

11-22-1965

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

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BOARD OF ARBITRATION

Case USS-5071-S

November 22, 1965

ARBITRATION AWARD

UNITED STATES STEEL CORPORATION  
SHEET AND TIN OPERATIONS  
Fairfield Works

and

Grievance No. 153-2552

UNITED STEELWORKERS OF AMERICA  
Local Union No. 1013

Subject: Incentive Administration

Statement of the Grievance: "We, the undersigned, allege that the incentive application affected by C. A. Nos. BS-102 and BS-108 does not provide equitable incentive compensation.

"Management has raised the performance standards for Application No. 30-3-5.2.3 without proper reference to equitable incentive compensation opportunities.

"Establishment of a workable relationship of incentive factors to provide equitable incentive compensation."

This grievance was filed in the Second Step of the grievance procedure July 31, 1963.

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

Statement of the Award: The case is returned to Third Step  
for further consideration by the parties.

BACKGROUND

Case USS-5071-S

Employees in the Finishing End of the 24" Structural Mill of Fairfield Works grieve the performance of Incentive Application No. 30-3-5.2.3 after the installation of Change Authorizations Nos. BS-102 and BS-108 on June 23, 1963.

1

Incentive Application No. 30-3-5.2.3, Issue No. 3, was installed by mutual agreement effective December 5, 1956. The work of the group covered by this incentive is to prepare Structural Mill product for shipment by processing such product through the gag presses, angle shear, cold saw, drill presses and straightener, as required; deliver tie plate and splice bar product to the Rail Fastening Department; inspect, sort, store and load product for stocking or shipment; and record and maintain production and storage records. The amount of work performed by the crews is reflected by the number of net tons of Structural Mill product rolled and hot sawed and the number of net tons of Structural Mill product shipped. Standard time values are established in terms of standard hours for these items of work. The items of work performed during each 24-hour period are reported and these items multiplied by the respective standard time values to determine the earned standard hours of work performed during the 24-hour period. If the total of these earned standard hours is less than the actual man-hours of the crew during the 24-hour period, the performance is below normal and no incentive earnings are realized. If the total of these earned standard hours is more than the actual man-hours of the crew during the 24-hour period, the performance is above normal and incentive earnings above the base rate are earned.

2

It was expected that the incentive would yield earnings averaging 125%, based on an average of 1043 crew hours per 24-hour period. According to Union Exhibit No. 2, the yearly indices of measured performance yielded by this incentive were as follows:

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<u>YEAR</u>	<u>M.P.</u>
1957	121
1958	112
1959	108
1960	110
1961	101
1962	91
1963	93
1964	88
1965 (5 months)	97

Production and shipments of the Structural Mill for the same years is reflected in Union Exhibit No. 3 as follows:

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<u>YEAR</u>	<u>PRODUCTION</u>	<u>SHIPMENTS</u>
1957	258,771	195,212
1958	143,426	108,130
1959	143,578	99,252
1960	168,509	132,298
1961	126,352	110,058
1962	131,701	109,706
1963*	148,044	121,865
1964	193,835	142,683
1965 (June)	111,880	85,969

\*Production and Shipment Figures for December, 1963 not included.

On November 11, 1962 new vertical guide rolls were installed on the exit side of the roll straightener which apply horizontal pressure to product as it is passed through

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the rolls on the straightener. The Company expected that this new equipment would require reduced operations on No. 1 Gag Press and would justify the deletion of 24 hours of work on the Gag Press Straightener operation. This anticipated reduction in crew hours was recognized by Change Authorization No. BS-102.

On April 10, 1963 controls for the run-out table at No. 2 Gag Press were relocated which permitted the Gag Press Straightener to operate both the straightener and the run-out table. Since a Table Operator was no longer scheduled at the No. 2 Gag Press, the Company felt entitled to delete eight hours of work from the crew hours in the incentive application by Change Authorization No. BS-108. Both change authorizations became effective on June 23, 1963 and decreased the standard time values in Section III of the incentive. 6

The adjustments made by the change authorization were labeled by the Company as being "mechanical" since the standards were adjusted to reflect a reduction of crew hours per 24 hours by 32. 7

The Step 4 minutes show the following formula for the computation of Change Authorization BS-102: 8

BS-102      1043 Hours comprehended in Standards prior to  
 installation of BS-102  
 - 24 Man hours eliminated by vertical guide rolls  
 1019 Hours comprehended in Standards after installation  
 of BS-102

$$\frac{1043 - 24}{1043} = .977 \text{ Factor}$$

Example from Exhibit A and Exhibit B

<u>Product</u>	<u>Size</u>	<u>Old Std.</u>	<u>Factor</u>	<u>New Std.</u>
Angles	3 x 2-1/2	179.8 x	.977	= 175.7

Throughout the grievance procedure, grievants maintained that the installation of the new equipment and the relocation of controls did not result in a reduction of crew hours but, quite to the contrary, resulted in more internal handling of materials, required more crew hours and depressed the earnings generated by the incentive application.

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In addition, the Union maintained that the incentive application should be adjusted under Section 9-C-2-a of the Basic Agreement since the nature of the work has been substantially changed since the incentive was installed in 1957: more internal handling is required due to the nature of the steel business, and increased truck shipments require more careful and time-consuming loading practices.

10

Although a number of grievances were filed previously, claiming that the incentive did not yield equitable incentive earnings, they were not processed to arbitration.

11

Company testimony indicates that installation of the new equipment, and relocation of controls at No. 2 Gag Press, were fully successful and properly the basis for the change authorizations. There is no effective refutation, however, of grievants' assertion that increased internal handling now is required, and that truck shipments are more time-consuming than rail. The Company presented no elaboration of a statement in its brief, that low incentive earnings resulted from a lack of effort by the employees.

12

The Union holds that installation of the two disputed change authorizations opens up the question of proper incentive administration since it poses the issue of whether these authorizations truly are designed to meet relevant and cumulative changed conditions. Thus the Union stresses that changed circumstances require adjustment under Section 9-C-2-a other than those actually reflected by the Change Authorizations.

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The Company, on the other hand, takes the position that the issue before the Board is restricted to the two change authorizations and their impact on the integrity of the incentive. This issue, the Company feels, is put to rest by the performance of the incentive as reflected by the following data:

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Before		
Pay Period		
Ending	I.M.P.	I.P.P.
1-20-62	93	105
2- 3-62	102	113
2-17-62	100	107
3- 3-62	99	110
3-17-62	106	109
3-31-62	98	109
4-14-62	102	106
4-28-62	99	105
5-12-62	78	104
5-26-62	101	106
6- 9-62	72	100
6-23-62	91	102
7- 7-62	97	105
7-21-62	53	100
8- 4-62	93	102
8-18-62	91	108
9- 1-62	98	103
9-15-62	98	107
9-29-62	94	107
10-13-62	91	107
10-27-62	98	105
11-10-62	83	102
Average	95.6	105.8

During		
Pay Period		
Ending	I.M.P.	I.P.P.
11-24-62	105 (2)	107
12- 8-62	103	107
12-22-62	104	108
1- 5-63	98	109
1-19-63	93	108
2- 2-63	97	108
2-16-63	98	109
3- 2-63	114	115
3-16-63	105	113
3-30-63	107	112
4-13-63	94 (3)	100
4-27-63	109	112
5-11-63	103	112
5-25-63	104	110
6- 8-63	102	113
6-22-63	94	105
Average	102.5	109.8

After (4)		
Pay Period		
Ending	I.M.P.	I.P.P.
7- 6-63	96	106
7-20-63	83	104
8- 3-63	95	110
8-17-63	84	103
8-31-63	104	111
9-14-63	102	111
9-28-63	93	106
10-12-63	101	109
10-26-63	89	104
11- 9-63	98	109
11-23-63	94	109
12- 7-63	100	111
12-21-63	99	108
1- 4-64	98	113
1-18-64	88	107
2- 1-64	93	104
2-15-64	76	101
2-29-64	100	112
3-14-64	100	108
3-28-64	107	115
4-11-64	99	113
4-25-64	<u>102</u>	<u>115</u>
Average	96.5	108.8

- (1) During period that physical changes were installed but before Change Authorizations were made effective.
- (2) Vertical guide rolls made operational November 11, 1962 and reduced crew made effective.
- (3) Controls combined on April 10, 1963 and reduced crew made effective.
- (4) Change Authorizations BS-102 and BS-108 made effective June 23, 1963.

The Company also submits that earnings opportunities increased when operations picked up late in 1964 and early in 1965, citing the following earnings data: 15

<u>Pay Period</u> <u>Ending</u>	<u>I.M.P.</u>	<u>I.P.P.</u>
5- 9-64	103	116
5-23-64	97	110
6- 6-64	96	108
6-20-64	97	109
7- 4-64	104	111
7-18-64	90	108
8- 1-64	100	110
8-15-64	95	104
8-29-64	91	107
9-12-64	88	104
9-26-64	103	113
10-10-64	86	102
10-24-64	104	113
11- 7-64	102	111
11-21-64	105	114
12- 5-64	91	105
12-19-64	98	105
1- 2-65	101	110
1-16-65	102	110
1-30-65	102	108
2-13-65	97	109
2-27-65	99	107
3-13-65	104	112
3-27-65	95	107
4-10-65	106	114
4-24-65	117	121
5- 8-65	109	116
5-22-65	100	107
6- 5-65	82	100
6-19-65	100	107
7- 3-65	<u>98</u>	<u>108</u>
Average	99.3	109.2

The Company relies on Case T-774, -887 in support of its position, specifically referring to marginal paragraphs 11 and 12 which provide as follows:

"While the Union suggests that no adjustments were permissible, citing Case N-146, the evidence before the Board impels the conclusion that these adjustments flowed from specific changes in equipment affecting the work of the crews in question, and were reasonably related to those changes. Adjustments to the incentive, therefore, were in order, even though earnings were low and scarcely would have run away had one or both of the disputed adjustments here not been made.

"In a case of this sort, the Board does not review the general earnings level of an incentive to determine anew whether equitable incentive compensation is provided, but passes only on whether the specific adjustment served to preserve the integrity of the incentive as it operated up to the occurrence of the changed condition. Thus, the fact that this incentive often does not generate as much as 110% I.M.P. is of no relevance in determining the propriety of the disputed adjustments. The same is true, of course, where an incentive pays 150% or more--this fact can be of no significance to the Board in determining whether a given disputed adjustment preserves the integrity of the incentive by faithfully maintaining the liberal earnings opportunity which existed before the changed condition arose."

FINDINGS

Grievants here complain that the adjustments of the change authorizations were merely "mechanical" ones, as stated by the Company in the Step 4 discussion, without consideration of their allegation that conditions in the mill have changed appreciably in recent years.

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Under the position taken by the Union, the issue here does not relate only to the mechanics of the change authorizations, but embraces a claim that the incentive should be adjusted so as to reflect the increase in average crew hour requirements per 24-hour period brought about by alleged changed conditions. This issue was not fully discussed by the parties in the grievance procedure. Under these circumstances the case will be returned to Third Step for full consideration of the question of whether the disputed change authorizations adequately meet relevant changed conditions.

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AWARD

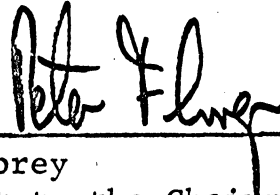
The case is returned to Third Step for further consideration by the parties.

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11.

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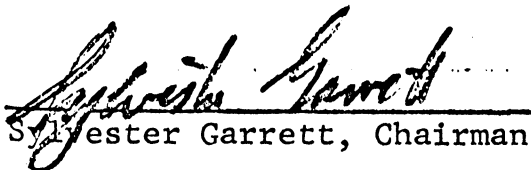
Findings and Award recommended  
pursuant to Section 7-J of the  
Agreement, by



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Peter Florey  
Assistant to the Chairman

Approved by the Board of Arbitration



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Sylvester Garrett, Chairman