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United States Steel Products Division United States Steel Corporation Camden Plant and United Steelworkers of America Local union 5272

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BOARD OF ARBITRATION

Case No. USS-7545-P

January 8, 1971

ARBITRATION AWARD

UNITED STATES STEEL PRODUCTS DIVISION
UNITED STATES STEEL CORPORATION
Camden Plant

and

Grievance No. UPD-CA-69-13

UNITED STEELWORKERS OF AMERICA
Local Union No. 5272

Subject: Incentive Administration.

Statement of the Grievance: "The company having made radical equipment and methods changes to an existing incentive application has failed to establish an interim period for this incentive application while a new incentive application is being developed.

"Facts: The Company in the past received steel in bundles of sheets of large sizes which were then reduced to specific sizes with a shearing machine. The company has now installed new equipt. that allows them to produce specific size sheets from large coils of steel which is now received instead of bundles of steel sheets. The product produced in both instances is basically a shearing operation one merely more sophisticated than the other.

"Remedy Requested: That the greivants be made whole for all earnings lost and the company proceed forthwith in developing a new incentive application."

Contract Provision Involved: Section 9-C of the Basic Labor Agreement, dated August 1, 1968.

Grievance Data

Date

Grievance Filed:	October 27, 1969
Appealed to 2nd Step:	Waived November 6, 1969
Appealed to 3rd Step:	November 6, 1969
Step 3 Meeting:	November 12, 1969
Appealed to Arbitration:	Not Given
Case Heard:	October 29, 1970
Transcript Received:	November 27, 1970

Statement of the Award:

The grievance is sustained.

BACKGROUND

USS-7545-P

On September 29, 1969, a new piece of equipment, the Dahlstrom Coil Cut-up Line, was installed at the Camden Plant. It cuts sheets from coils of steel into accurate sizes for processing into drum bodies, pail bodies and parts, and grease drum bodies and parts.

Formerly steel for pails and grease drums was received in sheets, which had been cut in the mill from coils. Here, the sheets were slit and trimmed to the specific sizes required for grease drums and pail stock on the 90"-Slitter. The 90"-Slitter was manually fed, sheet by sheet. Grievant Riggs had been the 90"-Slitter Operator who performed this work with a Helper. The Slitter was in the lithograph department seniority unit and was covered by Incentive Application No. 25-1. When the Dahlstrom was introduced, Mr. Riggs was assigned to the position of Coil Cut-up Line Operator by agreement of the parties. The Helper assigned to the Dahlstrom was Grievant Waugh, who had been a Pail Handler in the Pail Department, covered by Pail Line Seaming Incentive Application No. 41-2.

After the far more expensive new equipment had been installed, the 90"-Slitter continued to operate for a time, although it has not been used since May, 1970. Apparently it was cleaning up the sheet stock on hand. It is still in the plant and there seems to be no immediate intention to dispose of it.

The 90"-Slitter had never performed any of the work on drums. As with pail stock, the steel was received in sheets. These sheets were then cut to the required size on the drum line, which is covered by an incentive unrelated to that of the 90"-Slitter. The new equipment, which cuts both drum and pail stock to size directly from coils, provides much greater economy than having the mill cut sheets from coils.

According to Company figures, about 60% of the tonnage output of the Coil Cut-up Line has been drum stock during the first year of operation. Tonnage records were given in terms of the percentage of stock cut on the Dahlstrom for drums. It shows the following:

<u>Month</u>	<u>Tonnage Percent</u>
Sept. 1970 thru 19th	59.3
Aug. 1970	55.3
July 1970	53.3
June 1970	64.2
May 1970	59.5
April 1970	59.0
March 1970	61.4
Feb. 1970	61.2
Jan. 1970	62.6
Dec. 1969	67.4
Nov. 1969	62.8
Oct. 1969	46.8

Weighted Average for the Above Months = 59.5%

Thus, the tonnage records show that the major amount of steel cut on the Dahlstrom had never been run on the 90"-Slitter. In number of units, of course far more of the pail stock is produced than of the larger drum stock. 6

In terms of the amount of time that the Dahlstrom turns out drum stock compared with pails, five or six times as much is spent on pails, the Union said. The Company contended that the opposite was true, that drum stock was run for more than 50% of the time, closer to 60%. No specific information based on actual records was given. However, the Company's District Manager of Operations testified that in an average turn about 16 coils producing drum stock was run compared with three coils per turn on pail stock. Reasonably accurate estimates are derivable from this approximate data given by the Company and from the tonnage records. 7

Although the Dahlstrom was placed in the pail department seniority unit, Mr. Riggs was given preference for the Operator's position by virtue of Section 13-N-1 of the Agreement; with the shutdown of the 90"-Slitter, he had no job. There had been no incumbent Helper on the Slitter, and the Helper assigned to the Dahlstrom came from the pail department. 8

The 90"-Slitter Operator had been classified in Grade 7 9
 but the Coil Cut-up Line Operator is in Grade 10. The Helper's
 positions on these jobs are, respectively, in Grades 3 and 5.
 The higher classifications given on the Dahlstrom are the
 result of intrinsically higher job requirements. For example,
 the Operator's differences are between Experience and Training
 of 13 to 18 months compared with 3 to 6 months, and Mental
 Skill requirements for "moderately complex" work requiring
 considerable judgment compared with "semi-routine job." The
 Dahlstrom also involves a higher degree of Responsibility for
 Material and Responsibility for Operations.

According to the Union, Section 9-C-2-b is applicable. 10
 It provides:

The Company shall establish a new incen-
 tive to replace an existing incentive when
 such new or changed conditions as defined
 in Paragraph 2-a above are of such magnitude
 that replacement of the incentive is required.

The Union contends that the product of the 90"-Slitter 11
 is the chief product of the new Coil Cut-up Line and that the
 magnitude of the "new or changed condition" requires a new
 incentive to replace Incentive Application 25-1. That the
 Dahlstrom is "an improved method and an improved piece of equip-
 ment," brings it squarely within the range of Section 9-C-2 of
 the Agreement rather than 9-C-1, the Union argued. The new
 equipment is simply a more sophisticated way of performing the
 shearing process, it was said.

According to the Company, the Dahlstrom is a new opera- 12
 tion altogether and the Incentive Application on the 90"-Slitter
 cannot be related to it. It was noted that drum stock, which
 constitutes the bulk of the output on the Dahlstrom, had never
 been produced on the 90"-Slitter; consequently Section 9-C-1,
 which permits the Company at its discretion to establish new
 incentives, is applicable. The Company emphasized the relation-
 ship of this change to those in a number of denial Awards by
 the Board over the years. They were based upon such circum-
 stances as the need for new skills by employees, a special

understanding on seniority and training, and the differences in the product turned out on the new equipment, the Company noted, all of which are applicable in this case.

FINDINGS

The amount of time which the Dahlstrom is used to perform the former work of the 90"-Slitter, compared with the output of drum stock never before handled on the Slitter, is sharply disputed. The Union, noting that the Company has presented evidence of the tonnage percentage used for drums, stated that "if you go to the 16 coils versus 2 coils, you will see a great time difference which rather substantiates as we said earlier Mr. Caywood's testimony..." Mr. Caywood, former President of the Local Union testified that five-sixths of an average turn was spent on pails. "So we are arguing time, they are arguing tonnage," the Union stated. 13

The Company cited its tonnage figures of about 60%, "sometimes going up to nearly 70%," for drum bodies which had never been produced on the 90"-Slitter. It then argued that, as the Company's witness had testified, this totaled three-fifths of the time, on the average. 14

Certainly the amount of time which employees spend is the key criterion as contrasted with tonnage. For example, a huge tonnage which passes through an operation only on a few days during the year is of far less significance than a much lower tonnage which constitutes the regular, routine, recurring work of employees, day by day. Thus, if drum tonnage were 90% of the output of the Coil Cut-up Line, but it was produced in 5% of the time, it would be less meaningful in terms of Section 9 than the 95% of the year which the employees devote to work formerly performed on the 90"-Slitter. 15

On its face, the Company has erred in the testimony and argument that 60% of the time on the Coil Cut-up Line is in producing drum stock. Simple mathematical analysis of the 16

available data discloses that the new equipment is largely turning out the identical products which had been covered by Incentive Application 25-1.

Based upon the per-turn averages given by the Company of 16 drum-stock coils and 3 pail-stock coils, it requires only 0.5 hours to run each drum coil, but 2.67 hours to run each coil producing pails. When these figures are weighted by tonnage, they demonstrate that 78% of the time on the Coil Cut-up Line is devoted to the pail production formerly handled by the 90"-Slitter, whereas only 22% of the time is spent on drum production. 17

At one point, the Company's witness testified that "16 to 20 coils, near 16" of drum stock were now cut in one turn, and at another point that "two and a half coils possibly, maybe three" of pail stock. If the ratio of 20 to 2½ was used instead of 16 to 3, it would show that only 16% of the time was spent on drums while 84% was on pails. 18

Granted that the figures given by the Company during the hearing were approximate, and that conditions may necessitate changes in product mix over time, there still is no reason to question the conclusion that the Dahlstrom is devoted chiefly to cutting up pail stock. It has introduced a decided improvement over former production methods both in pail output and in drums, but the former is what the machine is chiefly devoted to in terms of time. 19

In evaluating various circumstances when the Union over the years has sought to apply 9-C-2, the Board has consistently held that the multiplicity of relevant factors dictates a case-by-case approach. There are no permanent, immutable guidelines. Thus the nature of the product involved is one relevant part of the overall picture to be examined. Another consideration has been whether the old equipment was abandoned or ceased to operate. This was expressed in CI-144, where the grievance was denied on the ground that the old lines continued to operate after the new and additional line was established. The 90"-Slitter is still in its place, although it has not been used since May, 1970. Furthermore, the testimony indicates that 20

there is little likelihood of its future use, except in unusual or extraordinary circumstances, such as the impossibility of obtaining steel in coils from the mill.

In evaluating this facet of the problem, it is apparent that physical destruction of the old equipment is not necessarily the touchstone. The result is the same if it is not literally scrapped, when there is no demonstrable need for it even if the Incentive Application has not been cancelled; it has not been cancelled on the 90"-Slitter. In this case, the Coil Cut-up Line totally replaces the 90"-Slitter and it is immaterial whether the latter remains on the premises or is carted away. 21

In another denial award COL-77, the only relationship between the existing operation and the new one was that both produced packaging for nails. However, "the two operations are essentially different," according to the Board, with one a stitching operation by a crew of three to seven men while the new job was a one-man operation which involved the manual gluing of boxes on a "merry-go-round." 22

But in T-492, the grievance was sustained when the Company installed new equipment "producing essentially the same product" and the incumbents on the old equipment were assigned to it through the exercise of seniority. Although the Dahlstrom was put in a different seniority unit from the Slitter by mutual agreement, according to Company testimony the Dahlstrom could have been put either in the pail or drum department seniority roster, "it really didn't matter." When the 90"-Slitter was turning out pails, it wound up in the lithograph seniority unit. The seniority unit in which the Dahlstrom is appears more realistic in terms of its product than the 90"-Slitter's had been. 23

Award T-492 upheld the grievance also because "significant functions" of the new operation were related to the old, as is true here. Similarly in A-830 the Board upheld a grievance in which the chief difference in the new equipment was "in the means by which lead is fed into the machine and extruded through the dies." The purpose of the Coil Cut-up 24

Line is the same as the 90"-Slitter in large measure, although it has an automatic feed and operates differently. In T-492 the two principal jobs were the same, but they were classified higher than before, as were the Operator and Helper on the Dahlstrom compared with their counterparts on the Slitter.

In USC-1085, the grievance was denied based upon the Chairman's analysis of some half-dozen criteria. He stated:

25

In the present case the dominant facts are that the new Primary Mills (1) constituted an entirely new operation, (2) were housed in newly constructed buildings a substantial distance from the old Mills, (3) required significant new skills entailing a training program, (4) could not be manned without a special understanding on seniority and training, (5) drew employees from a considerable number of existing incentives, many of which have continued in effect, and (6) otherwise were so different in manning arrangements, capacity, and mechanical characteristics as to render irrelevant the incentive earnings experience under the variety of existing incentives from which employees were drawn to operate the new facilities.

The vast Primary Mills in USC-1085 cannot be related to the introduction of the new Coil Cut-up Line even reducing it to scale; of 30 maintenance jobs in the old mills, 17 could not have been deemed to have been carried over in identifiable form. The new mills were housed in newly constructed buildings far from the old ones, which, of course, is a factor not pertinent to the issue here. Significant new skills, entailing a training program, were necessary in USC-1085 and while new skills are certainly present here, there is no evidence of any significant training program.

26

There was a special understanding on seniority on the Dahlstrom although the incumbent on the 90"-Slitter moved to the new job. The Dahlstrom was manned by two employees, as was the Slitter. Although it drew its crew from two existing incentives, this is undoubtedly the result of not having any incumbent Helper on the 90"-Slitter; thus it was necessary to employ one from another area. It cannot be said, as it was in USC 1085, that the Coil Cut-up Line is "so different in manning arrangements, capacity, and mechanical characteristics as to render irrelevant the incentive earnings experience" on the 90"-Slitter, despite undeniable major differences in the equipment. 27

The denial in USC-1473 appeared to rest largely upon the fact that there was a different manufacturing process and a different product which, of course, are not so in this case. 28

While the production of drum stock on the Coil Cut-up Line is new in the sense that it never was performed on the 90"-Slitter, or even in the plant, it constitutes a minor part of the work in terms of time spent. In considering application of incentives, it is not tonnage but working time which is relevant. The new equipment is used largely to turn out the same product as the 90"-Slitter. The presence of an additional product on the new equipment does not alter the right to a changed incentive where it is a minor part of the total work. 29

The new jobs on the Dahlstrom, Operator and Helper, are not so inherently different that the Company's obligation to establish an incentive vanishes. Section 9-C-2-b covers changes like this, with new equipment (albeit far more expensive) replacing old to do largely the same work in an improved way. Employment of automatic aids for manual in a case like this does not vitiate the right to a new incentive. Thus the Union was justified in invoking Section 9-C-2-b which requires the Company to "establish a new incentive to replace an existing incentive when such new or changed conditions...are of such magnitude that replacement of the incentive is required." 30

AWARD

The grievance is sustained.

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Findings and Award recommended
by


Milton Friedman, Arbitrator

This is a decision of the Board
of Arbitration, recommended in
accordance with Section 7-J of
the Agreement.


Sylvester Garrett, Chairman