INLAND STEEL COMPANY )
)
and )
)
UNITED STEELWORKERS OF AMERICA )
Local Union 1010 )

Grievance No. 16-F-75
Docket No. IH-370-361
Arbitration No. ~~349~~ 337

Opinion and Award

Appearances:

For the Company:

W. F. Price, Attorney
W. A. Dillon, Attorney
J. I. Herlihy, Superintendent, Industrial Engineering
J. DeBrota, Assistant Superintendent, #1 and #2 Cold Strip Mill
K. H. Hohhof, Supervisor, Industrial Engineering
J. L. Federoff, Supervisor, Labor Relations

For the Union:

Cecil Clifton, International Representative
Fred A. Gardner, Chairman, Grievance Committee
J. Wolanin, Secretary, Grievance Committee
J. Stone, Grievance Committeeman

In this grievance the members of the 48" Stamco Slitter Crew, #1 and #2 Cold Strip Department, allege that Wage Incentive Plan No. 77-0629 does not provide equitable earnings, under Article V, Section 5.

This is a new unit, and the parties agree that this incentive plan must be judged by the proper comparison with that of the employees on the Streine Slitter in the Cold Mill, who have the most similar occupations in the department.

The 48" Stamco Slitter is a multiple-coil slitter. The installation of the unit was completed and put into operation on April 2, 1956. This grievance was filed April 12, 1957.

Upon review by the Company's Industrial Engineering Department, it was found that certain additions and corrections of the plan were needed, and Revision No. 1 and Revision No. 2 were prepared and submitted to the Union. Revision No. 1 provided additional incentive coverage: (1) for changeover from slitting to rewinding, and (2) extension of standard hour rates to material heavier than 13 gauge and narrower than 18 inches. This revision was installed May 18, 1958.

Revision No. 2 proposed upward corrections for: (1) coils 14 gauge and heavier, (2) processing hot rolled material not temper rolled and straightening of coil laps on the tension reel, and was offered by the Company in settlement of the grievance. The Union rejected this on July 23, 1958, and it has not been put into effect.

The grievance also requests that the grievants be guaranteed their average hourly earnings. The Company for a time objected to this request on the ground that it was made too late, an objection it later withdrew.

The Union, in comparing grievants' incentive earnings with those of the employees working on the Streine Slitter, argued that the Streine has a larger crew, that the Stamco nevertheless produces more tons per turn since it runs faster, and that at the same time the Streine employees earn more incentive pay.

This is not a classification or base rate dispute. The Operators on both slitters are in the same job class. The fact that the crew sizes are different or that the rate of production is greater is of relevance in this incentive dispute only as it reflects on the respective job requirements or workloads. Even in cases in which the challenged incentive plan is tested by the criteria of previous incentive earnings and previous job requirements, it has been pointed out that an increase in production which has resulted from changed equipment or methods is not to be used as an influence in determining the issue. See, for example, Award 156.

In Article V, Section 5, "previous job requirements" is coupled with "the previous incentive earnings," and not directly with "other incentive earnings in the department," yet both parties willingly addressed themselves to a comparison of the respective workloads of the employees on the Stamco and Streine Slitters. This apparently has been accepted as a valid part of such earnings comparisons, and it is justified by the fact that the question raised is as to "equitable incentive earnings in relation to the other incentive earnings in the department" etc. The Agreement does not call for incentive earnings equal to other incentive earnings in the department, which could readily have been stated if this were what the parties intended.

As in most incentive cases, the question then revolves mainly about the measurement of the respective workloads of the grievants and the employees on the Streine Slitter. The Union spokesman conceded at the hearing that the Company's development of the incentive plan was correctly done, except possibly that since the Stamco employees have a heavier workload than those on the Streine they should have been given more than the customary 10% rest and personal allowance. This suggestion cannot be accepted. It runs counter to the long-established practice, and it could lead to mischief. Certainly, if the workload in question were lighter, the Union would hardly be willing to have this rest and personal allowance reduced in percentage.

In brief, the employees on the Streine, with a workload of 68.34% had incentive earnings which averaged 53.9% over base. The Stamco workload was found to be 80.45%, or 12.11% greater. To translate this into earnings, the Company took 35% of this difference, or 4.23%, and added it to the 53.9% level, arriving at an expected or desirable level of 58.1% for the Stamco crew.

But they have not been earning this much. In 1957 the Operators averaged 75.3 cents, or 28.56%; in 1958, 87.3 cents, or 33.11%; in 1959, 85.2 cents, or 32.31%; and in seven pay periods in 1960, 88.6 cents, or 33.6%. By way of comparison, in 1957 the Streine Operator had an incentive earning margin of 47.14%, and in 1958, 48.65%.

One of the difficult disputes is whether the grievants have been working at incentive pace. Supervision testified that they believe the 58.1% level could be reached if the employees made a serious effort to do so, that on a number of occasions it has been reached. They described the employees' work as deliberate and wasteful of time. They mentioned situations in which the employees have repeatedly let the machine stand idle, have quit before the end of the turn, have exhibited a wasteful lack of coordination, and in which the Operator seemed to prefer to do the work himself rather than to instruct the Helper in his duties. It was also pointed out that on the whole grievants have been relatively inexperienced in the work in question.

The variations in incentive earnings have been great, both as between different employees and even as between different turns for the same employee. In 1957, the Streine employees averaged 47.13%, and their spread was 37.13% to 58.17%, while the Stamco employees averaged 28.56%, with a spread of 9.22% to 38.49%. In 1958, again, the Streine average was 48.65%, and the spread 41.83% to 53.58%, while the Stamco average was 33.11% and the spread 24.76% to 43.50%. In 1959 the Stamco average was 32.31%, with a spread of 23% to 45%.

The differences between employees has also been large. In 1957 one Operator attained monthly incentive earnings of 37.92%, 43.88%, 22.49%, and 38.8%, while two others in the same months earned 14.15% to 29.31% and 13.77% to 28.56%. The Operator with the highest earnings had wide fluctuations himself. In March, 1957, he averaged 22.49% in 15 turns, yet in two of these 15 turns he reached the expected incentive earning level.

It must also be borne in mind that as of May 18, 1958 the Company put the first revision into effect, which raised the earnings, and that it has acknowledged that the incentive plan in still inappropriate and has offered Revision No. 2, which would raise the incentive earnings of Operators further by an average of over 11 cents per hour. In a spot check suggested by the Union, in a period of four turns in March, 1959, a designated Operator would have enjoyed an improvement in his index of pay performance of approximately 8.5% by virtue of Revision No. 2.

On the facts, can it be said that this incentive plan is inequitable in relation to that of the Streine employees, taking into account the differences in workload? It seems not. One's reasonable conclusion from all the evidence is that grievants, under the incentive plan, including the two revisions, could have incentive earnings which would be equitable as judged by the criteria in question.

Revision No. 2 was proposed by the Company to correct the rate structure to cover coils 14 gauge and heavier, and hot rolled, non-temper rolled material and straightening coil laps on the tension reel. The record is not entirely clear as to the proposed effective date, but it is assumed that if these changes are in the nature of corrections, as stated by the Company, they will be put into effect retroactively. The Union asserted in 16-F-76 that the Company offered to make this retroactive to the date of the installation of the incentive plan.

There remains the issue over the Union's request for average hourly earnings. This request, as stated above, was originally resisted by the Company on the ground that it was made too late, under the provisions of Article VII, Section 3. Subsequently, in its letter of May 3, 1960, the Company withdrew this objection.

The Union, on the other hand, has conceded that it has no such claim for the period prior to the installation of the incentive plan on December 16, 1956, the employees having been on base pay from April 2, 1956 to the date of the installation of the incentive plan. The Union has also agreed that no employee who came to this job from a lower paying occupation would be entitled to average hourly earnings.

A full discussion of the contract provisions relating to the average hourly earnings requirement in incentive dispute cases was made in Grievance 17-E-24, although the facts there were not identical with those in this case. In Award 311, it was held that in incentive grievances raised by the employees, pursuant to Paragraph 59 of the Agreement, the average hourly earnings provision is not applicable. In such cases, as stated in Paragraph 59, the employees are protected only by the retroactivity feature of any revisions made.

The question now before us is whether Paragraph 58 covers a situation in which there is a totally new operation, and hence a new job, with no prior incentive plan effective as to the job in question. The Stamco Slitter was new. It did not represent any modification of, or improvement to, an existing job. The employees came to this job from a variety of other occupations through the process of the posting and bidding procedures of Paragraph 150. There was no prior incentive plan in effect during the three months immediately preceding the installation of the new incentive. Paragraph 58 (Article V, Section 5, sub-section 5) states:

> "Until such time as the new incentive is agreed upon or, in the event a grievance is processed to arbitration, until an arbitrator's decision has been rendered, the average hourly earnings of incumbents of the job as of the date the new incentive is installed shall not be less than the average hourly earnings received by such incumbent under the incentive plan in effect during the three (3) months immediately preceding the installation of the new incentive."

This language would plainly and unqualifiedly dispose of the Union's average hourly earnings request. The complication is that Paragraph 58 is the last of the series of paragraphs which precede it in Section 5, starting with Paragraph 52, where provision is made for the right of the Company to install new incentives to cover new jobs as well as in cases in which the incentive has become inappropriate either under the provisions of the Wage Rate Inequity Agreement or by reason of new or changed conditions.

The language of Paragraph 58 is therefore somewhat in conflict with the earlier paragraphs of the series. Since, however, it clearly refers to situations in which the incumbents were previously on another incentive plan on the job, the only reasonable interpretation is that where the job

is totally new, where the "incumbents of the job" had no average hourly earnings under "the incentive plan in effect during the three (3) months immediately preceding the installation of the new incentive," but rather came to this new job from a variety of separate and unrelated occupations or jobs, the provisions of Paragraph 58 are not applicable.

AWARD

1. Wage Incentive Plan, File No. 77-0629, as revised by Revision No. 1 and No. 2, meets the appropriate tests of Article V, Section 5, with the understanding that Revision No. 2 shall be retroactive to December 16, 1956;

2. The Union's request for average hourly earnings is denied.

Dated: August 3, 1960

(signed) David L. Cole
David L. Cole
Permanent Arbitrator