

1-18-1971

# United States Steel Corporation Sheet and Tin Operations Fairless Works and United Steelworkers of America Local Union 1013

Sylvester Garrett  
*Chairman*

Alfred C. Dybeck  
*Assistant to the Chairman*

Follow this and additional works at: [http://knowledge.library.iup.edu/garrett\\_series](http://knowledge.library.iup.edu/garrett_series)



Part of the [Dispute Resolution and Arbitration Commons](#)

---

## Recommended Citation

Garrett, Sylvester and Dybeck, Alfred C., "United States Steel Corporation Sheet and Tin Operations Fairless Works and United Steelworkers of America Local Union 1013" (1971). *Arbitration Cases*. 29.  
[http://knowledge.library.iup.edu/garrett\\_series/29](http://knowledge.library.iup.edu/garrett_series/29)

This Article is brought to you for free and open access by the Sylvester Garrett Labor Arbitration Collection at Knowledge Repository @ IUP. It has been accepted for inclusion in Arbitration Cases by an authorized administrator of Knowledge Repository @ IUP. For more information, please contact [cclouser@iup.edu](mailto:cclouser@iup.edu), [sara.parme@iup.edu](mailto:sara.parme@iup.edu).

BOARD OF ARBITRATION

Case USS-7758-S

January 18, 1971

ARBITRATION AWARD

UNITED STATES STEEL CORPORATION  
SHEET AND TIN OPERATIONS  
Fairfield Works

and

UNITED STEELWORKERS OF AMERICA  
Local Union No. 1013

Grievance Nos.

SFS-69-189

SFS-69-193

Subject: Incentive Administration

Statement of the Grievances:

SFS-69-189

"We, the undersigned, charge Management with violation of Sect. 9-C of Basic Agreement.

"Facts: On August 24th, 1969, Management changed the Incentive Standards in Incentive Plan No. 30-3-4.2.8.1, Normalizer, Cotton Tie Mill, alleging changes in methods of production. We contend there has been no change in methods to merit a change in Incentive Standards.

"Remedy Requested: Maintain the integrity of the Incentive Plan No. 30-3-4.2.8.1 by reinstating the Standards that were previously established and pay all earnings lost by this violation."

SFS-69-193

"We, the undersigned, charge Management with violation of Section 9-C of Basic Agreement.

"Facts: On August 24, 1969, Management changed the incentive Standards in Incentive Plan No. 30-3.4.2.8;2 Normalizer Department CT & MM alleging changes in methods of production. We contend there has been no change in methods to merit a change in incentive standards.

"Remedy Requested: Maintain the integrity of the Incentive Plan No. 30-3-2.8.2 by reinstating the standards that were previously established and pay all earnings lost by this violation."

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

Grievance Data:

	<u>Date</u>	
	<u>SFS-69-189</u>	<u>SFS-69-193</u>
Grievance Filed:	10 16-69	10- 7-69
Step 2 Meeting:	10-23-69	10-29-69
Appealed to Step 3:	10-23-69	10-29-69
Step 3 Meeting:	1-23-70	1-23-70
Appealed to Step 4:	2-19-70	2-23-70
Step 4 Meeting:	3-20-70	3-20-70
Appealed to Arbitration:	4-20-70	4-20-70
Case Heard:	8-18-70	8-18-70
Transcript Received:	9-10-70	9-10-70

3.

USS-7758-S

Statement of the Award:

The grievances are sustained to the extent that the incentives in question will be adjusted so as to produce 12% greater earnings than those realized after August 24, 1969 retroactive to that date.

BACKGROUND

USS-7758-S

In these two grievances from the Merchant, Cotton Tie and Hoop Mill, Fairfield Works, the Union protests an adjustment made to each of the two incentives in question here under Section 9-C of the August 1, 1968 Agreement. 1

Both incentives in question were installed on January 15, 1959 and in each case the change authorization in issue was made effective August 24, 1969. Application No. 30-3-4.2.8.1 covers the work of the operating crew on the Normalizing, Waxing and Painting Line which is described as that of mounting and uncoiling multiple coils of hot rolled strip processing the multiple strip simultaneously through the Normalizing Furnace and painting and waxing the strip as required, recoating the strip, banding and stacking the coils of skids, weighing the product and transporting it to the shipping area. Application No. 30-3-4.2.8.2 covers a standard crew of one Inspector who has the responsibility of inspecting the processed strip. In each case the incentives are of a direct nature with the earnings generated, in substantial part, by standard time values per 1,000 pounds of prime product produced. These standards vary according to the size of the product and, in the case of Application No. 30-3-4.2.8.1, the particular process involved. 2

Although not referred to in either of the brochures, there seems to be no issue that the standards were originally developed based in part on the following line speeds promulgated in a memorandum dated March 18, 1960: 3

<u>Product Size</u>	<u>Speed FPM</u>
3/4" x .035"	50
1-1/4" x .035"	51
1-1/4" x .050"	40
2" x .050"	30

Later in the life of the incentives several standards were added for other product sizes and as will be noted later some question exists concerning the speed upon which the standards were based for 3/4" product.

Through the years up through 1966 the average pay performance earned under the incentives appear as follows:

<u>Year</u>	<u>Operating Incentive</u>	<u>Inspection Incentive</u>
1959	121	113
1960	130	118
1961	128	118
1962	130	119
1963	129	119
1964	132	121
1965	134	120
1966	136	124

Beginning in 1967 earnings began to increase as indicated by the following quarterly and single pay period performance averages:

<u>Quarter Ending</u>	<u>Average Pay Performance</u>	
	<u>30-3-4.2.8.1 Normalizing, Painting and Waxing</u>	<u>30-3-4.2.8.2 Normalizing Product Inspection</u>
3/25/67	137%	122%
6/17/67	141	127
9/23/67	145	131
12/30/67	147	132
Avg. 1967	<u>144</u>	<u>129</u>
3/23/68	155	139
6/29/68	157	143
9/21/68	158	144
12/28/68	170	154
Avg. 1968	<u>159</u>	<u>144</u>
3/22/69	169	152
- SINGLE PAY PERIOD PERFORMANCE -		
4/ 5/69	159	144
4/19/69	155	141
5/ 3/69	150	142
5/17/69	156	146
5/31/69	144	134
6/14/69	140	129
6/28/69	142	129

There seems to be no real issue that the increase in earnings commencing in the second quarter of 1967 was due to the fact that at about that time the crews began to operate the line at speeds in excess of those set forth above. The Union admits that this occurred and states that, in August or September 1967, operating supervision was fully aware of this fact allegedly stated that it would not order the crews to return to the slower speeds and admitted that the operation continued to produce prime product.

The Company witnesses involved do not agree that any such conversation occurred in 1967 or 1968 concerning the alleged overspeeding of the line. It is admitted that the increase in incentive earnings was noted and that a greater amount of product per turn was being produced. These facts are attributed rather vaguely to an incident in 1968 where an employee allegedly overstated production on certain reports. At any rate, according to the Company no real investigation of the matter was commenced until the IPP of 170 for the last quarter of 1968 was noted by a representative of the Industrial Engineering Department. This individual in early 1969 initiated an investigation that revealed that the speed indicator on the line was faulty showing line speeds that were substantially lower than actual speeds. This fact was discovered in early February and the speed indicator corrected. Further investigation culminated in a report submitted March 10, 1968 by the Metallurgy Department showing that prime product could be produced at higher line speeds. Nevertheless, the crews were permitted to continue at the higher line speeds until May 26, 1969 and as noted, the earnings averaged about 153 IPP between March 23, 1969 and May 31, 1969.

On May 26, 1969 instructions issued requiring that the line be operated at the lower line speeds noted above with permission to vary such speeds only to the extent necessary to

obtain acceptable band test requirements. With these instructions the earnings dropped to the following level for six pay periods:

<u>Pay Period Ending</u>	<u>Average Pay Performance</u>	
	<u>30-3-4.2.8.1 Normalizing, Painting and Waxing</u>	<u>30-3-4-2.8.2 Normalizing Product Inspection</u>
6/14/69	140%	129%
6/28/69	142	129
7/12/69	129	126
7/26/69	140	126
8/ 9/69	143	128
8/23/69	146	130
Avg. 6 Pay Per.	<u>141</u>	<u>128</u>

The line was operated under these conditions for precisely 6 pay periods until, on August 22, 1969, further instructions issued providing for line speeds as follows:

"Effective immediately the Normalizing Line will be operated at speeds indicated below. It will be permissible to vary these speeds only to the extent necessary to obtain acceptable band tests and paint adherence.

<u>Product Size</u>	<u>Line Speed (FPM)</u>
3/4" x .035"	60
1-1/4" x .035"	60
1-1/4" x .051"	46
1-1/4" x .065"	31
2" x .051"	32
2" x .065"	22"

At the same time the change authorizations in issue here were installed reducing the standards for those strip sizes for which the Company had just purported to increase the authorized line speeds. With respect to the 3/4" strip it does not appear that the Company viewed the line speed as being increased, rather the standards were reduced with respect to this size to reflect an authorized increase from 15 to 17 in the number of strips that could be produced simultaneously.

These change authorizations issued August 24, 1969 and, thereafter, the earnings under the two incentives appear as follows:

Pay Period Ending	Average Pay Performance	
	<u>30-3-4.2.8.1</u> Normalizing, Painting and Waxing	<u>30-3-4.2.8.2</u> Normalizing Product Inspection
9/ 6/69	139%	124%
9/20/69	139	125
10/ 4/69	137	123
10/18/69	137	122
11/ 1/69	137	125
11/15/69	136	122
Avg. 6 Pay Per.	<u>138</u>	<u>123</u>
11/29/69	137	126
12/13/69	138	128
12/27/69	140	126
1/10/70	136	126
1/24/70	139	126
2/ 7/70	144	125
Avg. 6 Pay Per.	<u>139</u>	<u>126</u>

Pay Period Ending	Average Pay Performance	
	<u>30-3-4.2.8.1</u> Normalizing, Painting and Waxing	<u>30-3-4.2.8.2</u> Normalizing Product Inspection
2/21/70	138%	125%
3/ 7/70	144	127
3/21/70	144	130
4/ 4/70	Down	Down
4/18/70	Down	Down
5/ 2/70	142	127
5/16/70	140	126
Average	<u>142</u>	<u>127</u>

The Union contends that the change authorizations in issue here were improper under Section 9-C-2-a because no new or changed condition really occurred at the time of their installation. It is noted that the stated reason for the adjustments in the incentives was the authorized increase in line speeds but it is alleged that such increases in line speeds had been put into effect in 1967, over two years earlier, with no change in the incentive at that time. The testimony of the Union witnesses is said to establish that by August or September 1967 operating supervision was fully aware of the higher line speeds at which the line was being operated but, since prime product was being produced, no attempt was made to instruct the crew to operate at lower line speeds. Thus the Company is said to have not only condoned, but approved of, this operating method and could not in August 1969 claim a right to tighten the standards based on an operating condition that had been in effect for all practical purposes since at least August or September 1967. Thus the Union seeks here a remedy requiring the return to

the standards that prevailed prior to the protested adjustments. It sees support for its position in the Board's Award in USC-1752 in which the Board sustained a grievance protesting an adjustment in an incentive that provided new standards for the grinding of certain rolls that were lower than the standards that had been actually applied for such rolls for about three years with supervision's knowledge and approval.

The Company asserts that specific standard practice line speeds, upon which the standards in an incentive were based, were established early in the life of this incentive. It is presumed that these line speeds were generally observed up to sometime in 1967. It is admitted that at about this time the earnings under the incentives, that up until that time had averaged approximately 132 percent and 125 percent, began a gradual increase until in late 1968 and early 1969 earnings in the area of 170 percent were being realized under the operating incentive. This prompted an investigation that revealed the faulty speed indicator and also is said to have revealed for the first time that the crews had been operating the lines at excess speeds for some time. Apparently all of this was initiated by the Industrial Engineering Department not by operating supervision.

Upon discovery of these facts, further investigation revealed that prime product had been and could be produced at the higher line speeds and, therefore, after the initial instructions to return to what were viewed as the original speeds, a subsequent change in method was made to authorize higher line speeds and because of this change in operating method the standards were changed. It is said that a comparison of the earnings after the adjustment in issue with those for the 6 pay periods immediately prior thereto and with the average earnings under this incentive up until 1967 reveals that the integrity

of the incentive as originally engineered was preserved after the adjustment. The Company seems to view its action here as the correction of an error in the application of the rates of pay permitted under Section 9-H. It seems to feel that it had the right to seek recoupment of the higher earnings under the same theory but elected not to do so.

The Company would also assert that at most the higher line speeds and the higher earnings resulted from a loose administrative practice that under USC-719 cannot be viewed as conferring a lasting benefit on the employee that is protected under the Agreement. It is pointed out that the Board has recognized the right of the Company to require the operation of equipment at specific speeds in order to meet quality standards and also the right of the Company to tighten standards to comprehend increased machine speeds. In this respect the Company cites such cases as USS-6482-W, USS-5919-H and USS-7334-S.

13

#### FINDINGS

Initially it should be pointed out that, contrary to the assumptions that have been made by both the Union and the Company at one time or the other during the processing of these grievances, the incentive brochures in question are completely silent concerning the use of any particular line speeds and, unlike several of the cases relied upon by the Company, the brochures contain no provision for treating time spent running the lines at excess speeds as unmeasured work. Indeed, the only criteria set forth in the brochures that might be relevant in the instant case is that the crews must produce prime product in order to be credited with the standard time values. Therefore, it cannot be said here, as has been the case in other situations before the Board, that the payment of incentive earnings for product produced, at allegedly excessive line speeds, violated the express terms of the incentive plans in question.

14

Indeed, the only indication of fixed line speeds set forth in evidence was a 1960 memorandum dealing with operating procedures that indicated the speeds of the line for certain widths of product but without clearly stating that these speeds were to be viewed as maximum. Even here, however, an ambiguity exists concerning the line speeds for 3/4" product. The 1960 memorandum sets forth a speed of 50 FPM for that product but the Company also indicates that the standards were based on 60 FPM when the incentive was engineered and, although the standards were tightened on August 24, 1969 for 3/4" product, this action was based allegedly on no change in a 60 FPM line speed but rather on an increase from 15 to 17 in the number of strips that can be processed at one time. However, according to the Company's operating witnesses as many as 18 strips of 3/4" product were being processed simultaneously, with admitted Company knowledge, as early as December 1967 with no change in the standards. This fact without more is sufficient to conclude here that no change in methods occurred in August 1969 to justify the adjustment of the standards for the 3/4" product.

With respect to line speeds, the evidence is in greater dispute. It can be presumed on the basis of the total evidence that at least up until 1967 the line was operated generally within the limits of the speeds upon which the incentive allegedly was engineered. It also can be concluded that beginning in 1967 the crews began operating at somewhat higher line speeds and coincidental with this action began to enjoy higher incentive earnings. At the same time there must have been an obvious increase in the production rate of prime product. Whether this was immediately noted by Management is somewhat vague but the Union witnesses have creditably testified that by at least August or September

1967 one member of operating supervision indicated his full awareness of the so-called overspeeding of the line and stated his lack of desire to instruct the crews to run the line at lower speeds. In light of this evidence the fact that the speed indicator on the line was found to be inaccurate in February 1969 is not particularly material to the issue here since, leaving that question aside, it is quite clear that operating supervision was aware of the higher line speeds and apparently, in the interest of attaining greater production of prime product, did not object. This conclusion can be reached even without specifically crediting the Union's testimony as to supervision's stated knowledge of the use of higher line speeds since it is unbelievable that, for a substantial period of time in 1967 and all of 1968 the crews could have operated at the higher line speeds, enjoying much higher than normal incentive earnings and producing substantially more product per turn, with supervision not knowing of the higher line speeds that were causing all of this. It is apparent to the Board that operating supervision was willing to go along with the higher line speeds so long as prime product was being produced, thereby enjoying the benefit of the greater production rate.

Significantly, it was not until Industrial Engineering personnel, somewhat belatedly noticed in early 1969 the upward swing in incentive earnings that an investigation was initiated. Yet even after the alleged initial discovery in February 1969 that the higher line speeds were the cause of the increased earnings, no attempt was made to order a reduction in such speeds until May 24, 1969. This delay cannot be attributed entirely, as the Company suggests, to the desire to check the quality of the product at higher line speeds in order to determine the feasibility of authorizing higher speeds because the hard fact is that as early as March 10, 1969

Metallurgy submitted a report stating that prime product could be attained at the higher line speeds--a fact that both operating supervision and the employees on the line had discovered about two years earlier.

Yet no action was taken at that time to authorize higher line speeds or to require the crews to operate at some lower maximum speed and it was not until May 24, 1969 that instructions issued requiring a return to lower speeds. Significantly this requirement was maintained for precisely 6 pay periods at the end of which increased line speeds were authorized and an adjustment issued tightening the incentives.

All of these circumstances require a conclusion that whatever the maintenance of the integrity of these incentives may have required in the way of earnings prior to 1967, this requirement changed over the course of the two-year period beginning in 1967. At this point earnings began to increase because the employees were running the lines at higher speeds or at least doing so more consistently than prior to that time. On the evidence presented here, operating supervision knew or should have known of this fact and specifically or tacitly accepted the consequential higher production rate of prime product. Surely Management can establish a maximum line speed and condition incentive wages on that standard operating practice. But here no basis existed under the express terms of the brochure for unmeasuring the work when this condition exists or for limiting the line speeds and for two years the line was operated at the higher speeds with no action taken by Management and this failure to act has not been adequately explained away by any of the credible evidence. Thus the average earnings attained over the approximately two-year period beginning with the second quarter of 1967, when

18

19

the first increase in earnings occurred that can be attributed to the higher line speeds, and ending March 22, 1969, became the essence of the integrity of these two incentives and, whatever the changes made in operating speeds or other operating methods, the earnings opportunity must now be maintained at this average level.

As has been held by the Board, the integrity of an incentive under Section 9-C-2-a need not be determined solely on the 6 pay periods immediately before a change authorization if a more representative period is justified by the evidence. Here the truly representative period most closely resembling the conditions existing after the August 1969 authorization to utilize the higher line speeds can only be the two years referred to above and the 6 pay periods immediately before the changes must be excluded, as not representative of the operating conditions after August 1969. These latter pay periods would be relevant only to conditions as they existed prior to 1967 but these conditions changed at that time and not in 1969 and no tightening of the standards occurred in 1967.

20

However, the evidence here is not sufficient to conclude that no change in the incentive whatsoever was proper in 1969. It is not clear at precisely what speed the line was being operated during the years of 1967, 1968 and early 1969. In light of the gradual increase in incentive earnings reflecting a gradual increase in the production rate, the probabilities are that the speed of the line was gradually increased during this period of time. In light of this circumstance the Board will not order the complete deletion of the change authorization made on August 24, 1969 but rather require that it be readjusted to maintain the average earnings level that was realized between the period beginning March 26, 1967 through the period ending March 22, 1969. A comparison

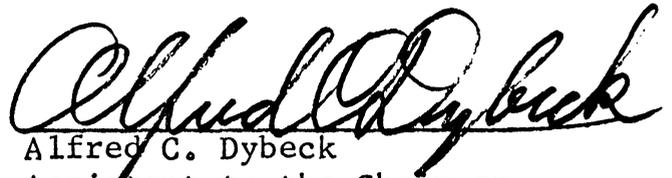
21

of these average earnings 155 IPP and 140 IPP with those attained over the period after the change would require that the standards installed August 24, 1969 be adjusted upward by a factor of 1.12 in order to maintain the integrity of the incentives. This adjustment will be made retroactive to August 24, 1969, the date of the change in issue. This ordered adjustment by the Board would also comprehend the problem mentioned earlier in the Findings with respect to the standards for 3/4" product.

AWARD

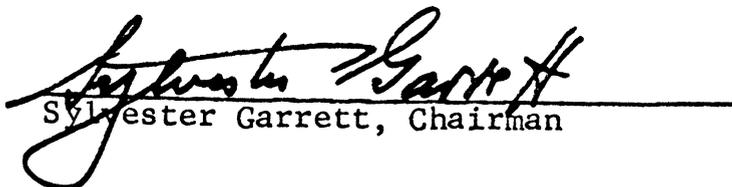
The grievances are sustained to the extent that the incentives in question will be adjusted so as to produce 12% greater earnings than those realized after August 24, 1969 retroactive to that date.

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



Alfred C. Dybeck  
Assistant to the Chairman

Approved by the Board of Arbitration

  
Sylvester Garrett, Chairman