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### Cost of Terms and Conditions in Collective Bargaining Agreements

The cost of contract terms and conditions as a percentage of wages and fringes was little changed in 2009 at 6.5 percent. The contract items included in this measure are now valued at \$3.17, up somewhat 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.).

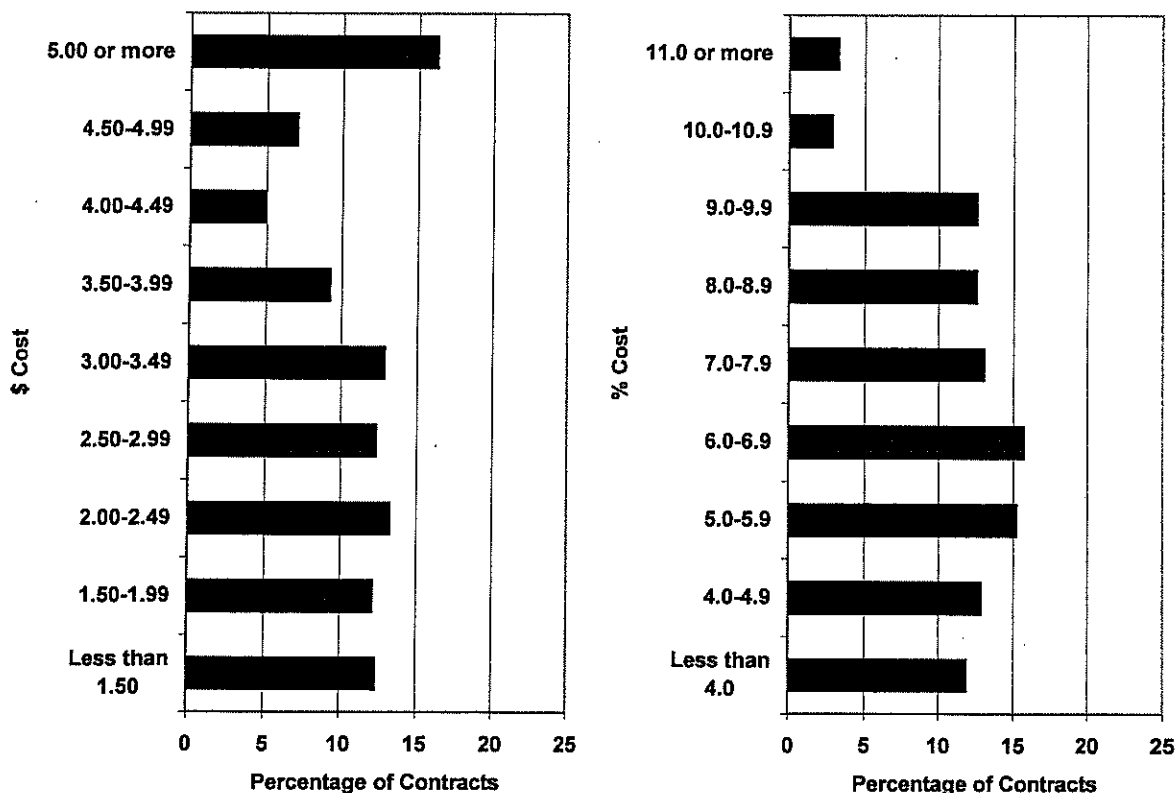
Among individual agreements, there is a wide range of costs of terms and conditions. Contracts are almost equally likely to have costs anywhere from 4 up to 10 percent with a few higher. Dollar costs of specific contracts also vary widely but a majority are less than \$3.50.

#### Trends

Year-to-year trends in this data series are small as contracts are generally renegotiated only once every several years.. 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.

**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.

Table II  
 Terms and Conditions Costs  
 Regions  
 January 1, 2010

	<u>Terms and Conditions Costs</u>	<u>Terms and Conditions as a Percentage of Wage &amp; Fringe</u>
United States	\$3.17	6.5 %
New England	3.71	7.1
Middle Atlantic	3.51	5.9
Southeast	2.16	6.2
East North Central	3.11	6.4
West North Central	2.73	6.2
South Central	1.63	5.2
Southwest Pacific	3.58	7.0
Northwest	4.01	8.1

Table III  
 Terms and Conditions Costs  
 Crafts  
 January 1, 2010

	<u>Terms and Conditions Costs</u>	<u>Terms and Conditions as a Percentage of Wage &amp; Fringe</u>
All Crafts	\$3.17	6.5 %
Boilermakers	3.74	7.1
Bricklayers	3.41	7.1
Carpenters	2.67	5.5
Crane Operators	4.14	8.1
Electricians	4.24	7.5
Elevator Constructors	4.38	6.7
Ironworkers	3.72	7.6
Laborers	2.01	5.1
Painters	3.69	7.7
Pipefitters/Plumbers	3.33	6.1
Sheet Metal Workers	3.11	6.1
Teamsters	2.54	6.3

**Construction Labor Research Council  
Regional Cost Comparison  
Data as of 1/1/2010**

**Region Averages**

Region	LABORER	MILL WRIGHTS	PAINTERS	PLASTERERS	PIPE FITTERS	PLUMBER	SHEET METAL	TEAM STERS	WEIGHT AVERAGE
<b>New England</b>									
Wage	\$26.31						\$36.70		\$32.71
Wage & Fringe	\$43.76						\$63.07		\$52.61
Wage,Fringe,Oth	\$44.24						\$63.07		\$53.17
Total Cost	\$45.90						\$66.23		\$56.88
<b>Middle Atlantic</b>									
Wage	\$25.01		\$32.20		\$42.86		\$34.00	\$22.27	\$35.18
Wage & Fringe	\$43.14		\$51.04		\$72.41		\$55.06	\$36.06	\$59.24
Wage,Fringe,Oth	\$43.79		\$51.65		\$73.24		\$55.12	\$36.90	\$59.80
Total Cost	\$45.48		\$54.85		\$78.90		\$59.59	\$37.85	\$63.31
<b>Southeast</b>									
Wage	\$16.38	\$24.88	\$20.55	\$20.50	\$29.20	\$26.50	\$25.74	\$21.83	\$25.16
Wage & Fringe	\$20.54	\$36.85	\$27.06	\$27.84	\$40.58	\$34.75	\$37.35	\$25.22	\$34.69
Wage,Fringe,Oth	\$20.68	\$37.52	\$27.48	\$28.19	\$41.25	\$35.66	\$37.76	\$25.22	\$35.14
Total Cost	\$21.45	\$39.41	\$29.39	\$28.91	\$43.48	\$38.12	\$40.19	\$26.25	\$37.30
<b>East North Central</b>									
Wage	\$27.79	\$28.17	\$35.08	\$25.81	\$38.37	\$32.35	\$33.98	\$26.77	\$32.00
Wage & Fringe	\$41.75	\$49.00	\$52.91	\$38.52	\$56.39	\$53.28	\$54.55	\$39.34	\$48.22
Wage,Fringe,Oth	\$42.17	\$49.49	\$53.53	\$38.96	\$57.70	\$54.43	\$55.40	\$39.72	\$48.82
Total Cost	\$44.33	\$52.31	\$57.88	\$40.57	\$60.59	\$57.79	\$58.45	\$41.23	\$51.93
<b>West North Central</b>									
Wage	\$25.12		\$27.96	\$25.61	\$34.63		\$37.25	\$27.37	\$30.73
Wage & Fringe	\$35.61		\$39.60	\$37.56	\$53.80		\$51.43	\$36.16	\$44.36
Wage,Fringe,Oth	\$36.27		\$39.98	\$38.07	\$54.23		\$52.46	\$36.33	\$44.89
Total Cost	\$37.88		\$42.36	\$41.40	\$58.43		\$55.42	\$38.45	\$47.62
<b>South Central</b>									
Wage	\$15.97				\$26.50		\$25.86		\$23.18
Wage & Fringe	\$19.82				\$35.52		\$35.85		\$31.49
Wage,Fringe,Oth	\$20.05				\$36.13		\$36.15		\$31.85
Total Cost	\$21.00				\$37.97		\$37.76		\$33.48
<b>Southwest Pacific</b>									
Wage	\$26.67		\$33.29		\$35.22		\$41.42	\$27.15	\$33.30
Wage & Fringe	\$40.82		\$45.51		\$62.27		\$61.49	\$44.90	\$50.91
Wage,Fringe,Oth	\$41.43		\$46.14		\$63.31		\$61.49	\$45.70	\$51.52
Total Cost	\$44.02		\$50.53		\$66.51		\$65.64	\$48.20	\$55.10
<b>Northwest</b>									
Wage	\$29.58				\$40.08		\$35.61	\$32.08	\$35.11
Wage & Fringe	\$42.20				\$60.54		\$53.58	\$44.62	\$49.43
Wage,Fringe,Oth	\$43.15				\$61.95		\$53.97	\$45.42	\$50.09
Total Cost	\$45.70				\$67.81		\$56.85	\$48.60	\$54.10
<b>U.S. Average</b>									
Wage	\$25.90	\$27.47	\$32.22	\$24.62	\$36.02	\$34.15	\$33.11	\$29.06	\$31.93
Wage & Fringe	\$39.76	\$46.42	\$47.65	\$36.01	\$55.54	\$52.34	\$51.35	\$40.50	\$48.91
Wage,Fringe,Oth	\$40.26	\$46.95	\$48.25	\$36.44	\$56.55	\$53.45	\$51.78	\$41.04	\$49.48
Total Cost	\$42.27	\$49.57	\$51.94	\$38.25	\$59.93	\$57.27	\$54.89	\$43.58	\$52.65