

Settlements Report

New Settlements and All Increases

JUNE 2018

Construction Labor Research Council



I. NEW SETTLEMENTS JANUARY TO JUNE 2018

The first year of new settlements agreed upon from January–June 2018 (2018-Q2) for union crafts in the construction industry, as analyzed by the Construction Labor Research Council (CLRC), had an average increase of 3.0 percent (\$1.69). The median, which is less

affected by outliers, was similar at 3.0 percent (\$1.61). **Exhibits 1.1 and 1.2** show the 13-year trend for the total package (wages, fringe benefits and other employer payments combined).

Exhibit 1.1

First year increases in new settlements, shown as percentages

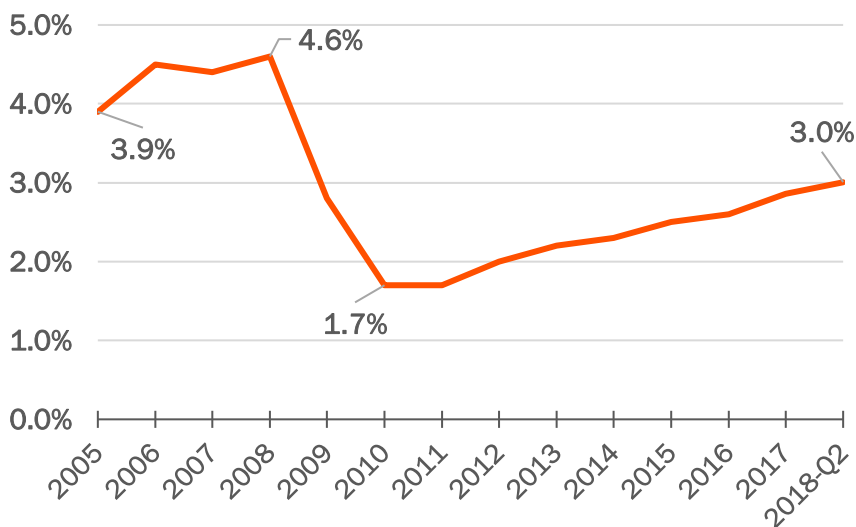


Exhibit 1.1 shows that, in percentage terms, the average increase for the first year of settlements has slowly and steadily risen by over one percent since 2010/11 (from 1.7 percent in 2010 to 3.0 percent in 2018-Q2). The current average increase is still below the rates during the 2006–2008 timeframe, which were well over 4.0 percent.

Exhibit 1.2

First year increases in new settlements, shown as dollars

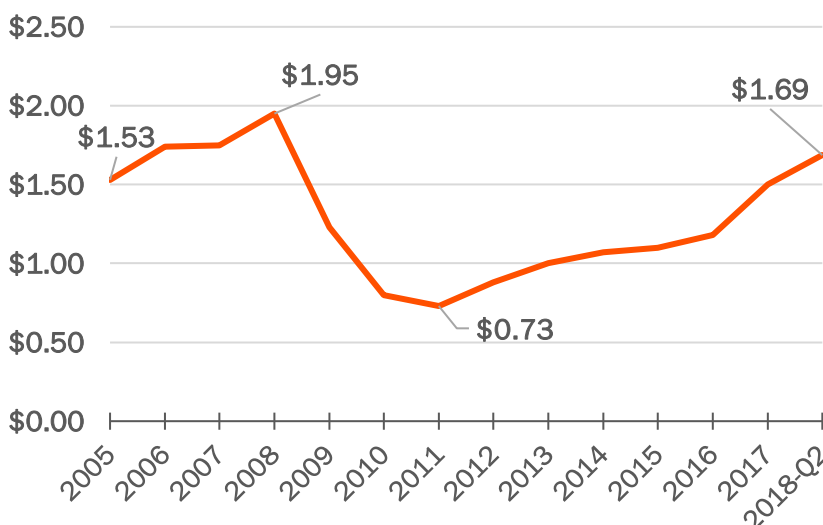


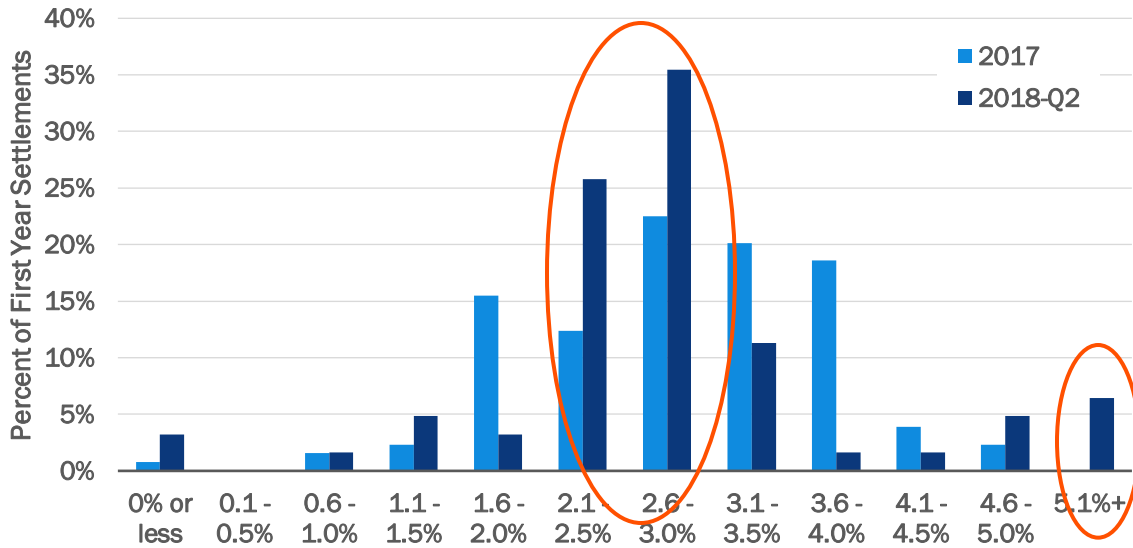
Exhibit 1.2 similarly shows that the average dollar amount increase for the first year of settlements has grown by nearly \$1.00 since 2011 (\$0.73 in 2011 to \$1.69 in 2018-Q2). The escalation rate has increased since 2016, as shown by the steeper slope of the trend line.

Exhibit 1.3 displays the distribution for the first year increases of new settlements reached in 2017 and through June of 2018. As the exhibit clearly highlights, the majority in

2018-Q2 were in the 2.1–2.5% and 2.6–3.0% ranges. There was also a noticeable percent of first year increases over 5.0 percent.

Exhibit 1.3

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

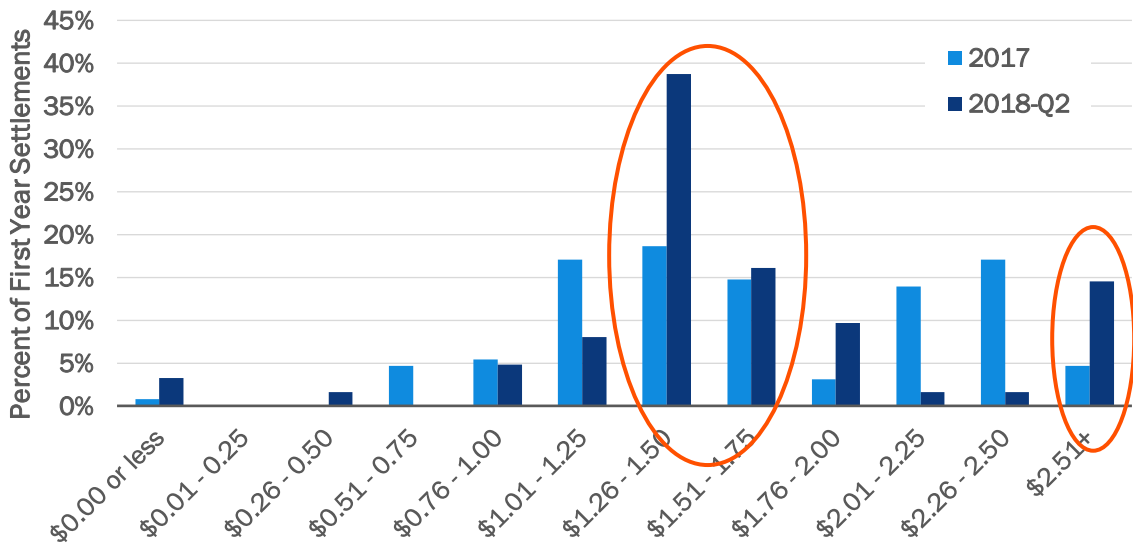


The distribution of first year increases for 2017 and 2018-Q2 as dollar amounts is shown in **Exhibit 1.4**. For 2018-Q2 a strong

plurality was in the \$1.26–1.50 range. Many increases also fell in the \$1.51–1.75 and \$2.51+ ranges.

Exhibit 1.4

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

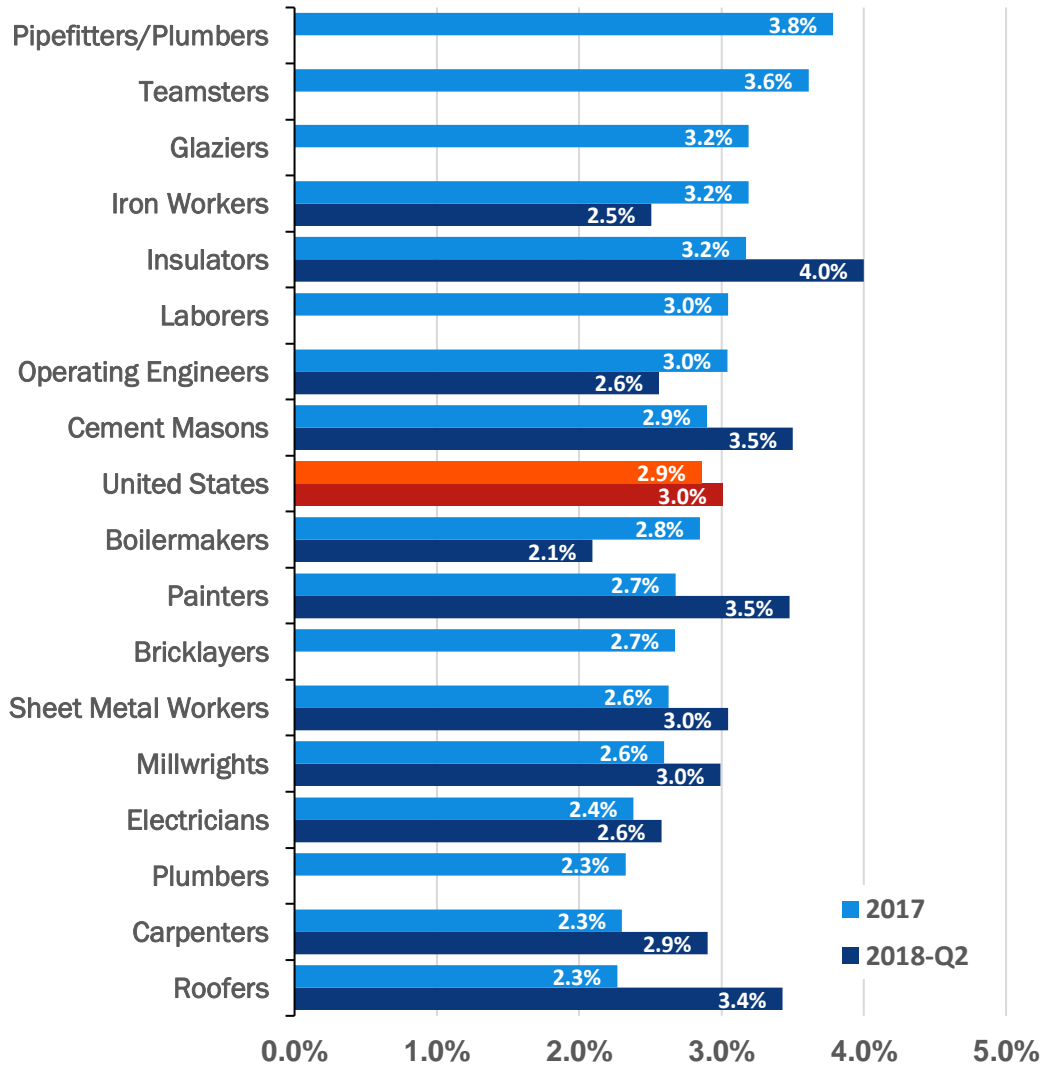


The average first year percent increases by craft for 2017 and 2018-Q2 are displayed in **Exhibit 1.5** in descending order based on 2017 data. For the 11 crafts with both 2017 and 2018-Q2 data, eight had higher increases in 2018-Q2 than 2017. For 2018-Q2, four

crafts had average first year increases over 3.0 percent—Insulators, Cement Masons, Painters and Roofers. The United States average was 2.9 percent in 2017 and 3.0 percent through June of 2018.

Exhibit 1.5

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



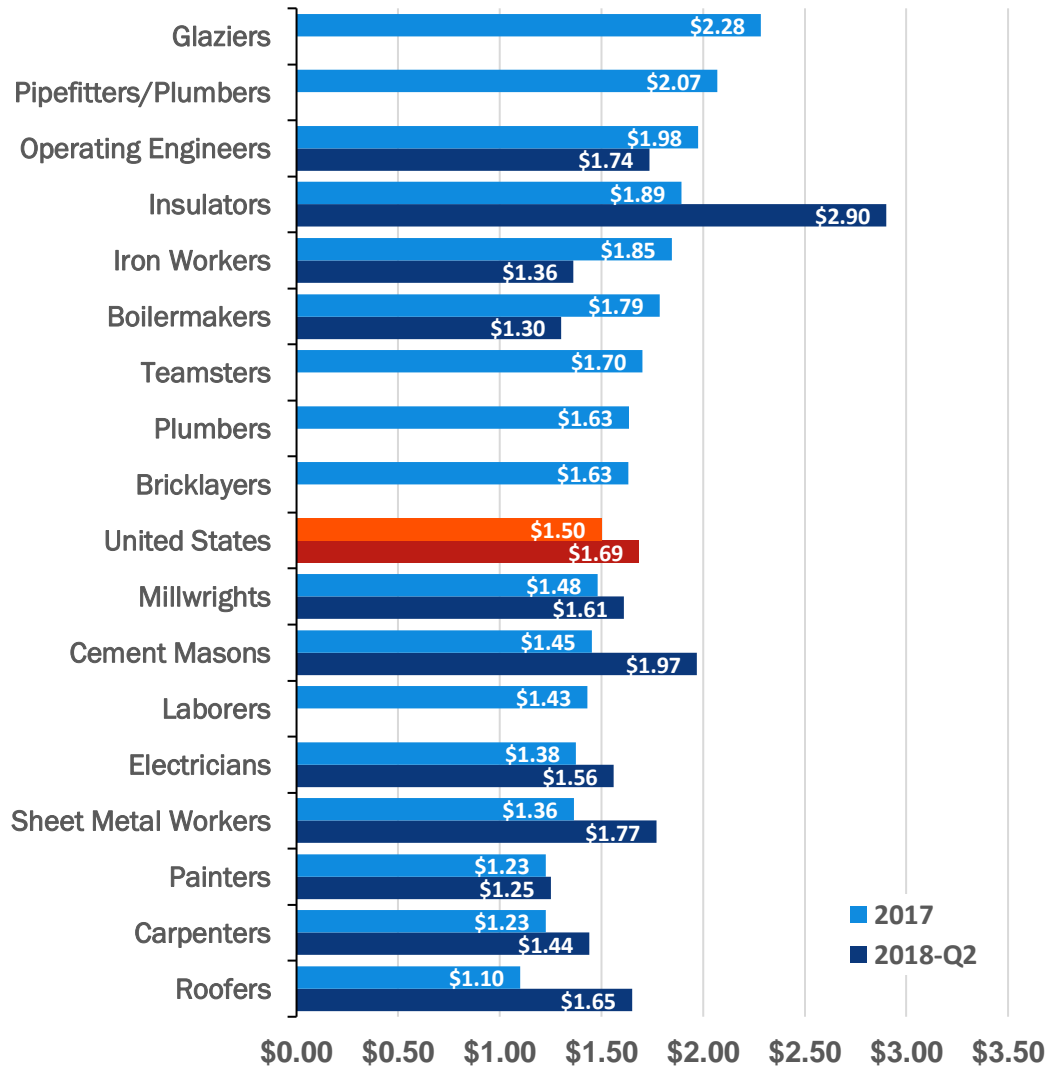
For first year settlements negotiated in 2018, this report covers the first half of the year (2018-Q2). Many additional settlements will be added during the second half of the year. Therefore, the data shown here should be considered as preliminary; results are likely to change somewhat in CLRC's ensuing quarterly Settlements Reports in 2018 as additional settlements are added to the database.

In **Exhibit 1.6** the average first year increases by craft are shown as dollar amounts in descending order based on the 2017 data. The United States average was \$1.50 in 2017 and \$1.69 in 2018-Q2. Glaziers and Pipefitters/Plumbers had the largest

increases when considering both dollars and percents in 2017. Insulators, Cement Masons, Sheet Metal Workers and Roofers received the largest first year increases in dollars in 2018-Q2.

Exhibit 1.6

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



The table in **Exhibit 1.7** contains the percent and dollar increases of the first, second and third years of settlements reached in 2017 and 2018-Q2. The second year increases negotiated in 2018 will be paid in 2019 and the third year in 2020. The reason the first

year is slightly larger (about 0.2 percent) than the second and third years is because in some newly negotiated settlements there was a jump in the increase amount from the previous contract to the new one (termed first year in this report).

Exhibit 1.7

Increases by year of the settlement

Contract Year	2017		2018-Q2	
	Percent	Dollar	Percent	Dollar
First	2.9%	\$1.50	3.0%	\$1.69
Second	2.7%	\$1.45 - \$1.65	2.8%	\$1.65 - \$1.75
Third	2.7%	\$1.45 - \$1.65	2.8%	\$1.65 - \$1.75

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II. ALL INCREASES

This section of the report includes not only increases negotiated during the first half of the current year, but also previously negotiated increases that will take effect during the current and upcoming years. **Exhibits 2.1 and 2.2** show the trend lines for all negotiated

increases from 2005 to 2018-Q2, and projects the increases for 2019 and 2020. *The average increase in 2018-Q2 was 2.8 percent and \$1.58. CLRC projects an increase to 3.0 percent (\$1.88) by 2020.*

Exhibit 2.1

All increases, shown as percentages

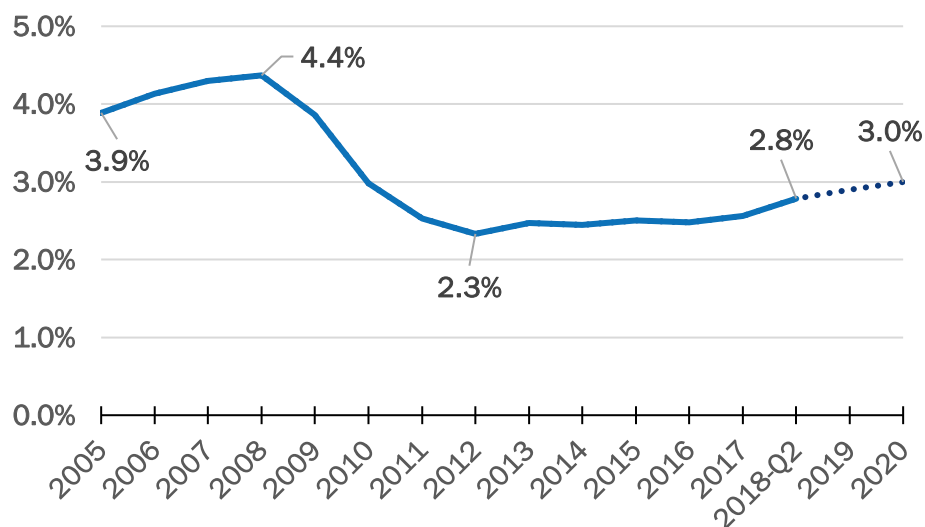


Exhibit 2.1 shows that, in percentage terms, the average increase has slowly risen by half a percent from 2012 to 2018-Q2. As was the case with first year data, increases before the Great Recession were much higher.

Exhibit 2.2

All increases, shown as dollars

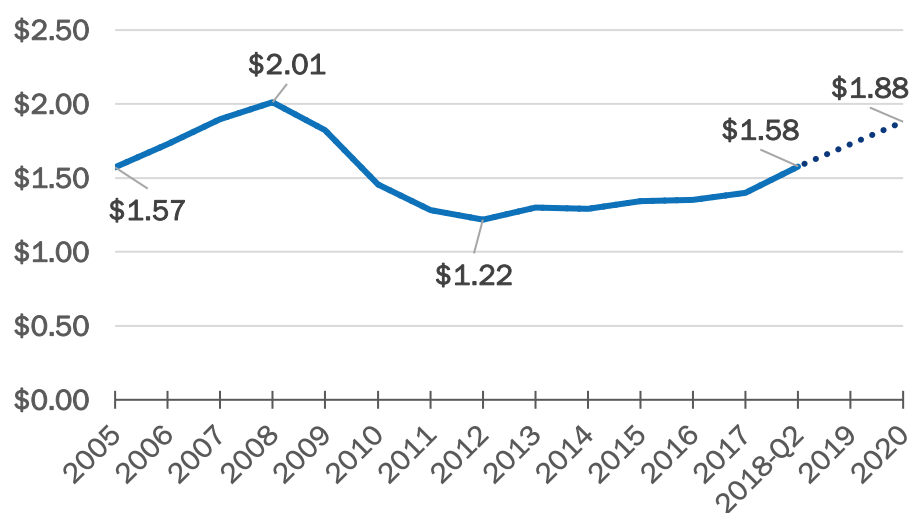


Exhibit 2.2 shows that the average dollar amount increase has grown by \$0.36 from 2012 to 2018-Q2, yet remains well below the high mark of \$2.01 in 2008.

The methodology for the all increases trend lines was adjusted beginning with this report to match that used for the first year of new settlements. The trend line is 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 2.3 conveys how increases are distributed across a range. The most common increase in 2017 and 2018-Q2 fell in the 2.6–3.0% range. Many increases also landed in

the adjacent ranges. Thus, 69 percent of all 2018 increases through June were from 2.1 to 3.5 percent.

Exhibit 2.3
Distribution of increases, shown as percentages

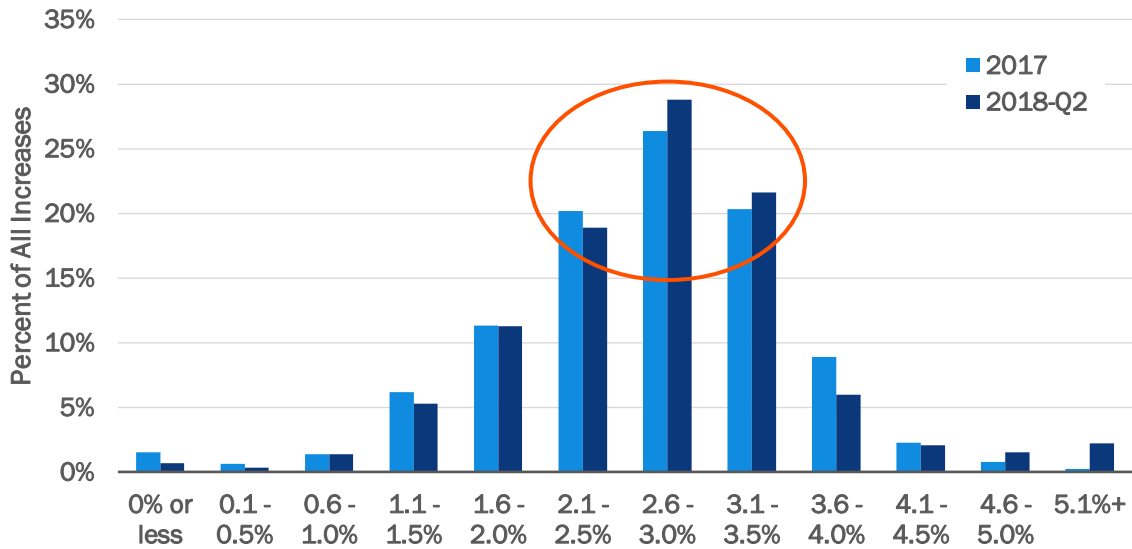
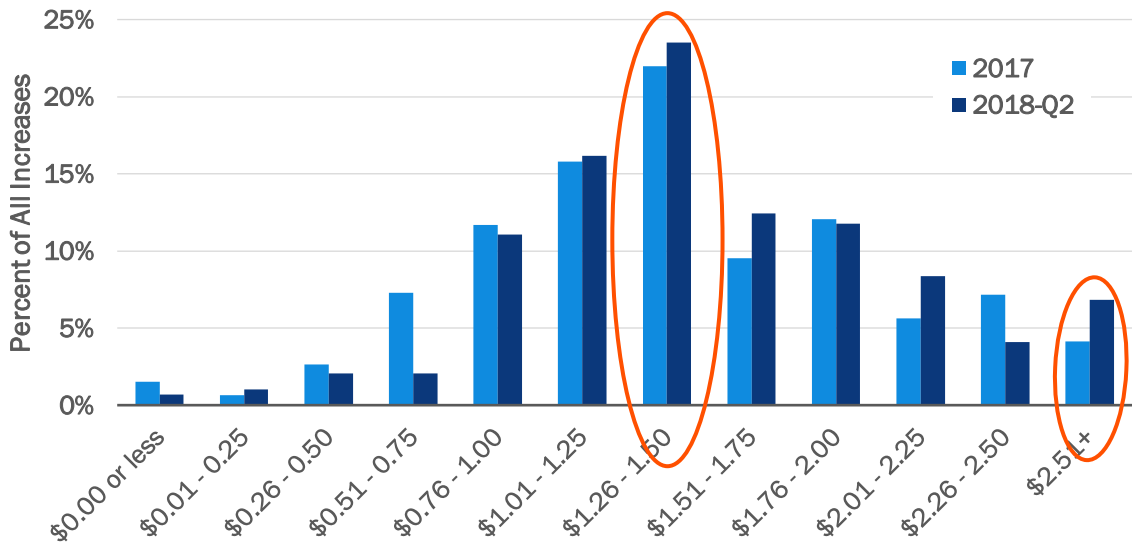


Exhibit 2.4 shows that the plurality of increases in 2017 and 2018-Q2 were in the \$1.26–1.50 range, the same as first year increases in

Exhibit 1.4. For 2018-Q2 seven percent were greater than \$2.50.

Exhibit 2.4
Distribution of increases, shown as dollar amounts

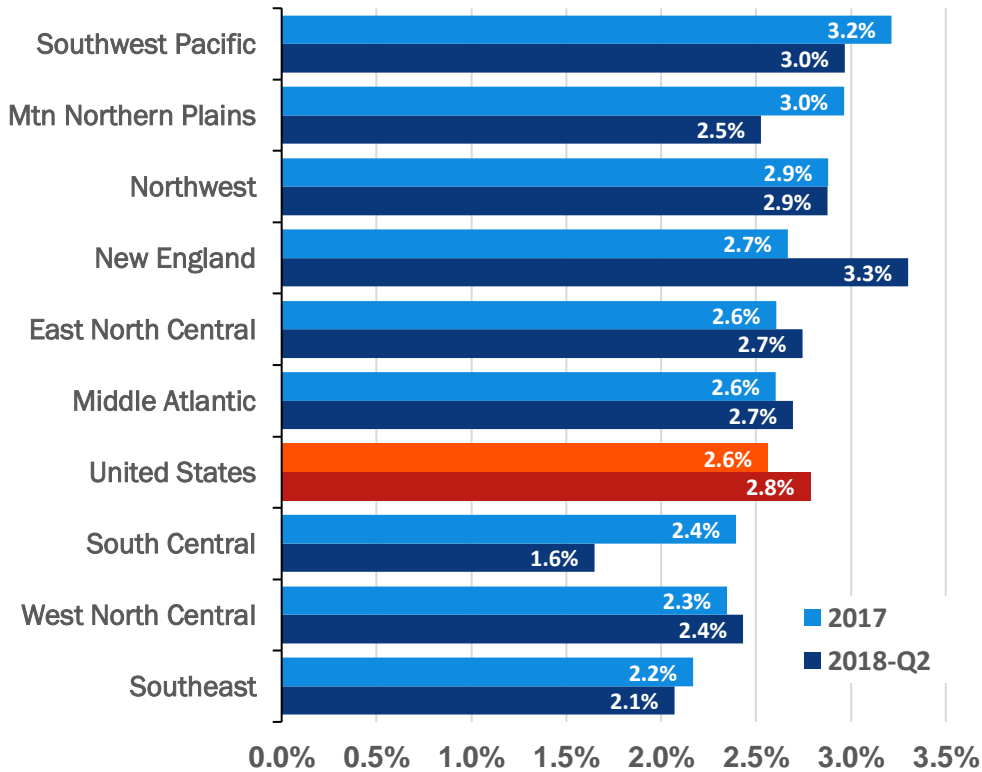


Exhibits 2.5 and 2.6 display the results for all increases for 2017 and 2018-Q2 by region, in descending order based on 2017 data. As shown in **Exhibit 2.5**, the largest average increase in 2017 was in the Southwest Pacific

region and the smallest in the Southeast. For 2018-Q2 one region averaged greater than 3.0 percent, New England. The average for the United States was 2.6 percent in 2017 and 2.8 in 2018-Q2.

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

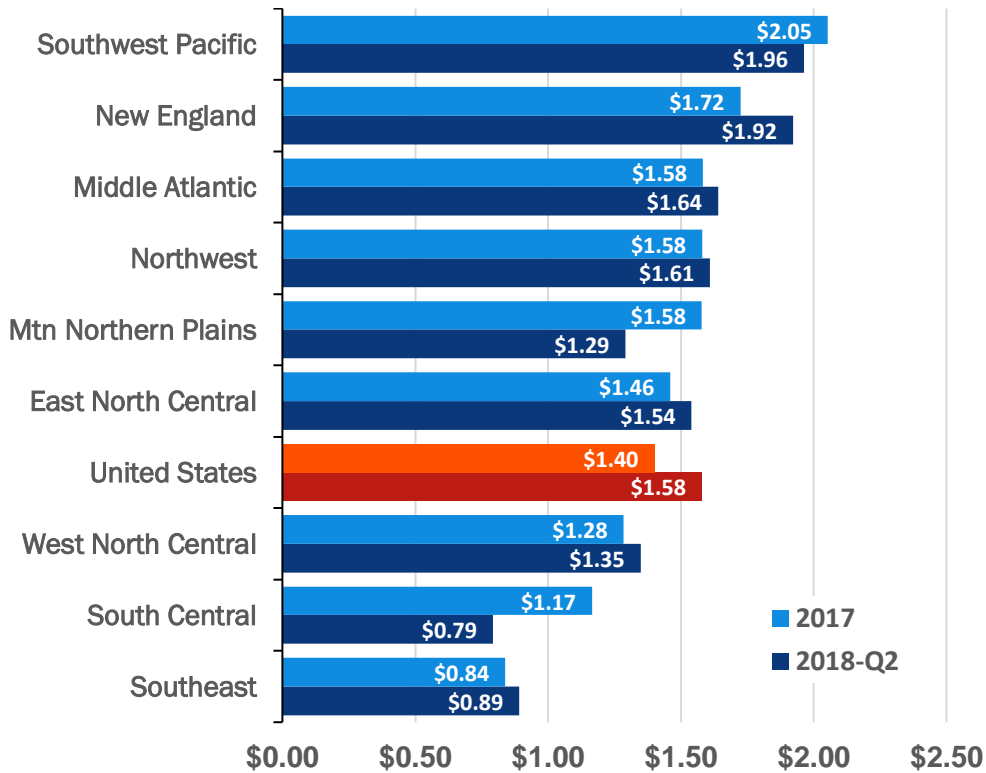
Northwest: AK, ID, OR, WA

Exhibit 2.6 shows the regions with the dollar amount of their increases in descending order based on 2017. As was the case in Exhibit 2.5, the largest increases were in the

Southwest Pacific region and the smallest were in the Southeast. The United States average for 2017 was \$1.40 and for 2018-Q2 it was \$1.58.

Exhibit 2.6

All increases, in 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 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)

Exhibits 2.7 and 2.8 display the results for all increases for 2017 and 2018-Q2 by craft, in descending order based on 2017 data. Exhibit 2.7 shows that the largest average increases in 2017 belonged to the Laborers, Carpenters, Bricklayers and Millwrights at 2.8 percent; the

smallest, Roofers at 1.8 percent. For 2018-Q2, noticeable changes were evident for Glaziers, Insulators and Painters. The 2018-Q2 increase was larger than the 2017 increase for 13 of the 17 crafts shown.

Exhibit 2.7
All increases, in percents, by craft in descending order

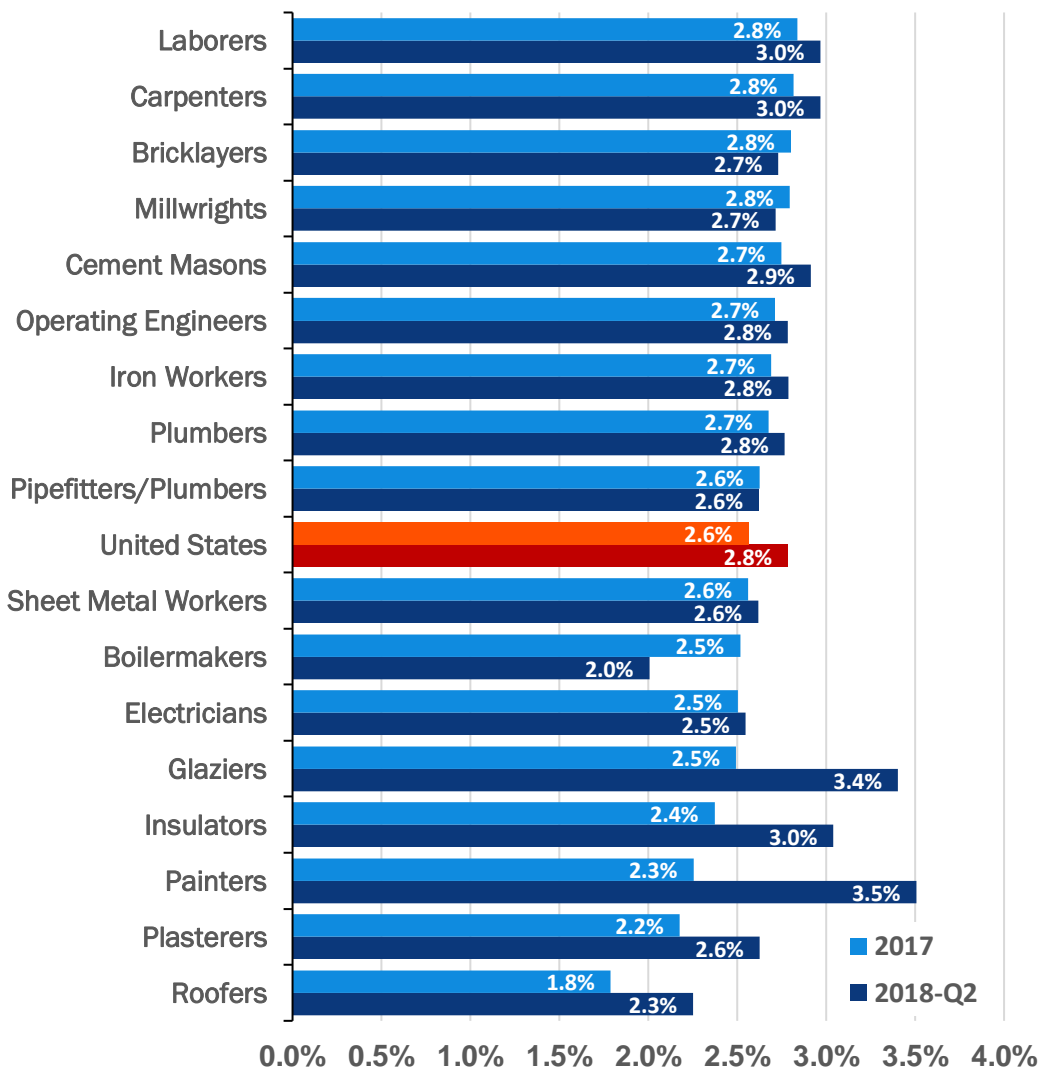
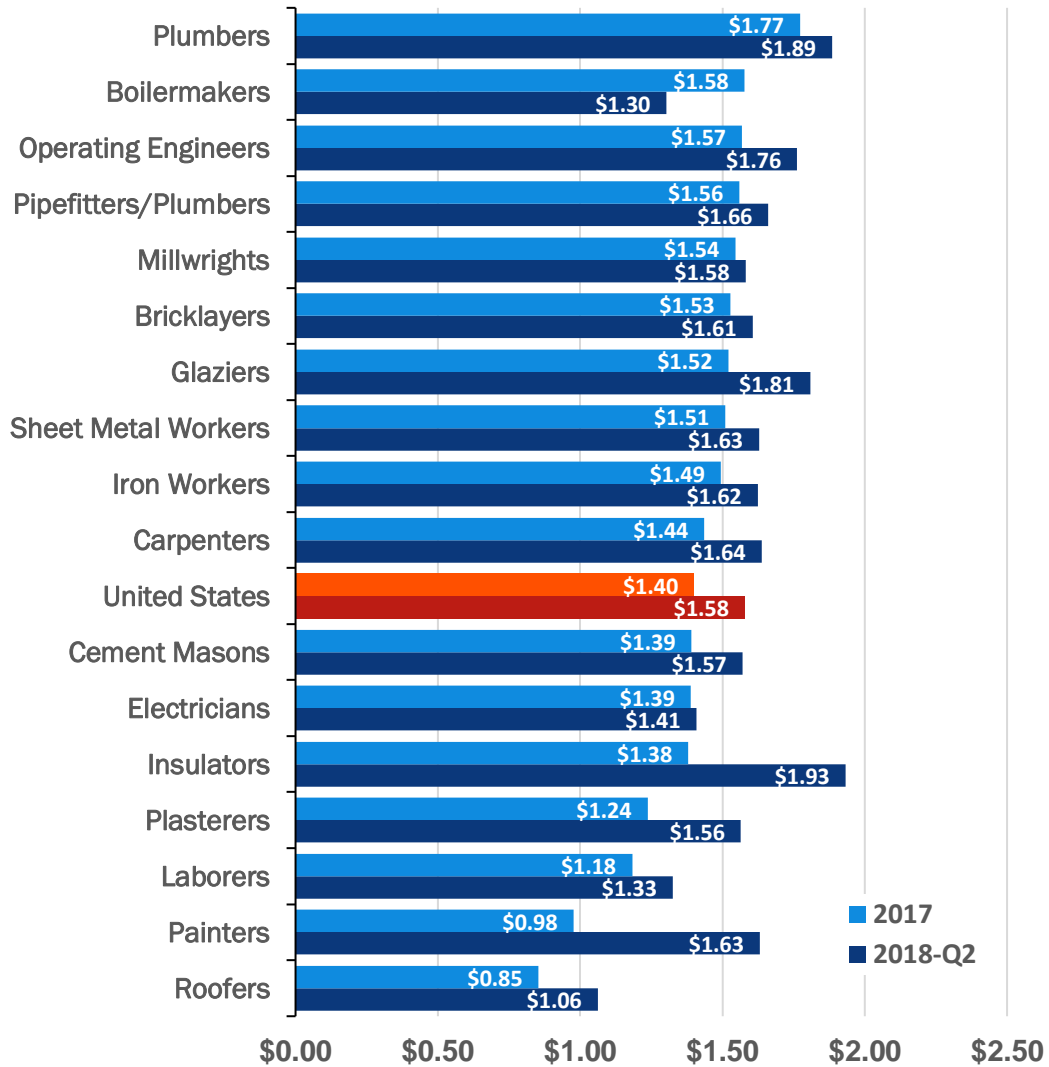


Exhibit 2.8 reflects the crafts with the dollar amount of their increases in descending order based on 2017. The largest increase in 2017 was with the Plumbers at \$1.77 and the smallest was again with the Roofers at \$0.85.

For 2018-Q2 all but one craft (Boilermakers) had a larger increase than in 2017. Significant jumps in the amount of the increase for 2018-Q2 were found with Insulators, Plasterers and Painters.

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

