



March 2011

Cost of Terms and Conditions in Collective Bargaining Agreements

The cost of contract terms and conditions as a percentage of wages and fringes was down somewhat in 2011 at 6.3 percent. The contract items included in this measure are now valued at \$3.20, up slightly from the prior year. Dollar costs rose since the cost of many language items is dependent upon wage rates which have increased.

The cost of terms and conditions in collective bargaining agreements has been tabulated from the Construction Labor Research Council data base of labor cost information. A fixed set of job conditions are applied to the terms and conditions and wage and fringe rates of each local labor contract in order to quantify the cost impact of the terms and conditions. Using these job conditions permits consistent comparisons between contracts over a period of time. As a result, these data are not comparable with any other known information relating to non-union labor costs or manufacturing labor costs.

Overtime payments account for the largest portion of additional costs (\$1.30). Unlike many items, overtime is, to some extent, dependent upon job site management and may, sometimes, be advantageous. The other items with relatively larger additional costs are show-up pay and time paid, not worked (coffee breaks, clean-up, etc.).

Among individual agreements, there is a wide range of costs of terms and conditions. Contracts are almost equally likely to have costs anywhere from 4 up to 9 percent with a few higher. Dollar costs of specific contracts also vary widely but a majority are less than \$3.50.

Trends

Year-to-year trends in this data series are small as contracts are generally renegotiated only once every several years. In the past year there have been more one year agreements in which wages and language remain unchanged. Even when renegotiated, dramatic changes in language are uncommon. It is evident, though, that the long-term trend of terms and conditions costs as a percentage of wages plus fringes continues to be steady to downward. Patterns are similar to earlier years, but with dollar costs moving higher.

Improvements in individual agreements have a small impact upon the national averages. They can, however, have a significant effect upon costs in a particular agreement. These changes continue to be negotiated.

Table I
Source of Terms and Conditions Costs

<u>Controllable Items</u>	
Overtime	\$1.30
Shift Premium	0.30
 <u>Semi-or Non Controllable Items</u>	
Time Paid, Not Worked	0.40
Show-up Pay	0.37
Fringes Paid on Hours Paid	0.30
Manning Restrictions	0.25
Holiday	0.10
Subsistence Pay	0.10
Premium Pay	0.06
Travel Pay	<u>0.02</u>
	\$3.20

Regional Characteristics

The cost of terms and conditions as a percentage of wage and fringes varies moderately by region. All regions are within one percentage point of the national average except one which is higher. Five regions are clustered between 5.7 and 6.2 percent.

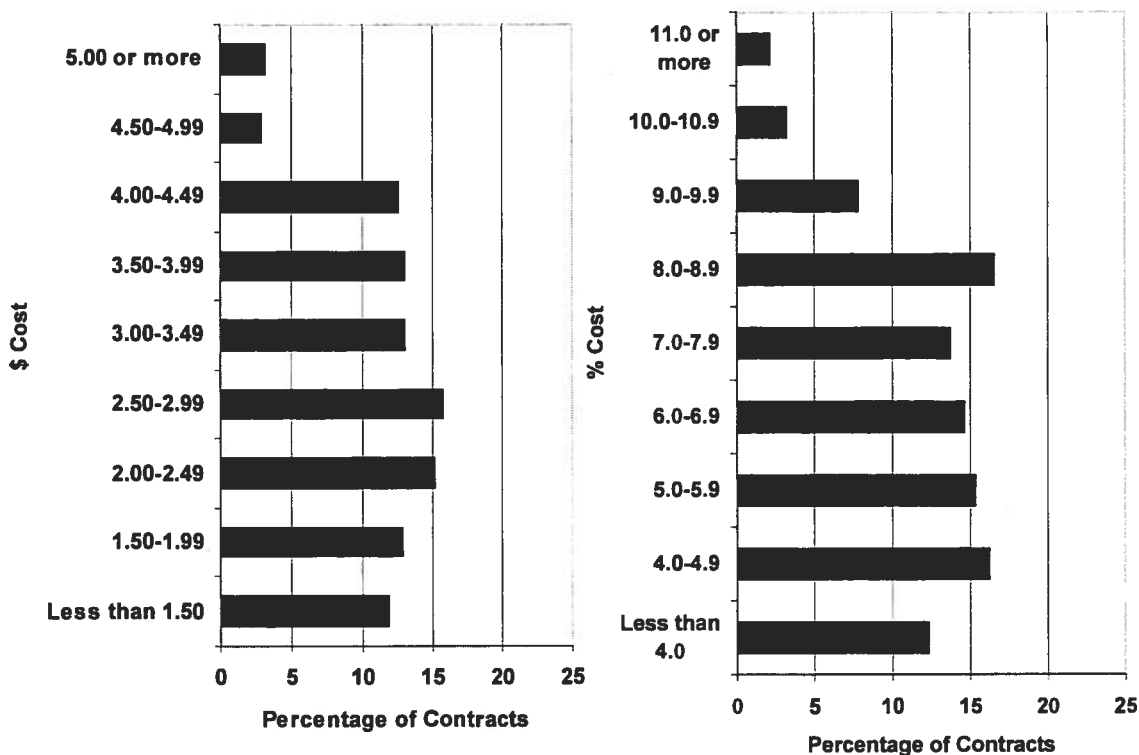
Craft Characteristics

The cost impact of contract language varies more widely between crafts. Some are more than one percentage point higher than the national average. The all crafts average is reduced because carpenters and laborers, the crafts with the greatest number of workers, have the lowest prevalence of most of the items adding to contract costs. The cost for these two crafts is less than 6.0 percent.

Other Factors

The findings in the report are industry averages. The cost of terms and conditions in a specific contract can vary significantly both higher and lower from these averages. These costs can be reduced by negotiating language changes at the bargaining table. The cost on a particular job site may also vary significantly from that which has been determined in these calculations because averages reflect the cost experience of a combination of situations, not a particular one. Furthermore, other payments, not included in the collective bargaining agreement may also exist.

Chart 1
Terms and Conditions Cost
Percentage of Contracts at Each Cost Level



The assumptions applied to each contract such as annual hours, amount of overtime, prevalence of travel pay, etc., are CLRC estimates. They are based upon typical situations in particular areas and the experience of many within the industry. Again, because they are averages, they do not reflect area and craft differences that are known to exist. It is important to recognize, however, that varying the assumptions applied, although changing the calculated costs, does not change the conclusions. For example, a particular craft that has high non-wage and fringe costs with the assumptions used in this report is still relatively high with alternate assumptions.

These data exclude another sizeable group of labor related costs - legally required payments. Included among this group of costs are social security, unemployment insurance tax and workers' compensation insurance. Social security, alone, will exceed 7 percent of base wage costs for most employees and workers' compensation may be even higher. Each of these costs is calculated as a percentage of base wage, so that its cost increases as wage rates increase.

Notes

Additional information as to the prevalence of specific contract clauses is found in the CLRC series of reports Terms and Conditions Reference Guides. The assumptions and methodology used in calculating the terms and conditions costs in the report may be obtained from CLRC.

Chart 2
Terms and Conditions Cost
2007 - 2011

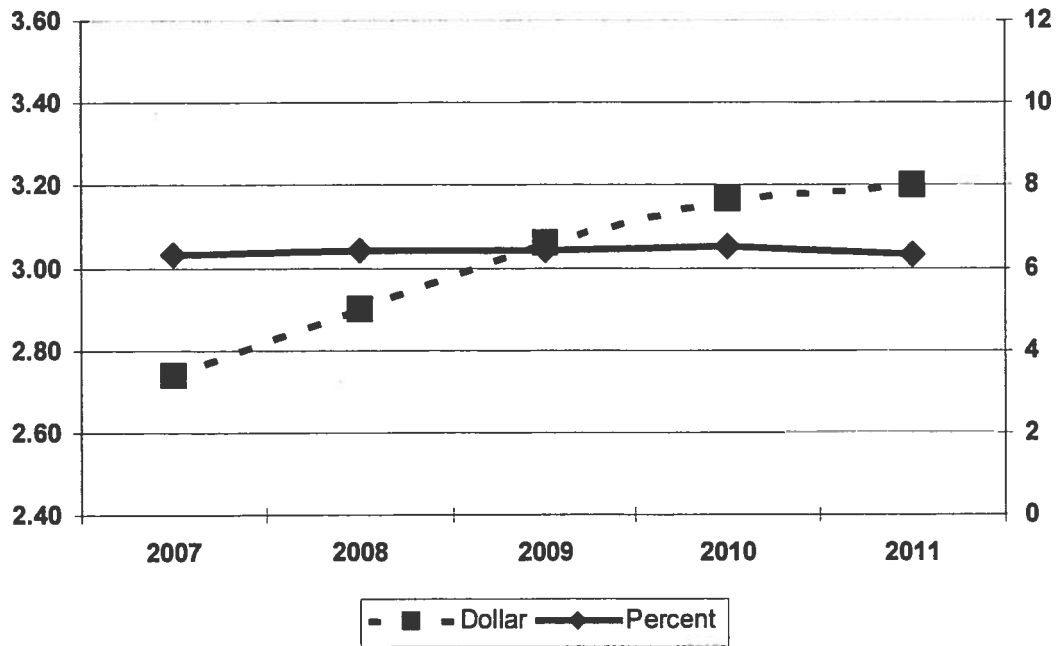


Table II
 Terms and Conditions Costs
 Regions
 January 1, 2011

	<u>Terms and Conditions Costs</u>	<u>Terms and Conditions as a Percentage of Wage & Fringe</u>
United States	\$3.20	6.3 %
New England	3.66	6.9
Middle Atlantic	3.62	5.9
Southeast	2.15	6.2
East North Central	3.09	6.1
West North Central	2.63	5.9
South Central	1.77	5.7
Southwest Pacific	3.61	7.0
Northwest	3.43	7.4

Table III
 Terms and Conditions Costs
 Crafts
 January 1, 2011

	<u>Terms and Conditions Costs</u>	<u>Terms and Conditions as a Percentage of Wage & Fringe</u>
All Crafts	\$3.20	6.3 %
Boilermakers	4.03	7.2
Bricklayers	3.45	7.1
Carpenters	2.90	5.6
Crane Operators	4.16	8.0
Electricians	4.11	7.2
Elevator Constructors	4.52	6.6
Ironworkers	3.85	7.3
Laborers	2.04	4.9
Painters	3.85	7.8
Pipefitters/Plumbers	3.60	6.1
Sheet Metal Workers	2.93	5.6
Teamsters	2.41	5.8

CONSTRUCTION LABOR RESEARCH COUNCIL
Regional Cost Comparison
Data as of 1/1/2011

Region Averages

Region	BOILER MAKERS	BRICK LAYERS	CARPENT- ERS	CEMENT MASONS	CRANE OPERATOR	ELECTR ICIAN	ELEV. CONST	IRON WORKERS
New England								
Wage	\$37.70		\$29.03		\$40.18	\$35.18	\$48.17	\$34.43
Wage & Fringe	\$56.14		\$47.76		\$58.28	\$54.47	\$74.28	\$60.39
Wage,Fringe,Oth	\$56.69		\$48.11		\$58.96	\$55.00	\$74.83	\$61.10
Total Cost	\$59.95		\$50.77		\$65.15	\$60.08	\$79.69	\$66.70
Middle Atlantic								
Wage	\$37.60	\$28.76	\$36.12	\$30.12	\$38.42	\$42.23	\$42.83	\$36.76
Wage & Fringe	\$60.47	\$47.07	\$66.49	\$50.14	\$58.50	\$71.41	\$68.32	\$61.79
Wage,Fringe,Oth	\$61.03	\$48.18	\$66.79	\$50.85	\$59.29	\$72.06	\$68.87	\$62.74
Total Cost	\$66.52	\$51.76	\$69.54	\$53.09	\$65.35	\$76.43	\$73.38	\$66.98
Southeast								
Wage	\$31.88	\$20.59	\$24.28		\$25.69	\$25.86	\$37.17	\$24.42
Wage & Fringe	\$50.77	\$27.99	\$30.86		\$36.23	\$35.00	\$61.95	\$36.08
Wage,Fringe,Oth	\$51.22	\$28.20	\$31.58		\$36.64	\$35.05	\$62.50	\$36.60
Total Cost	\$53.67	\$29.69	\$33.76		\$38.49	\$37.66	\$66.22	\$38.85
East North Central								
Wage	\$35.21	\$33.38	\$32.08	\$31.92	\$31.08	\$34.93	\$44.43	\$30.91
Wage & Fringe	\$55.37	\$49.70	\$49.72	\$50.02	\$50.22	\$55.22	\$70.10	\$51.83
Wage,Fringe,Oth	\$55.73	\$50.59	\$50.24	\$50.44	\$50.95	\$55.79	\$70.65	\$52.34
Total Cost	\$59.76	\$53.82	\$53.35	\$52.83	\$54.47	\$59.86	\$75.34	\$56.60
West North Central								
Wage	\$32.30	\$31.62	\$32.71	\$28.25	\$30.61	\$31.41	\$41.60	\$29.63
Wage & Fringe	\$53.46	\$45.96	\$45.15	\$42.11	\$46.56	\$46.43	\$66.94	\$46.88
Wage,Fringe,Oth	\$53.81	\$46.58	\$45.67	\$42.52	\$47.28	\$46.89	\$67.49	\$47.50
Total Cost	\$56.66	\$49.81	\$47.97	\$44.42	\$50.37	\$50.40	\$71.83	\$50.54
South Central								
Wage	\$25.45		\$21.69	\$20.15	\$21.58	\$25.88	\$36.23	\$22.11
Wage & Fringe	\$41.83		\$27.98	\$27.74	\$28.08	\$33.54	\$60.96	\$28.54
Wage,Fringe,Oth	\$42.38		\$28.32	\$28.07	\$28.44	\$33.95	\$61.51	\$28.85
Total Cost	\$44.74		\$29.55	\$29.78	\$30.15	\$36.81	\$65.21	\$30.28
Southwest Pacific								
Wage	\$44.42	\$35.50	\$34.84	\$28.63	\$38.15	\$39.15	\$50.14	\$33.00
Wage & Fringe	\$69.28	\$49.88	\$51.58	\$45.56	\$59.11	\$58.86	\$76.48	\$56.28
Wage,Fringe,Oth	\$70.53	\$50.52	\$51.98	\$46.15	\$59.55	\$59.54	\$77.03	\$57.26
Total Cost	\$74.22	\$55.66	\$54.69	\$48.90	\$64.46	\$64.66	\$82.33	\$61.61
Northwest								
Wage			\$33.57	\$30.76	\$35.35	\$37.08	\$46.37	\$33.43
Wage & Fringe			\$47.37	\$44.06	\$49.26	\$52.82	\$72.27	\$55.07
Wage,Fringe,Oth			\$48.11	\$44.64	\$49.92	\$53.45	\$72.82	\$55.65
Total Cost			\$52.06	\$47.19	\$53.16	\$57.55	\$77.80	\$60.26
U.S. Average								
Wage	\$34.94	\$32.60	\$32.88	\$30.15	\$34.01	\$36.24	\$43.36	\$31.80
Wage & Fringe	\$55.67	\$48.58	\$51.67	\$46.96	\$52.13	\$56.88	\$68.91	\$52.33
Wage,Fringe,Oth	\$56.20	\$49.44	\$52.15	\$47.47	\$52.78	\$57.42	\$69.46	\$53.05
Total Cost	\$60.23	\$52.89	\$55.05	\$49.90	\$56.94	\$61.53	\$73.98	\$56.90

CONSTRUCTION LABOR RESEARCH COUNCIL
Regional Cost Comparison
Data as of 1/1/2011

Region Averages

Region	LABORER	MILL		PIPE			SHEET	TEAM	WEIGHT AVERAGE	
		WRIGHTS	PAINTERS	PLASTERERS	FITTERS	PLUMBER	METAL	STERS		
New England										
	Wage	\$26.85					\$45.22	\$31.88		\$33.34
	Wage & Fringe	\$45.71					\$67.50	\$57.96		\$53.17
	Wage,Fringe,Oth	\$46.21					\$68.55	\$59.10		\$53.81
	Total Cost	\$47.88					\$73.54	\$61.39		\$57.47
Middle Atlantic										
	Wage	\$24.98		\$33.53		\$43.39		\$36.73		\$35.77
	Wage & Fringe	\$44.50		\$54.63		\$74.85		\$64.08		\$61.66
	Wage,Fringe,Oth	\$45.14		\$55.25		\$75.69		\$64.20		\$62.27
	Total Cost	\$46.86		\$58.62		\$81.27		\$69.85		\$65.89
Southeast										
	Wage	\$16.23	\$25.19	\$20.07		\$29.05		\$26.61	\$21.43	\$24.85
	Wage & Fringe	\$20.84	\$37.65	\$26.63		\$41.42		\$38.27	\$25.11	\$34.53
	Wage,Fringe,Oth	\$20.84	\$38.31	\$27.03		\$42.27		\$38.60	\$25.11	\$34.94
	Total Cost	\$21.60	\$40.23	\$28.80		\$44.46		\$41.13	\$26.12	\$37.09
East North Central										
	Wage	\$28.12	\$28.09	\$36.25	\$25.67	\$38.54	\$32.78	\$36.30	\$22.72	\$32.26
	Wage & Fringe	\$42.76	\$46.00	\$56.04	\$40.49	\$58.31	\$60.06	\$58.51	\$34.83	\$50.28
	Wage,Fringe,Oth	\$43.25	\$46.54	\$56.82	\$40.96	\$59.74	\$61.42	\$59.45	\$35.47	\$50.94
	Total Cost	\$45.45	\$49.31	\$61.35	\$42.85	\$62.54	\$63.47	\$62.19	\$36.89	\$54.03
West North Central										
	Wage	\$25.02			\$26.28	\$39.08		\$37.42	\$27.37	\$30.74
	Wage & Fringe	\$36.27			\$38.58	\$56.70		\$52.13	\$37.26	\$44.67
	Wage,Fringe,Oth	\$36.92			\$39.09	\$58.05		\$53.15	\$37.43	\$45.26
	Total Cost	\$38.51			\$42.52	\$65.75		\$56.12	\$39.55	\$47.89
South Central										
	Wage	\$15.51				\$25.79		\$26.49		\$22.86
	Wage & Fringe	\$19.58				\$35.06		\$36.14		\$31.14
	Wage,Fringe,Oth	\$19.81				\$35.53		\$36.56		\$31.51
	Total Cost	\$20.73				\$37.95		\$38.25		\$33.28
Southwest Pacific										
	Wage	\$26.77		\$33.56		\$39.75			\$27.15	\$33.76
	Wage & Fringe	\$42.16		\$46.41		\$61.70			\$45.50	\$51.62
	Wage,Fringe,Oth	\$42.74		\$47.10		\$63.56			\$46.30	\$52.33
	Total Cost	\$45.36		\$51.52		\$67.22			\$48.83	\$55.94
Northwest										
	Wage	\$26.38				\$40.08			\$32.42	\$32.39
	Wage & Fringe	\$36.38				\$63.96			\$45.67	\$46.33
	Wage,Fringe,Oth	\$36.96				\$65.37			\$46.45	\$47.02
	Total Cost	\$38.94				\$71.23			\$49.28	\$50.45
U.S. Average										
	Wage	\$26.19	\$27.47	\$32.92	\$25.71	\$37.86	\$38.09	\$33.42	\$29.30	\$32.34
	Wage & Fringe	\$40.84	\$44.22	\$49.45	\$38.53	\$58.90	\$59.01	\$52.35	\$41.55	\$50.59
	Wage,Fringe,Oth	\$41.37	\$44.79	\$50.09	\$39.02	\$60.18	\$60.18	\$53.01	\$42.10	\$51.22
	Total Cost	\$43.41	\$47.37	\$53.94	\$41.35	\$63.78	\$64.12	\$55.94	\$44.51	\$54.42

STATES and REGIONS

New England

Connecticut
Maine
Massachusetts
New Hampshire
Rhode Island
Vermont

Middle Atlantic

District of Columbia
Delaware
Maryland
New Jersey
New York
Pennsylvania

Southeast

Alabama
Florida
Georgia
Kentucky
Mississippi
North Carolina
South Carolina
Tennessee
Virginia

East North Central

Illinois
Indiana
Michigan
Minnesota
Ohio
West Virginia
Wisconsin

West North Central

Iowa
Kansas
Missouri
Nebraska

South Central

Arkansas
Louisiana
New Mexico
Oklahoma
Texas

Mountain-Northern Plains

Colorado
Montana
North Dakota
South Dakota
Utah
Wyoming

Southwest Pacific

Arizona
California
Hawaii
Nevada

Northwest

Alaska
Idaho
Oregon
Washington

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