ARBITRATION NO. 84

904 Church Street
Ann Arbor, Michigan
September 25, 1953

Mr. H. C. Lieberum
Assistant Superintendent Labor Relations
Inland Steel Company
East Chicago, Indiana

Mr. Joseph B. Jeneske,
International Representative
United Steelworkers of America - C.I.O.
3703 Euclid Avenue
East Chicago, Indiana

Re: Grievance No. 16-C-292 about Tin Plate Incentive Rates for the 40" 5 Stand Tandem Mill

Dear Mr. Lieberum and Mr. Jeneske:

By request of the Union and the Company, I have arbitrated the subject grievance July 15, 1953 and in this report present my recommendations (Award) for a practical settlement of the grievance.

Very truly yours,

Q. C. Vines

Q. C. Vines,
Arbitrator

Original copy to: H.C.Lieberum
Carbon copy to: Joseph B. Jeneske

ARBITRATION AWARD FOR GRIEVANCE NO. 16-C-292

ABOUT

TIN PLATE INCENTIVE RATES ON THE 40" TANDEM MILL

BETWEEN

INLAND STEEL COMPANY, EAST CHICAGO, INDIANA

AND

LOCAL UNION NO. 1010, UNITED STEELWORKERS OF AMERICA, C.I.O.

ARBITRATOR: PROFESSOR Q. C. VINES

SEPTEMBER 25, 1953

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I - THE SITUATION

1. THE GRIEVANCE

On June 25, 1951 the Union filed Grievance No. 16-C-292 claiming that because of changed conditions brought on by the use of welded coils the Tin Plate Incentive Rates for the 40" 5 Stand Tandem Mill have become inappropriate and cause crew members to lose a substantial amount of earnings. A copy of the grievance appears in Report Exhibit No. 1. Report Exhibits No's 2 and 3 show respectively the replies by the Company in the Second Step and the Third and Fourth Steps of the grievance procedure.

The Union considers that the Company has violated Article V, Section 5 of the Collective. The statement in this section is as follows:

> "Until such time as the new incentive is agreed upon, or in the event a grievance is processed to arbitration, until an arbitrator's decision has been rendered, the average hourly earnings of incumbents of the job as of the date the new incentive is installed shall not be less than the average hourly earnings received by such incumbents under the incentive plan in effect during the three (3) months immediately preceding the installation of the new incentive plan.
>
> Where an incentive plan becomes inappropriate because of new or changed conditions resulting from mechanical improvements made by the Company in the interest of improved methods or products, or from changes in equipment, manufacturing processes or methods, materials processed, or quality or manufacturing standards, and the company does not develop a new incentive, the employee or employees affected may process a grievance under the provisions of Article XIII of this agreement and Section 9 of this Article, requesting that a new incentive be installed providing, in the light of new or changed conditions, equitable incentive earnings in relation to other incentive earnings in the department or like department involved, and the previous job requirements and previous incentive earnings."

2. THE BACKGROUND

The major details involved in the subject dispute will be briefly stated here:

a. The Present Incentive Rates

Certain engineering changes made by the Company to the 5 Stand Tandem Mill in January, 1949 made it possible for the operating crew to run the mill at a speed of 4200 feet per minute instead of the former speed of only 1200 feet per minute. In May, 1949 the Company installed a new incentive plan and rates (standards) No. 50-N-12 for Tin Plate Material to replace the former plan and rates which had become inappropriate because of the engineering changes. The rate sheet for this plan is shown in Report Exhibit No's. 4 and 4a. The two sheets are the same with one exception, Exhibit No. 4a shows the values of the hourly rates prior to the general wage increase made March 1, 1952. All other rates on both exhibits incorporate the general wage increases made March 1, 1952. The effects of an additional $.085 per hour general wage increase made June 12 could not be shown in these exhibits because preparation of the exhibits was started too early in order to have them ready for the Arbitration Meeting, July 15, 1953. Discussions in this report will use the rates of March 1, 1952 unless otherwise specified. It shall be understood that rates when actually applied will be adjusted to incorporate the $.085 per hour raise.

In the period from January to May 28, 1949, when these rates were issued, the Company paid members of the operating crew a fixed hourly wage equal to their respective previous average incentive earnings.

On August 7, 1950 the Company installed a new incentive plan and rates (standards) No. 50-N-12a for Cold Roll (Dull Finish) Material. Report Exhibit No's. 5 and 5a show the same rates in dollars for allowances and per 1000 lbs. of material run. The rates were developed using the incentive base hourly rates of March 1, 1952. The hourly rates effective as of March 1, 1952 and prior to March 1, 1952 are shown respectively on Report Exhibit No. 5 and 5a. As in the case of the rates for Tin Plate Material no adjustment has yet been made for the $.085 per hour wage increase of June 12, 1953.

The total earnings under these incentive plans are made up of two components: (1) the fixed value which is the incentive or bonus base and (2) the variable value based on the pounds of steel rolled and the allowances. The Company stated that in establishing the plans it made the incentive (or bonus) base equivalent to half of the hourly average earnings achieved during the 90-day period prior to the changes made in mill and constituted approximately 47% of the expected total earnings. The variable portion of the earnings are made up of the following items:

(1) Number of coils threaded
(2) Amount of tonnage rolled in gauge and width ranges. (The rates for this work include a 20% delay allowance.)
(3) Number of roll changes
(4) Number of occurrences that the crew widens-out the mill
(5) Number of welds threaded
(6) Set-up allowance

Following is the Company's explanation of the breakdown of time for the work on this mill:

"1. Production Time

Production time is that time necessary to prepare, thread, roll and remove each coil and has been segregated into two parts. All considerations were based on time studies with the exception of roll change allowances which were based upon previous allowances and later checked by time studies for their appropriateness.

a. Manual Time

Manual or coil threading time consist of the time necessary to thread and to remove each coil. The weighted average time values for all occurrences recorded during the time studies has been computed and used as the base standard per coil.

In addition to these elements the base handling time per coil includes an allowance for the rolling time lost in starting up and stopping the mill. An appropriate delay allowance is also applied to the base handling time.

b. Rolling Time

The rolling time per 1000 pounds of steel is a function of both speed and the number of lineal feet per 1000 pounds of steel at a given width and gauge. At the average section for Tin Plate material, the speed used in computing the rolling time per 1000 pounds was 3500 f.p.m. Speeds used ranged from 3900 f.p.m. on the lightest section to 3100 f.p.m. on the heaviest. Average speed used for cold roll material was 2600 f.p.m. with a range from 2950 f.p.m. to 1290 f.p.m.

Delay allowances have been added to the calculated rolling time for each gauge and width bracket.

2. Non-Productive Time

Non-productive time is that time which is necessary to the operation of the unit but does not directly contribute to the production. This time has been computed into the rate as follows:

a. Rated Allowances

(1.) Roll Change

Roll change allowances are based on the roll change allowances existing for the rate in effect previous to the mill change over.

(2.) Widen-Out

This allowance is to cover that time needed to set up the mill after a roll change which is made to start on a new rolling schedule.

(3.) Welds

The weld allowance is based on lost rolling time while rolling at reduced speeds and applies to Tin Plate material only. Weld allowances for Cold Roll material is not required because of the lower rolling speeds and heavier gauges.

b. Delays

Delays have been segregated and totaled. Separate delay allowances have been established for coil handling and rolling. These are expressed in terms of a percent of the standard times. In addition to the delay percentage applied to the rolling time, a constant delay allowance is added to provide for setting up the mill for each gauge and width change.

(1). Development of the Time Rates (Standard)

In developing the dollar rates, or standards, the Company first determines the normal time for doing the work at an incentive pace. The incentive or 100% pace might be considered as a brisk one at which an average qualified workman is capable of working without injury and for which the man receives payment of the expected earnings rate. If one wishes to relate the normal daywork pace (a reference used

by many industrial engineers) to the incentive pace, the Company suggests considering the former as equal to 76 to 80% of the normal incentive pace. Most of the time values are determined by taking time studies; some may be determined from reference data.

(2). Development of the Dollar Rates (Standard)

The time rates, or standards, are converted to dollar values by first adding needed allowances and the multiplying of the sum by a (total) Crew Rate per minute. This Crew Rate is computed as follows:

RATES AND EARNINGS PER HOUR

OCCUPATION	BASE RATE	INCENTIVE BASE	EXPECTED EARNINGS	VARIABLE EARNINGS	SHARE OF CREW RATE
Roller	$ 2.685	$ 2.200	$ 4.35	$ 2.150	19.7%
Assistant Roller	2.385	1.885	3.705	1.820	16.7%
Catcher	2.085	1.680	3.320	1.640	15.0
Sticker	2.085	1.680	3.320	1.640	15.0
Feeder-Mill	1.985	1.410	2.730	1.320	12.1
Feeder-Wiper	1.835	1.300	2.520	1.220	11.2
Feeder	1.685	1.200	2.320	1.120	10.3
Totals	$14.745	$11.355	$22.265	$10.910	100.0%

$$\text{(Total) Crew Rate/Min.} = \frac{\text{Total Crew Variable Earnings}}{\text{60 Minutes}}$$

$$= \frac{\$10.91}{60} = \underline{\underline{\$.182}}$$

The Crew Rate per Minute is used to compute the Crew Rates per 1000 pounds for various gauges and widths of steel shown in Report Exhibit No's. 4 through 5a. To illustrate the development of these Crew Rates an example is shown here of the computation of the rate for one size of tin plate:

Gauge Bracket:.0094 to .0101; Midpoint: .0098

Width Bracket: 27.0" to 29.9"; Midpoint: 28.45"

Pounds per Lineal Foot: .0098 x 28.45" = .971 lbs.

Lineal Feet per 1000#: $\frac{1000}{.971}$ = 1030 Ft.

Speed used at section (width): 3500 F.P.M.

Base Running Minutes/1000#:	1030 ÷ 3500 =	.294 Min.
Delay Allowance at 20%:		.059
Set-up Allowance per 1000#:		.024
Total Minutes/1000#:		.377 Min.

Crew Rate Per 1000#: Min/1000# x Crew Rate/Min.

= .377 x $.182

= $.069 per 1000#
(See Report Exhibit No. 4)

Changes in Manufacturing Methods and Materials

At the time the rates, issued May 28, 1949, were developed, the majority of the production was of "single" coils weighing approximately 6800 pounds. Only a few "doubles", two single coils welded together, were run through the mill. The Company states that as early as 1949 it did contemplate rolling even larger coils and indicated as proof of this the fact that it established an Allowance for Each Weld

Threaded. Large coils are formed by welding from two to four "single" coils together making one long unit weighing as much as 27,000 pounds. When running the welded portion of either "double", "triple", or "quad" coils through the mill, it is necessary to reduce the speed at times to as low as 500 feet per minute instead of the normal running speed of 3500 feet per minute. The Company states that the average speed, however, for running the welded portion through the mill is about 2000 feet per minute.

The making of the large coils was dependent upon the continuous pickling operation preceeding the 40" Tandem rolling operation. It was not until March 15, 1951 that the Company started operating its new #3 Continuous Pickling Lines, making possible the regular production of "triples" and "quads" coils.

These coils were so large in diameter that the loading pit on the 40" Tandem Mill had to be made deeper to accommodate a new hoist. A positioner was added to hold the coil until it was threaded into the first rolls. The reel for the coils was also made deeper and larger. It was intended that this new equipment would make the loading and reeling of the "triple" and "quad" coils as easy and quick as the "singles", or small coils.

c, Steps Involved in the Grievance

On June 25, 1951 the Union filed the subject Grievance No. 16-C-292 contending that because of the use of double

coils the Tin Plate* incentive rates had become inappropriate. This resulted from changed conditions accompanying the use of double coils with welded sections. In the Grievance shown in Report Exhibit No. 1, the Union indicated that crew members operating the 40" Tandem Mill suffered a substantial loss in earnings and cited these specific reasons for the loss:

> "1. More trouble with bad welds -
> a. Welds break in #2 mill (stand).
> b. On occasion will open out at #1 mill (stand) and catch on wiper boards.
> c. Breaks between #4 and 5 mill (stands) causing wreck of rolls and loss of time.
> 2. Threading mill for all welds to prevent roll changes.
> 3. Changing of band size (thickness) before and after welds.
> 4. Telescoping of larger coils in tension reel.
>
> Although the men are paid for each weld, the weld money does not compensate for the loss in coil money. The increase tonnage does not compensate for the loss in earnings because of cutting the coil money in half."

The Union requested as relief for the situation that the Company provide an appropriate rate (rates) to compensate for the loss in earnings due to welded coils. It also requested payment of average hourly earnings based on

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*Although the original statement of the grievance refers to Tin Plate Material only and does not mention Cold Rold Material, it may have been the intent that the grievance cover rates for all material rolled. This statement appears in Par.4, Page 3 of the Company's Statement Submitted by Inland Steel Company in Support of Its Position Denying Grievance 16-C-292: "The Union filed Grievance No.16-C-292 June 25,1951 alleging that the wage incentive plans for Tin Plate and Cold Roll material processed on the 5-Stand Tandem Mill had become inappropriate because of a change in coil weight--------." Actually, the rolling of tin plate material constitutes approximately 90% of the total production and the rolling of cold roll material the remaining 10% production.

earnings 90 days prior to changed conditions until a proper adjustment is made, this to be retroactive until March 19, 1951.

The Parties failed to reach a satisfactory settlement of the grievance in the first step of the procedure so it was carried into the next steps.

Steps 2 and 3 - The grievance was processed in the second and third steps without a settlement. The Company's written replies to the Union in these steps appear in Report Exhibit No's. 2 and 3 dated respectively December 6, 1951 and May 14, 1953.

Step 4 - On July 15, 1953 the Arbitrator met with representatives of the Company and the Union to discuss the grievance.

Present for the Company:

W. T. Hensey, Jr.,	Ass't. Supt. Labor Relations
R. J. Royal,	Div. Supr. Labor Relations
L. E. Davidson,	Sup'r. Industrial Eng'g., Flat Products Division
E. G. Mullen,	Industrial Eng'r., Cold Strip Department
J. A. Keckich,	Ass't. Sup't. Cold Strip Dept.
P. S. Jaynes,	Safety Engineer, Safety and Plant Protection Dept.

Present for the Union:

Joseph B. Jeneske,	International Representative
Peter Calacci,	Chairman Grievance Committee
James Stone,	Grievance Committeeman
George Delegate,	Assistant Roller
William Valavanis,	Mill Feeder
Peter St. Mary,	Catcher
Everett Hatrick	Catcher
Andrew Kovach,	Sticker

Present as Arbitrator:

Professor Q. C. Vines

Both parties stated their opinions about the grievance and presented various typewritten statements and exhibits to the Arbitrator. The Company asked and was granted permission to submit a post-hearing brief within fifteen days after having an opportunity to review a transcript of the arbitration meeting discussions. The Union granted an equal period, following receipt of the Company's post-hearing brief, in which to submit any rebuttal considered necessary. The Company sent a brief to the Arbitrator; and the Union subsequently submitted a written rebuttal. Following the arbitration meeting the Arbitrator, accompanied by Union and Company representatives, went to the 40" 5-Stand Tandem Mill to see it in operation and to note the use of the changed equipment.

d. The Union's Position

The Union considers that the present incentive plan for the crews of the 40" 5-Stand Tandem Mill in the Cold Strip Department has become inappropriate under terms of Article V, Section 5 of the Agreement between the Parties, because changed conditions have resulted in an increase in productivity and a loss in earnings. The Union stated that these changes were primarily responsible for the loss in earnings:

1. The installation of the #3 Pickle Line on March 19, 1951, produced larger welded coils which, in turn, were rolled on the 40" Tandem Mill.

2. In order to handle the larger coils these alterations had to be made to the 40" Tandem Mill:

   a. The hoist handling equipment had to be put in deeper.
   b. The reel was made deeper and larger.
   c. A positioner was added to hold the coil until ready for threading.

"The changes made it possible to roll larger coils and increase the capacity of the mill. The changes also made it a lot harder for the crews to maintain an incentive pace, and the resultant loss in earnings was directly attributed to the fact that the present rate provides payment **for** incoming coils, the number of which has been reduced as a result of the changes.

The present rate has a Miscellaneous Allowance of 1.54 min., or $.28 per each incoming coil and .25 min., or $.045 per each weld threaded. The rate was put into effect May 28, 1949, almost two years prior to the institution of the #3 Pickle Line and resultant changes in the operation of the 40" 5-Stand Mill and was predicated on the normal handling of 'single' and 'double' coils.

The situation has now developed whereby the coils handled are 'triples' and 'quads' and the tonnage earnings are not enough to compensate for the loss in coil money; consequently, the production is up and the earnings are down.

The obvious thing that is wrong with the rate is that the tonnage curve is too flat and does not provide enough money to maintain equivalent earnings for equivalent production when larger coils are processed through the mill. The coil money provided by the present rate was obviously put into the rate structure for the purpose of compensating employees for the loss of earnings that would result in the loss of production due to the handling time required for threading and combining each.

It is just as obvious that when larger coils are processed and the coil money provided for by the rate is no longer there, that a new tonnage rate structure should be developed to provide at least equivalent earnings for the production provided previously.

----------There is no mention in the Company answer (in the 1st, 2nd, and 3rd Steps) in any respect that the earnings have fluctuated to any degree

such as we are attempting and going to attempt to show you here.----------

In any event, it (Union Exhibit "E") shows the actual earnings for these various occupations. This is in two sections - the first quarter of 1951 and the first quarter of 1953, for the same occupations; and it shows a definite drop in the earnings ------- it shows a drop in the total base rate* in the two periods; although there is an increase in productivity, there is a drop in earnings, attributable entirely to the changed condition which the Union contends. ----------

A new incentive plan should be developed and instituted by the Company in accordance with the procedures of Article V, Section 5 of the existing agreement between the Company and the Union to provide equitable incentive earnings in relation to the previous job requirements and the previous incentive earnings, and the Union, therefore, requests the Arbitrator to so rule."

Some of the earning comparisons presented by the Union are given in the succeeding REPORT EXHIBIT NO'S 6, 7 and 9. The first of these exhibits compares the total earnings of each 40" Tandem Mill Crew member for the first quarter 1951 with the first quarter 1952. The earliest period was just prior to the time of any extensive production of large welded coils; and the latter period was in the succeeding year when nearly all coils rolled were of the large welded type. The Union shows that earnings for the Roller job, the highest paid on the crew, dropped from an average of $4.47 per hour to $4.25,

*Arbitrator Comment: Total BASE RATE PER HOUR for entire crew was $16.43 and approximately $16.53 for the first quarters respectively of 1951 and 1953. The Union probably means to mention a drop in Total Earnings rather than a drop in Base Rate.

a reduction of $.22 per hour or 8 1/2%* The reduction shown for the other jobs ranges from 8 1/2% to 3%.

The REPORT EXHIBIT NO.7 displays the average monthly earnings of each crew occupation for the first quarter 1951 and the first quarter 1953, the latter period being in the current year a few months prior to the actual arbitration.

REPORT EXHIBIT NO. 8 shows the monthly average amounts from July 1950 to October 1952 of: (1) Tons per Turn Produced, (2) Coils per Turn Produced, and (3) Total Earnings per Hour of the Roller Occupation.

e. The Company's Position

The Company denies that there has been a violation of Article V, Section 5 of the Collective Bargaining Agreement and that the Wage Incentive Plan No's. 50-N-12 (Tin Plate) and 50-N-12a (Cold Roll) have become inappropriate in light of provisions of that Section. The Company states that operation of the new #3 Continuous Pickle Lines, started March 15, 1951, enabled it to process larger coils subsequently rolled on the 40" 5-Stand Tandem Mill. It maintains, however, that the Wage Incentive Plans in dispute were developed with proper consideration being given to varying coil weights and that at the time these plans were installed, it was recognized that heavier coils would be processed.

The Company's reply (Report Exhibit No. 2) to the

*Arbitrator Comment: $\frac{\$.22}{\$4.47} \times 100 = 4.9\%$ reduction

Union dated December 6, 1951 in Step 2 of the grievance procedure indicated these three points:

(1) "A review of the earnings for the three 40" Tandem Mill crews substantiates the fact that there has been no change from January 1, 1951, through the month of October 1951. The earnings, month to month, are very consistent and would indicate that use of welds in coils from #3 Pickle Line have not brought a change in the employees' earnings as stated in this grievance. ----------.

(2) The present wage payment rate for Tin Plate on the 40" Tandem Mill was made effective May 28, 1949 and was accepted by the Union and the employees and was never subsequently contested or grieved. ---------- As is brought out above there is no contractual right for the institution of this grievance under the grievance procedure and also the statement that earnings have dropped off as a result of running welded coils is unfounded.----------."

(3) At the time this rate was established it was explained to everyone that it was expected that welded coils would be run through this unit, and as a consequence of this explanation there was a miscellaneous allowance made for the crew for each weld that was threaded through the mill.

Reference to the 180-day time limit for filing a grievance appears in Article V, Section 5, Part 4 of the Agreement, which states:

"Should agreement not be reached, the proposed new incentive may be installed by the Company at any time after fifteen (15) days after the meeting between the Company representative and the International Representative of the Union, and if the employees affected claim such new incentive does not provide equitable earnings in relation to other incentive earnings in the department or like department involved, and the previous job requirements and previous incentive earnings they may at any time after thirty (30) days, but within one hundred-eighty (180) days following such installation, file a grievance so alleging. Such grievance shall be processed under the grievance procedure set forth in Article VIII of this Agreement and Section 9 of this Article. If the grie-

vance be submitted to arbitration, the arbitrator shall decide the question of equitable incentive earnings in relation to the other incentive earnings in the department or like department involved and the previous job requirements and previous incentive earnings and the decision of the arbitrator shall be effective as of the date when the new incentive was put into effect."

At the arbitration meeting July 15, 1953, the Company stated that it had made check time studies of the 40" Tandem Mill operation to determine whether existing rates were appropriate. It considered that these studies proved the rates to be satisfactory. Following is REPORT EXHIBIT NO. 9 which compares time values in effect for allowances with those values obtained with the check studies:

The Company has further explained and summarized its position in these statements from pages 3 to 7 of its post-hearing brief:

"The Union, established that the reason for the decrease in total earnings was that the handling of fewer coils resulted in a reduction of coil money that was not counter-balanced by an increase in tonnage money resulting from increased tonnage rolled. The Union neither contended nor established that the previous earnings level could not be maintained or exceeded, they merely stated that the Tandem Mill crews had not maintained the previous earnings level.

During the Arbitration the Union repeatedly contended that increased tonnage should yield increased earnings. This was the focal point of their case. Under certain conditions this would be true, for if tonnage were to increase from one period to another under a given set of conditions (same weight coils, same sections, same delays, etc.), the earnings would also increase. This would be justly so since such a tonnage increase would reflect improved performance on the part of the crew.

However, the increased tonnage so often mentioned by the Union was brought about, not by improved performance on the part of the aggrieved employees,

but rather by the larger coils which increased the percent of rolling time and decreased the percent of handling time.

The reduced earnings reflect most accurately the decrease in crew performance. The accompanying table illustrates the application of the time standards at various coil weights and the effect of larger coils on expected tonnage production (Exhibit III).

The contract does not define or limit the application of the term "changed conditions". Hence the Union may allege that any change, whether major or minor, may result in an inappropriate rate (page 3 - transcript).

In view of the decrease in the number of coils threaded the Union allegation that it is now "a lot harder for the crews to maintain an incentive pace" cannot be true (page 4 - transcript). Any changes which result in a decrease in physical handling time and an increase in machine time make it easier for the crews to maintain an incentive pace.

The equipment in use on the five stand mill has not been significantly changed since the original studies were made and the same handling standards are applicable (page 5 - transcript).

Production, as expressed in terms of tons only, is up. Crew performance, however, is lower than it was during the period prior to the filing of Grievance No. 16-C-292 (page 5 - transcript).

The rates per one thousand pounds in a given gauge and width section are the same today as they were when the rates were first installed. The tonnage money now constitutes a greater percentage of the total money paid for handling and rolling a given coil but this reflects the change in the ratio of rolling and handling time due to the trend toward larger coils (page 5 - transcript).

The Union implies that if the present rates are not changed the productivity of the 40" Tandem Mill will not increase. This implication also reveals that the previous earnings level could be attained (page 6 - transcript).

Experience throughout the industry validates the processing of larger coils and where the Wage Incentive Plan incorporates a time balance between handling and running time a consistent performance for both

running and handling by the crews will result in equitable earnings regardless of the coil weight.

The Wage Incentive Plans in effect for the 40" Tandem Mill incorporate a proper balance between the running and handling time.

It is, therefore, the position of the Company that the processing of large coils has not made the existing Wage Incentive Plans inappropriate. The following will clarify and support the data presented during the Arbitration.

The Union contends that there has been a drop in earnings on the 5 Stand Tandem Mill because of an increase in coil size and that this drop in earnings is due to the fact that the incentive plan is inappropriate.

It is a fact that earnings, since we have had large coils, have been $4.26 for 1952, and $4.26, January through May, 1953, as compared with the expected earnings level of $4.35 at the expected incentive performance (high task). This expected incentive performance was exceeded during 1951 when the earnings were $4.49 before the coil size was significantly increased.

The Company feels that this reduction in earnings is due to a reduced performance on the part of the crew rather than to any unbalance or inappropriateness on the part of the rates.

As proof that the rate is well balanced, it is important to note the earnings for the three months before and the three months after the major change in the coil size. This is shown in the following table which summarizes the information in Company Exhibit B, pages 27 and 28.

PERIOD	AVERAGE COIL WT.	COILS PER HOUR	TONS PER HOUR	EARNINGS PER HOUR
Nov., Dec. 1951, Jan. 1952	11,321	9.4	53.2	4.31
Feb., March, April 1952	18,400	6.4	59.0	4.34

The above figures make it evident that when the coil size increased from 11,321 to 18,400 and the number of coils processed per hour decreased from 9.4 coils per hour to 6.4 coils per hour the men were able to use the time (1.54 minutes per coil) saved in handling fewer coils (9.4 - 6.4 = 3.0 x 1.54 minutes per coil = 4.62 minutes per hour) to increase the

tons per hour. It is significant to point out that the indicated time saved by handling fewer larger coils required no increase in efficiency or effort over the smaller coils by the aggrieved employees. The result in this case was 59.0 tons per hour with the large coils instead of 53.2 tons per hour with the smaller coils, and indicates a slightly better performance with larger coils for the indicated period. This resulted in Rollers's earnings of $4.34 per hour with the large coils vs. $4.31 per hour with the smaller coils. It is thus evident that the increased percentage of larger coils which occurred at this time (approximately February 1, 1952) and raised the coil weight from 11,292 in January to 17,421 in February did not cause any decrease in earnings at the time that the major increase in coil weights occurred.

A further proof from actual production performance that the incentive plan is properly balanced as to the time allowance for coil handling as compared with the strip rolling process as given in the analysis Exhibit "B", page 40 which may be summarized as follows:

COIL TYPE	PERCENT OF PRODUCTION	WEIGHT PER COIL	ROLLER'S EARNINGS PER HOUR
Singles	6.3%	7,687	$4.038
Doubles	10.5%	16,829	4.304
Triples	67.4%	25,039	4.483
Quads	15.8%	31,454	4.441
Combined	100.0%		$4.413

The above earnings are slightly higher than the overall average because of the exclusion of certain delays which cannot be attributed to a particular coil or order. It is significant that the earnings on triples and quads are both higher than the singles and doubles or the overall average.

The fact that the rate is well balanced between coil handling time allowance and strip rolling time allowance which is indicated by the above actual production performance figures has been verified by recent detailed time studies of present operating conditions as provided in Exhibit "B" pages 21 - 26. These indicate that the coil handling time standards are being attained by the operating crews as follows:

	TIME STANDARDS	REVIEW TIME STUDY
Time Per Coil	1.36	1.42
Delay Time	.18	.06
	1.54	1.48

It is thus evident that the slight increase in coil handling time from 1.36 to 1.42 was offset by a decrease in delay time connected with coil handling from .18 to .06 so that the established standards were being met. Delays which occur on a per coil basis naturally are reduced when larger coils replace the smaller cones, therefore, the Wage Incentive Plan before the Arbitrator provides an advantage, not a disadvantage, when processing larger coils.

Similarly on the lost time due to welds, page 21, shows a review time study performance of .26 minutes per weld in comparison with the standard of .25 minutes per weld. This slight increase is more than offset by the improved delay performance on handling and running time.

The difference between actual earnings achieved during the check studies ($4.32 per hour for the Roller) and the expected standard of $4.35 per hour is due to lower performance during the check studies on roll changes* and the occurrence of avoidable delays**. Had these not occurred the Roller's earnings would have been approximately $4.36 per hour.

The 1951 average earnings figure of $4.49 per hour indicates that the standard allowed time values were bettered by the crews. As was shown previously in this statement, the earnings were not reduced at the time of the major increase in the average coil weight.

It is evident that the allowed standards can be bettered and are appropriate for large as well as small coils. The Company, however, contends and has established that the Wage Incentive Plans in effect require only previous performance to achieve previous earnings.

* Roll changing is the process of removing and replacing worn or damaged rolls used to reduce the strip thickness. Roll changes are not an issue with respect to large coils.

** Most notable avoidable delays were personnel delays.

The Company contends that the indicated earnings drop is not a result of any unbalance or inappropriateness in the incentive plan structure and further, that where crew performance is equal, whether with small or large coils, equal earnings will result.

By the Company's statements and exhibits recorded at the Arbitration and those included in this post hearing statement, the Company has established:

1. The Wage Incentive Plans in dispute were developed with proper consideration being given to varying coil weights.

2. The number of welds processed does not adversely affect the incentive earnings opportunity.

3. The Wage Incentive Plans provide equitable incentive earnings opportunity in accordance with the provisions of Article V, Section 5 of the Collective Bargaining Agreement regardless of the coil weight processed.

The Company has established that the Union's allegations are unfounded and that Wage Incentive Plans 50-N-12 (Tin Plate) and 50-N-12a (Cold Roll) provide equitable incentive earnings opportunity for increased coil weights and have not become inappropriate in light of the provisions of Article V, Section 5 of the Collective Bargaining Agreement. Therefore, these plans are to remain in effect under the Provisions of Article V, Section 1 of the Collective Bargaining Agreement."

II - THE OPINION OF THE ARBITRATOR

The Union established that the Company did change conditions on the 40" 5-Stand Tandem Mill after having developed and installed the incentive rates (standards) No. 50-N-12 for reducing tin plate material and No. 50-N-12 for reducing cold roll (dull finish) material. These rates (standards) were made effective respectively on May 28, 1949 and August 7, 1950. The following changes were developed and utilized in combination starting about March 15, 1951:

Changes in Material:

> The coils of stock to be reduced by the mill, particularly for tin plate material, were increased in length and weight. These larger coils, some of which were up to approximately 27,000 pounds in weight, were made by welding together two or more coils of former size that weighed about 6,800 pounds each.

Changes in Equipment:

> (1) Loading pit was made deeper to accommodate a new hoist.
> (2) A positioner was added to hold coil until it was threaded into the first stand.
> (3) The reel for the coils was made larger and the pit deeper.

The welded joints in these large coils would create a weak area and one differing slightly in thickness from the rest of the material. It is reasonable to expect that this would necessitate some change from the rolling practice used for "single", small coils. Actually the speed of the mill is reduced temporarily when running welded sections through the stands so as not to damage the rolls and break the strip of material. Operation of the new equipment requires some different manual motions and mental application than used for non-welded

coils.

A review of earnings data indicates that the average earnings of the mill crew have been less after the changed conditions were adopted than in the 3 to 9 months preceeding their adoption. The amount of this reduction is approximately 3 to 5%, depending on the periods used for comparison. This reduction in earnings might be caused by the changed conditions as claimed by the Union. It might, on the other hand, as the Company contends, result from failure of the crew to attain the expected performance, that is work effectively at a normal incentive pace. Still other reasons could contribute to the low earnings, such as faulty material, improperly maintained equipment, increased crane or other service delays, etc., but lack of discussion of these points indicates neither party considers them important.

The changed conditions, or a reduction in earnings alone, or in combination, do not prove that the rates are inappropriate. These factors do, however, indicate the possibility that the rates might not be suitable for the operation under the present conditions.

After the Union filed the subject grievance, the Company spent a number of days investigating the appropriateness of the rates by observing the work and making time studies of it and the delays. The check-study data shows that the mill crew, on the average produced in essentially the same time as was allowed; and therefore, the Company claims the rates are appropriate and should enable the crew to make the Expected Earning

Rates if it continuously performed at the pace displayed during the check studies. The Union does not recognize these studies as proving that the rates are suitable, claiming two reasons and inferring a third:

(1) The Company made the studies under prepared conditions, more favorable than the present normal conditions. During the period of the study the Company had special rolls installed in the mill that are believed to be more durable than the standard rolls used.

(2) The fact that the crew operated at a pace enabling it to equal the expected earnings rates ($4.35/hour in the case of the Roller job) is meaningless. The Union does not look with favor on the expected earnings rates; it insists that the Company is obligated to make it possible for the crew to earn as much per hour as it did prior to the changes in conditions.

(3) The Union does not have great confidence in the studies a data developed by the Company as the second party in the dispute.

The Arbitrator has not sought to check the Union's first reason for not recognizing Company's check studies.

In considering the second objection above the Arbitrator can understand the Union's desire to duplicate high earnings it has made in previous periods and earnings which it considers on a par with earnings of other comparable jobs in the Company. On the other hand, if the Company explains the characteristics of an incentive plan and the Union accepts the plan, it would be obliged to honor the plan, unless: (1) it files a grievance within 180 days after installation, or (2) changed conditions make the rates (and possibly the plan) inappropriate. The Company explained the subject plan and expected earnings to the Union and the Union accepted these. The Company in its letter to the Arbitrator on September 17, 1953 a copy of which

was sent to the Union, gave these details about the presentation of the 40" Tandem Mill rates and incentive plan:

"(1) During the initial presentation, in addition to a thorough explanation of the plan, the Company discussed the following items:

(a) The Company did not inform the Union of a definite percentage relationship between the incentive base and expected earnings for the Roller. This relationship does not remain constant and would change with either a general wage increase or a fluctuation in variable earnings.

The Company, however, in its presentation to the Union referred to the fact that the plan provided an incentive base which was paid as a fixed hourly rate and the remainder of the expected earnings would be variable and would result from the application of the wage incentive plan to the crews' performance. The Company also pointed out the fact that the $1.70 per hour incentive base for the Roller was approximately half of the previous average earnings (90 day period prior to changes made on the mill) of $3.39 per hour, however the expected earnings level was* $3.85 per hour. This earnings level became $4.35 per hour following the March 1, 1953 general wage increase. Any change in the incentive base following installation of the plan on May 28, 1949 as a result of a general wage increase, would of course, conform to the provisions of the Collective Bargaining Agreement.

(b) The Union was told that the Roller was expected to earn $3.85 per hour ($4.35 per hour effective March 1, 1952)."

In as much as the subject grievance is not one filed within 180 days after installation of the incentive plan to protest the characteristics of the plan, the Union should honor the features of the plan through the duration of the Agreement. That is, if the rates (standards) are appropriate for existing conditions, 40" Tandem Mill crews possessing average qualifi-

*Arbitrator Comment: Believe the word "made" or "established" was ommitted when the Company typed its letter.

cations should endeavor to work at a 100% incentive pace (or faster if they choose). For working at the 100% incentive pace the crew can expect to earn approximately 198% above the respective Incentive Bonus Rates, or in the case of the Roller, $4.35 per hour. Higher earnings could be expected for working at a pace exceeding the 100% expected incentive pace.

The third reason for the Union not accepting the check studies is fairly obvious and is emphasized by the fact the Union demanded the dispute be arbitrated by a third and unbiased party.

In discussing the reason why the use of larger coils caused a reduction in earnings the Union stressed this point: Even though the crew is able to produce more tonnage output than formerly, the increase in "tonnage money" (earnings from the power machine rolling portion of the work) is not sufficient to offset the reduction in "coil money" (earnings from miscellaneous allowances covering manual work and delays). The implication to be gained is that mill crew can earn more per hour on the work paid by Miscellaneous Allowances (coil money) than when on work paid by Crew Rates per 1000 Pounds (tonnage money). This being the case, it can be considered that the Miscellaneous Allowances Rates were more liberal than the Crew Rates per 1000 Pounds. The frequency of application of the "liberal" Miscellaneous Rates depends primarily upon the number of coils rolled and the number of welds threaded. As fewer coils have to be rolled it is evident that highest paid portion of the time is decreased and replaced by time gaining somewhat lower earnings.

Actually, the Union accepted both sets of rates and did not, within a 180 day period after installation, file a grievance protesting the out-of-balance relationship of the rates. The subject grievance pertains to changed equipment, methods, or materials causing the rates to become inappropriate. A shift in the quantities of different types of work to be performed does not belong in this category of changed conditions.

At the time of this writing the Arbitrator believes there is sufficient evidence to create some doubt that the rates in dispute are appropriate. To determine the degree of inappropriateness, or even to definitely conclude that the rates are, or are not, suitable would necessitate more study than the Arbitrator has had opportunity to make thus far. Further analyses should be done by making time studies of the items covered by Miscellaneous Allowances and possibly items that are factors in the delay allowance incorporated in the Crew Rates per 1000 Pounds.

The making of careful time studies of these items might conceivably require between one to three weeks. At this season of the year regular faculty duties will prevent the Arbitrator from devoting the time needed for such a thorough investigation. Therefore, if the investigation is to be made it will be necessary for the Company and the Union to obtain a qualified industrial engineer to replace the Arbitrator in this phase of the work.

Before taking this step it is well to first consider the cost and what is likely to be gained. The engineer's studies

might indicate that either an increase, or a decrease, in rates is warranted in order to make them correct. If an increase in rates is determined as needed the changes should be planned to enable the mill crew of average qualified workmen to make the Anticipated Incentive Earnings agreed to (for the items in question) when the plan was installed. Earnings under the existing rates were close to values declared by the Company to be Anticipated Earnings values agreed to by the Union when the plan was installed. This situation might prompt one to assume that any difference between the existing rates and appropriate ones is not great.

Because the Arbitrator has some doubt as to the appropriateness of the rates, he believes the Union should have a chance to judge whether it wishes to have the investigation continued, or to close the grievance at this stage.

III - THE AWARD

In view of the fact that the Arbitrator does not have time available to personally follow the arbitration of the subject grievance through to a final settlement he will direct herewith alternate action to be taken by the Parties to reach a settlement:

1. Unless the Union chooses to have the alternate action in item 2 or 3 below carried out, it shall be considered that the existing rates for the 40" 5-Stand Tandem Mill are appropriate and that this grievance is settled.

2. If the Company wishes to modify the existing incentive rates and/or plan in dispute in a manner and within a time period agreeable to the Union, completion of such a modification shall constitute settlement of this grievance. The Company shall be granted a period of 21 days following receipt of this Award to gain Union acceptance to a modification proposal.

3. If the Union chooses to have a third unbiased party make a further investigation of the appropriateness of the rates, instead of agreeing to the Company's modification proposal, this procedure shall be followed:

   The Parties shall jointly obtain the services of qualified industrial engineering personnel to determine by time study and other suitable means what the rates (standards) should be for these items in the operation of the 40" Tandem Mill:

Item	Present Allowed Minutes, or %
a. Rolling Time Delay Allowance	20% Rolling Time
b. Base Handling Time	1.36 Min./coil
c. Handling Time Delay Allowance	.18 Min./coil
d. Lost Time Allowance	.25 Min./weld
e. Set-up Allowance	.12 Min./1000# rolled

   This study shall not include determination of rates for the item of Rolling Time per Coil for various sizes.

   If the existing values for the above 5 items vary by ± 5%, or more, from values for the respective items judged to be correct by the investigating industrial engineer(s), rates for such items shall be considered inappropriate. The Company shall then reestablish the rates in accordance with provisions of the Agreement.

The re-established rates, if any, shall be applied retroactively in accordance to the provisions of Article VIII, Section 4 of the Company-Union Collective Bargaining Agreement.

In event the Parties are unable to agree upon the personnel to conduct the investigation, they shall:

(a) Request the United States Concilliation and Mediation Service to submit a list of 7 industrial engineers or consulting firms qualified to do industrial engineering work.

(b) If the United States Concilliation Service cannot supply the necessary list of names, this Arbitrator will furnish a list.

Selection of the personnel from this list shall be made in accordance with the procedure given in Article VIII of the Collective Bargaining Agreement.

(s) Q. C. Vines

Q. C. Vines
Arbitrator