

"The history of this rate case, as outlined in this grievance, is essentially true, with some exceptions. One being that the incentive plan which was accepted by the crew was instituted 1/21/49 and its effective date was made 1/17/49 (the date on which the Skin Mill started to operate). Another exception is that the rate as accepted by the crew was not different from the original rate beyond an addition made to cover the new widths and gauges, necessitated by the increased width of the mill from an original 54" to a new width of 60". The crew had asked for the old Skin Mill rate used on the Skin Mill in the #1 Finishing End of the 44" H.S.M. (This mill is now used only as a coil mill.) Management agreed to the use of this rate and as stated above, it was made effective as of 1/17/49, with the additions noted.

"After a later meeting with the crew and the Industrial Engineering Department representative, the Superintendent of the Hot Strip Mill requested a new study be made of the effect of the gauge extensions on the crew earnings. This study was made over a period of 53 consecutive operating turns. The resultant findings show that the earnings on the heavier gauges are comparable, and on some turns, better than the earnings for rolling light gauges.

"Management feels that the incentive rates on this Skin Mill are equitable as required by the Article and Section cited and that the alleged violation is unfounded. The grievance, therefore, is denied."

The grievance was again denied by the Superintendent of Labor Relations on December 23, 1949, as follows:

"This grievance questions the adequacy of the incentive rate applied to #11 Skin Mill in the Finishing End of the 44" Hot Strip Mill. Violation is claimed of Article V, Section 5, of the Collective Bargaining Agreement.

"A study of all the circumstances show that the #11 54" Skin Mill, which rolled coils in the Cold Strip Mill, has been transferred to the 44" Mill, where it was converted to a 60" (width) mill and is now used for skin rolling sheets. The sheets now skin rolled on this unit were formerly skin rolled at the Cold Strip or the 76" Mill. The old 54" Skin Mill, which has been used for rolling coils in recent years in the 44" Mill, formerly rolled some sheets and an incentive rate was established on the lighter gauges which was equal to the cold mill rate for similar sizes. This rate is now used for the new 44" sheet skin mill and has been extended to cover the heavier gauges now processed on the unit for which no rate had been established previously.

"Production studies show that earnings on these heavier gauges have been equal to earnings on the lighter gauges previously covered by the rate sheet. During a period from 1-17-49 to 3-30-49, for instance, the roller's earnings were \$.035 an hour higher on turns with over 50% heavy gauge material than on the turns with no heavy gauge material. Average total hourly earnings for 6 pay periods ending September 4, 1949, were as follows: Roller - \$3.32; Catcher - \$2.62; and Feeder - \$2.11.

"These earnings have been increasing as the operating crews become more experienced. The present opportunity for incentive earnings for this work is considered adequate and, consequently, the grievance is denied."

AGREEMENT TERMS. The grievance is based on Article V, Section 5, "Incentive Plans," applicable parts of which read as follows:

"4. Should agreement not be reached, the proposed new incentive may be installed by the Company at any time after fifteen (15) days after the meeting between the Company representative and the International Representative of the union, and if the employees affected claim that such new incentive does not

15-C-24

Union Ex B

Int # 51

IN THE MATTER OF:

Inland Steel Company

and

United Steelworkers of America
Local Union 1010, C.I.O.

May 12, 1951

V-5
Arbitrator's Report
and
Award.

Grantel

HEARING: East Chicago, Indiana; April 26, 1951.

FOR THE COMPANY: Herbert C. Lieberum, Asst. Supt., Ind. Rel.
T. Cure, Div. Supt.
F. Wood, Industrial Engineer
O. F. Walters, Gen. Foreman, 44" Hot Strip Mill
R. Mehler, Actg. Gen. Foreman, 44" Hot Strip Mill

FOR THE UNION: Joseph B. Jeneske, Int'l. Rep.
Donald Lutes, Chm., Grievance Comm.
August Sladcik, Sec., Grievance Comm.
James Stone, Member, Grievance Comm.
William Brown, Member, " "
Mike Sopko, Asst. Grievance Committeeman
Dave Murray, principal

ARBITRATOR: Paul N. Lehoczky

ISSUE: "Are the incentive earnings resulting from the incentive rates developed and installed January 17, 1949, for the 60" Skin Mill (a new installation in the 44" Hot Strip Department) in equitable relation to other incentive earnings in the department and like departments involved, previous job requirements, and the previous incentive earnings?"

GRIEVANCE: Grievance 15-C-24, dated June 16, 1949, and claiming a violation of Article V, Section 5, of the Agreement reads:

"On the 17th of January 1949, an incentive plan was installed on the 60" two high Skin Mill, of the 44" Hot Strip #2 Finishing End, which the employees did not agree to. Approximately two weeks later an incentive plan that was agreeable to the employees was offered by the Company and accepted. Later the employees found that a different plan other than the one offered and accepted had been installed. Immediately the employees called for a meeting with Management protesting the Incentive Plan. At this point Management asked the employees to give this plan a try, which they did and found that the plan did not provide equitable incentive earnings in relation to other incentive earnings in the department or like departments. The Contract provides that the employees may after 30 days but within one hundred and eighty (180) days following installation of an incentive plan file a grievance so alleging. 60" Two High Skin Mill Crew."

The foreman's reply to the grievance, dated June 20, 1949 reads:

"A violation of Article V, Section 5, of the Collective Bargaining Agreement is charged in this grievance, and cites part of sub-paragraph 4 in Section 5 in support of the grievance request.

provide equitable incentive earnings in relation to other incentive earnings in the department or like department involved, and the Previous Job Requirements and the Previous Incentive Earnings they may at any time after thirty (30) days but within one hundred-eighty (180) days following such installation, file a grievance so alleging. Such grievance shall be processed under the grievance procedure set forth in Article VIII of this agreement and Section 9 of this Article. If the grievance be submitted to arbitration, the arbitrator shall decide the question of equitable incentive earnings in relation to the other incentive earnings in the department or like department involved and the Previous Job Requirements and the Previous Incentive Earnings and the decision of the arbitrator shall be effective as of the date when the new incentive was put into effect."

UNION POSITION. The Union's position as well as some of the background material is best stated by quoting applicable sections from the Union's brief:

"Prior to the building of the #2 Finishing End to the 44" Hot Strip Mill, all Skin Mill rolling in the Hot Strip Mill has been done on a combination coil and sheet Skin Mill in the Finishing End of the 44" Hot Strip Mill, now referred to as the #1 Finishing End. This #1 Finishing End Skin Mill rolled both coils and sheets, and separate sets of wage incentive rates were provided for each setup.

"The Company found it necessary to provide one Skin Mill solely for sheets and one Skin Mill solely for coils. A used 54" two high Skin Mill from the Cold Strip Mill (old #11) identical to the combination Skin Mill of the #1 Finishing End was installed to handle hot strip sheets only. The sheet tilting rack of the #1 Finishing End Mill was moved to the #2 Finishing End for the additional Skin Mill thus, making the #2 Finishing End Mill identical to the former sheet setup on the #1 Finishing End Skin Mill. Part of the crew of the #1 Finishing End Skin Mill was transferred to run the added sheet Skin Mill.

"The matter of rates came up and it was finally agreed by the Company and the men that the old rates for the sheet setup on the #1 Finishing End Skin Mill should be used, there being no difference in the new sheet setup from that of the #1 Finishing End Skin Mill.

"However, when the rates were placed in effect, the men noticed a drop in daily earnings on material under #12 gauge and compared to earnings based on the old rates from the #1 Finishing End Mill. Investigation revealed that the company has added four (4) additional rates to cover material under #12 gauge. Under the old rate all material under #12 gauge was paid for at the #13-12 gauge rate; this has been past practice since the original installation of the rate because of the extreme physical effort involved in flipping sheets of such heavy weight onto the mill table 180# per sheet for average heavy gauge sheet weight, #7 gauge 36" x 96" as compared to the average gauge sheet weight of 54# for #16 gauge, 36" x 96" sheets.

"The fact that the #13-12 gauge rates were used on material under #12 gauge can be substantiated by past production records and earnings. The product mix, per cent heavy gauge material as compared to light gauge material has not changed as compared to the sheets product mix on the #1 Finishing End Skin Mill.

"Evidence that sheets under #12 gauge are difficult to handle is borne out by the rate agreement in the Cold Strip Mill on their #12 Skin Mill which is similar to the mill in question, here, where the men, when handling sheets of similar size, are paid average earnings due to the safety hazard present, production not involved.

"The company claims that the added rate extensions were made to cover the new width and gauges, necessitated by the increased width of the mill from an original 54" to a new width of 60". (Foreman's reply in Step #1 of the Grievance.) However, the company did not extend the rates on widths at all, only the gauge rates were extended as will be borne out by an inspection of the rate sheet in effect. The increase in mill width from 54" to 60" in no way constitutes a methods improvement or a valid reason for cutting the rate of any of the rates on sheets of any gauge up to 54" in width; the added mill width in no way makes the crew's work easier.

"It is the Union's contention that the company is not in compliance with Article V, Section 5, of the existing Agreement in the institution of the present wage payment rate for the 44" Hot Strip Mill, 60" Temper Mill crews. It is further the Union's contention that the four additional rates instituted on the rate sheet by the company was an arbitrary move on their part and outside the provisions of Article V, Section 5, of the existing Agreement.

"THE UNION THEREFORE REQUESTS that the incentive rate originally agreed upon between the company and the Union be adhered to and that the adjustments in compensation that are necessary to bring the plan into conformance be made retroactive to the date of the institution of the incentive as revised by the company."

COMPANY POSITION. Basic statements of the Company's position, quoted from the Company's brief, are:

"Incentives paid for skin rolling sheets are computed on the pounds of product processed. Since the gauge and the width of the product greatly influence the number of pounds produced without a relative increase or decrease in effort, the rate per pound is reflected by the width and gauge of the product processed. This principle was applied in establishing the rates for the 60" Skin Mill.

"Prior to starting the 60" Skin Mill, incentive rates covering all widths and all gauges of the products to be processed were developed. These rates were developed on the production experience of the 54" Skin Mill, a similar mill located in the 44" - Number 1 Finishing End. Although the mills were similar, they were not identical; the difference believed to be in favor of the 60" Skin Mill. For this reason, the new rates developed for the 60" Skin Mill were set slightly below those of the 54" Skin Mill. The new rates were presented to the Union for their approval. The proposal covered all gauges from 24 to 0. The Union rejected the proposed rate and insisted that the same rates used in computing incentive earnings for the 54" Skin Mill should be used in computing incentive earnings for the 60" Skin Mill. No agreement was reached on the Company's proposed rates. The Company announced they would install the new rates with the starting of the mill, January 17, 1949.

"On January 21, 1949, the Company reconsidered the rate installed January 17, 1949. This resulted in a decision to cancel the newly proposed and installed rates and to replace them with the 54" Skin Mill rates for sheets up to and including 12 gauge. Sheets of 11 gauge and heavier were not covered by the 54" Skin Mill rates so new rates in equitable relation to the rates for sheets 12 gauge and lighter were developed for the heavier gauges (11 to 0) and added to the 54" Skin Mill rate for sheets. These rates replaced the rates installed January 17, 1949, and all earnings were paid on the latter rates. A copy of the rates is submitted - Company Exhibit B. The rates for the lighter gauges (24 to 12) were accepted by the Union. The rates for the heavier gauges (11 to 0) were not accepted.

The Company next sets up a series of claims, supported by exhibits to prove that "the plan does provide equitable incentive earnings in relation to other incentive earnings in the Department and like departments."

1. "In the same department (44" Hot Strip) with the 60 Skin Mill is the 54" Skin Mill." A table of incentive earnings for the crews on the 54" and the 60" mills for a 14 month period starting with January 22, 1950, indicates that the 60" crew, position for position, usually earned more per day than did the crew on the 54" mill.

2. "In a like department, the 76" Hot Strip Mill, there are two skin mills. The 74" - Number 1 Mill and the 64" Number 2 Mill. A table of incentive earnings of these mills for the first quarter of 1951, together with the incentive earnings of the 60" and the 54" Skin Mills for the same period" indicates that the Roller on the 60" mill earns more than the Roller on the 54", the 74" or the 64" mills; it indicates the same earnings-relationship for the Catcher; it indicates that only the 74" mill feeder earned more than the feeder on the 60" mill.

3. "A comparison of the 60" Skin Mill incentive earnings for sheets 12 gauge and lighter with the incentive earnings for sheets 11 gauge and heavier" establishes "that the 60" Skin Mill incentive earnings on sheets 11 gauge and heavier are in equitable relation to the incentive earnings on sheets 12 gauge and lighter."

4. "A comparison of the job descriptions and job classifications of the 60" Skin Mill crew with the job descriptions and the job classifications of the 54" Skin Mill crew" and a "comparison with previous incentive earnings, the incentive earnings of the 54" Skin Mill for the quarters prior to August 1948 (the last period on which the 54" Skin Mill rolled sheets) together with the incentive earnings of the 60" Skin Mill for the first quarter of 1951" establish the claim "that the incentive earnings of the 60" Skin Mill are in equitable relation with previous job requirements and previous incentive earnings."

"From these established facts, it is concluded that the incentives developed and installed January 17, 1949, for the 60" Skin Mill are in keeping with the provisions of Article V, Section 5, paragraph 4, of the Collective Bargaining Agreement."

DISCUSSION. The issue before us is somewhat complex because there are a series of factors which enter it, some of which are independent of one another. The entire problem, of course, revolves about the validity of the use or non-use of gauge 12 rates for 0 to 11 gauge thickness, when rolled on the 60" Temper Mill. Before we comment on the final problem, we wish to examine some of the individual factors and exhibits.

1. Perhaps the most important factor on the Union's side of the case involves the circumstances which surrounded the installation of the wage payment rate table now in effect. The Union claims that after the Company withdrew its original proposal as expressed by a completely new rate table, it agreed to apply the old 54" Temper Mill rate table "as is" and that since this is what the Union wanted all along anyway, the parties had reached complete and satisfactory agreement on the 60" Temper Mill rate question.

The Company claims that the "complete and satisfactory" agreement involved the use of the extended rate table (0 to 11 gauge) now in effect. The

parties were represented by the Union's steward and the (then Asst.) Superintendent, neither of whom appeared at the hearing. Further, there is nothing in writing which would indicate that the parties agreed and what they agreed to, all of which tends to support the Union's position: normal formalities and contractual formalities were omitted only because there was in fact no new table proposed, hence that the parties agreed to continue under the old rate table.

2. The second factor which struck us as being highly significant is the parties' emphasis on "a comparison of earnings" rather than on the time study-base validity of a rate. The parties argue in terms of "like jobs" and of "like rates" and the Agreement speaks of "equitable incentive earnings in relation to the other incentive earnings in the department or like departments." All this would indicate that rates are validated by comparison and that any attack on allegedly tight rates is based on comparison rather than upon job- or work-content.

It was quite apparent that the "comparison" basis led to a selection of "earnings-bases" by the parties to suit their own purposes. The Union holds that the 54" setup rolled the same proportion of heavy sheets as the present 60" setup, hence that the rate table should remain "as is" to retain the same over-all earnings relationship as before. The Company on the other hand compares earnings on the 60" Mill with earnings on several other mills and thus establishes an equitable relationship. The Union uses earnings on the 26" Cold Roll Mill (which seem to be some 60 per cent above those attained on the 60 inch mill) as a standard. And so forth. On the whole, the Company has the better of the argument here despite the age-old objection that "the Company has the figures" while the Union does not. A comparison of average earnings on the 60" Mill with those on the 54", 74" and 64" Mills indicates a remarkable similarity for all positions.

3. When we examine the tabulated "comparison of tonnage earnings for sheets 11 gauge and heavier with tonnage earnings for sheets 12 gauge and lighter" then the smooth rate relationship is not quite as apparent. One could prove that the Company's position is sound or conversely, that the Union's position is the correct one. When one compares runs made up entirely of 12 gauge or lighter material (and which yielded an "actual average earnings" of \$2.304) with runs composed of from 90 to 100% heavier than 12 gauge sheets (and which yielded an "actual average earnings" of \$2.365) then one concludes that earnings, based on the standard table, are comparable. On the other hand, when the average earnings for batches with less than 10% heavy sheets (\$2.56) is compared to average earnings on runs in which the heavy gauge sheets represent 50-60% of the total run (\$2.22) then one must conclude that the extended table runs counter to the "equitable relationship" principle.

When examined on an over-all basis, the exhibit (Co. F) in our opinion indicates that the extended rate table yields decreased earnings for mixtures in which heavy gauge sheets predominate. We base our reasoning on the following points: first, the "hours on incentive" varies from combination to combination and we hold that single turn performances for any combination may not be representative. Even when various combinations are run for many turns, the mixing of gauges at frequent intervals makes absolute judgment of rate adequacy rather poor. However, normal operating conditions being what they are, we feel that the "60-70% heavy-gauge" run on 3-25-49 cannot be held to be representative because it represents only an 8-hour incentive period; thus we rule out the

\$1.94 average earnings as not representative. By the same reasoning, we rule out the earnings on the "70-80%-heavy-gauge" run on 1-28-49 (\$2.84) and the "80-90%-heavy-gauge" run on 2-8-49. An examination of the remaining earnings averages, with emphasis on those blocks which show the larger number of operating hours on incentive, indicates that an average earnings of \$2.50 to \$2.60 is more apt to be representative than one in the \$2.20 class. The Company's own average of \$2.507 per hour substantiates this.

All of which brings us to this point: the Company's table, discussed above, indicates to us that there is a definite drop-off in earnings as the heavier gauge sheets are run. It may well be that the old non-extended table (which the Union wants back) was not "extended" for this very reason, that is, because the earnings' opportunities for equal effort fell off when heavy sheets were being rolled.

4. The Company had another exhibit, attached to Co. F which tabulated the average earnings per turn from March 19, 1951, through April 15, 1951, against the percentage of heavier than 12 gauge material in each run. This table alleges to substantiate the Company's claim that the rate table now in use yields comparable earnings for all gauges and for all mixture of gauges of sheets. A closer examination of the individual turn earnings however indicates that the range of earnings (from a low of \$17.56 to a high of \$26.84) plays some part in the average earnings figure for each percentage combination; the "\$26 or better" earnings average shows up much more frequently in the light-gauge runs than in the medium (60 light-40 heavy to 40 light-60 heavy) and in the heavy-gauge categories. Here again there is no smooth correlation, but there are definite indications that the rate table now in use favors those turn-batches which are composed of the lighter rather than of the heavier sheets.

5. As we indicated earlier in our discussion, we consider the problem before us to be rather limited in scope because in essence it involves only the extension of a rate table, the body of which is mutually acceptable. Since this is the case, it follows that the real problem has less to do with what average earnings on the 26", the 74", the 64" or the 54" Mills are, but it has very much to do with what earnings are for sheets lighter than 12 gauge and how these earnings compare when sheets are heavier than 12 gauge: both now on the 60" Mill and now on the 60" Mill as over before on the old 54" Mill. All this does not minimize the importance of standard procedure as discussed under (1), the importance of earnings on the 74" vs. the 26" mills, the importance of whether or not the rate table stops at the "13-12" bracket (as is the old 54" Mill or the 26" Mill) or runs on down to Zero (as in the 74" and the 64" Mills). All these factors must be considered in coming to an answer under V/5/4. But these factors, in our opinion, play less of a role than does the question of internal balance where part of the rate table has been found to be mutually acceptable. We therefore place more emphasis upon the factors developed under 3 and 4 above than upon those developed under 1 and 2.

6. On the basis of internal balance, that is, on the basis of whether or nor the rate table yields equally well on light as well as on heavy gauge sheets, we believe that the extension, as proposed, is not warranted. First, there is a clear indication that the "average actual earnings" of \$2.507 per hour is not attained when the proportion of heavier-than-12-gauge" sheets rises over 1/3. The average earnings below 1/3 are well above \$2.50 while a study of the trend indicates that the average earnings for runs in which heavy sheets predominate fall below \$2.50 (\$2.22, \$2.22, and \$2.36 for representative samples). The elimination of the extension would counteract (perhaps more than counteract - we don't know) the loss in earnings indicated above.

Second, a study of the daily earnings indicates that these are less for heavier-sheet-mixtures than for lighter-sheet-mixtures. Third, there is validity to the argument that the physical demand in the manipulation of heavy sheets is greater than in the case of light sheets, all of which may justify moderately higher earnings on heavier sheets. Fourth, the well documented proof that average earnings on the 60" Mill compare favorably to those on the 64" and the 74" Mills loses a good deal of its significance when a comparison is made to the 26" Mill or when one considers the fact that rate tables seem to be based upon "agreement" rather than upon rigid time-study determinations. Finally, there is some doubt as to what was actually agreed to in the first place, not between the Industrial Relations (Lieberum) and the Union (Jeneske), but between the Steward and the Superintendent.

Based on the foregoing, we find that the old 54" (unextended) rate table applies.

AWARD. We find that the incentive earnings resulting from the extended rate table installed on January 17, 1949, for the 60" Skin Mill are not in equitable relationship "to other incentive earnings in the department or like department involved and the previous job requirements, and the previous incentive earnings."

Respectfully submitted,

/s/ Paul N. Lehoczky

Paul N. Lehoczky