6-18-1965

United States Steel Corporation Heavy Products Operations Clairton Works and United Steelworkers of America Local Union 3018

Sylvester Garrett
Chairman

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Assistant to the Chairman

BOARD OF ARBITRATION

Case No. USS-5017-H

June 18, 1965

ARBITRATION AWARD

UNITED STATES STEEL CORPORATION
HEAVY PRODUCTS OPERATIONS
Clairton Works

and

Grievance No. S-64-2

UNITED STEELWORKERS OF AMERICA
Local Union No. 3018

Subject: Reorganization and Transfer of Functions

Statement of the Grievance: "The Grievance Committee of the Clairton Works Salaried Local Union take exception to the action of the Company when it transferred certain Bargaining Unit work from the Engineering Department to the newly established Engineering Center in the City of Pittsburgh, Pa.

"This certain work has always been within the Scope of the Bargaining Unit at Clairton Works.

"We request that this bargaining unit work be returned to the Clairton Works, and affected employees be compensated for loss of earnings."

This grievance was filed in the Second Step of the grievance procedure April 22, 1964.

Contract Provision Involved: Section 2-A of the April 6, 1962 Salaried Agreement, as amended June 29, 1963.

Statement of the Award: The grievance is denied.

BACKGROUND Case USS-5017-H

This grievance was filed by members of the Grievance Committee of Salaried Local No. 3018 at Clairton Works protesting transfer of certain functions of the Engineering Department from Clairton to a new Design Engineering Office in Pittsburgh, as a violation of Section 2-A of the April 6, 1962 Salaried Agreement, as amended June 29, 1963. 1

Previous to 1964, engineering work in preparation for any contemplated major expansion was, at least in its initial stages, prepared by the Engineering Department of the affected mill. As such work progressed and expanded in magnitude, it was distributed among Engineering Departments (in other plants) and, to a significant degree, contracted out. 2

When the cold roll facilities at Gary Sheet and Tin were expanded in 1962 and 1963, engineering drawings were distributed as follows: 3

ENGINEERING DRAWINGS PREPARED FOR
COLD ROLLED EXPANSION FACILITIES
AT GARY SHEET & TIN - 1962 - 1963

Responsibility Preparing Drawings	Number of Drawings Completed	Union Representation
Gary Sheet & Tin Works	906	United Steel Workers Salaried Employees - C.I.O.
Fairless Works	218	United Steel Workers Salaried Employees - C.I.O.
Gary Works	23	United Steel Workers Salaried Employees - C.I.O.
Youngstown Works	122	United Steel Workers Salaried Employees - C.I.O.
South Works	365	Salaried Employees Association Independent

Responsibility Preparing Drawings	Number of Drawings Completed	Union Representation
Chicago General Office Engineering	123	No Representation
Auburn & Associates	609	Outside contract - no representation

Also, there has been some "loaning" of Draftsmen between various plants in the Monongahela Valley in the past to bridge peaks and valleys in local engineering work. 4

This procedure was not a satisfactory one in the opinion of some engineering executives who advocated creation of expanded centralized Design Engineering Offices in Pittsburgh and Chicago and cited five reasons why they should be established: 5

1. To create organizations of such size and capability that substantially all major engineering work, which heretofore had been beyond the capacity of any one plant or office engineering force, could be assigned to them and fully performed.

2. To enable use of the best engineering talent for any given type of facility throughout the Corporation and to minimize engineering work through use of designs developed for one plant in many other plants where such designs could apply.

3. To reduce contracting out. Engineering work within the Corporation varies from year to year within each location, while the total engineering in the Corporation remains at a relatively even level. It has varied so much

from plant to plant that it has been difficult to maintain good engineering organizations because of the necessity to constantly vary the size of the force in response to work level changes. Consequently an exceptional amount of engineering has been contracted out. The establishment of two new centrally located Design Engineering Offices should cure this built-in defect by providing use for, and support of, a stable technical force on a Corporation-wide basis.

4. To integrate Engineering with the results of the intensive research activity of the past several years. United States Steel has been introducing an average of two new or improved products each month. Among the most recent entries are new heat treated carbon steel plates having exceptional toughness and strength; a new wire traction unit for insertion in automobile tires; new higher strength but lighter wall line pipe; a miscellany of new steel building components to be used in residential construction; and steel foil. In addition to these new products new processes have also been developed among which are continuous casting and vacuum coating. To engineer equipment to manufacture this on-rush of new products on a commercial basis and to engineer for new processes requires a variety of engineering talent which rarely, if ever, could be found in any one plant. The solution in the past, therefore, had been contracting out with not only all its delays and other disadvantages but with the distinct risk of premature disclosure to competitors of new products and processes not yet in the market place or in use. Design Engineering Offices staffed with securely established, loyal employees having a wide spectrum of talents and skills are an obvious answer to that problem and a clearly understandable response to the results of costly research efforts.

5. To improve utilization of personnel and an opportunity to give such men a wider variety of engineering experience than would ever have been possible on any continuing basis at a plant location. Consequently there exists in such an organization significantly increased opportunitities for personal advancement. In such a circumstance talent and skills can be more readily detected, used to their fullest and appropriately rewarded.

An Engineering Center was established in Pittsburgh in early 1950, identified as the Construction Engineering Bureau. Because of engineering requirements for the new Fairless Works the Bureau grew rapidly, with forces located both at 900 Penn Avenue in Pittsburgh and at Morrisville. By October, 1951, the group had grown to 245 people in Pittsburgh, 175 people at Fairless, and 39 people on loan from other Corporation locations. The Bureau reached a peak force of about 600 people during construction, and provided the nucleus of the Fairless Engineering Department which was formed in September, 1953. Key management positions and a number of non-management positions in the Bureau were filled from within the Corporation, with the balance hired from outside U. S. Steel. Following completion of Fairless Works, the Construction Engineering Bureau, with greatly reduced forces, continued functioning from offices in Pittsburgh. It is stated that the Bureau failed to fulfill completely its stated purpose to relieve other local plant forces of engineering required for executing major plant construction projects; to prepare general plans, designs, drawings, specifications, inquiries, recommendations and orders for purchases; to expedite materials and equipment; and to perform field work, etc., from the time a project is authorized until it is completed and placed in service. An engineering and drafting group located in the Frick Building maintained continuity of the organization as a

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Central Engineering group. This group was destined to become the present Pittsburgh Design and Drafting organization, now located in the Gulf Building.

The present Chicago Design Engineering Office had its beginnings in late 1959 and early 1960 after the new Structural Mill at South Works had been completed and the South Works New Mill Engineering Department in Chicago had been almost completely disbanded. Since the remaining eight management and 28 non-management employees were available for placement elsewhere, consideration was given to maintaining an engineering group in Chicago since immediate requirements and long-range market considerations indicated significant engineering expenditures would be required in that area. A decision was soon thereafter made that a Chicago based design group should be formed with the existing 36 employees as a nucleus, supplemented by people from the plants and new employees as required. All this was to be under the direction of Headquarters Engineering Management and was the immediate forerunner of the present Chicago Design Engineering Office. The stated purpose and functions of this early group were comparable to those of the Pittsburgh organization. 7

Starting early in 1964, the over-all realignment of the United States Steel Corporation took place involving centralization of top-executive functions previously dispersed among various Divisions. In this process, the advocates of centralized Design Engineering Offices prevailed, and it was decided to establish two organizations of such size and capability that substantially all major engineering work could be assigned to them. This decision affected all levels of Management and some segments of non-management employees. 8

The first major project assigned to the Design Engineering Office in Pittsburgh was the so-called Keystone Project which involved construction of unique coke oven gas processing facilities at Clairton. Corporate planners decided that all appropriations engineering should be transferred from Clairton to Pittsburgh. From January of 1964 until March of 1964 employees in the Clairton Engineering Department had spent about 50% of their time on appropriations work of which less than half was devoted to the Keystone Project. At that time supervision expected that current engineering needs at Clairton could be satisfied with a drafting group of 15 men requiring a reduction of the local Engineering Department from 25 Draftsmen to 15. (However, subsequent to that decision, three additional Draftsmen have been added, and the total is now 18.) 9

In the middle of March supervision met with the Draftsmen, and discussed with them the impending reorganization. They were told that volunteers would be considered for transfer to the Pittsburgh Office and, in the event that there were too few volunteers, a number of employees would be laid off according to their seniority. At the same time Local Union representatives were notified and a Headquarters representative of USS Personnel Services notified a representative of the International Union of the intended changes. 10

As a result of these discussions, four of the older Clairton Draftsmen volunteered for the transfer, and six younger men accepted the transfer when notified that the alternative would be a layoff. The transfers were made effective March 29, 1964, and the men involved relinquished pre-existing seniority rights held in the salaried bargaining unit at Clairton Works. 11

None of the transferred employees testified; thus, the scope of their duties at Pittsburgh cannot be gleaned from direct testimony. It can be assumed, however, that, at least initially, their new tasks remained associated with the Keystone Project. 12

None of these employees is a grievant in this case which was initiated by the Grievance Committee of the Salaried Local to protect the scope of its certification. Initial procedural objections by the Company were not pressed at the hearing. 13

Over the years, the number of Salaried employees in the Engineering Department of Clairton Works has fluctuated as follows: 14

MAXIMUM FLUCTUATIONS IN SALARIED BARGAINING UNIT

OF THE ENGINEERING DEPARTMENT

Number of Salaried Employees by year in the Engineering Department

JOB TITLE	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	Mar.28 1964	Mar.29 1964	1965
Design Draftsmen	12	15	14	13	14	18	16	17	20	20	19	18	21	19	19	18	20	20	14	13
Layout Draftsmen	5	5	8	11	11	6	7	7	7	8	7	7	3	1	2	3	4	4	1	1
Detail Draftsmen	3	3	3		2	4	4	4			3	3	7	1	2	2	1	1		4
Tracer	2	1	1	2	2				1	4	7	5	1							2
Surveyor		1	1	1	1	1	1	1	1	1		1	1			1				
Transitman			1	2	2	2	2	2	2	2	1	1	1	1		1				
Photostat Operator	1		1	5	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Head Photostat Operator					1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Blueprint Operator	1	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Expediter		2	2	2	1	1	1	1	1	1	1	1	3	2	3					
Receptionist					1	1		1	1	1	1	1	1	2			1	1	1	1
Stenographer	4	4	4	4	3	3	2	3	3	3	3	4	4	2	3	2	2	2	2	2
Inventory Clerk			1	1	1	1	1			1	1	2	1	1	1					
Typist	1	1	1	1						1	3	1	2				1	2	2	1
Inspector							1	2	2	3	4	3	4	2	4	4	6	6	6	5
Posting Clerk	1	1					1					1								1
Chairman	1	1	—	—	—	—	—	—	1	1	1	—	1	—	—	—	1	1	1	1
TOTAL FORCE	31	36	38	43	41	40	39	41	42	47	55	51*	53	36*	42*	36*	39	40	30	34

Subsequent to the transfer of Clairton employees to the Pittsburgh Design Engineering Office, the staff there was supplemented by transfers from other locations and by newly hired employees. As of March 31, 1965, the staff had the following composition: 15

DESIGN ENGINEERING - PITTSBURGH

SUMMARY OF PERSONNEL TRANSFERS AND HIRES AS OF 3/31/65

Former Location	Exempt	Non-Exempt	Total
Pittsburgh GOE	17	35	52
ABD	2	3	5
ASW	10	4	14
COL	5	1	6
NTD	23	16	39 (a)
TCI	1	-	1
UCO			
Homestead	1	-	1
Irvin Works	-	5	5
Edgar Thomson	-	1	1
Clairton	5	9	14
South Works	1	-	1
Youngstown	2	-	2
Other USS	3	1	4
New Hires	17	78	95
Total	87	153	240

(a) Includes 12 exempt, 9 non-exempt employees still at Lorain.

The Union submitted that the Draftsmen were transferred from Clairton to Pittsburgh to work on the Keystone Project; thus, they continued to perform identical duties at the new location. Therefore, the ruling of Case USC-1825 is claimed to apply. 16

The Company, on the other hand, relies on a long series of cases in which the Board ruled that a particular transfer of functions from one location to another is not prohibited by any provision of the Basic Agreement. Special reference was made to Case A-932, involving the application of Section 2-A of the Salaried Agreement. 17

FINDINGS

The record shows a long history of contracting out drafting work connected with major construction projects throughout the Corporation. At Clairton Works alone, 58 projects were contracted out between 1952 and 1964, involving anywhere from two to 400 drawings each. Thus, traditionally, only engineering work concerned with operations and maintenance has been assigned to employees in the local Engineering Department as a matter of course; appropriations work was performed by the local engineering staff or contracted out in whole or in part depending on the problems involved in the specific project. 18

The Board therefore must consider whether, under Section 2-A of the Basic Salaried Agreement, the Corporation can transfer such engineering work from local mills to a centralized office, leaving at local engineering offices only work generated by operations and maintenance. 19

The transfer of Draftsmen from Clairton to Pittsburgh in the early part of 1964 was not an isolated action. The Company established Central Design Engineering Offices in Pittsburgh and Chicago to improve its own engineering services and its competitive position in the steel market, and to stabilize its work force of Engineers and Draftsmen in a labor market lacking skilled and trained employees. This was part and parcel of an over-all reorganization and centralization of engineering functions of the Corporation, involving management and non-management employees alike. 20

Unlike Case USC-1825, where a specific task continued to be performed by the same number of employees for an indefinite time at the same location, the work assigned to the Design Engineering Offices will not solely center around appropriations for specific mills but will be broken down into engineering tasks for given operations. Designs for Coke Oven Plants, for instance, will be developed not specifically for Clairton Works but for all mills with coke ovens. As particular ovens require rebuilding or replacement, master plans will be adapted to local conditions. 21

As stated before, the Pittsburgh Design Engineering Office commenced its expanded operations by working on the Keystone Project. Thus, the immediate assignment of the ten transferred Draftsmen was identical to tasks they had performed at Clairton. In the long run, however, it will be impossible to trace work which normally would have been performed by the local Clairton Engineering Department to any specific group or number of employees at the Pittsburgh Design Engineering Office. 22

For these reasons, the principles of Case USC-1825 do not apply to the facts present in this case. The reduction 23

of the staff of Draftsmen at Clairton was not primarily related to the transfer of the Keystone Project to the Pittsburgh Design Engineering Center. It was part and parcel of a reorganization, affecting other salaried bargaining units, as well. Therefore, it cannot be considered an infringement on the salaried bargaining unit established by certification at Clairton Works in 1943, and the Company's action did not violate Section 2-A of the Basic Salaried Agreement.

AWARD

The grievance is denied.

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