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

Grievance No. 17-HA-1
Appeal No. 1159
Award No. 571

Opinion and Award

Appearances

For the Company:

Henry Thullen, Attorney
Donald Arnold, Attorney
R. H. Ayres, Assistant Superintendent, Labor Relations Department
R. J. Stanton, Assistant Superintendent, Labor Relations Department
Kenneth Hohhof, Superintendent, Industrial Engineering Department
Coy Ham, Assistant Superintendent, Tin Mill
Morris Jacobson, Supervisor, Industrial Engineering Department
Charles Wilde, Supervisor, Industrial Engineering Department
T. C. Granack, Labor Relations Representative

For the Union:

Peter Calacci, International Representative
William Bennett, Chairman, Grievance Committee
John Hurley, Grievance Committeeman
Robert Kick, Witness
Sam Pecoraro, Witness

The issue raised by this grievance is whether the incentive plans covering the No. 3 Electrolytic Tinning Line employees in the Tin Mill Department have become inappropriate because of changes in the product mix, under the provisions of Paragraph 59 of Article V, Section 5 of the Agreement. In the fourth step of the grievance procedure the parties' representatives agreed that the issue has been thus narrowed, although other arguments had been made previously.

In May, 1962 three grievances (Nos. 17-G-94, 17-G-171, and 17-G-193) were pending which questioned incentive plans that had been presented by the Company with reference to the operations on the No. 3 Tin Line which had been started August 21, 1960. Several discussions were had in the course of which the Company proposed certain liberalizing adjustments in these plans provided the Union would accept them in full settlement of the three grievances. The Company's offer was accepted by the Union, and on May 27, 1962 the Company installed incentive plans File Nos. 78-1340, Revision No. 4, and 78-1342, Revision No. 1, retroactively to August 21, 1960.

The Union representative stated orally, however, that if there was a change in product mix which resulted in a lowering of earnings it was the Union's intention to file a grievance. Company representatives replied that a change in product mix, by altering the proportions of material for which rates were included in the incentive plan, would not render the incentive plan inappropriate.

The grievance under consideration, No. 17-HA-1, was filed July 19, 1963 because a greater proportion of "ThINtin" was being processed in comparison with

conventional tinplate, and larger amounts of other materials were being sheared in proportion to Gear #1.

The Union relies on Paragraph 59 (Article V, Section 5), of which the pertinent part is:

> "Where an incentive plan becomes inappropriate because 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, material processed or handled, or quality or manufacturing standards, and the Company does not develop a new incentive, the employee or employees affected may process a grievance under the provisions of Article VIII of this Agreement, requesting that a new incentive be installed***"

It is the Union's view that an increase in the proportions of material processed or handled on which the incentive earnings are inferior brings the given incentive within the foregoing provision of the contract and entitles the employees to request that a new incentive be installed.

The Company disputes this position of the Union in general, and particularly because of the facts of this case.

The incentives in question have separate rates for processing ThINtin, for processing conventional tin, for shearing Gear #1 material and for shearing other materials. Each of these rates was worked out to be in compliance with the tests of Article V, Section 5, and were so accepted by the Union in May, 1962 when the grievances questioning this were settled by agreement.

The Union does not dispute this, nor is it claimed that any form of new material not specifically covered by the incentive plans is now being processed. Its complaint is merely that the proportions have changed, and that this has been to the detriment of the employees on these incentive plans.

When the Company's offer to settle the three incentive grievances was made in May, 1962 the Union accepted it, although the statement above mentioned was made orally by its representative. The Company immediately disputed the Union's right to request a new incentive if the product mix should change, stating that the proportions of each item were expected to vary from time to time. Under these facts, it must be found that the Company's offer to settle in full by putting into effect the adjustments it proposed was accepted. The Union's reservation of the right to grieve was not an express condition of this acceptance, and the Union's rights in the instant case must stand or fall on the contract provisions and the facts, and not on this attempted conditional acceptance.

The facts are not as clear as the Union asserts. It claims that shearing Gear #1 material produces the best earnings and processing ThINtin the worst, and that the rise in the proportion of ThINtin and the decline in the relative amount of Gear #1 material has been the principal reason for the substantial drop in earnings. An analysis of earnings in several representative periods raises some doubts about this, however. The fluctuations in earnings on Gear #1 material itself have been wide, ranging to some 30 cents per hour. When comparisons are made of some periods in which the amount of ThINtin processing was relatively the same, earnings overall nevertheless varied by almost 20 cents per hour.

The Company prepared an interesting computation which raises serious doubt about the accuracy of the Union's complaint that the change in product mix as among the items covered in these incentive plans has caused the employees' drop in earnings. It took as the base period the months of April, May and June, 1962, bearing in mind that the parties arrived at their settlement of the earlier incentive grievances in May. The percentage of total hours worked on ThINtin was then 14%, on Gear #1 Conventional 16%, and other material 70%. It then applied the actual earnings on each of these types of work in four later periods, -- April-May-June 1963, October-November-December 1963, May-June 1964, and September-October 1964 to the product mix as of the base period. This computation showed that if the product mix had remained precisely as it was in the base period, the amount the employees would have earned would have been almost the same amounts as they actually earned, despite the change in product mix, in these four later periods. This may be seen in the following table:

	Actual Hourly Earnings	Earnings if Product Mix Had Remained Constant	Difference
April-May-June, 1963	$4.436	$4.463	$.027
October-November-December, 1963	4.325	4.330	.005
May-June, 1964	4.305	4.342	.037
September-October, 1964	4.274	4.300	.026

It will be observed that the earnings in each period would have varied by less than one percent if the proportions of ThINtin, Gear #1 Conventional, and other material had remained as they were at the time the Union accepted the Company's proposal in May, 1962 and thereby settled the incentive grievances that were then outstanding.

This is important. It means that something other than the change in the product mix has caused the employees to earn less. Since this grievance, however, is by stipulation restricted to the issue of the change in product mix, one cannot say that these incentives have become inappropriate for this specified reason, and the grievance can therefore not be sustained.

It is not necessary under the circumstances to make a general ruling with respect to the validity of the Union's claim that a change in product mix which adversely affects the employees' earnings furnishes a basis under Paragraph 59 to insist that the incentive has become inappropriate. Under the facts of this case, the incentives in question have not become inappropriate.

AWARD

This grievance is denied.

Dated: December 30, 1964

/s/ David L. Cole

David L. Cole
Permanent Arbitrator