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United States Steel Corporation Sheet and Tin Operations Fairless Works and United Steelworkers of America Local Union No. 4889

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BOARD OF ARBITRATION

Case USS-5263-S

March 7, 1966

ARBITRATION AWARD

UNITED STATES STEEL CORPORATION
SHEET AND TIN OPERATIONS
Fairless Works

and

Grievance No. SFL-65-4

UNITED STEELWORKERS OF AMERICA
Local Union No. 4889

Subject: Incentive Administration

Statement of the Grievance: "We, the undersigned, contend that Management has failed to recognize their obligation to preserve the integrity and maintain the equitability of our rate. (4340-91)"

This grievance was filed in the Second Step of the grievance procedure November 23, 1964.

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

Statement of the Award: The case is returned to the parties in Third Step for further consideration in light of this Opinion.

BACKGROUND

Case USS-5263-S

Employees in the Bar Mill Finishing and Shipping Unit of Fairless Works grieve that changed conditions warrant an adjustment of Incentive Application No. 4340-91 under Section 9-C-2 of the April 6, 1962 Agreement, as amended June 29, 1963.

1

Incentive Application No. 4340-91 covers a crew of 13 or more men per turn who transfer and ship product in the Bar Mill Warehouse. It was originally installed on December 4, 1955. Over the years it has yielded the following average measured performances:

2

<u>Year</u>	<u>I.M.P.</u>
1956	121%
1957	130
1958	139
1959	158
1960	154
1961	153
1962	141
1963	155

In the first six months of 1964, the average index of measured performance amounted to 148%. It declined from 138% for the payroll period ending June 20, 1964 to 127% in the next payroll period after Change No. 4 had been installed on June 26, 1964.

3

After Grievance SFL-64-185 was filed on August 11, 1964 grieving Change No. 4, the administration of this incentive was discussed extensively between the Company and

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Union. On November 24, 1964, Change No. 6 was issued, withdrawing Change No. 4 retroactively to June 26, 1964, in exchange for the Union's agreement to withdraw Grievance SFL-64-185. However, other issues which had come up during these discussions remained unresolved, and the Union filed Grievance SFL-65-4 showing a "First Step" date of November 23, 1964, and a "Violation Occurred" date of June 25, 1964, allegedly at the suggestion of the Company to deal with these other problems separately. The Company has not claimed that this grievance is untimely, but there is a dispute between the parties as to the effective date of an adjustment, if any, under this grievance which need not be resolved at this time in light of the Board's Award in this case.

The Union argues that increased use of two cranes in the Middle Bay reduced the efficiency of the operations since there was some crane interference. It is also claimed that the Bar Mill did not consistently supply sufficient steel for full utilization of all scheduled manpower. 5

When the incentive was installed in 1956, there was one crane in the Middle Bay of the warehouse and one crane each in the First and Third Bays. The second crane in the Middle Bay was added sometime in 1959 at which time Change No. 2 was installed, increasing the number of Crane-men from three to three-four. The change contained the notation that "The fourth Craneman shall be allowed as part of the standard crew on a when-needed basis." 6

The Company admits that the fourth crane was used more frequently in 1965 but it denies that such increased usage would have any adverse affect on incentive earnings since the incentive provides a standard time per lift handled. (In the disputed period the fourth crane was 7

used 80 to 90% of the time.) In the opinion of the Company the work produced should be proportional to the number of cranes used.

The Union also alleged that in 1964 larger bundles were made up more frequently and that this cut directly in the earnings generated by the per lift standard time value. 8

The Company explained that since 1960 warehouse supervision has tried to make larger bundles coming off the Bar Mill shears. The Company's Engineer estimated that in the past between 20 and 30% of all product was going to be inspected, and therefore lent itself to packaging in larger bundles. The same witness stated that there was more product requiring a 100% inspection in 1965. This, in the Company's opinion, does not require a Section 9-C-2 adjustment because the standards were developed on a per lift basis, and the correct amount of time for moving a lift has been recognized in the standards. Variations in operations generating earned hours are normal in a warehouse, and fluctuations in earnings have to be expected under this incentive. 9

However, the Company's investigation of the pending grievance disclosed that on some down turns only two cranes were used and that this justified an adjustment in a deviation factor, built into the incentive, which accounted for about 3% of the drop in earnings. 10

Prior to the discussion of the instant grievance in Third Step on January 12, 1965, the Company issued Change No. 7 retroactive to November 8, 1964 to adjust 11

this deviation factor. At a meeting one week later, Management advised the Union "that a further detailed study was in process to determine if there was any obligation under Section 9-C of the Basic Labor Agreement for a further change to be made to Incentive Application 4340-91 and at such time the Union would be made aware of Management's decision."

The record reflects that these studies had not been completed at the time of the first Fourth Step Meeting on February 24, 1965. Therefore, further consideration in Fourth Step was deferred until June 23, 1965 at which time the Company spokesman "outlined that the principal reasons for lowered earnings in the latter half of 1964 and early 1965 were as follows:

12

- "1. Inexperienced crews on the 10" Bar Mill caused by increasing from a 2 to 3 crew operation. Bar Mill performance dropped.
2. A third crew had to be added in the Warehouse resulting in inexperienced employees performing jobs that determine performance of the incentive. As of the first of the year (1965) approximately 45% of Seniority Unit 71 (168 employees), Bar Mill Finishing and Shipping, had less than 7 months incumbency. Warehouse measured man-hours per ton increased.
3. Shift in product mix."

The record indicates that outside of the quoted remarks in the Fourth Step Minutes no further information was given to the Union although a Company Engineer had prepared a detailed report with specific findings on the interference of crane movements in the Middle Bay. Thus the case proceeded into arbitration without any detailed review by the parties of data pertinent to the proper disposition of the grievance.

13

At the hearing the Company introduced extensive statistical material in support of the three reasons enumerated in the Fourth Step Minutes as the reason for the decline in earnings of this incentive. Company Exhibit F shows the following average index of measured performance, index of pay performance, and tons per turn between January 4, 1964 and October 9, 1965:

14

<u>P.P.E.</u>	<u>Warehouse</u>		<u>Bar Mill</u>		
	<u>I M P</u>	<u>I P P</u>	<u>I M P</u>	<u>I P P</u>	<u>Tons/Turn</u>
1- 4-64 - 6-20-64	148	147	168	168	400
7- 4-64 - 1-30-64	123	125	156	156	379
2-13-65 - 6-19-65	148	146	156	156	408
7- 3-65 - 10- 9-65	124	127	152	152	370

Company Exhibit J shows the following index of measured performance, index of pay performance for the warehouse, measured hours, unmeasured hours, total operating hours, and equivalent eight-hour turns:

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<u>P.P.E.</u>	<u>IMP</u>	<u>IPP</u>	<u>Measured Hours</u>	<u>Unmeasured Hours</u>	<u>Total Oper. Hours</u>	<u>Equivalent 8 Hour Turns</u>
1- 4-64 - 6-20-64	148	147	2768	108	188	23.5
7- 4-64 - 1-30-65	123	125	4309	130	289	36.2
2-13-65 - 6-19-65	148	146	5065	263	294	36.8
7- 3-65 - 10- 9-65	124	127	4463	80	261	32.6

Company Exhibit K shows average lifts per crane hour and equivalent number of cranes operating for the same periods:

16

<u>P. P. E.</u>	<u>Average Lifts Per Crane Hour</u>	<u>Equiv. No. of Cranes Oper.</u>
1- 4-64 - 6-20-64	11.2	3.1
7- 4-64 - 1-30-65	8.7	3.2
2-13-65 - 6-19-65	9.7	3.7
7- 3-65 - 10- 9-65	8.6	3.9

Company Exhibit G shows that the warehouse operated with two crews, each operating eight-hour turns from January 1964 until April 7, 1964. From that date to August 17, 1964 two crews operated ten-hour turns each. From August 17, 1964 to approximately January 1, 1965 four crews operated eight hours each. From February 1, 1965 three and one-third crews operated eight hours each. In the Bar Mill two crews operated eight hours each from January 1964 to April 7, 1964 when they went on ten-hour turns until November 2, 1964 at which time a third crew was added. 17

Company Exhibit I reflects changes in product mix. As part of Company Exhibit H the following comparison of a payroll period in 1964 with one in 1965 is given: 18

PAY PERIOD ENDING
4-11-64

IMP = 155 Meas. Hrs. 2861
 IPP = 148 Avg. No. of lifts/turn 325
 No. of Warehouse Turns 20 No. of Bar Mill Turns 20
 Average Bar Mill Tons/Turn 479

PAY PERIOD ENDING
9-25-65

IMP = 123 Meas. Hrs. 4308
 IPP = 125 Avg. No. of lifts/turn 259
 No. of Warehouse Turns 32 No. of Bar Mill Turns 30
 Average Bar Mill Tons/Turn 372

The Company explained that earnings increased between February of 1965 and June of 1965 because Management added Vicing Foremen to expedite operations in the department. 19

The Union submitted as Exhibit No. 1 a graph which, in the second part of 1964 and 1965, shows a disruption of the traditionally close relationship between earnings of the Bar Mill operating employees and those of the Warehouse employees.

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FINDINGS

Since the earnings of the incentive have fluctuated greatly in past years, this earnings history indicates the possibility that such fluctuations can be expected in Warehouse operations.

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However, the statistics submitted by the Company provide no obvious clue whether this "normal variable" of the standard time values was solely responsible for the sharp earnings decrease in the second half of 1964 and 1965. The variables between tonnages derived from various products, lift per crane hour, measured hours, products received from the Bar Mill and products shipped, and fluctuation in crew sizes and extent of supervision are so great that - in the present state of the record in this case - they permit no firm conclusions on the validity of the Company's claims. The Board, in recent decisions, has stressed the necessity for careful analysis of such data by the parties in Third Step, so that any presentation to the Board later will reflect the results of full exploration of all facts, before an incentive case is submitted for adjudication. For the guidance of the parties in such undertaking (~~for~~ which the present case must be returned to them), a few general observations seem warranted.

22

The Company has substantiated its claim that there has been a considerable turnover in the number of Cranemen and other key employees after operations had been increased. Under these circumstances it cannot be expected that earnings will remain at a constant level. On the other hand, the record reflects a possibility that the sustained use of the fourth crane might constitute a change which might call for an adjustment of incentive standards under Section 9-C-2-a of the Basic Agreement, particularly since earnings declined sharply even before additional crews were added in the Warehouse and on the Bar Mill. Thus, the parties should explore the significance of the language in Change No. 2 under which the fourth crane was expected to operate on a "when-needed" basis.

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Secondly, the parties should direct their attention to the extensive use of larger bundles, and consider the problem whether this constituted a change in conditions.

24

After these two problems have been jointly and fully explored by the parties in Third Step, it can be expected that the administration of the incentive will receive a more meaningful scrutiny, leading to a resolution of this grievance. For this reason, the case is returned to the parties in Third Step for further consideration in light of this Opinion.

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10.

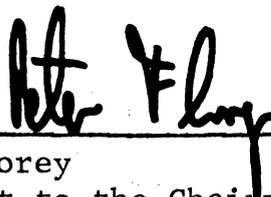
USS-5263-S

AWARD

The case is returned to the parties in Third Step for further consideration in light of this Opinion.

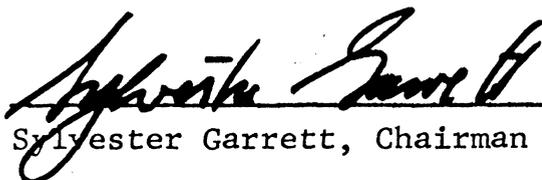
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Findings and Award recommended pursuant to Section 7-J of the Agreement, by



Peter Florey
Assistant to the Chairman

Approved by the Board of Arbitration



Sylvester Garrett, Chairman