

INLAND STEEL COMPANY)

and)

UNITED STEELWORKERS OF AMERICA)
Local Union 1010)

Grievance No. 6-F-30
Docket No. IH-354-345-8/6/58
Arbitration No. 320

Opinion and Award

Appearances:

For the Company:

H. Cummins, Supervisor, Industrial Engineering
William Price, Attorney
Paul Thanos, Assistant Superintendent, Power Department
Jack Stanton, Assistant Superintendent, Labor Relations
L. R. Mitchell, Divisional Supervisor, Labor Relations

For the Union:

Cecil Clifton, International Staff Representative
F. Gardner, Chairman, Grievance Committee
J. Wolanin, Secretary, Grievance Committee
J. Berman, Grievance Committee

This is a grievance in which the employees of the Power Department assert that their new incentive plan does not provide equitable incentive earnings as judged by the criteria of Article V, Section 5. Since there is no like department, and no other incentive plan in the Power Department, the comparison relied on is between the earnings under the new incentive and those under the prior incentive plan, with allowance for the differences in job requirements, which are taken primarily to be the respective work loads.

The new plan is Wage Incentive Plan No. 36-0301-1, and it replaced Wage Incentive Plan No. 36-0301, Revision 5. The old plan had been in effect since 1947, with five subsequent revisions, and the new plan was installed October 6, 1957, retroactive to July 14, 1957.

It is the position of the Union that since the prior plan was installed in 1947 a good deal of new equipment has been added, that there are now more employees in the department, that the workload and production have risen, that if the former incentive plan had remained in effect the men would now be earning more than they are receiving under the new incentive plan, and that the incentive margin on similar jobs at the Fairless Works of U. S. Steel is greater than that provided under the instant incentive plan.

The last basis of comparison must be summarily rejected. In examining whether a plan provides equitable incentive earnings, Article V, Section 5 offers no basis for comparing the earnings with those at some other company.

The Company's principal point is that the incentive earnings under the new plan have been well in line with those under the previous plan,

in relation to the respective job requirements, particularly at the levels of production that have been experienced since its installation, and that as the level rises as anticipated the incentive earnings will become even more advantageous to the grievants.

The prototype of the former incentive plan started in 1939. It provided a bonus, a percentage of the base rate, to be determined by the number of kilowatt hours generated each month. The period was changed in 1947 to 28 days, and in 1952 to 14 days. Starting in August, 1956, the bonus factors have been adjusted to reflect percentage of increases in the occupational rates. The old plan was designed for production levels up to 35.5 million kilowatt hours per 14-day period, with a maximum incentive margin of 13%.

Because of the Company's expansion program which started in 1956, it became necessary to purchase power from Northern Indiana Public Service Company. This necessitated the new No. 5 Sub-Station to handle and convert this power from 60 cycle to 25 cycle, and modifications in equipment had to be made elsewhere in the Power Department. The changed conditions made the old plan inappropriate, since it was tied essentially to generated power, and the new incentive plan was installed, with the computation of incentive earnings based on "power distributed" to cover both generated and purchased power.

The new plan is a standard hour plan designed to provide the average departmental incentive margin which had been earned previously. February 10, 1957 to June 29, 1957 was used as the reference period, and the margin was found to be 11.95% at the average power distribution level of that period.

From the effective date of the new plan through February 21, 1959 the average kilowatt hours distributed have exceeded 35.5 million, and the incentive margin has averaged 12.5% as compared with the 11.95% in the reference period. In the six most recent pay periods identified at the hearing the kilowatt hours distributed ranged between 41.3 million and 45 million, and the incentive margin earned between 13.7% and 15.3%. As the new mills come into full operation the kilowatt hours will reach the level of 49.5 million, and the incentive margin will then be almost 17%.

The Union's claim is that if the old plan were in force the incentive margin would be even higher, -- that the General Pump Engineer, for example, would in the February 7, 1959 pay period have earned almost four cents more per hour, and that the workload has risen since 1947 when the former plan was installed. It undertook to support the latter claim by offering a lengthy exhibit indicating the items that have been installed in this department since 1947.

Included in the Union's list of additional equipment are the items of equipment that were placed in the new No. 5 Sub-Station which was constructed specifically to handle the conversion and distribution of the purchased power, items that were brought in as replacements or improvements of old equipment, some items that were needed to help handle the heavier load, and a variety of things that could not possibly have a bearing on the workload, like new lockers and showers.

This is not a persuasive way of showing that the workload has necessarily increased. The amount of power generated and distributed has risen, largely because of the power purchased, but the number of employees has also risen, from 215 to 281, and the nature of operations has been altered by the purchase of power and the greater amounts distributed.

In any event, most of the changes in equipment occurred while the old incentive plan was in effect, and because of changes there were five revisions of the old plan, between August 1, 1953 and September 17, 1956. Job titles were changed, job classes were raised together with the accompanying base rates, and other revisions were made. This grievance complains of the new incentive plan. No grievance was filed by the Union complaining of the old incentive plan because of the "creeping" changes which were taking place. On the other hand, there are pending a number of grievances on behalf of occupations filled by some of the grievants requesting higher job classifications because of their changed duties and responsibilities. Those grievances are not part of this case.

If we were now considering a grievance questioning the equitableness of the old incentive, and there were no new incentive plan installed, it would be proper to ascertain whether the series of changes made since the installation of the incentive plan would merit revision of the incentive rates. But a new incentive plan has been installed because of the major changes due to the decision to purchase power, and it is not seriously questioned that this justified the Company in holding that the old plan, based on power generated, was inappropriate and should be replaced by one predicated on power distributed. The rule is well established that in testing the equitableness of the incentive earnings under a new or replacement incentive plan comparisons in earnings and job requirements or workload are to be made with operations immediately prior to the installation of the new plan, unless for some exceptional reason the earnings and conditions in this reference period were abnormal. There have been several arbitration cases in which this was done, and it was taken for granted by the parties in presenting their cases that it would be done.

In one sense this is an unusual incentive program. The amount of power distributed depends on the rate of operations throughout the plant and not on the direct efforts of the employees in the Power Department. Accordingly, there are fluctuations which are not caused by these employees, but for each additional 460,000 kilowatt hours per pay period the grievants will earn approximately four cents additional per hour.

On the evidence presented, it seems reasonable to find that the workload of these grievants at 35.5 million kilowatt hours is just about what it was prior to the new incentive plan; that as the volume rises above this level the workload also rises; but that the incentive earnings also rise in amounts adequate to compensate the grievants for this in accordance with the incentive practices long prevailing at Indiana Harbor. It follows that the present incentive plan provides equitable incentive earnings as measured by the relevant criteria set forth in Article V, Section 5.

AWARD

This grievance is denied.

Dated: May 8, 1959

David L. Cole

David L. Cole
Permanent Arbitrator