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BOARD OF ARBITRATION

Case No. USS-5221-S

March 7, 1966

ARBITRATION AWARD

UNITED STATES STEEL CORPORATION
SHEET AND TIN OPERATIONS
Fairless Works

and

Grievance No. SFL-64-234

UNITED STEELWORKERS OF AMERICA
Local Union No. 4889

Subject: Incentive Administration

Statement of the Grievance: "The Union alleges that the Company has failed to preserve the integrity of incentive application 5030-71. B.L.A. 9C2A---9C2B---Sec. 4, para. 19."

This grievance was filed in the Second Step of the grievance procedure August 10, 1964.

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

Statement of the Award: The case is returned to the parties for further consideration in light of this Opinion.

BACKGROUND

Case USS-5221-S

As originally docketed, this case combined Grievance 1
Nos. SFL-64-234 and SFL-64-270, filed by employees covered
by Incentive Application No. 5030-71, Cold Reduction and
Sheet Finishing Departmental Indirect Crew, Operating
Maintenance of Fairless Works, charging a violation of
Section 9-C of the April 6, 1962 Agreement, as amended
June 29, 1963, in the administration of that incentive. At
the hearing the Union withdrew Grievance SFL-64-270, and
this Opinion is concerned solely with Grievance SFL-64-234.

Incentive Application No. 5030-71 is an indirect 2
incentive covering ten jobs in the Cold Reduction and Sheet
Finishing Department which service jobs directly engaged
in production. The incentive was installed effective
January 1, 1956. Average measured performances for the
years 1960 and 1961 were 130.8% and 135.8% respectively.
Early in 1962 unmeasured hours increased, and Grievance
A-62-144 was filed in March of 1962 when the earnings per-
formance declined.

The Union alleged at that time that:

"Installation of additional equipment,
including cranes, annealing furnaces,
56" Pickle Line, Voss Leveller, and
80" Hot Roll Shear, have affected the
earnings under the above-captioned
incentive to the point that the stand-
ards require adjustment under the
provisions of Section 9-C-2 of the
Labor Agreement."

A Fourth Step Meeting was held on July 27, 1962 at which time
the parties reviewed the incentive performance under the
application, and agreed on a further investigation by super-
vision which discovered misapplication of hours. After the
Company had made an upward adjustment in several pay periods,
the grievance was withdrawn without prejudice on January 4,
1963.

Earnings generated by the incentive declined again in July of 1963, and Grievance A-63-187 was filed, charging that "new equipment has been installed and is serviced by the operating maintenance group covered by this plan. Request that the plan be adjusted to comprehend the new and changed conditions to preserve the integrity and equitability of the plan." Again, some adjustments were made in several pay periods, and the Union accepted the decision of the Company that there was no additional basis for further relief on May 4, 1964.

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In July of 1964, employees noticed a marked increase in the number of central shop hours charged against the incentive. The following discussion is reflected in the minutes of the grievance procedure:

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"This grievance appears to be an annual complaint since similar grievances were filed in 1962 and 1963 and were dropped in the Fourth Step of the grievance procedure, namely A-62-144 and A-63-187.

"The incentive performance on Cold Reduction and Sheet Finishing Maintenance Incentive Application 5030-71 during the past three years has been as follows: 1962 - 129%, 1963 - 126%, 1964 - 126.8%.

"Management pointed out that obviously this incentive application on an annual basis is equitable and the integrity of the plan has been maintained. On a pay-period-to-pay-period basis it is expected that an incentive plan will fluctuate in varying degrees and under certain circumstances it is not unusual to experience wide fluctuations in earnings from pay period to pay period. But where the average earnings over a three year period are as consistent as those exhibited above, the integrity of the rate cannot be seriously questioned.

"The witness stated that the earned standard hours have been running 15 to 20,000 per pay period but the men are still earning but very little incentive. He added that excessive hours from Central Shops are cutting into their earnings. He illustrated this by saying that Shops are turning rolls that the plant used to buy and are repairing electric motors in the Shops that used to be sent out and are making many new or replacement parts that used to be purchased and for those reasons the incentive is down.

"Management stated that they were somewhat surprised to hear a Union representative advocate sending work to outside sources. The Fairless Union has always sought to have as much work done locally as possible and within practical limits, Management has fostered this aim.

"Management explained that the hours available to any given unit of the plant from Central Shops will vary from week to week depending upon the total plant maintenance activity. It can be expected that there will be fluctuations in shop hours depending upon the needs of the department and the availability of shop hours. A comparison of Central Shops hours in 1963 versus 1964 shows that the percentage of the total actual man hours is practically the same -- 22% in 1963 and 23% in 1964.

"The Union stated that the Central Shops hours are much higher in 1964 and this was causing them to lose incentive earnings. Management replied that earned hours and operating maintenance and Sheet and Tin Shops hours are all up in almost the same proportion and the average earnings are slightly higher in 1964 than in 1963."

The Fourth Step Minutes refer, for the first time, to a detailed list of items of work for which the crews allegedly were not being compensated.

At the hearing the Union submitted a list of more than 60 items of work for which hours worked should have been treated as unmeasured in case of employees covered by the incentive, or should not have been charged against the incentive in case of work performed by central shops employees. The Company presented testimony that similar work had been performed in the past, and had received similar incentive treatment.

With respect to work on rolls, the testimony of the Company's Engineer was as follows:

"Q: If at the time the incentive was installed, the work on rolls was sent out to subcontractors, and this was the basis on which the incentive was developed, and subsequently the rolls are worked on in the roll shop of the mill, and the hours spent by central shops on the turning of the rolls are then considered to be applicable under this application, would this in your opinion require an adjustment to the incentive?"

"A: No.

Q: Why not?

A: The reason for doing it in the roll shop presumably would be that they're getting a better roll from our own people, one that lasts longer, one that would require less frequent replacements and put in different service in the direct unit where it's to be used. Therefore, it would reduce the total maintenance requirements.

Q: Did you ever make such a determination whether it, in fact, cuts down in maintenance hours?

A: No, that I have not done."

The Company alleged for the first time at the hearing 8 that the decline in earnings was caused by a corresponding decline of performance under the direct incentives from which earnings for this incentive are generated. For 29 payroll periods before and after the filing of Grievance SFL-64-234 the following performances are noted:

Average
Direct
Crew
Perform-
ances -
29 P. P.

	56" Pickle Line	80" Pickle Line	4 Stand	5 Stand	Electrolytic Cleaner	Batch Anneal	Sheet Temper Mill	56" Cold Roll Shear	80" Cold Roll Shear	80" Combination Line	Ungerer Leveler
Before	112	180	155	159	169	152	181	184	184	198	142
After	126	164	143	147	160	156	178	176	187	180	152

The Assistant Grievance Committeeman who had filed this grievance testified that he had been unable to obtain a satisfactory breakdown of central maintenance hours even if specifically requested:

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"A: I couldn't tell you exactly, because we don't get a breakdown on the maintenance hours. All we get is -- all they show us is a total of amount of hours charged to central maintenance.

"Now, when we asked for a breakdown, as I said, the only thing that they showed us, the IEs gave us a piece of paper just marked whether it was paid for by appropriations or excluded. They did not give us any breakdown on man hours."

The Union also submitted Exhibit No. 2 which shows that after July, 1964, the performance of the incentive was in almost direct inverse relationship to the number of central shop hours charged against the incentive. (Data included in the Company brief indicate that earnings under the incentive application tend to decline whenever total measured hours exceed 13,000.)

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The Union argues that the facts of this case call for an adjustment of the standards under Section 9-C-2 as set forth in the Board's Findings in Case USC-1529, and that the grievance should be sustained on the strength of that decision.

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FINDINGS

Case USC-1529 involved the treatment under Section 9-C-2 of unmeasured maintenance work on newly constructed facilities after they had been completed and put into production. Therefore, that decision is based on facts and contractual considerations different from those present in this case and not controlling in the disposition of this case.

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The Board recognizes that performance under an indirect incentive of the type involved here may be subject to fluctuations for reasons not readily apparent from statistics and not necessarily related to the level of production of the direct operating units.

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On the surface, the graph submitted by the Union as its Exhibit No. 2 indicates problems similar to those discussed by the Board in Case USC-1679.

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Since the Board issued Case No. USC-1679, it has described, in greater detail, the treatment which the parties should give to questions of incentive administration in Third Step, specifically in Cases USS-5176-S and USS-4871-S, -4921-S. In the latter, the Board stated:

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"It is not the Board's function to do the work which the parties should do in the grievance procedure. This case accordingly will be returned to the parties so that they may fully consider this aspect of the grievance. If the Union wishes to obtain a sound determination of this matter, it should be prepared to develop at least the following information:

"1. The date, or approximate date, of alleged changes in work requirements such as greater use of foreign coils, or new working procedures:

"2. The impact of such changes on incentive earnings in light of all factors affecting incentive performances.

"Although basic information for this purpose may be available only from Company records, it is incumbent on the Union as moving party to assemble, correlate and analyze such data, requesting from the Company any data, essential for this purpose, where not already available to the Union. The

"reasonable cooperation necessary for this undertaking, and implicit in Section 9-C-5-b of the Basic Agreement, is also required for a meaningful discussion of grievances filed under Section 9-C-5-d."

In this case the Union did not present a detailed list of questioned work items until the Fourth Step Meeting. The Company did not present its explanation for the decline of incentive earnings until the hearing before the Board.

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Thus, there was never a meaningful discussion between the parties which could lead to a better administration of this incentive, and the case has to be returned to the parties in Third Step for such consideration. A few general observations may be helpful for guidance in this undertaking. The record developed thus far does not indicate any new or changed conditions which warrant an adjustment of incentive standards under Section 9-C-2.

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On the other hand, the record raises a reasonable question of incentive administration with respect to the proper treatment of central shop hours, which does not require any adjustment of incentive standards. If work on rolls has traditionally been performed by outside contractors but is now performed in the central shops, there is a reasonable doubt whether such hours could be properly charged against the incentive, particularly since, under Section IV, page 7, of the incentive, outside contract repair and maintenance hours are excluded from application to the incentive. Therefore, the parties should examine whether, in weeks of low incentive earnings when the grievance was filed, central shops' hours were properly charged against the disputed incentive. Also, it cannot be assumed that all hours for work, designed to cut down on future maintenance requirements

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or to improve the efficiency of direct operating units, can be charged against the incentive as ordinary repair and maintenance work as a matter of course. It may be frequently difficult to delineate work as connected with repair and maintenance neatly when it is performed for the Cold Reduction and Sheet Finishing Department by the Cost Centers listed in Section IV-II-B of the incentive, but the parties should be reasonably able to find a practical guide which will avoid future disputes.

AWARD

The case is returned to the parties for further consideration in light of this Opinion.

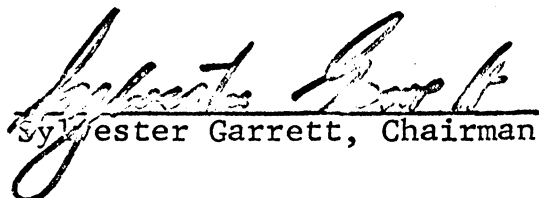
19

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