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# United States Steel Corporation Eastern Steel Operations Homestead Works (Wheel and Axle) and United Steelworkers of America Local Union 1924

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BOARD OF ARBITRATION

Case USS-7868-H

March 12, 1971

ARBITRATION AWARD

UNITED STATES STEEL CORPORATION  
EASTERN STEEL OPERATIONS  
Homestead Works (Wheel and Axle)

and

Grievance No. HHW-69-409

UNITED STEELWORKERS OF AMERICA  
Local Union No. 1924

Subject: Incentive Administration

Statement of Grievance: "We the undersigned, say that the incentive application No. 6236 Wheel Heat Treat Dept. is submerged due to the new innovation which has taken place in the wheel section of our plant.

"That for the past six pay periods we have not gone over 100% as follows (8-30-69-100%), (9-13-69-100%) (9-27-69-97%) (10-11-69-83%) (10-25-69-85%) (11-8-69-81%) = one reason being the new heat furnace which is now treating all rolled wheels. In the past the Company has filled its' obligations by installing an interim rate in the Rolling Mill Dept. but has failed to do the same for the Wheel Heat Treating Department.

"We would like the Company to re-evaluate its position and calculations and to re-establish this incentive as to the elimination of rolled wheel products which only makes it possible to achieve this goal as set up on application No. 6236 and make it equitable at 120% as originally suggested average."

Contract Provisions Involved:                      Section 9-C-2 of the August 1,  
1968 Agreement.

Grievance Data:

Date

Grievance filed:	December 4, 1969
Step 2 Meeting:	Not available
Appealed to Step 3:	January 30, 1970
Step 3 Meeting:	February 4, 1970
Appealed to Step 4:	March 13, 1970
Step 4 Meeting	April 17, 1970
Appealed to arbitration:	June 4, 1970
Scheduled for hearing:	October 7, 1970*
Rescheduled for hearing:	October 21, 1970*
Rescheduled for hearing:	December 15, 1970*
Case heard	January 11, 1971
Transcript received:	February 5, 1971

\* Postponed at request of Union

Statement of Award:

The grievance is denied.

BACKGROUND

Case USS-7868-H

This grievance by Heat Treating Crews serving the Nos. 1 and 2 Wheel Heat Treating Furnaces, at the Wheel and Axle Division of Homestead Works, asserts that their incentive should be adjusted or replaced because of changed conditions.

1

Incentive Application No. 6236, covering the Heat Treating Crew--Wheels and Circular Sections, first was installed in 1957. It is a fixed process allowance type plan with earnings calculated on a pay period basis. The Crew operates a furnace to heat product to required temperature, spray quenches the rim or outside circumference of the product, places it into a drawback furnace and slow cooling pits, and performs required tests and miscellaneous associated duties. A total of eight Changes have been made in the incentive since original installation. Change No. 8 was installed on January 7, 1964 to reflect changes in crew and functions made effective at that time. This was followed by Grievance A-64-50 which asserted that Change No. 8 failed to maintain the integrity of the incentive. The grievance was withdrawn following Third Step in the grievance procedure.

2

In 1968 Grievance No. 68-336 was filed, presenting various claims to support the view that Application No. 6236 should be replaced by a new incentive designed to yield 120% earnings. This grievance was processed into arbitration as Case USS-7086-H, but then withdrawn by the Union without prejudice around the middle of September of 1969.

3

The present grievance, filed December 4, 1969, asserts that earnings under Incentive Application No. 6236 were submerged because of changed conditions flowing from innovations in the Wheel Section of the plant. The grievance holds that one reason for depressed earnings is that a new heat treat furnace (part of new facilities called the "Wild Mouse") has been treating all rolled wheels since late 1969. The Union

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characterizes this addition of equipment, in another building, as a changed condition which requires establishment of an interim rate and installation of new standards to replace the existing standards in Application No. 6236.

In support of the grievance the Union sets forth the following earnings data:

	Group 1		Group 11	
	<u>IMP</u>	<u>IPP</u>	<u>IMP</u>	<u>IPP</u>
1957	*	115%	*	112%
1958	*	113%	*	108%
1959	*	110%	*	107%
1960	*	116%	*	112%
1961	*	109%	*	106%
1962	*	111%	*	111%
1963	111%	112%	111%	112%
1964	118%	118%	**	**
1965	113%	114%	**	**
1966	112%	113%	**	**
1967	110%	111%	**	**
1968	108%	109%	**	**
1969	94%	101%	**	**

\* Not available

\*\* Group 11 combined with Group 1 in Change No. 8 (1-7-64)

The Union also notes "that for six pay periods we have not gone over 100% as follows":

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8/30/69	100%
9/13/69	100%
9/27/69	97%
10/11/69	83%
10/25/69	85%
11/ 8/69	81%

Until the grievance arose, says the Union, all forged wheels, rolled wheels and circular sections were processed in the Wheel Heating Department, exclusively, and the incentive provided standards for all such products. Changes in product mix caused more frequent application of some incentive rates and less frequent application of other incentive rates, with fluctuating incentive earnings. The Union recognizes that fluctuating incentive earnings, because of product mix, provide no basis for adjustment of the incentive; this it accepts as "the bitter and the sweet in incentive earnings."

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When the new heat treating facility (Wild Mouse) went into operation, however, this seems to have reduced the number of Rolled Wheels treated in the old treating facility, here involved. The processing of rolled wheels is said to be more lucrative under the disputed incentive than other product. A related claim of change is said to be the "diverting" of wheels over 30 inches to the new "Wild Mouse" facility. Wheels over 30 inches also carry a more lucrative incentive rate, according to the Union.

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Basically, the Union believes that the existing Incentive Application did not contemplate that there might be two heat treating units at this plant. It feels that this unanticipated addition of new equipment has permanently distorted the product mix handled under the present incentive, thus reducing grievants' earnings opportunity permanently.

As the case developed through the grievance procedure, the central issue thus was whether activation of a new heat treating unit in the Wheel and Axle Plant ("Wild Mouse") so changed the basic conditions applicable to the present incentive as to require its replacement or adjustment. There is no question that the "Wild Mouse" heat treating facility processes a substantial volume of large-size wheels which, if processed only under Application No. 6236, would produce somewhat better earnings than actually have been achieved since the "Wild Mouse" equipment became operative.

Earnings data for employees working under the disputed incentive since August of 1968 are as follows:

<u>Pay Period</u> <u>Ending</u>	<u>IPP</u>	<u>IMP</u>
8-17-68	100%	94%
8-31-68	100%	87%
9-14-68	100%	100%
9-28-68	103%	103%
10-12-68	112%	112%
10-26-68	112%	112%
11- 9-68	118%	118%
11-23-68	111%	111%
12- 7-68	102%	102%
12-21-68	105%	105%

<u>Pay Period</u> <u>Ending</u>	<u>IPP</u>	<u>IMP</u>
1- 4-69	100%	97%
1-18-69	100%	88%
2- 1-69	107%	107%
2-15-69	100%	86%
3- 1-69	102%	102%
3-15-69	100%	75%
3-29-69	100%	84%
4-12-69	108%	108%
4-26-69	100%	77%
5-10-69	109%	109%
5-24-69	105%	105%
6- 7-69	100%	93%
6-21-69	100%	94%
7- 5-69	107%	107%
7-19-69	100%	100%
8- 2-69	102%	102%
8-16-69	102%	102%
8-30-69	100%	100%
9-13-69	100%	100%
9-27-69	100%	97%
10-11-69	100%	83%
10-25-69	100%	85%
11- 8-69	100%	81%
11-22-69	100%	87%
12- 6-69	100%	77%
12-20-69	100%	97%



<u>Pay Period</u> <u>Ending</u>	<u>IPP</u>	<u>IMP</u>
1- 3-70	114%	114%
1-17-70	104%	104%
1-31-70	101%	101%
2-14-70	115%	115%
2-28-70	110%	110%
3-14-70	108%	108%
3-28-70	114%	114%
4-11-70	100%	91%
4-25-70	104%	104%
5- 9-70	114%	114%
5-23-70	112%	112%
6- 6-70	112%	112%
6-20-70	109%	109%
7- 4-70	126%	126%
7-18-70	136%	136%
8- 1-70	105%	105%
8-15-70	120%	120%
8-29-70	102%	102%
9-12-70	117%	117%
9-26-70	112%	112%
10-10-70	111%	111%
10-24-70	113%	113%
11- 7-70	107%	107%
11-21-70	122%	122%
12- 5-70	117%	117%
12-19-70	113%	113%

The Company stresses that the Union in Step 4 specifically disclaimed any argument that a change in "product mix," as such, required adjustment or replacement of the disputed incentive. Thus, says the Company, the real thrust of the Union argument can only be that the diversion of certain wheels to the "Wild Mouse" heat treating facility has depressed grievants' earnings. The Company quotes an excerpt from the first Opinion in Case USS-6684-S which indicates that a shift in product mix on an old mill, which results because a new mill is activated at the same location, does not warrant adjustment or revision of the old mill incentive.

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In addition, however, the Company has presented data to refute the Union claim that activation of the "Wild Mouse" facility in 1969 reduced the proportion of "large" wheels processed under the disputed incentive. These data include the following:

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<u>Date</u>	<u>Pieces Per Turn</u>	<u>% IMP</u>	<u>% IPP</u>	<u>% of Wheels 6" - 37.5"</u>	<u>% of Wheels Over 37.5"</u>
8-17-68 to 8-16-69	60	99	104	96	4
8-30-69 to 11-8-69 (Grieved Period)	54	91	100	91	9
11-22-69 to 11-21-70	62	112	112	89	11
		<u>% IMP</u>	<u>% IPP</u>	<u>% Rolled</u>	<u>% Forged</u>
8-17-68 to 8-16-69		99	104	26	74
8-30-69 to 11-8-69 (Grieved Period)		91	100	37	63
11-22-69 to 11-21-70		112	112	39	61

It appears that all of the rolled wheels which are heat treated are of 30" or more in diameter. The Company presented the following table to support its view that the heat treating of rolled wheels at the "Wild Mouse" facility did not necessarily depress earnings under the disputed incentive:

<u>Pay Period</u> <u>Ending</u>	<u>Inc. Appl. No. 6236</u>		<u>Rolled Wheels</u> <u>Treated in New</u> <u>H.T. Facility</u> <u>("Wild Mouse")</u>
	<u>IPP</u>	<u>IMP</u>	
8-17-68 thru 8-16-69	104	99	0
8-30-69	100	100	0
9-13-69	100	100	140
9-27-69	100	97	222
10-11-69	100	83	438
10-25-69	100	85	614
11- 8-69	100	81	1304
11-22-69	100	87	0
12- 6-69	100	77	187
12-20-69	100	97	102

<u>Pay Period</u> <u>Ending</u>	<u>Inc. Appl. No. 6236</u>		<u>Rolled Wheels</u> <u>Treated in New</u> <u>H.T. Facility</u> <u>("Wild Mouse")</u>
	<u>IPP</u>	<u>IMP</u>	
1- 3-70	114	114	123
1-17-70	104	104	0
1-31-70	101	101	0
2-14-70	115	115	0
2-28-70	110	110	0
3-14-70	108	108	303
3-28-70	114	114	0
4-11-70	100	100	0
4-25-70	104	104	0
5- 9-70	114	114	241
5-23-70	112	112	0
6- 6-70	112	112	0
6-20-70	109	109	0
7- 4-70	126	126	0
7-18-70	136	136	0
8- 1-70	105	105	0
8-15-70	120	120	351
8-29-70	102	102	241
9-12-70	117	117	0
9-26-70	112	112	0
10-10-70	111	111	900
10-24-70	113	113	808
11- 7-70	107	107	357
11-21-70	122	122	914
12- 5-70	117	117	1402
12-19-70	113	113	2127

FINDINGS

Earnings under the disputed incentive never have been liberal, and this situation was aggravated when a lunch period shutdown was instituted early in 1968 at the request of the crews. The resultant stoppage of production (20 minutes) cut production per turn, and earnings under the incentive, by approximately 5%. It also is clear that earnings under the incentive since December 20, 1969 at least have approximated earnings achieved during the most favorable earlier periods under the disputed incentive (after the lunch period shutdown was instituted).

At the hearing the Union sought to explain the more favorable earnings since 1969 on the ground that the Company has made less use of Laborers, as part of the crew, than in earlier years. The Company showed, however, that the assignment and use of Laborers long has been treated specifically in the incentive, and actually was the subject of an agreement between the local parties in mid-1970. There is, in any event, no solid evidence to justify finding any material change in the administration of the incentive in this respect.

In balance, the present case is one where the incentive never has provided substantial earnings for any significant periods of time over many years. The evidence does not establish that any change in basic conditions occurred when the new "Wild Mouse" facility was activated which would warrant an adjustment, or replacement, of the incentive. Thus there is no factual basis on which this grievance could be sustained.

11.

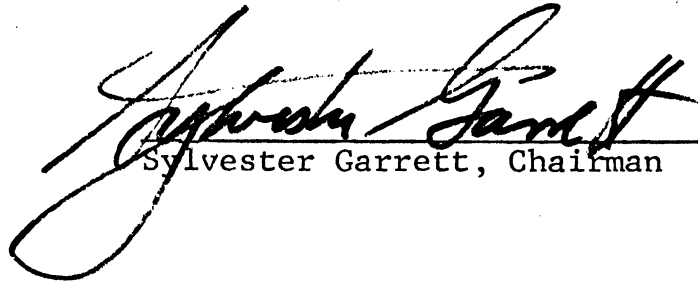
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AWARD

The grievance is denied.

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BOARD OF ARBITRATION



Sylvester Garrett, Chairman