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United States Steel Corporation Sheet and Tin Operations Gary Sheet and Tin Works and United Steelworkers of America Local Union 1066

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BOARD OF ARBITRATION

Case Nos. USS-4871-S
-4921-S

December 1, 1965

ARBITRATION AWARD

UNITED STATES STEEL CORPORATION
SHEET AND TIN OPERATIONS
Gary Sheet and Tin Works

and

Grievance Nos. A-63-89
A-63-40

UNITED STEELWORKERS OF AMERICA
Local Union No. 1066

Subject: Incentive Administration

Statement of the Grievances: Grievance A-63-89 (USS-4871-S)

"We, the undersigned and in behalf of all similarly affected employees, request the Company to comply with the basic agreement as provided in Paragraph 140 and 117A to preserve the integrity of our incentive and reimburse us for any and all wages lost resulting from any or all changes applied to our incentive beginning Sunday, May 26, 1963 until such time as this grievance is settled."

This grievance was filed in the Second Step of the grievance procedure July 25, 1963.

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Grievance A-63-40 (USS-4921-S)

"We request the Company to comply with the basic agreement as provided in paragraphs 140, 117a & 124 regarding changes recently applied to our incentive rates and also that the Company provide adequate coverage in our incentive rates and include all products from other works such as Fairless, Irving, McDonald, Gary, South Works, etc. We also request all earnings lost from Jan. 20, 1963 until final settlement of this grievance."

This grievance was filed in the Second Step of the grievance procedure March 19, 1963.

Contract Provision Involved: Section 9-C-2 of the April 6, 1962 Agreement, as amended June 29, 1963.

Statement of the Award: USS-4871-S - The grievance is sustained to the extent that Changes No. 8 and 9 of Incentive Application No. 9100, 9500-754 shall be withdrawn, and grievants' earnings adjusted accordingly. This grievance is returned to the parties for full consideration of the Union's claim that other changed conditions were not properly given recognition when Change No. 8 was installed.

USS-4921-S - The grievance is denied insofar as it protests Change No. 5 to Incentive Application No. 9100, 9500-754.

BACKGROUND

Case Nos. USS-4871-S
-4921-S

Production Planning and Accounting Department employees of Gary Sheet and Tin Works have grieved that Changes No. 5 and 8 of Incentive Application No. 9100, 9500-754 do not maintain the integrity of the incentive, in violation of Section 9-C-2-a of the April 6, 1962 Agreement, as amended June 29, 1963.

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Grievance No. A-63-40 (USS-4921-S) involves Change No. 5, and Grievance A-63-89 (USS-4871-S) Change No. 8.* Both grievances will be discussed in this Award since they involve similar underlying facts and arguments.

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Incentive Application No. 9100, 9500-754 covering the Central Mill, Sheet Mill, Stores, and Mail Service groups of the Accounting Department and the Track Scale group of the Production Planning Department was installed effective January 7, 1962, by mutual agreement of the parties. It is a general indirect incentive which as of January 20, 1963 covered employees in 57 jobs performing tasks of a service nature related to production of hot rolled, cold rolled, stainless, and coated product. Work of the general indirect crew at the time of this grievance was measured in terms of allowed standard hours per earned standard hour and unmeasured hours from 32 incentive applications covering various direct operations in the 80" Hot Strip Mill, Continuous Pickle, Sheet Cold Reduction, Cold Roll Sheet Finishing, Hot Roll Sheet Finishing Galvanize

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* Grievance A-63-89 was filed July 25, 1963. Upon investigation of the grievance, Management detected an error in the "refinement" of Standard Time Values and Crew Factors for Continuous Pickle Mechanization Program resulting in Change No. 9, made effective September 29, 1963, retroactive to the effective date of Change No. 8, May 26, 1963. The Board has taken this corrective action into account in its decision, and the Award deals with the incentive application as adjusted by Change No. 9.

Lines, Tin Cold Reduction, Tin Finishing, and Stainless. Performances are calculated on the basis of a three-pay period rolling average.

Before installation of the incentive, Management explained that the employees would have to agree to crew cuts in exchange for the incentive earnings. 4

Change No. 5 became effective January 20, 1963, and revised standard time values and standard crew ratios on the basis of elimination of one "position" i.e., certain items of work brought about by mechanization. (It was explained at the hearing that a job, listed in Section II, might be eliminated without adjustment in the standard time values if the "position" filled by this job is redistributed among other jobs.) The Union alleged in Grievance A-63-40 that Change No. 5 did not maintain the integrity of the incentive since the adjustments to indirect crew standard hours per determinant did not properly reflect the elimination of one position from the incentive. It was also claimed that the Company should have made allowances for work related to the finishing of coils shipped into the mill from other installations and not rolled on Gary Sheet and Tin's 80" Hot Strip Mill. 5

As of the date of Grievance A-63-40 (March 19, 1963), seven adjustments had been made to the incentive under Section 9-C-2-a. Such adjustments were due principally to the elimination of positions; increased requirements on certain positions; transfer of work functions; and new work functions related to new equipment. 6

Change No. 8 was installed effective May 26, 1963. It revised standard time values and standard crew ratios on the basis of elimination of Position 9122-8292 (Incentive Clerk, Job Class 8), brought about by the transfer of work from the Continuous Pickle operation to the Tabulating Bureau. 7

Grievance A-63-89 then was filed and the Union again alleged that the adjustment of indirect crew standard hours determinants did not properly reflect the elimination of one position from the incentive. The Union pointed out that the incentive had yielded an average pay performance of 117% from its installation to the effective date of Change No. 8 and that this performance had dropped to 114% thereafter.

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The Union also claimed that the Company had assigned work to employees covered by the incentive which was not originally contemplated when the incentive was installed. The Union related this grievance to its prior Grievance A-63-40 and attempted, in the grievance procedure, to explore the impact of changed conditions on the integrity of the incentive application.

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The Company attributed the drop in incentive earnings to a reduction in pay performance of direct operating units: from the installation of the incentive up to the effective date of Change No. 8, the pay performance on the 80" Hot Strip Mill is said to have averaged 147%; after the installation of Change No. 8 to the pay period ending October 10, 1964, this average had dropped to 143%. Pay performances for the same periods had declined on the 3-Stand Mill from 183% to 179%; on the East and West 5-Stand Mills from 139% to 136%; on the 4-Stand Mill the average pay performance increased from 177% to 179%. The Company also attributed the drop in performance to the fact that indirect service crew hours were not reduced at lower operating levels.

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It was explained at the hearing that the incentive is a work load type plan which relates work of various groups of individuals to levels of operation of direct producing units throughout the plant. As it is engineered, the determinant of the 80" Hot Strip Mill carries close to one-half of all standard time values under the incentive; other major impact units, for this purpose, are the 3- and 4-Stand Cold Reduction Mills, and the two East and West 5-Stand Cold Reduction Mills. These units together pick up approximately 70% of the weight of the rate.

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In Change No. 5 the indirect crew standard hours were changed only for earned and unmeasured direct crew man-hours on the 80" Hot Strip Mill because the eliminated position of Scarf Yard Clerk had been placed against that determinant in the original engineering of the incentive, since his work was associated very closely with the Hot Strip Mill and Scarfing activity. The Company pointed out that the average Index of Measured Performance for the grieving employees to be 117% for the 27 pay periods from date of installation to Change No. 5, and this average IMP was precisely the same as the average for the 13 successive pay periods immediately after Change No. 5.

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In Change No. 8 indirect crew standard hours were reduced for earned and unmeasured direct crew man-hours on the 80" Hot Strip Mill, Cold Roll Sheet Finishing, Hot Roll Sheet Finishing, Continuous Pickle, and Galvanize Lines, because the mechanization of the Continuous Pickle production reports, along with a group of other positions, was considered as work in the Mill Clerical area, and was associated with these operating units at the inception of the incentive.

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Management estimates that the incentive would have shown a 2% increase in yield, had the Company failed to issue Changes No. 5, 8 and 9. Such increase would not necessarily have been apparent in higher earnings because grievants' actual hours exceeded the minimum hours set forth in the incentive excessively, and the performance of the direct operating units continued to drop.

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It was explained at the hearing that the changes were engineered by applying a mathematical formula based on the normal level of operations of the production unit against which the work of the eliminated position was carried.

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The Company's position indicates that proper administration of the incentive requires reference to the work data used in its development which spell out the relationship of work positions to given direct operating units.

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Grievants' testimony is undisputed that they were required to work on reports which had not previously been prepared in their department, and that the increased processing of "foreign" coils also required clerical work hours in addition to those reasonably anticipated in the incentive's development. The grievants also testified that they had requested an opportunity to see the Methods Description to which reference is made under Section III-A of the incentive, but that such a request had been denied. On this point, the Company spokesman stated:

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"This so-called Methods Description is simply a part of the work sheets of the back-up data which are prepared by the Engineers. This is material like a lot of other of their work sheets which we have never given to the Union."

It was also indicated that the Methods Description is not maintained afterwards and frequently not even kept in the files of the Industrial Engineering Department.

Thus, the Union takes the position that the issues raised by the two grievances were never fully discussed between the parties because the Company has refused to disclose data essential for an understanding of the method of adjustment.

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The Union points out that the Company justified the soundness of Changes No. 5 and 8 on the basis of mathematical calculations. These cannot be understood by the Union without going to the underlying methods description or similar engineering data which the Company has consistently refused to disclose. Therefore, the Union

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has had to rely only on the information apparent from the face of the incentive application, and from the earnings record. Although the Board normally does not deal with details of rate construction, this does not bar the Union from a closer scrutiny of the details of construction and application of an incentive. Such should not be foreclosed at this time because the incentive was installed by mutual agreement. The history of this incentive shows negotiations between the parties which resulted in incentive coverage of clerical jobs in exchange for crew reductions. The Union's consent to the installation cannot foreclose further study of the incentive in light of later changes which cannot reasonably be understood without a renewed examination of the incentive itself.

FINDINGS

The record reflects decreased earnings after the installation of Change No. 8. The parties have offered conflicting explanations therefor: the Union claimed that additional work has been assigned to the employees which has not been recognized by increased standard time values (including the handling of more "foreign" coils); the Company blames declining performance of the direct operating units and failure to reduce indirect service crew hours at lower operating levels.

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The Company supports its position by statistics which cover the period from January 20, 1962 until October 10, 1964 and argues that only a long-range observation can give a proper picture of the soundness of the service-type indirect incentive.

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The Union, on the other hand, feels that a comparison of the original methods description with the conditions existing at the time Changes No. 5 and 8 became effective, would show significant changes in underlying conditions which would explain the drop in earnings and justify adjustments to the incentive application other than those engineered into the two changes.

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It seems apparent that the parties' approach to problems of incentive administration in this case does not take due account of previous Board decisions. Thus, the Board finds no justification for Management's position that its mechanical and mathematical approach to the adjustments made by the two changes is the only approach justifiable under Section 9-C-2-a, and not subject to questioning by the Union. On the other hand, the Board's long-standing interpretation and application of that Section does not support the Union's request that an exhaustive technical study, going back to the original methods description, be undertaken at this time. Were the Board to embrace this view, it necessarily would be forced into that kind of detailed incentive administration problems which it always has avoided as impractical.

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There is no support in the Basic Agreement either for the view that a long-range earnings comparison or a short-range comparison always will be proper in dealing with incentive adjustment cases. When an incentive is adjusted under Section 9-C-2-a, the adjustment must serve to preserve its integrity; no adjustment can be made to cut standards when no significant changed condition has taken place or where, in balance, the various changed conditions in fact appear to have been insignificant in over-all impact upon the incentive. The Basic Agreement provides no detailed

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guidelines for application of Section 9-C-2-a. The Board necessarily must deal with these matters on a case-by-case basis, as it has done for many years.

The evidence now before the Board does not show that Change No. 5, as such, was not a proper response to significant changes. Taking into account the three pay period rolling average basis on which the disputed incentive is calculated, there is no persuasive indication of an adverse effect on earnings between January 20, 1963 and May 26, 1963 (the respective installation dates of Changes No. 5 and No. 8.)

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The earnings picture is quite different for the period after May 26, 1963, when Change No. 8 was installed. The weight of the evidence, moreover, reveals that the drop in earnings thereafter cannot be attributed solely to the reasons cited by the Company but rather may be due to the effect of Change No. 8 and the possible addition of duties to the crew, requiring more actual hours of work. When the decision to install Change No. 8 was made, Change No. 5 had been grieved, but the record does not show that the substance of that grievance had been taken into account in the engineering of that change.

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On the evidence in hand, therefore, the Board finds that the changed conditions which prompted the Company to install Change No. 8 were not sufficiently significant to warrant this adjustment of the incentive. Change No. 8 should be withdrawn.

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It is quite possible that after the withdrawal of Change No. 8 earnings under the incentive still will not

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reach the levels urged by the Union to be appropriate. But the Union has presented no clear or detailed evidence to show to what extent, if any, the greater use of foreign coils, and the performance of additional duties, has added to the work of the grievants under the incentive. Thus, the Board has no solid basis to determine whether these elements might require additional adjustment of the incentive.

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:

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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

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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.

AWARD

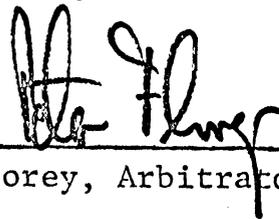
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31

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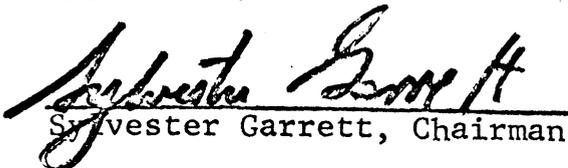
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Findings and Award recommended pursuant to Section 7-J of the Agreement, by



Peter Florey, Arbitrator

Approved by the Board of Arbitration



Sylvester Garrett, Chairman