

# Settlements Report

New Settlements and All Increases

SEPTEMBER 2019

Construction Labor Research Council



# I. NEW SETTLEMENTS JANUARY TO SEPTEMBER 2019

The Construction Labor Research Council (CLRC) has analyzed settlements for union crafts in the construction industry. The first year of new settlements agreed upon through the 3<sup>rd</sup> quarter of 2019 (2019-Q3), from January–September, had an average increase of 2.8 percent (\$1.66). Exhibits 1.1 and 1.2 show the 14-year trend, plus a two year

forecast, for the total package (wages, fringe benefits and other employer payments combined). Although there is a well-documented shortage of craft workers, this modest rate of growth in employee compensation increases indicates that the worker shortage is not putting strong upward pressure on pay.

## Exhibit 1.1

First year increases for 2019-Q3, shown as percentages

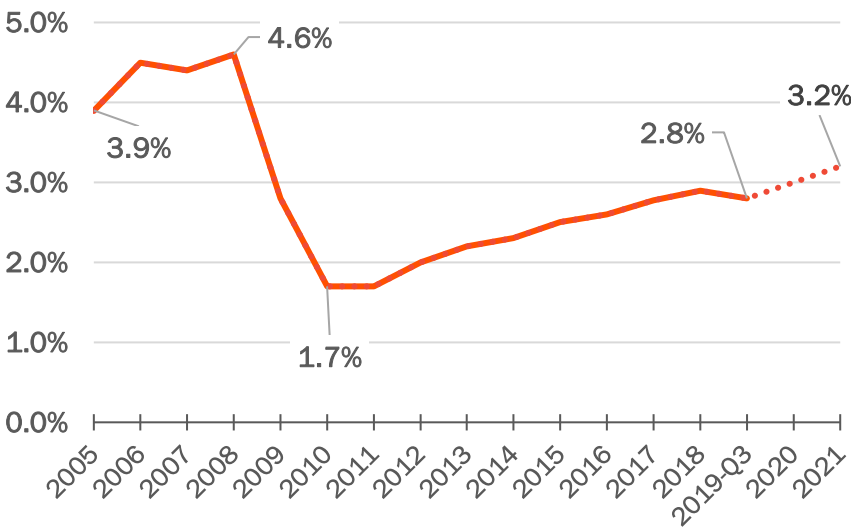


Exhibit 1.1 shows that the size of 2019-Q3 first year settlements was slightly less (0.1%) than in 2018. With the modest exception of 2019, the average increase has slowly and steadily risen since 2010/11, from 1.7 percent in 2010 to 2.8 percent in September 2019. The gradual trend is forecasted to extend to 3.2 percent by 2021.

## Exhibit 1.2

First year increases in new settlements, shown as dollars

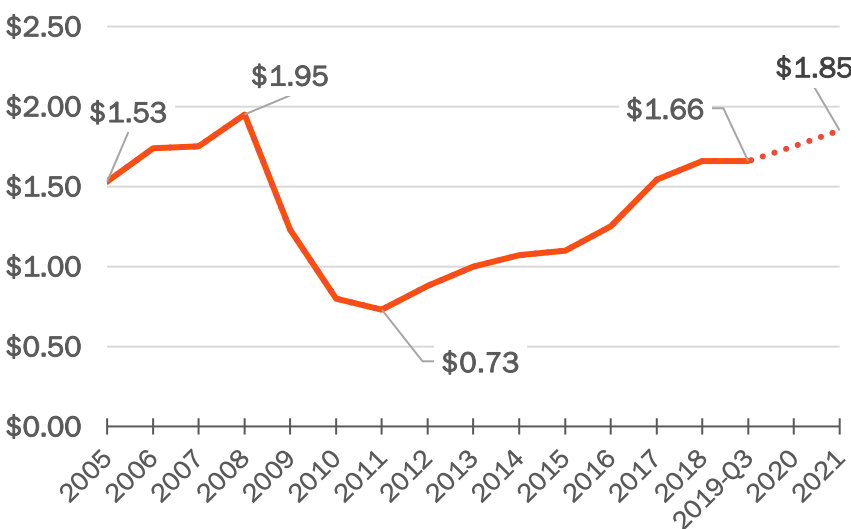


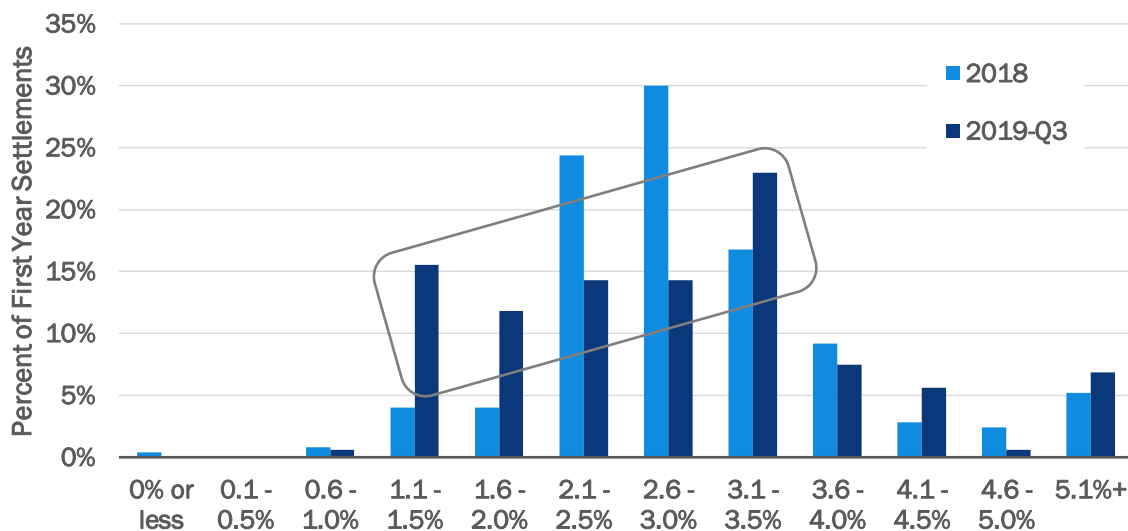
Exhibit 1.2 similarly shows that the average dollar amount increase for the first year of 2019-Q3 settlements has grown by nearly \$1.00 since 2011 (\$0.73 in 2011 to \$1.66 in September 2019). The average increase is projected to be \$1.85 by 2021.

**Exhibit 1.3** displays the distribution for the first year increases of new settlements reached in 2018 and through September in 2019. As the exhibit shows, the plurality of increases in the 2019-Q3 data was in the 3.1–3.5% range. Interestingly, the second

most popular range for increases was much lower at 1.1–1.5%. Most other first year settlements in 2019-Q3 fell in between those two. However, the percent of increases at the upper end of the scale, 5.1% and above, has been creeping upward for the past few years.

### Exhibit 1.3

*Distribution of first year increases in new settlements, shown as percentages*

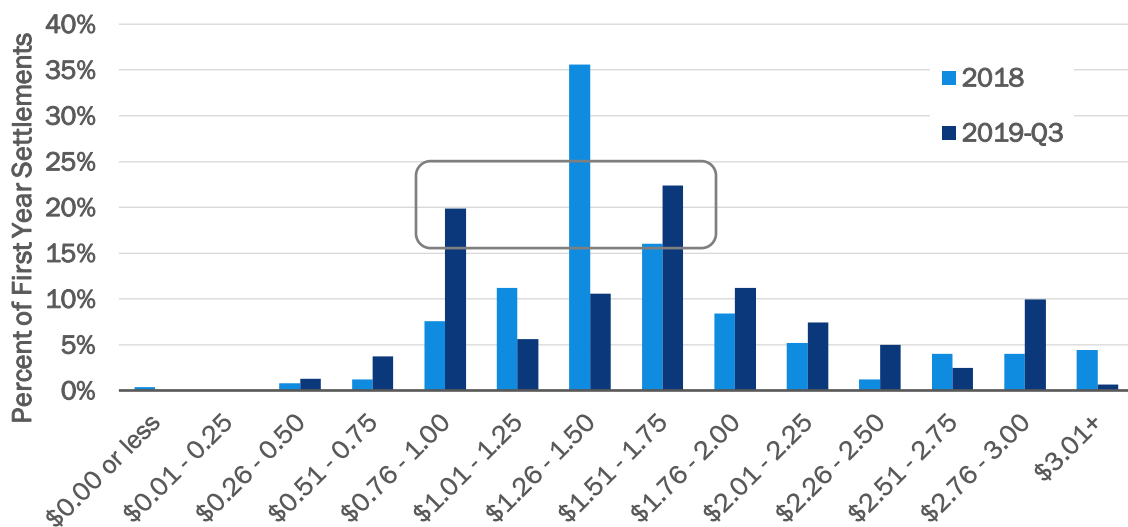


The distribution of first year increases for 2018 and 2019-Q3 as dollar amounts is shown in **Exhibit 1.4**. For 2019-Q3 the two most popular ranges were separated by

\$0.50: \$0.76–1.00 and \$1.51–1.75. There were significantly more increases greater than \$1.75 in 2019-Q3 than in 2018.

### Exhibit 1.4

*Distribution of first year increases in new settlements, shown as dollar amounts*

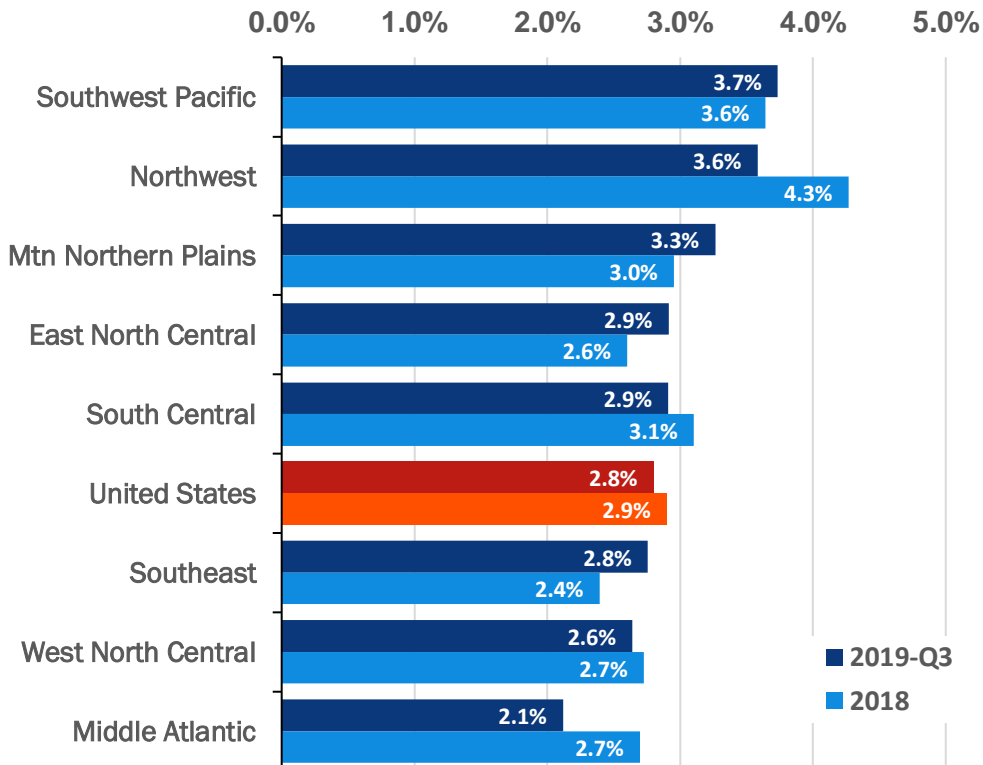


**Exhibits 1.5 and 1.6** display the results for first year increases for 2018 and 2019-Q3 by region in descending order based on 2019-Q3 data. The US average (i.e., The average of each craft's average.) was 2.9 percent in 2018 and 2.8 percent in 2019-Q3. As shown in **Exhibit 1.5**, the largest average

percent increases in 2019-Q3 were on the West Coast—the Southwest Pacific and Northwest regions. The smallest increases were in the Middle Atlantic region. As was the case in 2018, three regions in 2019-Q3 exceeded the 3.0% threshold.

### Exhibit 1.5

*First year increases in new settlements, as percents, by region in descending order*



## 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

**Southwest Pacific:** AZ, CA, HI, NV

**Northwest:** AK, ID, OR, WA

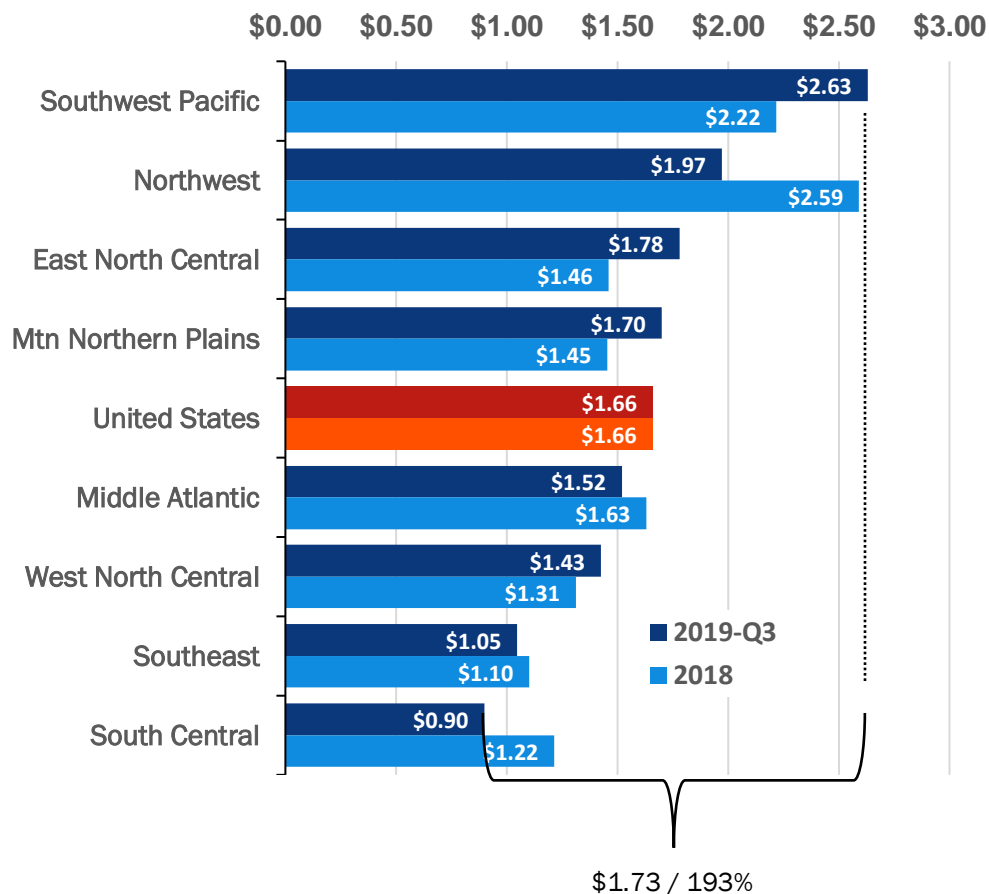
NOTE: In addition to actual differences, variation in rates from craft to craft and region to region can be influenced by the composition of the data sample. For example, a craft with a large/small average increase may be partially affected by having more data from regions with higher/lower increases. Similarly, high/low increases in a particular region may be partially due to that region having more/less data from crafts with higher/lower increases.

**Exhibit 1.6** shows the regions with the average dollar amount of their first year increases in descending order based on 2019-Q3 data. The largest increases were again on the West Coast, specifically the Northwest and Southwest Pacific regions, and the smallest were in the Southeast and South Central

regions. Incidentally, the US all craft average for both 2018 and 2019-Q3 was \$1.66. There was a large discrepancy between the highest and lowest increases (\$1.73). That is, the Southwest Pacific region's increase was nearly three times the South Central region's increase.

### Exhibit 1.6

*First year increases in new settlements, as dollars, by region in descending order*



#### The following associations sponsor this report:

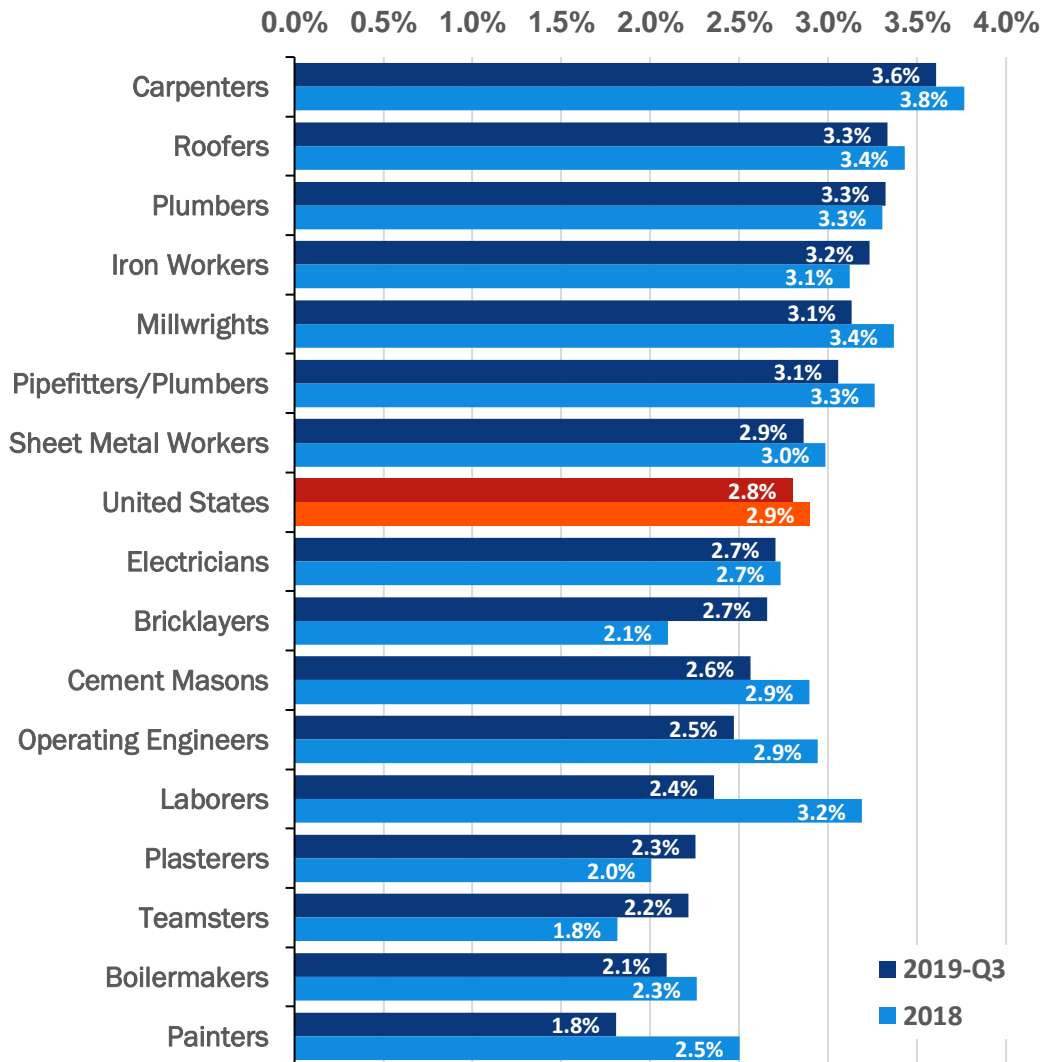
- Associated General Contractors of America (AGC)
- Central States Insulation Association (CSIA)
- FCA International (FCA)
- International Council of Employers of Bricklayers and Allied Craftworkers (ICE)
- Mechanical Contractors Association of America (MCAA)
- National Electrical Contractors Association (NECA)
- National Fire Sprinkler Association (NFSA)
- North American Contractors Association (NACA)
- Sheet Metal and Air Conditioning Contractors' National Association (SMACNA)
- Signatory Wall and Ceiling Contractors Association (SWACCA)
- The Association of Union Constructors (TAUC)

The average first year percent increases by craft for 2018 and 2019-Q3 are displayed in **Exhibit 1.7** in descending order based on 2019-Q3. For 2019-Q3, the data ranged from 1.8 percent for Painters to 3.6 percent for Carpenters. It is interesting to note that the US

average was 0.1 percent lower in the 2019-Q3 data compared to the 2018 average. Six crafts had averages greater than 3.0 percent. This rank ordering of the crafts based on the 2019-Q3 data is similar to the 2018 ranking.

### Exhibit 1.7

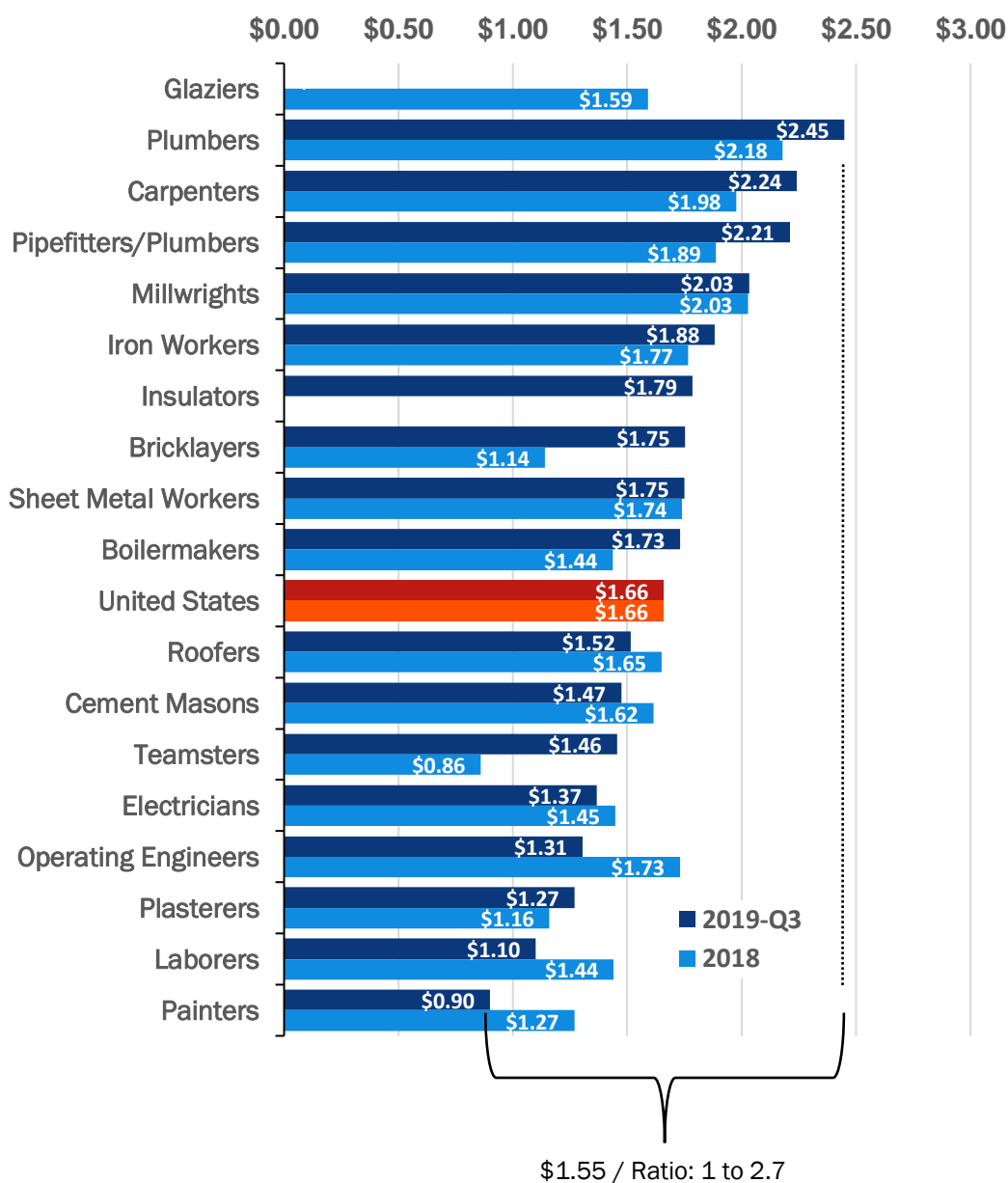
*First year increases in new settlements, as percents, by craft in descending order*



In **Exhibit 1.8** the average first year increases by craft are shown as dollar amounts in descending order based on the 2019-Q3 data. As noted in **Exhibit 1.6**, the 2019-Q3 US all craft average was the same as the 2018 average, a chance occurrence that conveys the stability of the increases during this time period. Four crafts had average increases higher than \$2.00—Plumbers, Carpenters,

Pipefitters/Plumbers and Millwrights (There was not enough data to show 2019-Q3 data for Glaziers). At the other end of the range, the Painters craft was the only one below \$1.00. As was the case for the geographic regions data, there was a significant spread from the lowest to the highest rates. In other words, the Plumbers average increase was 2.7 times the lowest.

**Exhibit 1.8** First year increases in new settlements, as dollars, by craft in descending order



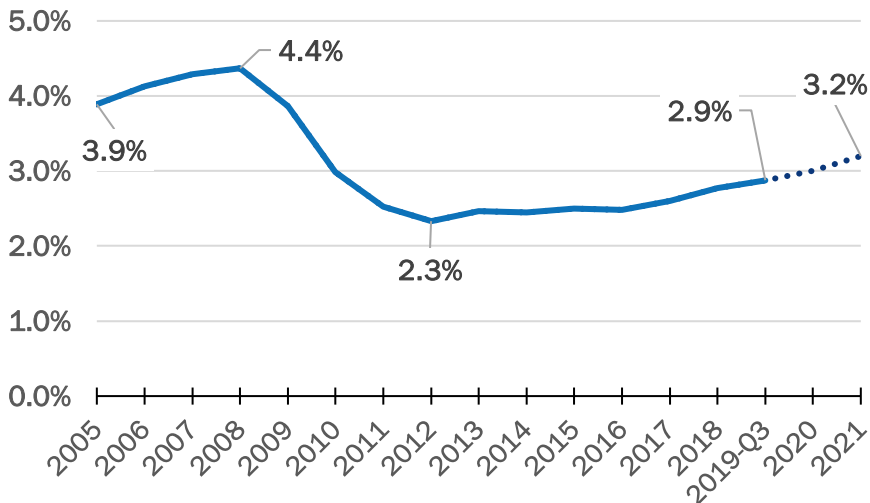
## II. ALL INCREASES

This section of the report includes not only increases negotiated through September 2019 (see **Section I**), but also previously negotiated increases that will take effect during the current and upcoming years. For example, the 2<sup>nd</sup> year of settlements reached in 2018 and the 3<sup>rd</sup> year of negotiated settlements in 2017.

**Exhibits 2.1 and 2.2** show the trend lines for all negotiated increases and projects the increases for 2020 and 2021. *The average increase for 2019-Q3 was 2.9 percent and \$1.66. CLRC projects an increase to 3.2 percent and \$1.80 by 2021.*

### Exhibit 2.1

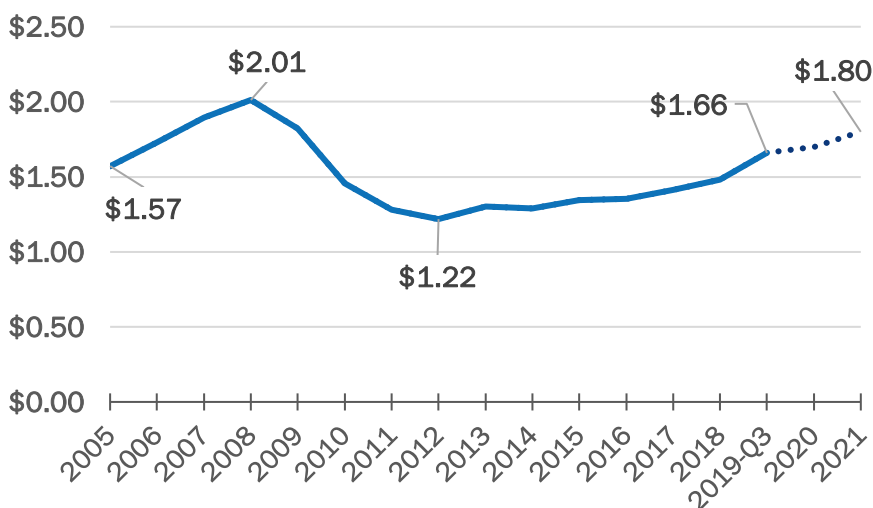
All increases, shown as percentages



**Exhibit 2.1** shows that, in percentage terms, the average increase rose slowly, by just over half a percent, from 2012 to 2019-Q3. As was the case with first year data, increases before the Great Recession were much higher.

### Exhibit 2.2

All increases, shown as dollars



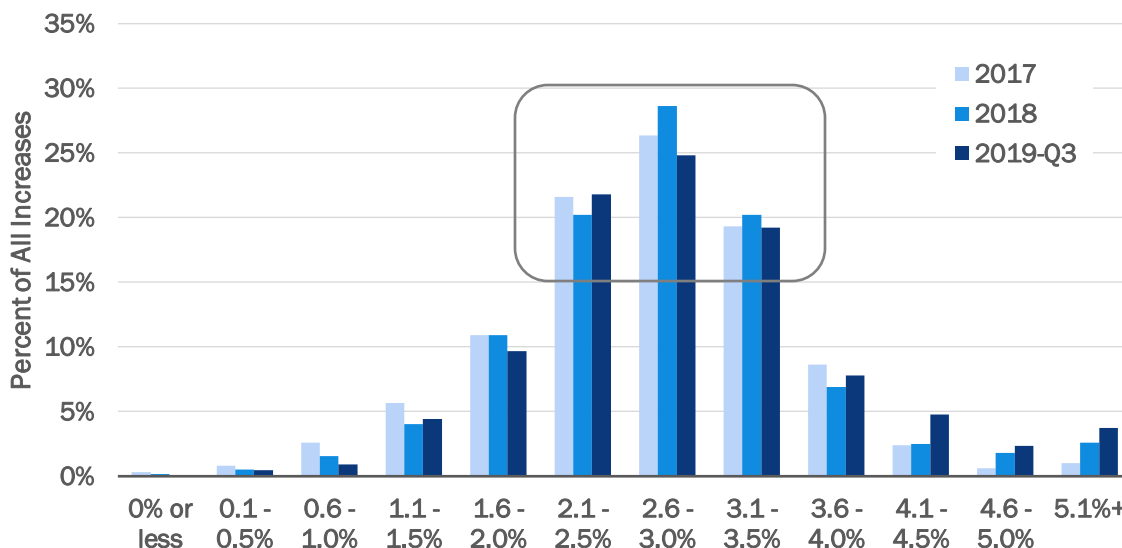
**Exhibit 2.2** shows that the average dollar amount increase grew by \$0.44 from 2012 to 2019-Q3 and remains well below the high mark of \$2.01 in 2008. By 2021, CLRC projects the average increase for all years of settlements to be \$1.80.



**Exhibit 2.3** illustrates how increases are distributed across a range. The most common increase in 2017, 2018 and 2019-Q3 fell in the 2.6–3.0% range. Most other increases

landed in the adjacent ranges. Consequently, 66 percent of all increases during the 2019-Q3 time period were from 2.1 to 3.5 percent.

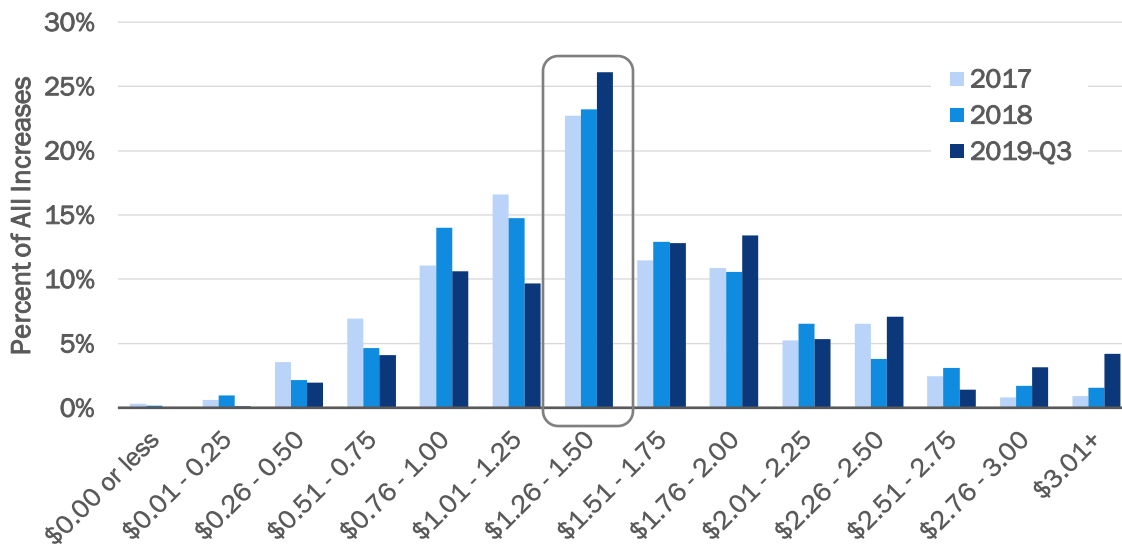
**Exhibit 2.3**  
*Distribution of all increases, shown as percentages*



**Exhibit 2.4** shows that the most common increase in 2017, 2018 and 2019-Q3 was in the \$1.26–1.50 range. For the 2019-Q3 time

period, increases greater than \$1.75 are clearly trending upward.

**Exhibit 2.4**  
*Distribution of all increases, shown as dollar amounts*

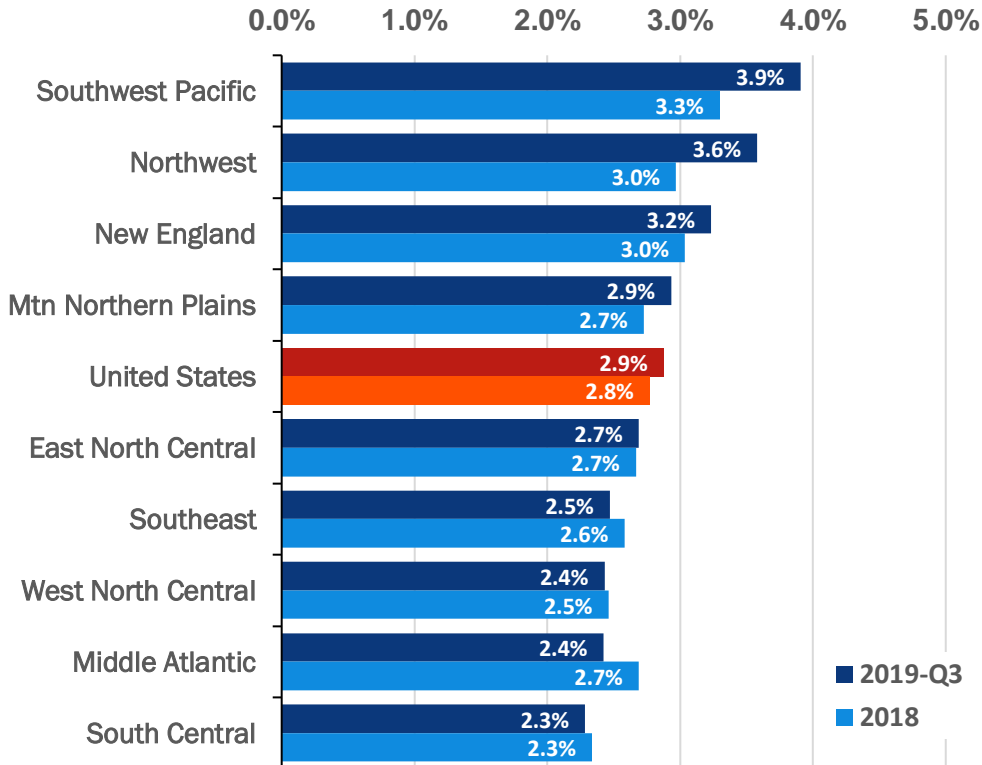


**Exhibits 2.5 and 2.6** display the results for all increases for 2018 and 2019-Q3 by region in descending order based on 2019-Q3 data. As shown in **Exhibit 2.5**, the largest average increases in 2019-Q3 were again on the West Coast (Southwest Pacific and Northwest

regions). The smallest increases were in the South Central region of the US. For 2019-Q3, three regions averaged greater than 3.0 percent. The US average (which is the average of each craft's average rate) was 0.1 percent higher in 2019-Q3 than in 2018.

### Exhibit 2.5

*All increases, in percents, by region in descending order*



## 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

**Southwest Pacific:** AZ, CA, HI, NV

**Northwest:** AK, ID, OR, WA

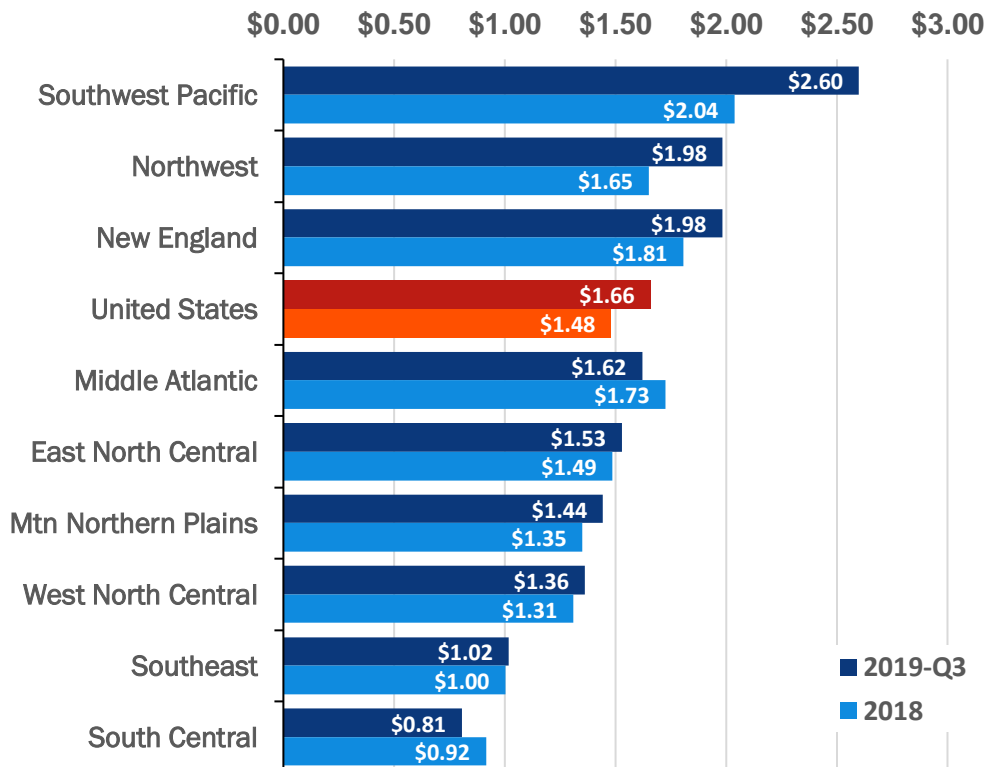
NOTE: The methodology for the all increases trend lines (**Exhibits 2.1 and 2.2**) was adjusted beginning with the June 2018 (2018-Q2) Settlements Report to match that used for the first year of new settlements (**Exhibits 1.1 and 1.2**). All trend lines are now the average of each craft's average. This way each craft is weighted equally. Consequently, the trend lines in this report may be slightly inconsistent with those in previous publications.

**Exhibit 2.6** shows the regions with the dollar amount of their increases in descending order based on 2019-Q3 data. As was the case in **Exhibit 2.5**, the largest increases were in the Southwest Pacific and Northwest regions (West Coast)

and the smallest were in the Southeast and South Central regions. The all craft average for 2018 was \$1.48 and for 2019-Q3 it was noticeably higher at \$1.66.

### Exhibit 2.6

*All increases, in dollars, by region in descending order*



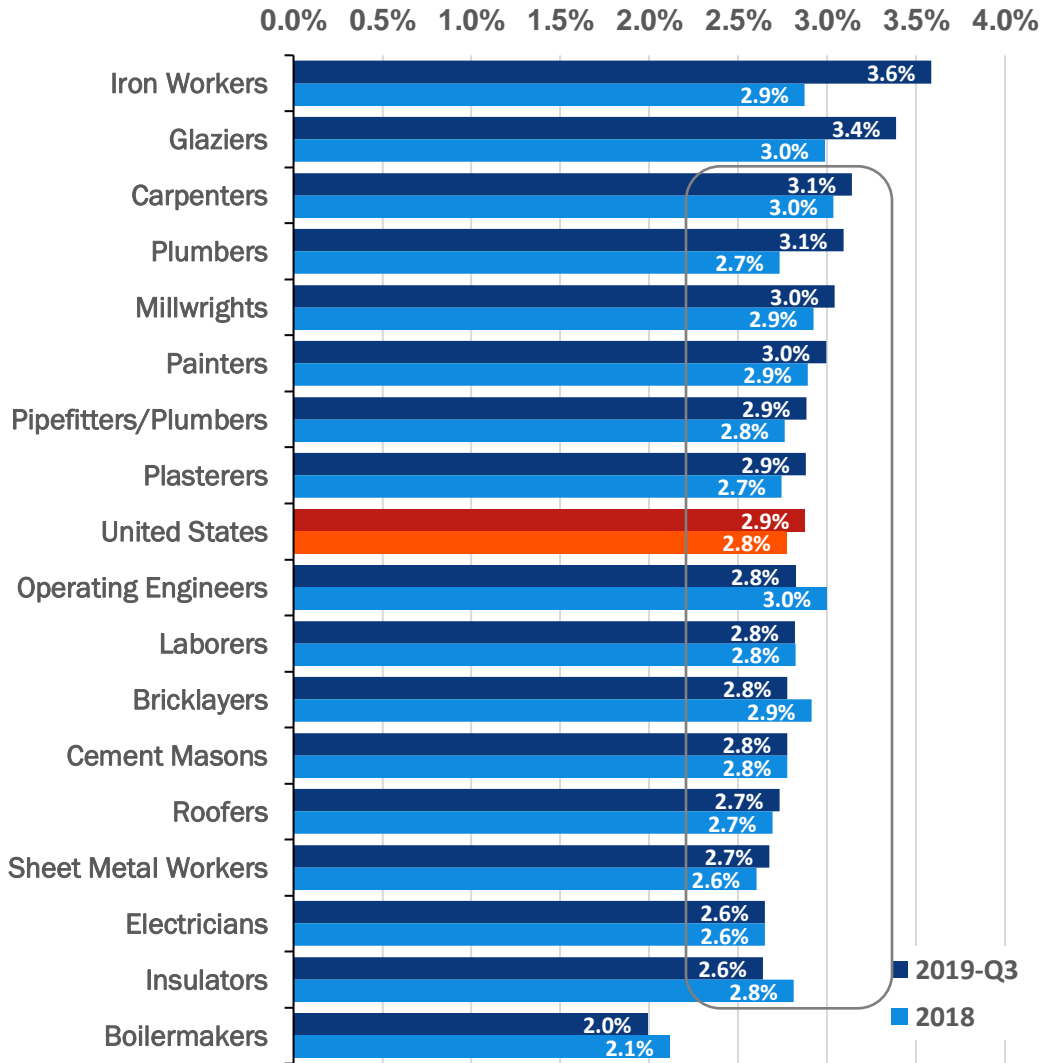
The first year of settlements (**Section I**) is useful for understanding current trends. The all settlements data (**Section II**) is better for summarizing the total amount actually paid/earned by contractors/employees.

**Exhibits 2.7 and 2.8** display the results for all increases for 2018 and 2019-Q3 by craft in descending order based on 2019-Q3 data. **Exhibit 2.7** shows that the largest average increases in 2019-Q3 belonged to Iron Workers (3.6 percent) and Glaziers (3.4

percent). Like last year, the smallest increase was with the Boilermakers at 2.0 percent. Most crafts were tightly clustered together, in 2019-Q3; nearly all were within half a percent of each other, in the 2.6–3.1 percent range.

**Exhibit 2.7**

*All increases, in percents, by craft in descending order*

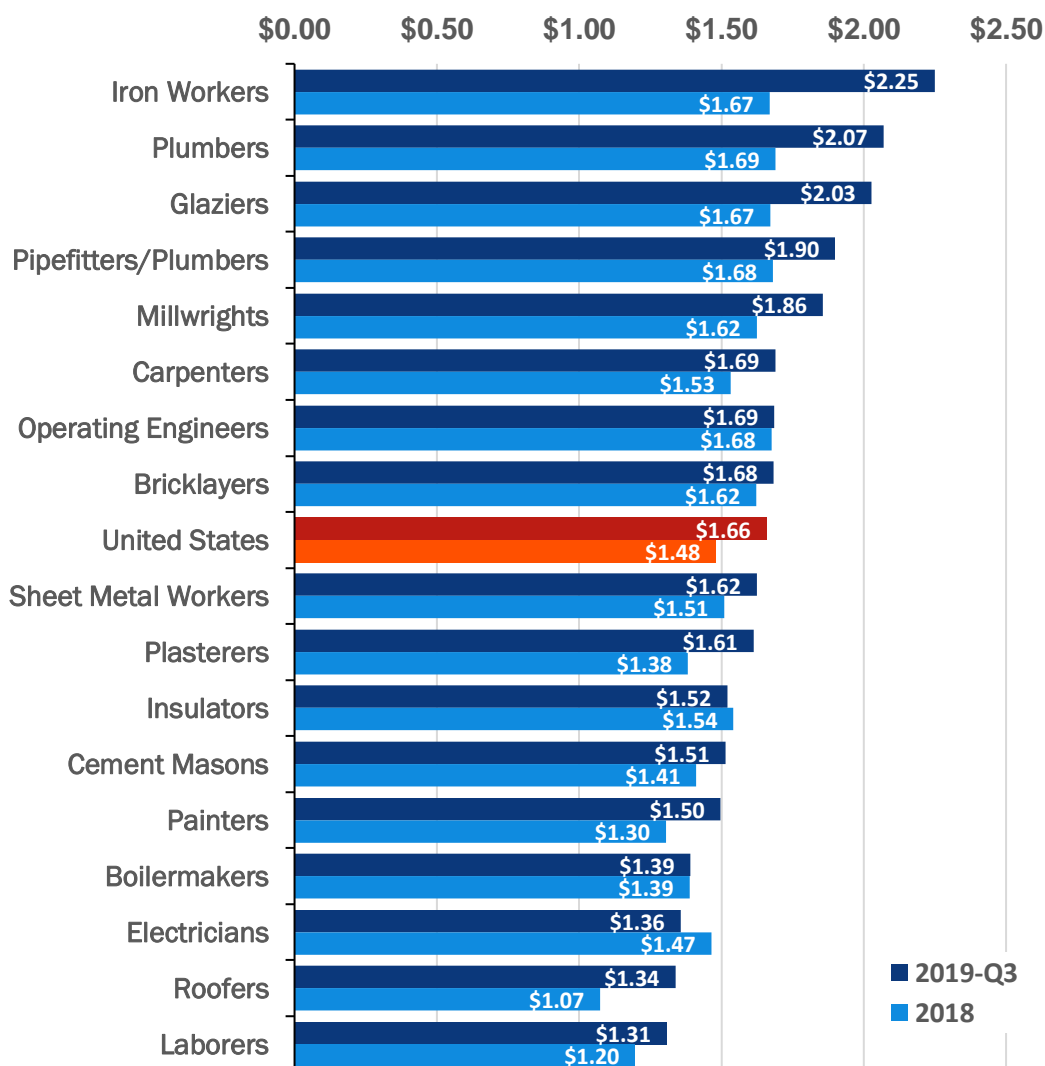


**Exhibit 2.8** reflects the crafts with the dollar amount of their increases in descending order based on 2019-Q3. The largest increases in the 2019-Q3 data were with the Iron Workers

(\$2.25) and the smallest were with the Laborers (\$1.31). As expected, the 2019-Q3 average was higher than the 2018 average for nearly every craft.

**Exhibit 2.8**

*All increases, in dollars, by craft in descending order*



**Construction Labor Research Council**  
1250 Connecticut Avenue NW, Suite 700  
Washington, DC 20036  
202-347-8440  
[www.clrcconsulting.org](http://www.clrcconsulting.org)



This report has been prepared from information collected and maintained by CLRC. Reasonable efforts have been made to ensure the accuracy of the data, summaries and analyses. However, accuracy cannot be guaranteed. CLRC disclaims any liability from damages of any kind which may result from the use of this report.