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United States Steel Corporation Sheet and Tin Operations Irvin Works and United Steelworkers of America Local Union 2227

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BOARD OF ARBITRATION

Case Nos. USS-5284-S;
-5307-S

March 14, 1966

ARBITRATION AWARD

UNITED STATES STEEL CORPORATION
SHEET AND TIN OPERATIONS
Irvin Works

and

Grievance Nos. SI-65-43
SI-65-70

UNITED STEELWORKERS OF AMERICA
Local Union No. 2227

Subject: Incentive Administration

Statement of the Grievances: Grievance No. SI-65-43 (USS-5284-S)

"Management unilaterally installing changes to Incentives Application #686."

This grievance was filed in the First Step of the grievance procedure March 26, 1965.

Grievance No. SI-65-70 (USS-5307-S)

"Change #18 to Incentive Application No. 686 not equitable."

This grievance was filed in the First Step of the grievance procedure May 5, 1965.

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

Statement of the Award: The grievances are denied.

BACKGROUND

Case Nos. USS-5284-S;
-5307-S

In these two grievances, employees in the Tin Finishing Department of Irvin Works question the installation of Change No. 18 to Incentive Application No. 686, Tin Finishing Roll Shop, under Section 9-C of the April 6, 1962 Agreement, as amended June 29, 1963.

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On August 20, 1962, Grievance No. A-62-144 was filed in which the Union requested an adjustment of Incentive Application No. 686 to cover new and changed conditions. The incentive as then written provided a maximum number of men per calendar day of one Bearing Repairman (Back-up Rolls) and one Bearing Repairman (Work Rolls), and provided 10.200 and 11.500 standard hours for assembling Nos. 1, 2, and 3 Tin Temper Mill Back-up Rolls and No. 4 Tin Temper Mill Back-up Rolls, respectively. These standards covered the relatively simple chocking and unchocking of back-up rolls, and the more time-consuming unchocking, disassembling, assembling and chocking of back-up rolls, the latter involving a complete inspection. These so-called "normalized" standards were developed on the assumption that one out of four back-up rolls would be completely inspected. For many years only one out of five rolls was completely inspected, and for this reason the incentive yielded earnings exceeding those anticipated by the Engineers.

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In June of 1962 the Company initiated a temporary bearing program, and ordered complete inspection of almost all back-up rolls in a number of subsequent payroll periods. This required the scheduling of more than one Bearing Repairman (Back-up Rolls) and Bearing Repairman (Work Rolls) per turn, although the total maximum number of employees never was exceeded on any one of these turns.

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The Union took the position in Grievance No. A-62-144 that the working hours of the additional employees should be backed out from the computation of the incentive application whenever more than the maximum number of employees in any given job were scheduled although all employees should receive incentive earnings.

The Company argued that an adjustment was not needed, since the total number of employees in all jobs never exceeded the maximum per turn listed in the incentive, and since the additional employees scheduled in the two specific jobs generated additional earned standard hours.

The parties were unable to resolve the dispute, and the grievance was appealed to the Board. In studying the incentive brochure, the Board noted that Section 4-C-3 of the incentive application dealt with operations with off-standard crew sizes.

While it is not necessary here to review all the evidence and findings of the first Award in Case USC-1827, its final two paragraphs are relevant to the current dispute:

"Thus, the application, itself, seems to provide that the maximum number of men is listed in Section 2, which refers, in the opinion of the Board, to the maximum number of men in the crew as well as to the maximum number in each specific job, and, therefore, the Company operated with an Off-standard Crew, whenever it added Bearing Repairmen exceeding the number listed in Section 2 of the incentive.

"Since the Board has received no guidance from the parties as to the amount of adjustment which should be made for the periods of operations grieved in this case, the case is returned to the parties for further consideration in light of this Opinion. The problem is one which the parties presumably should have no trouble settling on a practical basis, now that the need for some adjustment is settled."

(Underscoring supplied)

The parties were unable to reach agreement on the proper implementation of this Award, primarily because the Union did not change its position that work hours by additional employees should be backed out from the computation of the incentive. Thus, the Company had no alternative but to compute separate standard time values for the work of unchocking and chocking the back-up rolls, and that of unchocking, disassembling, assembling, and chocking the rolls, the latter being the more time-consuming complete inspection, and to change the maximum number of employees per turn in the given jobs. It installed these changes as Change No. 18 on February 28, 1965, retroactively to January 31, 1965, and applied the new standard time values to the payroll periods covered by Grievance No. A-62-144. The change, however, adjusted not only standard time values for back-up rolls, but also those for work rolls, since the Company had just then instituted an inspection program for work rolls similar to that for back-up rolls involved in Grievance A-62-144.

The retroactive application of Change No. 18 to the payroll periods covered by Grievance No. A-62-144 was challenged by the Union in a Compliance Proceeding of Case USC-1827. In a Supplemental Award the Board issued the following Award:

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"The adjustment of Incentive Application No. 686 as set forth in Change No. 18, and the application of its adjusted standards to payroll periods from the one including August 20, 1962, until the one of September 15, 1962, and from the one of January 19, 1963, until the one of August 17, 1963, complies with the Board's Award of August 6, 1964."

In its Award the Board mentioned the following background facts with respect to Change No. 18:

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"Since a more intensive inspection program was instituted for work rolls early in 1965, the method of adjustment followed by the Company to comply with the Board's Award in this case was also adopted for work roll standards, and installed as Change No. 18 on February 28, 1965, retroactive to January 31, 1965. In the first five payroll periods after Change No. 18 became effective, the weighted average IMP climbed to 139%. For the period from August 31, 1963 until January 30, 1965, the incentive showed a weighted average IMP of 135%, as compared to 130% prior to the grieved changes."

On March 25, 1965, the Union filed Grievance SI-65-43 (USS-5284-S) in which it took the position that no changes had occurred to justify Management's installation of Change No. 18. The Minutes of the Third Step Meeting which was held five days after May 7, 1965, the date of the Compliance Hearing in Case USC-1827, show the following Summary of Discussion:

"Management's Representative related the sequence of events surrounding this grievance. In 1962, grievance A-62-144 was filed protesting the Equity of the Tin Finishing Roll Shop Incentive Application. In that case, the Union contended that there had been a change in conditions involved in Management's decision to have all back-up rolls coming to the Roll Shop from #4 Tin Temper Mill and #1-2 Stand Cold Reduction Mill fully inspected. This case eventually was heard in Arbitration and decided in the late summer of 1964. This decision directed that the case be returned to the parties and resolved in light of the Arbitrator's opinion. In recognition of the Arbitrator's instructions, Management installed Change #18 to the Tin Roll Shop Incentive Application.

"Change #18 included revised position manning maximums and denormalized standards for the chocking and unchocking of both back-up and work rolls. The initiating force behind Change #18 was Management's desire to comply

"with the instructions of the Arbitrator and to avoid any future situations which would be contrary to the principles set down in these instructions.

"The following is the earnings record for these crews before and after Change #18.

<u>Pay Period</u> <u>Ending</u>	<u>IMP</u>
11-21-64	143
12-05-64	143
12-19-64	140
1- 2-65	144
1-16-65	138
1-30-65	141
* 2-13-65	138
2-27-65	138
3-13-65	138
3-27-65	138
4-10-65	145
4-24-65	138

* Dated of installation of Change #18.

"It was noted during the discussion of this case that the propriety of Change #18 is currently being evaluated as part of the question of compliance with the Arbitrator's decision in A-62-144."

The Union added the following corrections:

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"The Union protested Management's installation of Change #18 as not being proper procedure to comply with the Arbitrator's Award in A-62-144.

"The Union questioned Management's action in changing the Crew size as to the job positions and in cutting the standards on assembling backup rolls and cutting the Checking standard and also stated the incentive suffered as a result.

"The Union Representative stated there was no change in the procedure in assembling of rolls as performed before and Management's action in changing the standard was improper as this does not reflect the additional man hours needed for this job."

The Step Four Meeting was held after the Supplemental Award in Case USC-1827 was issued on June 4, 1965 and contains the following notation:

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"Union Witness Balogh stated that the Board of Arbitration had ruled on implementation of USC-1827, not Change #18, and that regardless of what the Board said Change #18 was not equitable."

A few days before the Compliance Hearing of Case USC-1827, the Union filed an additional grievance, SI-65-70, (USS-5307-S) in which it charged that Change No. 18 is not

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equitable. The Step Three Meeting was held a few days after the Supplemental Award in Case USC-1827 was issued and contains the following Summary of Discussion:

"The Union's Representative asserted that the aggrieved Change #18 does not maintain the equity of the Tin Finishing Roll Shop incentive plan.

"Management's Representative referred the Union to the Supplemental Award of the Board of Arbitration (USC-1827) on Irvin grievance A-62-144, which dealt with and resolved this issue. A copy of the Award is attached to these minutes. Further processing of this grievance would appear to abuse the grievance procedure and waste the time and money of the parties."

and the following decision of the Company:

"This case should be withdrawn as completely resolved by the attached Arbitration Award."

The Summary of Discussion of the Step Four Minutes
reads in part:

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"Management's Representative said that it is not within his province to negate or change a decision of the Board, and actually he did not believe it was appropriate to discuss the claims as presented by the Union since they are a rehash of issues previously decided.

"Although not a part of this case and as a matter of information only he questioned the Union Representative as to what changes, if any, have occurred following June 4, 1965 (Date of Award, USC-1827).

"Union Witness Balogh testified that the earnings provided by Change #18 have fallen and indicated that this was the reason for filing the grievance.

"Management's Representative took issue with this statement in that the facts simply do not support such a belated justification attempt. He pointed out that the grievance was presented on May 5, 1965, and the measured performances for the previous four closed pay periods were 135% (3/13/65), 138%, (3/27/65), 145% (4/10/65) and 138% (4/24/65). Performances for pay periods 5/8/65, 5/22/65, 6/5/65 and 6/19/65 were 137%, 131%, 137%, and 136%, respectively.

"Union Witness Balogh said that there is absolutely no change in practice in the inspection and/or repair of work rolls and therefore Management was improper in de-normalizing the standard time value.

"Union Witness Strucker said he has worked in the Roll Shop since 1942 and there has been no change in either back-up roll repairs or work roll repairs except that recently back-up rolls have been inspected and repaired more often than previously.

"Subsequently Management's Representative determined that the 5.00 standard time value for Disassembling and Assembling Work Rolls has been applied as shown below:

<u>Pay Period</u> <u>Ending</u>	<u>No. of Times</u>
3/27/65	7
4/10/65	5
4/24/65	11
5/ 8/65	9
5/22/65	0
6/ 5/65	5
6/19/65	4
7/ 3/65	8
7/17/65	2
7/31/65	5

"The statements of the witnesses as regards 'no change' thus fall by weight of actual application.

"Management's Representative said the grievance as to equity is without merit, having already been

"decided. The Supplemental Award in USC-1827, from the language of the Agreement, 'shall be final and binding upon the Company, the Union, and all employees concerned.' (Section 7-F, paragraph 87) The processing of this grievance (SI-65-70) as well as SI-65-43 is a violation of paragraph 87 by the Union."

The Union added the following corrections to these Minutes:

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"To compare the effect of Change-18, it would be necessary to adjust the I. M. P. of the pay periods from 8-31-63 to the date of the installation-1-31-65. This is necessary to comprehend the effect on the I. M. P. of the additional hours of Back-Up Roll and Work Roll Bearing Repairmen in these pay periods. Adjusting these pay periods would result in higher earnings.

"The Union was presented the copy of Change 18 on 3-25-65. The Union cited the pay periods 2-13-65 and continuing to demonstrate the loss of earnings and not only the pay periods as in these minutes."

The Company points out that under Section 7-F an Award of the Board "shall be final and binding upon the Company, the Union, and all employees concerned." It considers the appeal of the two grievances to the Board as a direct violation of that Section since, in the Company's opinion, they seem to reopen issues adjudicated by the Supplemental Award.

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The Union, on the other hand, takes the position, set forth in its brief in Case USS-5307-S that "the evidence in this case clearly establishes that Change No. 18 is not equitable." It is also claimed in the same brief -

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"In its corrections to the Step Three Minutes the Union pointed out that it requested detailed explanations as to why standards and crew sizes were changed. Management's representative stated that such would be in the minutes. The minutes are bare."

However, the record of the Compliance Hearing in Case USC-1827 shows that three meetings were held between Company and Union representatives to reach an agreement on the implementation of the Board's original Award in Case USC-1827 at which the Company outlined its proposals to the Union in detail.

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In its brief in Case USS-5284-S the Union states:

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"The Union submits that this case and its companion case illustrates what Management can do when the rythm of production develops a pace which under an existing incentive plan, will yield somewhat fair incentive earnings. Management merely institutes unnecessary changes or procedures and uses such as a legal reason to tamper with the incentive plan. Just as our watches never kept good time again after we as little boys tampered with them so the incentive plan never again yields previous earnings after Management tampers with it."

In the Union's oral argument, a representative of the International Union sharpened the contractual issue. He stated that Change No. 18 may have met the requirements of the Board's Award for retroactive payments but that it does not meet the requirements of the Agreement in its prospective operation.

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FINDINGS

Resolution of this dispute requires an examination of the administration of this incentive and of "normalized" standards. Over the years, the incentive has yielded earnings in excess of the anticipated 125%, partly because its "normalized" standard time values were engineered on the assumption that one out of four back-up rolls would be

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completely inspected while, in fact, only one out of five back-up rolls received such full attention under normal circumstances. By the same token, normalized standard time values, engineered on expected average conditions, may also lead to declining earnings if the anticipated ratio changes adversely. In this case, the decrease in earnings generated by the temporary increased inspection program, initiated in 1962, would not have required an adjustment in work time values had it not been for the fact that the minimum number of employees was specifically set forth in the incentive brochure and that the incentive brochure also provided for the contingency of operations with off-standard crews.

In response to the decision of the Board in USC-1827 the Company could have engineered new normalized standards with an adjustment in crew sizes. Since these standards would also have been engineered on the basis of anticipated average conditions, this would have yielded only slight increases in earnings for the pay periods under dispute in Case USC-1827, followed by pay periods with slightly lower earnings during "normal" operations. The engineering of such standards would have required a number of estimates which the Company could have reasonably expected to be challenged by the Union. Under those circumstances, the Company saw no alternative but to come up with the solution engineered into Change No. 18 by denormalizing the standards and by providing specific standard time values both for the complete inspection and for mere unchocking and chocking. This adjustment of the incentive was governed by the provisions of Section 9-C-2-a as spelled out by the Board in the first Award in USC-1827:

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"Where an adjustment of an incentive is required under Section 9-C-2-a of the Basic Agreement, the Board will examine whether the earnings yielded by the adjusted incentive preserve its integrity."

However, Change No. 18 was not instituted solely to comply with the Board's Award in Case USC-1827 which concerned work on back-up rolls; it also included new standard time values for work rolls. In the words of the Step Three Minutes in SI-65-43:

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"The initiating force behind Change #18 was Management's desire to comply with the instructions of the Arbitrator and to avoid any further situations which would be contrary to the principles set down in these instructions."

After the Board's adjudication in the first Award in Case USC-1827, the Company was under an obligation to adjust standards for work rolls when circumstances occurred in January of 1965 similar to those which prompted the filing of Grievance A-62-144. The Findings of the Board in Case USC-1827 have laid to rest any further consideration of the need for adjustment of the standard time values; but whether Change No. 18 has preserved the integrity of the incentive with respect to standard time values for work rolls within the meaning of Section 9-C-2-a of the Basic Agreement is a question which can properly be raised by the Union. Therefore, the two grievances in this case cannot be dismissed for the reasons discussed in Cases USS-5281-S, -5372-S, issued today.

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The question remaining for adjudication was not specifically discussed between the parties in connection with these two grievances, but it is identical to that already resolved in the Supplemental Award of USC-1827. The past earnings history of this incentive application has shown that the normalized standards provided equitable incentive earnings. As explained in the Compliance Hearing in Case USC-1827, denormalizing of these particular standards is a purely mathematical function which does not affect the earnings potential of the denormalized standards and, normally, preserves the integrity of the incentive. These denormalized standards may produce a different earnings pattern than normalized standards, since they reflect "product mix," while normalized standards more broadly reflect work volume. This is borne out by the statistics provided by Union Exhibit No. 1 which, when compared to the data provided by the Fourth Step Minutes in Grievance SI-65-70, show higher earnings in pay periods when more complete inspections are performed on work rolls.

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AWARD

The grievances are denied.

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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