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BOARD OF ARBITRATION

Case USS-5220-S

February 14, 1966

ARBITRATION AWARD

UNITED STATES STEEL CORPORATION
SHEET AND TIN OPERATIONS
Fairless Works

and

Grievance No. SFL-64-229

UNITED STEELWORKERS OF AMERICA
Local Union No. 4889

Subject: Incentive Administration

Statement of the Grievance: "We, the undersigned, protest
Management's position on our new incentive rate.
Rev #4, Chg #7."

This grievance was filed in the
Second Step of the grievance procedure September 5, 1964.

Contract Provision Involved: Section 9-C of the April 6, 1962
Agreement, as amended June 29, 1963.

Statement of the Award: The standards of Change No. 7 shall
be adjusted so as to increase grievants' earnings by
5%, retroactive to August 1, 1964.

BACKGROUND

Case USS-5220-S

Employees in the Open Hearth Department of Fairless Works grieve that Change No. 7 to Incentive Application No. 3310-37, Revision No. 4, fails to comply with Section 9-C-4 of the April 6, 1962 Agreement, as amended June 29, 1963, in application to the performance of No. 1 Open Hearth Furnace.

1

The incentive is an Alternate I, equipment utilization incentive, containing furnace equipment standards covering the operation of all nine furnaces in the Open Hearth Department. Equipment time values are applied to develop equipment performance, used in determining the standard time values per hour worked on measured work under various incentives covering Open Hearth employees.

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Effective February 2, 1964, the coverage of No. 1 Furnace by the incentive was cancelled due to the installation of an automatic combustion control system on that furnace and the commencement of experiments involving high melt-down firing rates and high oxygen flow. Special hourly interim allowances were established and paid at the rate of 168%.* (The Company explained at the hearing that the special hourly interim allowance was erroneously based on a mathematical average when it should have been correctly computed on a weighted average at 167%.)

3

On the cancellation date of the incentive, a campaign had come to its close which extended from the pay period ending July 6, 1963 to February 1, 1964 with an average Index of Pay Performance of 168%. In the previous campaign the average Index of Pay Performance had been 171%.

4

* This allowance was grieved in SFL-64-144, but not appealed to arbitration.

The automatic combustion control system which was added to the furnace at that time is described in the incentive as follows: 5

"This is a system for continuously sampling and analyzing waste gases in the Open Hearth furnaces. Based on the results of the waste gas analysis, a controller, with its output integrated into the existing furnace controls, automatically and continuously regulates fuel to provide the best combustion for any given air setting."

The record does not reflect the extent or nature of experimentation at No. 1 Open Hearth Furnace after February 1, 1964. Since this was the first installation of its kind at Fairless Works, it was of considerable importance to Management and, for sometime, work on No. 1 Open Hearth was supervised by a number of executives, including the Superintendent of the Open Hearth Shop. 6

The period from February 2, 1964 until May 23, 1964 was considered by the Company as a so-called development period, to which the new standard time values of Change No. 7, engineered after this development period, were applied retroactively for comparison purposes: 7

<u>Pay Period Ending</u>	<u>I.M.P.</u>	<u>I.P.P.</u>
2-15-64	166%	166%
2-29-64	159	159
3-14-64	165	165
3-28-64	172	172
4-11-64	176	176
4-25-64	171	169
5- 9-64	169	169
5-23-64	<u>171</u>	<u>171</u>
Average	169%	168%

The Company also established the equivalent heats per day based on a pay period of 336 hours:

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<u>Pay Period Ending</u>	<u>Equivalent Heats/Day Period At 336 Hours/Pay Period</u>
2-15-64	50.1
2-29-64	50.7
3- 7-64	49.1
3-28-64	48.6
4-11-64	51.1
4-25-64	48.5
5- 9-64	49.1
5-23-64	50.3

The Company explained that the new standards were not applied to pay periods after May 23, 1964 since this, in the Company's opinion, was not a representative period. Seemingly, the Company experienced considerable difficulties with the furnace, particularly with the roof.

9

Late in July of 1964 the furnace seemed to be in good operating condition, and the Company installed Change No. 7 to the incentive, effective for the pay period ending August 1, 1964. 10

About a month after installation of Change No. 7, a grievance was filed stating that "Management changed our plan and did not include all the coverage we had in our replaced plan." The remedy requested was: "Cover all the replaced plan and allow for the jobs not covered by the old plan." 11

Grievants' specific complaints are not reflected in the record. In the Company's Answer of October 28, 1964, it is stated that Change No. 7 provides equitable incentive compensation, and the parties continued to discuss the earnings generated by Change No. 7 from that point on. At the time of the Third Step Meeting the following performance of the incentive was available: 12

<u>" Pay Period Ending</u>	<u>I.M.P.</u>	<u>I.P.P.</u>
8-15-64	161%	155%
8-29-64	170%	170%
9-12-64	154%	154%
9-26-64	148%	148%
10-10-64	155%	155%
10-24-64	175%	170%
11- 7-64	165%	165%
11-21-64	151%	151%
12- 5-64	144%	144%
12-19-64	159%	159%
1- 2-65	173%	165%
1-16-65	170%	170%
1-30-65	170%	164% "

The minutes of this meeting contain the following statement: 13

"The Company notes that measured performance has exceeded the 168% during five (5) of the above pay periods listed above and particularly since the beginning of 1965, during the last 3 pay periods has reached 170% or better. This has been due to increased supervision on the furnace which has provided on-the-spot consultation for the crews in following more closely the required operating procedures which perhaps had not been followed during the early months of the revision.

"In addition, a study was made of the equipment performance of the furnace from the middle of December, 1964, through January, 1965, and associated those performances with the individual First Helpers. It is interesting to note that those performances ranged from an average of 118% for the lowest performing regular First Helper to 139% for the highest performing regular First Helper. The K. O. First Helpers ranged from a low of 121% to a high of 147%. It is to be hoped that the lower performers will improve their crews' performances which can only be of benefit to all. Certainly the trend of this furnace's performance for the past several weeks is an encouraging sign and will demonstrate to all that the disputed replacement rate does provide equal incentive earnings opportunity with equal performance."

At the time of the Fourth Step Meeting on May 13, 1965, Management's representative brought the incentive performances up to date.

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<u>Pay Period Ending</u>	<u>I.M.P.</u>	<u>I.P.P.</u>
2/13/65	153	153
2/27/65	159	159
3/13/65	155	151
3/27/65	172	172
4/10/65	174	173
4/24/65	157	157

The minutes contain the following statement:

15

"(Management's representative) agreed that to date the #1 Furnace had not averaged 168% earnings but pointed out that recent performances were very encouraging. He pointed out that the crews were now more acclimated and adjusted to the increased productive pace, supervision had been increased and required operating procedures and practices had apparently become more established. All of these should combine to produce at least equal earnings opportunity in return for equal performance."

In its brief, and at the hearing, the Company took the position that grievants, for whatever reasons, have failed to respond with the same degree of incentive effort which they had put forth in the reference period. The following earnings record shows the performance of the furnace from the periods covered in the Fourth Step Minutes to September 11, 1965:

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<u>Pay Period Ending</u>	<u>I.M.P.</u>	<u>I.P.P.</u>
5/ 8/65	156	155
5/22/65	155	151
6/ 5/65	167	167
6/19/65	142	142
7/ 3/65	164	157
7/17/65	164	164
7/31/65	147	146
8/14/65	167	167
8/28/65	152	152
9/11/65	158	153

The Company also alleged that there has been a drop of some three percentage points in incentive performances for the Open Hearth Shop as a whole. For the reference period of November 10, 1963 through February 1, 1964 the rest of the shop averaged 169% I.P.P., from August 2, 1964 through September 11, 1965, 166% I.P.P. 17

The alleged lack of incentive effort on the part of First and Second Helpers was described by the Superintendent of the Open Hearth Shop as follows: 18

"Q: In your best judgment, from your knowledge of everything you have seen and heard in connection with this case, do you feel there has been the same effective incentive effort in the after period that there was in the reference period? This is the reference period before the development period.

"A: Before the development period?

Q: Yes.

A: Well, there certainly has not been the same enthusiasm as shown by any of the first helpers and actually this is based on their own statements. I know they have been disappointed in what they say the furnace can do.

I feel that their effort probably has been affected by this. There are many, many ways in which a furnace can be held up, many ways. I think you could list a hundred of them.

Q: Are you referring to ways that can be affected by the employees as distinct from being automatically controlled by equipment?

A: Yes, affected in the sense that the enthusiasm isn't there. It is perhaps a little lackadaisical compared to what it might be if they were really going all out.

This has been spotty I have to say, we've had very little discussions about it. We pointed out to the fellows that we had to see what the furnace could do, and, I think, we had cooperation at periods, but the general feeling, I very definitely feel that through their disappointment they have lost all their enthusiasm for it.

"Q: Do you feel that there was the same effective incentive effort in the after period as there was during the development period, and there I'm referring to the period after your reference period, when you started using the oxygen analyzer?

A: Well, I think the thing has deteriorated since we've gone on the actual incentive plan. I think that -- I have to say that I think it varies with the individual somewhat, whether this is an error in my observation, I don't know.

Q: You say you have had discussions with the various first helpers concerning the performance in the after period?

A: I'm sure I've had discussions with every one of them at different times."

Primarily, however, the Company relied on statistics developed by Plant Engineers to prove this lack of incentive effort. The following comparison of measured performance based on different rates of oxygen flow was given: 19

<u>1000 cu ft O₂ Per Hour</u>		<u>IMP 1st & 2nd Helpers No. 1 Fce. Applying Change No. 7</u>	
<u>Over</u>	<u>To & Incl.</u>	<u>Development Period (2-15-64 - 5-23-64)</u>	<u>Since Change 7 Effective (8-15-64 - 9-11-65)</u>
0	55.0	172	152
55.0	70.0	157	156
70.0	80.0	176	162
80.0	95.5	176	164
95.5	110.0	168	159
110.0	125.0	<u>170</u>	<u>-</u>
Weighted Average		169	160

The Company also submitted statistics showing that the number of equivalent heats per day based on a 336 hour payroll period after the installation of the incentive never reached the heights of the so-called reference period. 20

The Union questioned the validity of the Company's statistics. It pointed out that the use of "equivalent" heats per day fails to disclose the actual performance of the furnace, since it does not disclose the actual number of heats or the tonnages produced in a given pay period. A meaningful analysis of the performance of the incentive requires, in the opinion of the Union, a study of the tonnage performance. 21

The Union submitted two charts showing the performance by pay performance, number of heats, and tonnages for 1963, and August 1, 1964 through October 23, 1965. These charts indicate that there is no exact relationship between the number of heats and tonnages in a given pay period, or earnings generated by that production. The charts 22

also reflect a new operating method inaugurated after the equipment change. Pockets are now cleaned out periodically, requiring down time and resulting in periodic pay periods of low production.

Statistics read into the record indicate that the furnace operating level was fairly constant before and after the installation of the new incentive. The Union feels that the Company did not pinpoint the reasons for the reduction in over-all performance level in the Open Hearth Shop. Therefore, it is argued, the grievance should be sustained because the average earnings of 159% generated under Change No. 7 failed to reach the average earnings of 168% of the reference period and average performances were maintained.

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FINDINGS

It is not disputed that earnings declined from 168% in the reference period to 159% for a representative period of earnings under Change No. 7. Section 9-C-4 requires that replacement earnings shall not be less than the percentage of incentive earnings during the reference period, provided that average performance during the reference period is maintained. The record merely contains Company testimony that, after the earnings potential of Change No. 7 became known, First and Second Helpers were not very enthusiastic. There is no indication in which way First and Second Helpers failed to perform their work properly after the installation of Change No. 7; thus, the Union had no alternative but to rebut this general allegation with a general denial.

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Also, the statistical evidence presented by the Company falls short of indicating that grievants failed to put forth incentive effort. An application of the standard time values to the so-called reference period is meaningless since that period by the Company's own admission was one of experimentation. In fact, after the experimentation period the equipment had seriously deteriorated, possibly because it had been pushed so hard.

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The record in this case requires that the standards of Change No. 7 be adjusted so as to increase grievants' earnings by 5% retroactive to August 1, 1964.

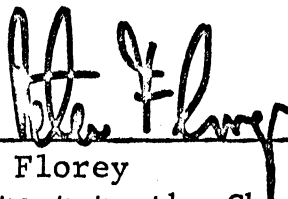
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AWARD

The standards of Change No. 7 shall be adjusted so as to increase grievants' earnings by 5%, retroactive to August 1, 1964.

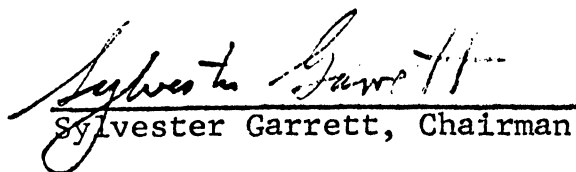
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Findings and Award recommended pursuant to Section 7-J of the Agreement, by



Peter Florey
Assistant to the Chairman

Approved by the Board of Arbitration



Sylvester Garrett, Chairman