

INLAND STEEL COMPANY)

and)

UNITED STEELWORKERS OF AMERICA)

Local Union No. 1010)

Grievance No. 17-E-42

Docket No. IH 34-34-6/20/56

Arbitration No. 188

Opinion and Award

Appearances:

For the Union:

Cecil Clifton, International Staff Representative
Fred A. Gardner, Chairman, Grievance Committee
S. Logan, Acting Vice Chairman, Grievance Committee
Gus Mavoronicles, Grievance Committeeman

For the Company:

William F. Price, Counsel
W. F. Ryan, Assistant Superintendent, Labor Relations
John J. Herlihy, Superintendent, Industrial Engineering
Kenneth Hohhof, Supervisor, Industrial Engineering

On April 16, 1956 the #1 and #2 Temper Mill Crews filed a grievance alleging the inequitability of Wage Incentive Plan File No. 78-0505, Revision #1 which had been installed on April 9, 1956 and applied retroactively to November 7, 1955. File No. 78-0505 was originally installed on November 7, 1955.

The plan under discussion covers cold rolled electrical steel on the #1 and #2 Temper Mills which, prior to October 13, 1955, had only processed tin plate and other tin mill products. Cold rolled electrical steel (hereinafter called "electrical steel") had theretofore been processed in the Cold Strip Department. The electrical steel was originally diverted to the Tin Mill Department for skin and temper rolling because of capacity limitations in the Cold Strip Department; it was subsequently determined that the material could be better handled in the Tin Mill Department than in the Cold Strip Department.

It is agreed that electrical steel has a higher hardness quality than the low carbon steels normally processed in the Tin Mill. It also has a thicker sheet gauge and is more difficult to handle.

The crews on the #1 and #2 Temper Mill are covered by Wage Incentive Plan File No. 78-0504 with respect to the processing of tin mill products and had been so covered prior to the introduction of electrical steel on October 13, 1955. The crews and their base rates, prior to that date, were as follows: Roller, \$2.730; Catcher, \$2.490; two Feeders, \$2.015.

Following the introduction of the electrical steel the Company analyzed the operating procedures and time studied the process on October 21 and 22, 1955. The plan complained of here developed out of such analysis and study. The Company's pre-hearing brief and the testimony it produced at the hearing demonstrated in considerable detail how the plan was developed. I do not believe that any useful purpose will be served by delineating all of the features of the development of the plan in this opinion and I shall confine my discussion of it to selected features.

The Company proceeded upon the theory that the most appropriate test for judging the equitability of its developing plan was a comparison of the opportunity of the employees to realize expected earnings which would be equitable in relation to other incentive earnings in the department (Article V Section 5 of 1954 Agreement). As a corollary it found (and takes the position) that the most comparable work in the Tin Mill Department is that of processing tin mill products on the same equipment. This called for a comparison of the earnings opportunity under other incentive plans (File No. 78-0504) for tin mill products with earnings opportunity for electrical steel.

It was first determined that there were no substantial differences in the coil handling procedures for the two types of materials but that the temper rolling of electrical steel required lower processing speeds than those which formed part of the basis for the plan applicable to tin mill products. Further, in the course of setting down the standards and the operating procedures for the two types of steel, it was found necessary to note an elongation test standard with respect to electrical steel which had already been included in a 20% allowance for down time for tin mill products. The coil handling standards were then set forth with the minutes consumed at incentive level of effort resulting from the time study. Exhibit C of the Company's pre-hearing brief shows the comparison with tin mill product time standards. The most comparable gauge of tin mill products was used in this comparison. Whenever the time study data showed less handling time than that consumed for a standard in processing tin mill products, the minutes at incentive level for tin mill product were used. The comparison of coil handling standards showed that 25% more time was required for electrical steel than for tin mill products. An additional 1.80 minutes was allowed for coil out standard (including 20% allowance for down time) and 1.06 minutes for the elongation test. The Company then developed rolling standards with lineal feet converted to weight using

740 feet per minute as the effective speed. The Company's computations resulted in a conclusion of 10.5% increase in crew work load for electrical steel over tin mill products.

This 10.5% increase in work load was applied to the incentive margin of 35% and resulted in an increase of 3.68% margin over base rate for the crews.

In further development of the plan the Company used weighted average hourly earnings for seven pay periods immediately prior to the introduction of electrical steel of which six were work periods. This produced weighted average hourly incentive earnings for Roller of \$1.420. This figure, plus the hourly incentive base of \$2.26 gave the roller average total hourly earnings of \$3.68, compared with a base rate of \$2.730, or an incentive margin of 34.8%. The increase in the total earnings of the crew was then computed to be \$.340. Appropriate calculations were then made, based upon the occupational distribution employed in File No. 78-0504 covering tin mill products to determine expected hourly earnings. The resulting plan (after revision on April 9, 1956 which provided for \$.03 extra for cutting and removing coiled tail end from saddle) was presented to the Union on April 10, 1956. The grievance was filed on April 16, 1956.

The experience under the plan discloses that the crews have not earned their expected hourly earnings. For Roller, (presented as representative of the occupations on the crews) this experience was as follows:

Pay Periods ending	Weighted Average Hourly Total Earnings	Expected Hourly Total Earnings
11/20/55-4/22/56	\$3.495	\$3.792
5/6/56 -7/1/56	3.581	3.792
8/11/56-3/23/57	3.757	3.972

A further breakdown shows that on some selected 8-4 turns Roller earnings per hour were closer to the expected earnings. Thus, when the expected earnings were \$3.792 (before the wage increase effective August 5, 1956) \$3.718 was earned on June 5, 1956 and \$3.735 was earned on June 18, 1956; when the expected earnings were \$3.972, \$3.884 was earned on October 24, 1956 and \$3.843 and \$3.844 earned on November 19, 1956 and February 21, 1957, respectively.

The Company claims that if the crews had performed at the level of incentive pace observed when the time studies were conducted in October, 1955 the expected earnings per hour would be achieved. Although this is an assumption, it is one based on the use of standards and the levelling factor presumably in keeping with industrial engineering techniques, and unless in a given instance the Union shows that these have been inaccurate or inaccurately applied an arbitrator has little choice but to accept the resulting computations.

The Union questions whether the criteria of previous incentive earnings and previous job requirements can be used when new material, such as electrical steel in this case, is processed on jobs previously "incentivized" with respect to other material. This question was raised, similarly, in Grievance No. 17-E-41 and was answered in the Award in that case.

The Union also claims that File No. 78-0505, Revision No. 1 does not provide equitable incentive earnings in accordance with the criteria set forth in the Agreement. The Union contends that the "target rate" is too high and "was evidently other than the average incentive earnings in the Tin Mill Department". There is no provision of the contract requiring that a new incentive plan applicable to a category of work or materials not previously covered by a plan must produce earnings equal to those produced by the previously established plan. The Agreement provides standards of equitable relationship, but not mathematical equality. An incentive plan applicable to the processing of electrical steel must bear a proper relationship to other incentive earnings in the plant under the standards prescribed in Article V Section 5; but there is nothing that requires the plan in question to produce average earnings equal to those produced by a plan applicable to some other operation such as the processing of tin mill products on the same machine. It is sufficient, so far as the Agreement is concerned, that in developing the plan the Company chose for comparison the work and compensation system on the #1 and #2 Temper Mills. It was appropriate for the Company to take due cognizance of the differences in the characteristics of the materials and the processing procedures called for, to measure work-load on the two types of materials, and with this background data to develop incentive rates for the processing of electrical steel bearing an equitable relation to the incentive which had previously been established and accepted for tin mill products.

In the course of the hearing several contentions were raised by the Union tending to raise questions as to the propriety of various aspects of the development of the plan and the data presented in its justification. Most of the evidence was impressionistic and not based on records of fact. Some of it was contradicted by Company witnesses. For example, there was testimony that there were three types of electrical steel processed and that only one type was included in the time study and the plan. It was alleged that the non-included types presented processing problems which affected earnings adversely. The Company conceded that the plan did not cover the heavier gauge material and the narrower width material; but it was pointed out that the former was only introduced about thirty days before the hearing and the latter three or four months prior thereto. The narrow material was processed on an experimental basis several months ago and hasn't been processed on the equipment in question since. The heavier gauge material,

recently introduced was run only on one occasion and was compensated for at the "closest rate" provided by the plan. The Company argues strongly that these considerations do not bear upon the propriety of the plan itself or on the proper disposition of the instant grievance as it existed when it was filed on April 16, 1956.

The Union witness also referred to elongation tests on electrical steel and to occasions when the line was slowed down to a speed of less than 740 feet per minute, both having an adverse effect on earnings. The foreman testified that no employee had complained of slowing down or elongation test difficulties and it was demonstrated, in any event, that on occasions, the line runs in excess of 740 feet per minute and that the time required for the elongation tests was included in the time studies that went into the development of the plan. On balance I do not find in this aspect of the Union's case sufficient substance or proof to affect my decision in this matter.

The Union also challenges the validity and the representative character of the Company's data as to weighted average hourly earnings of Roller from July 4, 1955 to October 9, 1955. The Union's own informal records of earnings, kept by an employee now deceased, seem to indicate a much higher level of earnings for the period before the introduction of electrical steel than those of the Company which were utilized for comparative purposes. It was also intimated that for some of the periods shown, the earnings may have been depressed by the fact that crews were taken off the Number 5 Temper Mill and that this resulted in delays in activating the Nos. 1 and 2 Temper Mill. It was inferred that the incentive earnings shown might include average earnings from other units.

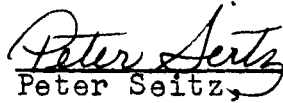
The Second Supplement to Exhibit D furnished after the hearing dispels whatever doubts might reasonably have arisen based on the data presented.

Simply put, then, we have here a case in which the Union asserts that an incentive plan is deficient because it has not produced earnings which are equitable by the comparisons set forth in the Agreement while the Company maintains that the incentive plan was soundly conceived, in keeping with established industrial engineering practices and with the methods regularly employed in developing such plans within this Company. The Company insists the expected earnings are attainable through normal incentive effort, while the Union points to the fact that the expected earnings have not been attained. Nevertheless, the gap between actual and expected earnings has narrowed; and on some individual turns has almost been bridged entirely.

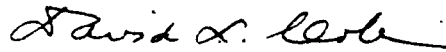
On all the evidence, it cannot be found that the plan in question, developed as it was, is inequitable within the meaning of Article V, Section 5, merely because expected earnings have not been achieved.

AWARD

The grievance is denied.


Peter Seitz,
Assistant Permanent Arbitrator

Approved:


David L. Cole,
Permanent Arbitrator

Dated: September 16, 1957