Extra

INLAND STEEL COMPANY )
) Grievance No. 16-G-235
and ) Appeal No. 979
) Arbitration No. 556
UNITED STEELWORKERS OF AMERICA )
Local Union 1010 ) Opinion and Award

Appearances

For the Company:

William F. Price, Attorney
R. H. Ayres, Assistant Superintendent, Labor Relatinns Department
J. Stanton, Assistant Superintendent, Labor Relations Department
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L. E. Davidson, Superintendent, Industrial Engineering Department
W. M. Weichel, General Foreman, Pickling Lines-No. 1 and 2 Cold Strip
K. H. Hohhof, Supervisor, Industrial Engineering Department
E. G. Mullen, Industrial Engineer, Industrial Engineering Department

For the Union:

Peter Calacci, International Representative
Al Garza, Chairman, Grievance Committee
Ted Rogus, Grievance Committeeman
Howard Thone, Witness

It is asserted in this grievance that on September 6, 1951 the Company instituted a new method of processing on the Continuous Coil Pickling Lines in No. 1 and No. 2 Cold Strip Mills which curtailed production and caused the grievants to suffer a substantial decrease in incentive earnings. The complaint is that the amount of steel permitted in the decoiling pit was cut down by requiring that the employees "float the coils through the pit," and by denying them the use of the scalebreaker. The Union contends that therefore the incentive plan has become inappropriate by reason of these new methods or changes and, pursuant to Article V, Section 5, should be revised accordingly.

The Wage Incentive Plans covering the continuous pickle lines have been in effect since 1952, and as the result of disputes and arbitration when they were first installed in 1951 they were revised to provide rates per 1000 pounds for three width ranges and by average produced coil weights, using certain average gauges and widths to represent the average lineal feet per coil for all coil weights in each width range. The parties agreed to this.

The so-called changes giving rise to this grievance were the Company's requirement that certain ZAJ material be processed without loops by floating coils through the pit and that some of it be done without using the scalebreaker.

On AAJ material similar restrictions have been in effect for many years. In fact, in 1957 a grievance was filed specifically because of the denial of the right to use the scalebreaker but it was withdrawn. Also, because the average length (and hence weight) of hot mill coils has been increased substantially, the Company has been specifying only one coil in the pit at a time, and this has been so for some three years. Moreover, the foreman has for a considerable time been exercising discretion with reference to the use of the

scalebreaker and the amount of steel allowed in the pit, depending on the quality as it showed up during the processing.

The Company acknowledges that a significant and permanent change in product mix of material processed under this Incentive Plan could render it inappropriate under Article V, Section 5, but that the amount of restricted material involved is no more than the grievants have had to handle on the average for years, and consequently that no such relief is here indicated.

The evidence supports this position of the Company. The restrictions with respect to certain ZAJ material were in effect only for the last quarter of 1961 and the first two quarters of 1962. In 1957, through 1960, the amount of restricted AAJ material handled on these lines ranged from 2.96% of total tons to 3.9%, and in the period complained of the total amount of restricted material was substantially below 3%. Moreover, the decline in earnings comparing the six pay periods preceding the grievance with the seven immediately following are much more than can possibly be explained by the processing of restricted material.

Before the restriction was imposed in 1961, these employees had an incentive margin of 57.4% in the first quarter of 1961, and in the fourth quarter of 1961 and in the first quarter of 1962, with the restrictions in force, the incentive margin nevertheless rose to 57.7% and 60.4%. On the very turn giving rise to the grievance the Welder Operator (one of the grievants) earned 32 cents per hour more than the Operators earned in that full pay period. Reflecting the minor effect on earnings of the inclusion of small amounts of restricted material, in 1961 when 1.7% of the production was AAJ material the incentive margin was 59.9% while in the first nine months of 1963 with the same percentage of AAJ this margin was 68.5%.

One could go into great detail to show that the grievants had substantial fluctuations in incentive earnings which could not possibly have been the result of the relatively small amount of restricted material handled during the periods in question. There are such fluctuations in earnings from one line to the other and from one pay period to another even on the same line. In Arbitration No. 177 it was held that such fluctuations are not uncommon in incentive earnings, being the result of variations in type and amounts of steel run from time to time, and that such fluctuations do not warrant in themselves the finding that the Incentive Plan has become inequitable or inappropriate. If there is a noticeable decline in incentive earnings because of changed or new methods, or because of a significant and permanent change in product mix, this would be in order. Here such a showing has not been successfully made. The grievants have not demonstrated, as alleged, that they suffered a substantial decrease in earnings because of the rules applicable to ZAJ material in the three quarters in question. On the contrary, they have overstated the effects of the restrictions on the manner of handling ZAJ Coils, on both their incentive earnings and their production. They asserted that under the restrictions they could produce only about eight coils per hour, whereas on the very turn about which the grievance was filed they processed such material at the rate of 15 coils per hour.

As a guide to the parties, it should be observed that it is conceivable that there may be an accumulation of relatively small changes in methods or product mix which adversely affect the employees' incentive earning opportunity,

and that such an accumulation may warrant a revision of the Incentive Plan. Some parties to collective bargaining agreements have stipulations to this effect in their agreements, even specifying the percentage these accumulations must reach to justify such revision. We do not have such a stipupation here, but the principle is a sound one. Employees operating under such an Incentive Plan may make out a meritorious case without a reduction in earnings, if they are able to prove they would have had materially better earnings but for such changes. In this instance proof of substantial or significant losses in earnings has not been offered.

AWARD

This grievance is denied.

Dated: November 18, 1963

/s/ David L. Cole

David L. Cole
Permanent Arbitrator