CLRC Construction Labor Research Council

Settlements Report

June 2014

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Settlements Report

Settlements in the construction industry so far in 2014, analyzed by the Construction Labor Research Council (CLRC), averaged the following: **first year—2.2 percent ($1.10), second year—2.5 percent ($1.23), and third year—2.5 percent ($1.28).** Statistics listed as "2014-June" in this report reflect wage and fringe benefits combined from January through June 2014. **Exhibits 1 and 2** show the 7-year trend.

Exhibit 1
First year settlements, shown as percents

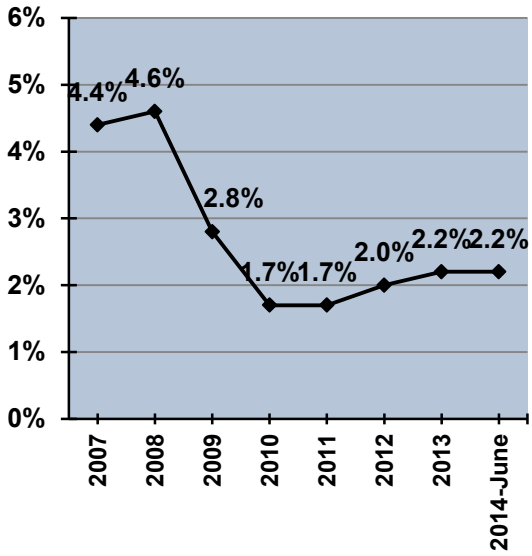
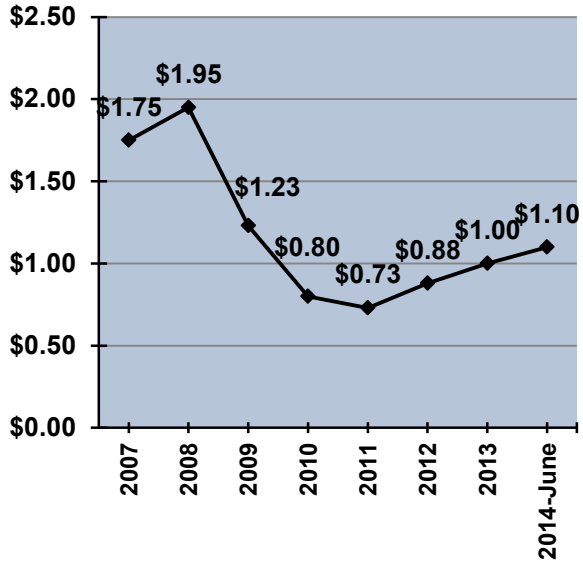


Exhibit 2
First year settlements, shown as dollars



Increases to date in 2014, both as percents and dollar amounts, were very similar to 2013 and slightly higher than increases in 2012, as shown in **Exhibit 3**.

Exhibit 3
2014-June settlements compared to settlements from 2012 and 2013

Contract Year	2012		2013		2014-June	
	Percent	Dollar	Percent	Dollar	Percent	Dollar
First	2.0%	$0.88	2.2%	$1.00	2.2%	$1.10
Second	2.3%	$1.08	2.6%	$1.30	2.5%	$1.23
Third	2.4%	$1.13	2.6%	$1.34	2.5%	$1.28

NOTE: It is still early in the year, so these findings should be viewed as preliminary. As CLRC collects additional data throughout the year, the final results for 2014 could be different from what is shown in this report. CLRC will publish additional *Settlements Reports* in September and December of 2014.

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The median increases from January through June 2014 were generally lower than the averages outlined earlier, at 1.9 percent ($1.01) for the first year, 2.4 percent ($1.15) for the second year, and 2.5 percent ($1.24) for the third year. The median is the rate at which half of the agreements are higher and half are lower and is less affected by outliers.

Exhibits 4 and 5 show details about the first year of collectively bargained settlements. The most common settlement so far in 2014 was 2.6 - 3.0 percent. In 2012 and 2013 the most common settlement was lower, 2.1 - 2.5 percent. There was the same percent of settlements with no increase through June 2014 as 2012, but more than during 2013.

Exhibit 4
Details for first year settlements shown as percents: 2012, 2013 and 2014–June

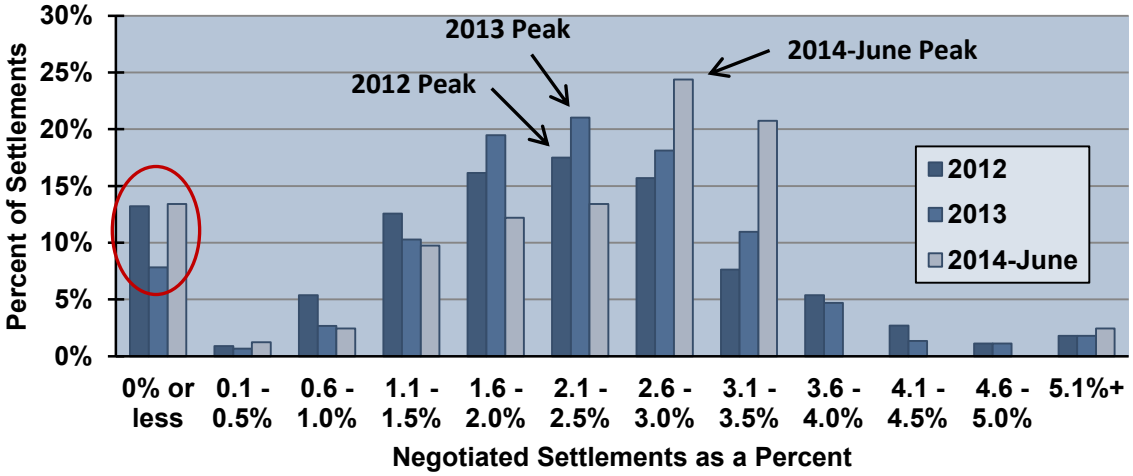
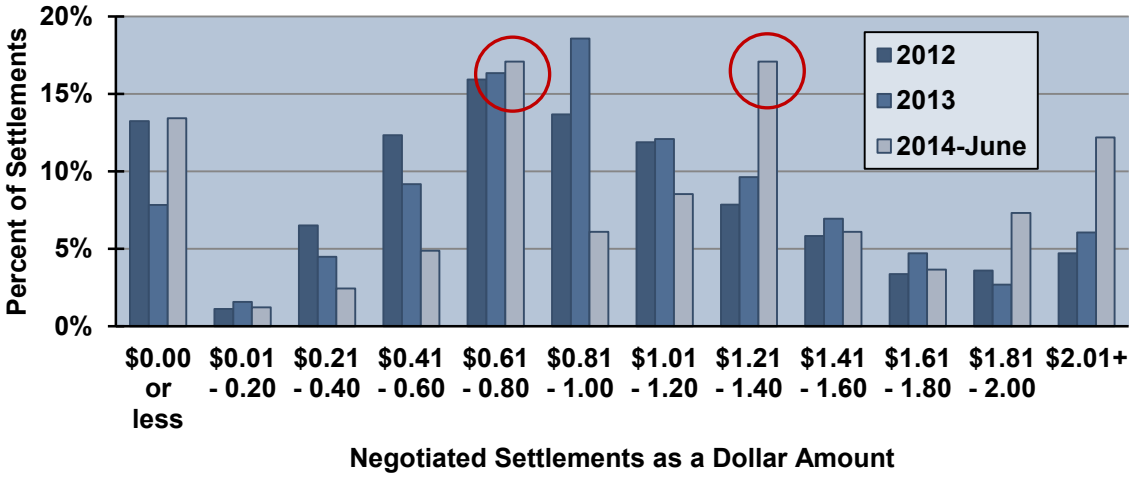


Exhibit 5 shows that there was a bimodal distribution of increases for 2014-June based on dollar amount. In other words, both the $0.61-$0.80 and $1.21-$1.40 ranges were the most common.

Exhibit 5
Details for first year settlements shown as dollars: 2012, 2013 and 2014-June



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Settlements by Region

Average first year settlements for 2014-June ranged from a low of 2.0 percent in the West North Central region (median = 2.0 percent) to a high of 2.8 percent (median = 2.1 percent) in the South Central region, as shown in **Exhibit 6**. **Exhibit 7** shows the regions with the dollar amount of their agreements. The lowest average occurred in the South Central region at $0.84 (median = $1.15) and the highest average was the East North Central region at $1.16 (median = $1.20).

It is interesting to note that the region with the largest increase expressed as a percent, South Central, also had the smallest increase expressed in dollars. This is because the South Central region has some of the lowest rates, and a relatively small increase in dollars and cents turns out to be a relatively large increase when the percent is calculated.

Exhibit 6
Settlements by region shown as percents

	First Year			Second Year			Third Year		
Region	Count	Average	Median	Count	Average	Median	Count	Average	Median
Middle Atlantic	9	2.3%	2.0%	3	2.2%	2.4%	-	-	-
East North Central	55	2.1%	2.6%	32	2.6%	2.7%	29	2.6%	2.8%
West North Central	8	2.0%	2.0%	7	2.3%	1.6%	5	2.3%	1.9%
South Central	7	2.8%	2.1%	-	-	-	-	-	-
United States	**82**	**2.2%**	**1.9%**	**48**	**2.5%**	**2.4%**	**40**	**2.5%**	**2.5%**

Equal to or lower than United States results Higher than United States results

Exhibit 7
Settlements by region shown as dollar amounts

	First Year			Second Year			Third Year		
Region	Count	Average	Median	Count	Average	Median	Count	Average	Median
Middle Atlantic	9	$1.13	$1.00	3	$0.99	$1.15	-	-	-
East North Central	55	$1.16	$1.20	32	$1.42	$1.35	29	$1.50	$1.50
West North Central	8	$0.95	$0.93	7	$1.02	$0.60	5	$1.14	$1.00
South Central	7	$0.84	$1.15	-	-	-	-	-	-
United States	**82**	**$1.10**	**$1.01**	**48**	**$1.23**	**$1.15**	**40**	**$1.28**	**$1.24**

Equal to or lower than United States results Higher than United States results

Regions
New England: CT, MA, ME, NH, RI, VT. Middle Atlantic: DC, DE, MD, NJ, NY, PA. Southeast: AL, FL, GA, KY, MS, NC, SC, TN, VA. East North Central: IL, IN, MI, MN, OH, WI, WV. West North Central: IA, KS, MO, NE. South Central: AR, LA, NM, OK, TX. Mountain-Northern Plains: CO, MT, ND, SD, UT, WY. Northwest: AK, ID, OR, WA. Southwest Pacific: AZ, CA, HI, NV.

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Settlements by Craft

Average first year settlements for 2014-June ranged from a low of 1.5 percent (median = 1.6 percent) for Painters to a high of 4.2 percent for Operating Engineers (median = 3.1 percent), as shown in **Exhibit 8**. When the average is substantially higher than the median, as is the case here with the Operating Engineers, that means there was a small number of settlements far above the others (i.e., high outlier).

Exhibit 8
Settlements by craft shown as percents

	First Year			Second Year			Third Year		
Craft	**Count**	**Average**	**Median**	**Count**	**Average**	**Median**	**Count**	**Average**	**Median**
Bricklayers	5	1.9%	2.0%	4	2.1%	2.2%	4	2.2%	2.3%
Carpenters	10	2.8%	2.7%	9	2.9%	2.9%	9	2.9%	2.9%
Cement Masons	6	2.6%	3.1%	-	-	-	-	-	-
Electricians	9	1.8%	2.0%	5	1.7%	1.6%	-	-	-
Iron Workers	4	1.6%	1.7%	-	-	-	-	-	-
Laborers	8	2.0%	2.6%	3	2.8%	2.8%	3	2.6%	2.8%
Millwrights	6	2.3%	2.5%	4	2.9%	2.8%	4	2.9%	2.9%
Operating Engineers	4	4.2%	3.1%	-	-	-	-	-	-
Painters	10	1.5%	1.6%	5	1.4%	1.8%	-	-	-
Pipefitters/Plumbers	6	1.8%	2.0%	4	2.0%	2.0%	4	2.3%	2.3%
Plumbers	3	1.6%	2.0%	-	-	-	-	-	-
Plasterers	3	2.6%	2.8%	-	-	-	-	-	-
Sheet Metal Workers	7	2.1%	2.1%	7	2.4%	2.5%	6	2.9%	2.8%
United States	**82**	**2.2%**	**1.9%**	**48**	**2.5%**	**2.4%**	**40**	**2.5%**	**2.5%**

Equal to or lower than United States results Higher than United States results

The following associations sponsor this report:

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Mechanical Contractors Association of America (MCAA)
National Association of Construction Boilermaker Employers (NACBE)
National Electrical Contractors Association (NECA)
National Fire Sprinkler Association (NFSA)
North American Contractors Association (NACA)
Sheet Metal and Air Conditioning Contractors' National Association (SMACNA)
The Association of Union Constructors (TAUC)

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Settlements by Craft (continued)

Exhibit 9 outlines the 2014-June settlements as dollar amounts. Results range from a low of $0.77 (median = $0.63) for Painters to a high of $1.65 (median = $2.10) for Cement Masons.

Exhibit 9
Settlements by craft shown as dollar amounts

	First Year			Second Year			Third Year		
Craft	Count	Average	Median	Count	Average	Median	Count	Average	Median
Bricklayers	5	$0.89	$1.00	4	$1.02	$1.10	4	$1.09	$1.20
Carpenters	10	$1.45	$1.40	9	$1.58	$1.50	9	$1.62	$1.55
Cement Masons	6	$1.65	$2.10	-	-	-	-	-	-
Electricians	9	$1.02	$0.91	5	$0.97	$0.54	-	-	-
Iron Workers	4	$0.81	$0.78	-			-		
Laborers	8	$0.86	$0.83	3	$1.13	$1.35	3	$1.12	$1.25
Millwrights	6	$1.25	$1.32	4	$1.66	$1.50	4	$1.72	$1.55
Operating Engineers	4	$1.53	$1.55	-	-	-	-	-	-
Painters	10	$0.77	$0.63	5	$0.66	$0.65	-	-	-
Pipefitters/Plumbers	6	$0.99	$0.98	4	$1.15	$1.05	4	$1.40	$1.50
Plumbers	3	$0.91	$1.10	-	-	-	-	-	-
Plasterers	3	$1.39	$1.41	-	-	-	-	-	-
Sheet Metal Workers	7	$1.17	$1.15	7	$1.40	$1.50	6	$1.76	$1.78
United States	**82**	**$1.10**	**$1.01**	**48**	**$1.23**	**$1.15**	**40**	**$1.28**	**$1.24**

Equal to or lower than United States results Higher than United States results

The May 2014 unemployment rate in the construction industry was 8.6 percent, down from 10.8 at the same time last year.

The May 2014 unemployment rate for the United States was 6.3 percent.*

*Source: Bureau of Labor Statistics

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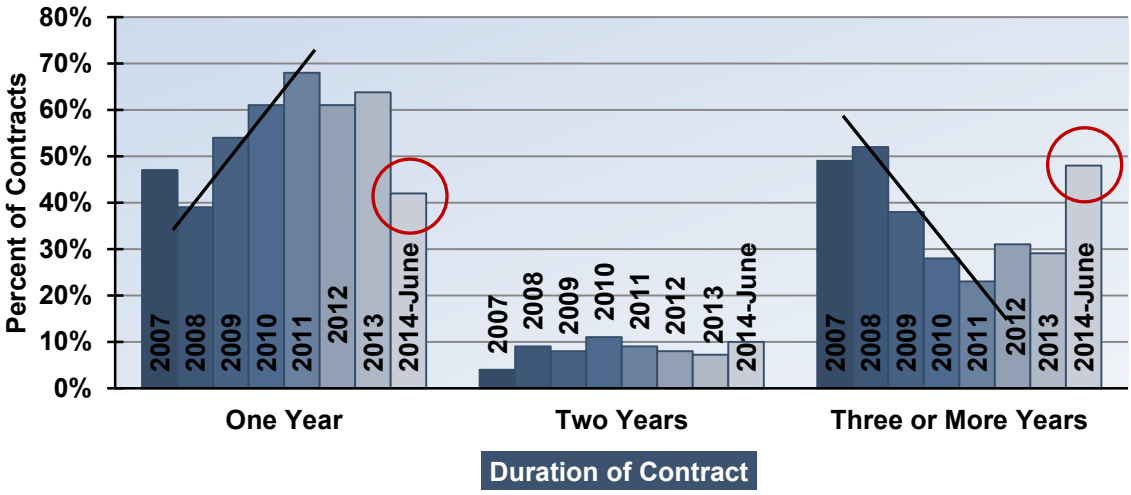
Contract Length

From 2008 to 2011 there was a definite trend toward shortening the number of years in contract settlements. To illustrate, in 2008, 39 percent of the contracts were for one year and by 2011, 68 percent were for one year, nearly a 30 percent increase in just three years. Conversely, the percent of three year or longer terms went from 52 percent to 23 percent during this same time.

However, beginning in 2012 this trend stopped, with the percent of agreements for one year declining to just over 60 percent in 2012 and 2013, and then falling to 42 percent by 2014-June, as shown in **Exhibit 10**. Additionally, the percent of settlements with terms that are three years or more increased to 48 percent so far in 2014.

Exhibit 10
Contract length trend



The Consumer Price Index (CPI) rose by 2.1 percent for the 12 months ending May 2014*

*Source: Bureau of Labor Statistics

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Additional reports are available upon request. Companies/contractors, chapters, and local affiliates who are members of CLRC's sponsor associations (see p. 4) receive discounted rates.

Report	Description	Benefit
Market Share Analysis	Shows what percent of a given industry (e.g., plumbing/pipefitting, carpenters) is worked by union contractors.	Allows management and labor to more precisely define their share of the market, and more importantly, the trend over time. Also, can document the impact of specific programs (e.g., market recovery, new classifications).
Union – Nonunion Wage and Fringe Benefits Comparison	Compares a specific local's wage and fringe benefits package to nonunion data for that craft in the same geographic region.	Tangibly shows the difference in both dollars and percents between union and nonunion pay and fringe benefits.
Contract Costing	Provides a detailed cost analysis of 8–12 categories in a contract (e.g., 2nd shift, foreman ratio, clean-up time) on a per employee per hour and total contract cost basis.	Helps the parties in collective bargaining better understand the real costs associated with contract language clauses.
Wage and Fringe Benchmark Comparison	Graphs actual wage and fringe benefits rates compared to indexes (e.g., CPI, nonunion) over time to show the trend.	Compares actual pay to what it would have been using an index.
Custom	Tell us what you are looking for, we can probably help you.	Offers you greater understanding and useful data to use during collective bargaining or internal business decisions.

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