; and the most direct comparison, and that which should carry the greatest weight, is the comparison with the previous conditions. However, the question of equitable incentive earnings in relation to the other incentive earnings in the department or like department involved cannot be ignored in this case.

The Arbitrator has tabulated the per cent of incentive earnings above the base rates for five positions on the 40", 54", and 72" Tandem Mills for six different periods of time from three months prior to the mechanical changes on the 54" Mill to the most recent figures submitted. This tabulation appears on the following page.

As stated above, the Arbitrator finds that the comparison of the earnings of the 54" Mill crew with their own earnings prior to the mechanical change carry the greatest weight in this case. For the five positions in the crew these are: roller--an increase from 35% to approximately 53% incentive earnings; for the assistant roller--an increase from 33% to approximately 50% incentive earnings; for the catcher--an increase from 37.7% to approximately 55% incentive earnings; for the sticker--an increase from 37.7% to approximately 55% incentive earnings; for the feeder--an increase from 18.1% to approximately 30% incentive earnings. The Arbitrator finds no basis for a claim that earnings are not equitable when compared to previous earnings.

The Union contends that these increases came about as a result of the improved products in the department. The Company contends that these increases in earnings illustrate the equity of the rate. The Arbitrator has no iron-clad rule by which he can determine how much of the increase was due to the improved material and operating conditions in the department and how much was due to the rate. However, it may be assumed that the change in the ratios of earnings of the crews on the 40" and 72" Mills will furnish an indication in this direction. In the case of the 40" Mill, the roller's earnings increased from 49.1% prior to the change in the 54" Mill to 56.6% in the first quarter of 1953. This is a small change compared to that of the 54" crew earnings. Likewise, the assistant roller increased from 43% to 49.5%, the catcher from 46.7% to 52.5%, the sticker from 46.7% to 52.5%, and the feeder from 31.5% to 32.7%. It is apparent that the crew of the 54" Mill has benefitted to a much greater degree than the crew of the 40" Mill, from whatever source. When the earnings of the 72" Mill crew are compared for the periods

RATIO OF EARNINGS ABOVE BASE RATE

Three Tandem Mills

Occupation and Mill	Period					(6) 1953 to Oct. 25
	(1) 3 Months Prior to Change	(2) Year 1950	(3) Year 1951	(4) Year 1952	(5) First Quarter 1953	
Roller-40"	49.1%				56.6%	
— 54"	35.1	47.2%	44.5%	50.2%	55.8	53.4%
— 72"	54.8				69.0	
Asst. Roller -40"	43.0				49.5	
— 54"	33.1	44.3	41.9	47.3	52.7	50.0
— 72"	51.6				65.0	
Catcher - 40"	46.7				52.5	
— 54"	37.7	49.4	46.9	52.4	58.0	55.4
— 72"	53.4				70.5	
Picker - 40"	46.7				52.5	
— 54"	37.7	49.4	46.9	52.4	58.0	55.4
— 72"	53.4				70.5	
Feeder - 40"	31.5				32.7	
— 54"	18.1	27.3	25.1	29.3	33.4	30.7
— 72"	29.4				38.7	

three months prior to the change in the 54" Mill and the first quarter earnings of 1953, we find a somewhat similar situation. The roller's earnings increased from 54.8% to 69%; those of the assistant roller from 51.6% to 65%, the catcher from 53.4% to 70.5%, the sticker from 53.4% to 70.5%, and those of the feeder from 29.4% to 38.7%. The bonus earnings (that is the percentage above base rate) of the 54" crew rose during this period about 60%. The amount of bonus earned by the 40" crew rose only about 30%, and those of the 72" crew also rose only about 30%. Therefore, it is apparent that one of three things must have happened to the earnings of the 54" crew. They increased because: (a) the changing conditions in the department favored this mill more than the other mills, or (b) the change in the incentive rate favored them, or (c) the performance of the crew increased more than those of the other mills. There are no data at hand to determine which of these conditions did affect the earnings of the crew, but the fact remains that the crew of the 54" Mill do do relatively better during this period than the crews of the other mills.

The Arbitrator finds that the relationship of the incentive earnings of the 54" Mill to the incentive earnings of other occupations in the department or like departments involved should carry some weight in this case, although not to the extent that the comparison of the 54" Mill crew's own earnings before and after the mechanical changes should. The Union has contended that the earnings were low in relation to the earnings of the other tandem mills in the department. If the incentive plan installed for the crew of the 54" Mill were a new incentive plan, that is, if they had not been paid at incentive before, then the Arbitrator would feel required to rule that earnings must be equitable in relation to those of the other two mills--the most like jobs in the department. There is a grave doubt in the mind of the Arbitrator, however, that a mechanical change on a unit provides an opening for the complete reassessment of the earnings of the crew. Regardless of this fact, a comparison of the earnings of this crew with those of the other two mill crews is justified. This comparison is shown in Column 5 of the tabulation, earnings for the various positions of the three mills for the first quarter of 1953. While the comparison in the three months prior to the change (Column 1) was quite unfavorable to the crew of the 54" Mill, this position has changed; and in the first quarter of 1953, we find that the earnings of the roller are within 1% of those of the 40" roller and that their relationship to the earnings of the 72" roller have improved substantially. In the case of the assistant roller, the ratio of incentive earnings for the assistant roller on the 54" Mill is higher than that for the same position on the 40" Mill. Its relationship to the earnings of the assistant roller on the 72" Mill has also improved. In the case of the catcher, the ratio of incentive earnings of the 54" catcher now exceeds that of the catcher on the 40" Mill and has gained on that of the 72" catcher materially. The same condition is true of the earnings of the sticker position and of the feeder. The Arbitrator can find no inequity that justifies a revision of the 54" Mill incentive from the comparison with the earnings of the crews of the other mills.

Respectfully submitted,

/s/ Paul M. Edwards

Paul M. Edwards
Impartial Arbitrator

1/22/54