

Settlements Report

New Settlements and All Increases

2018

Construction Labor Research Council



I. NEW SETTLEMENTS 2018

The first year of new settlements reached in 2018 (includes all data for 2018) for union crafts in the construction industry, as analyzed by the Construction Labor Research Council (CLRC), had an average increase of 3.0 percent (\$1.70). The median, which is less

affected by outliers, was similar at 3.0 percent (\$1.56). Exhibits 1.1 and 1.2 show the 13-year trend, plus a two year forecast, for the total package (wages, fringe benefits and other employer payments combined).

Exhibit 1.1

First year increases in new settlements, shown as percentages

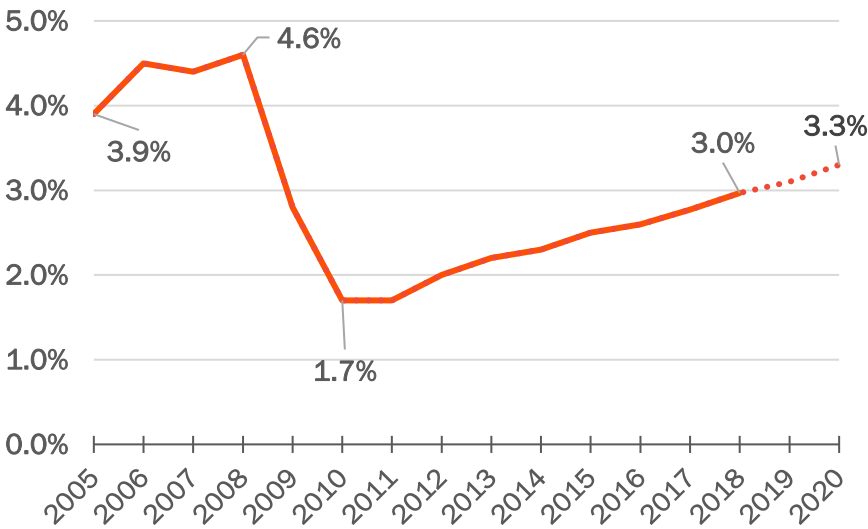


Exhibit 1.1 shows that, in percentage terms, the average increase for the first year of settlements has slowly and steadily risen since 2010/11, from 1.7 percent in 2010 to 3.0 percent in 2018. The gradual trend is forecasted to extend to 3.3 percent by 2020.

Exhibit 1.2

First year increases in new settlements, shown as dollars

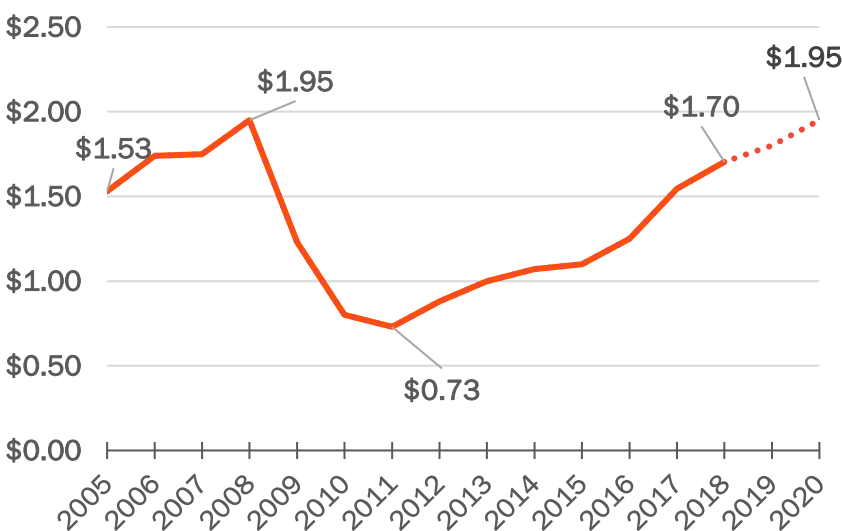


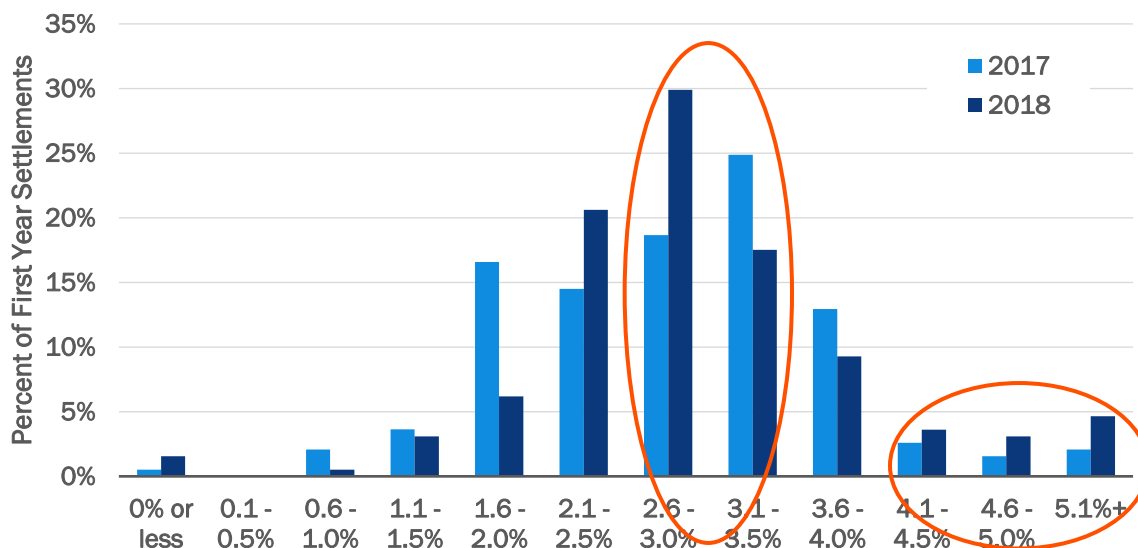
Exhibit 1.2 similarly shows that the average dollar amount increase for the first year of settlements has grown by nearly \$1.00 since 2011 (\$0.73 in 2011 to \$1.70 in 2018). The average increase is projected to be \$1.95 by 2020.

Exhibit 1.3 displays the distribution for the first year increases of new settlements reached in 2017 and 2018. As the exhibit clearly highlights, the plurality of increases in 2018 were in the 2.6–3.0% range.

Interestingly, although average increases were larger in 2018 than in 2017, the mode in 2017 was higher than in 2018 at 3.1–3.5%. The percent of increases over 4.0 percent grew noticeably in 2018.

Exhibit 1.3

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

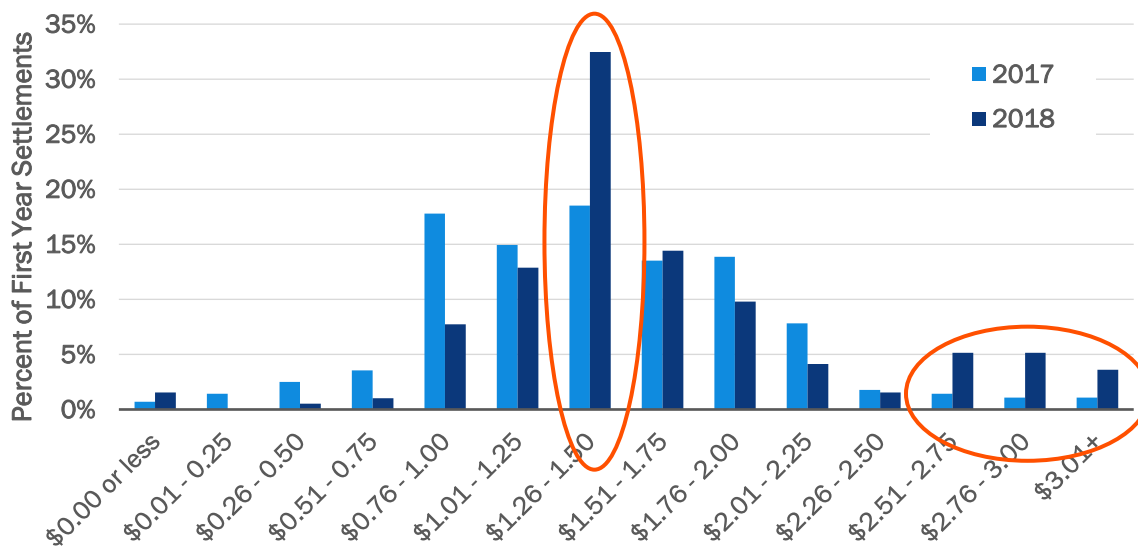


The distribution of first year increases for 2017 and 2018 as dollar amounts is shown in **Exhibit 1.4**. For 2018 the most popular range

was \$1.26–1.50. There were significantly more increases greater than \$2.50 in 2018 than in 2017.

Exhibit 1.4

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

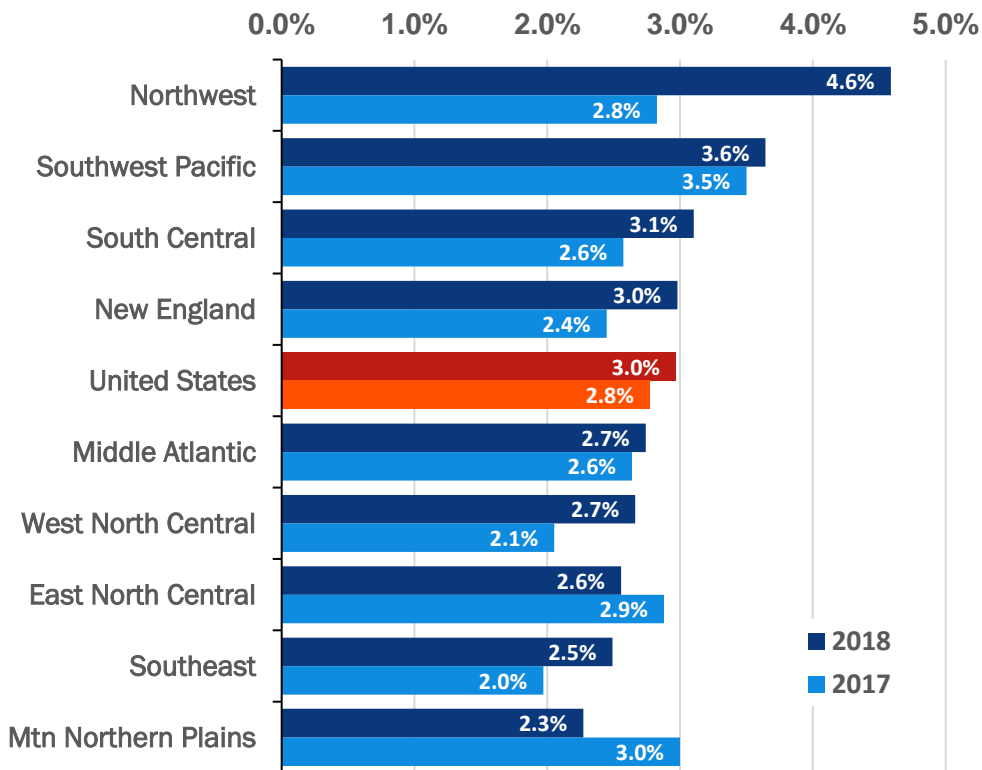


Exhibits 1.5 and 1.6 display the results for first year increases for 2017 and 2018 by region, in descending order based on 2018 data. The US average (i.e., The average of each craft's average.) was 2.8 percent in 2017 and 3.0 percent in 2018. As shown in **Exhibit 1.5**, the largest average

percent increase, by far, in 2018 was in the Northwest region and the smallest in the Mountain Northern Plains. In 2018 three regions had averages greater than the average for the US: Northwest, Southwest Pacific and South Central.

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

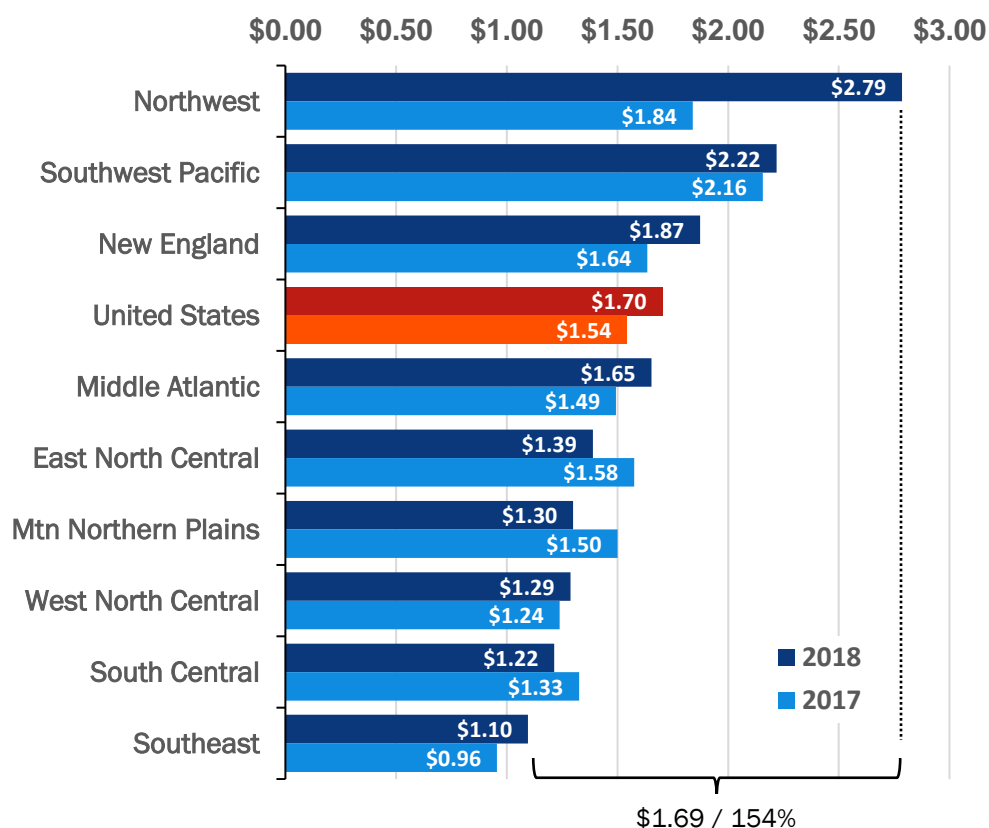
Northwest: AK, ID, OR, WA

Exhibit 1.6 shows the regions with the average dollar amount of their first year increases, in descending order based on 2018 data. The largest increases were on the West Coast, specifically the Northwest and Southwest Pacific regions, and the smallest were in the Southeast. The US all craft average for 2017

was \$1.54 and for 2018 it increased to \$1.70. There were some very large settlements in the Northwest that contributed to the high rates in that region. The highest average first year settlement was \$1.69 (154 percent) higher than the smallest.

Exhibit 1.6

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



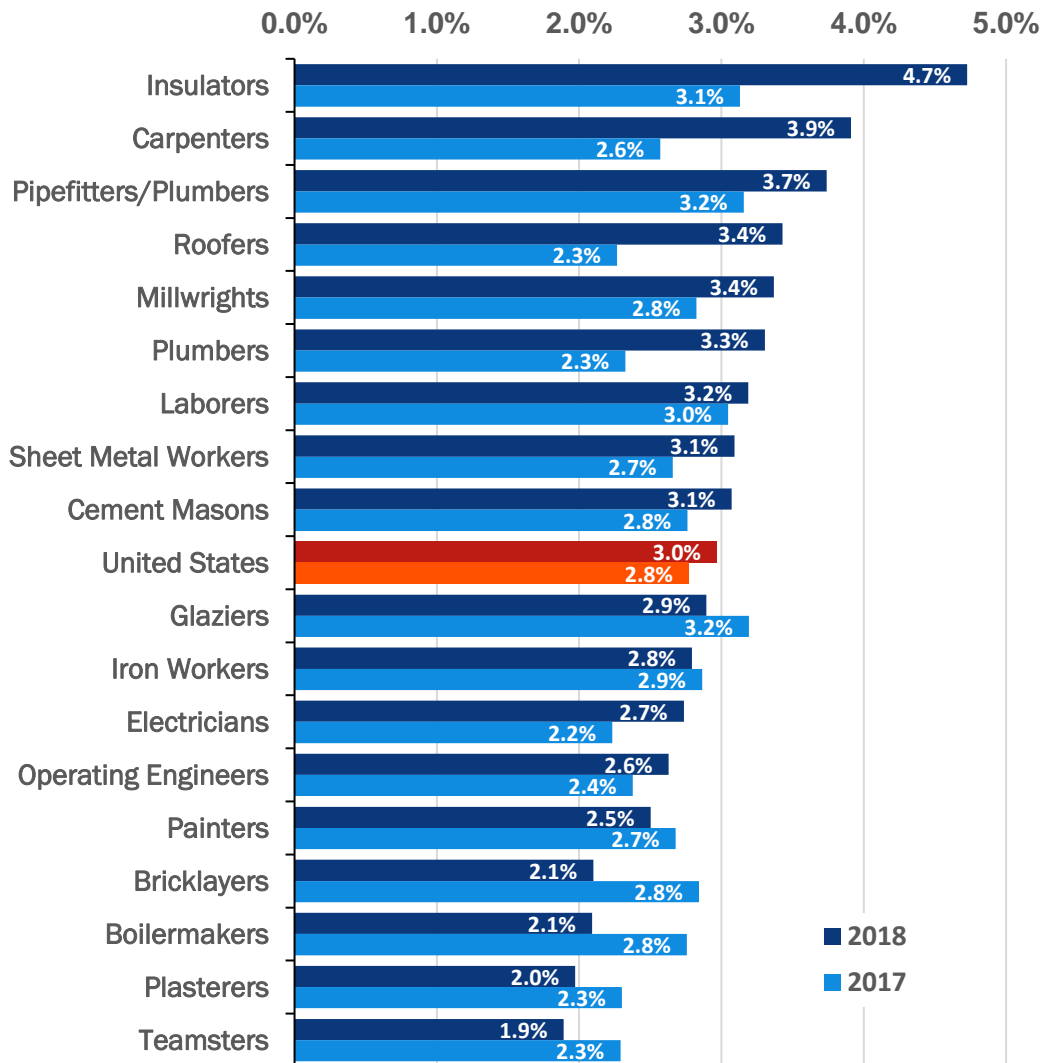
The following associations sponsor this report:

- 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 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)
- Signatory Wall and Ceiling Contractors Association (SWACCA)
- The Association of Union Constructors (TAUC)

The average first year percent increases by craft for 2017 and 2018 are displayed in **Exhibit 1.7**, in descending order based on 2018. For 2018, the data ranged from 1.9 percent for Teamsters to 4.7 percent for Insulators. The Insulator rate was influenced by data from the Northwest where increases tended to be higher. The US average was 0.2

percent higher in the 2018 data compared to the 2017 average. Three crafts had averages greater than 3.5 percent—Insulators, Carpenters and Pipefitters/Plumbers. Four crafts had increases less than 2.5 percent—Bricklayers, Boilermakers, Plasterers and Teamsters.

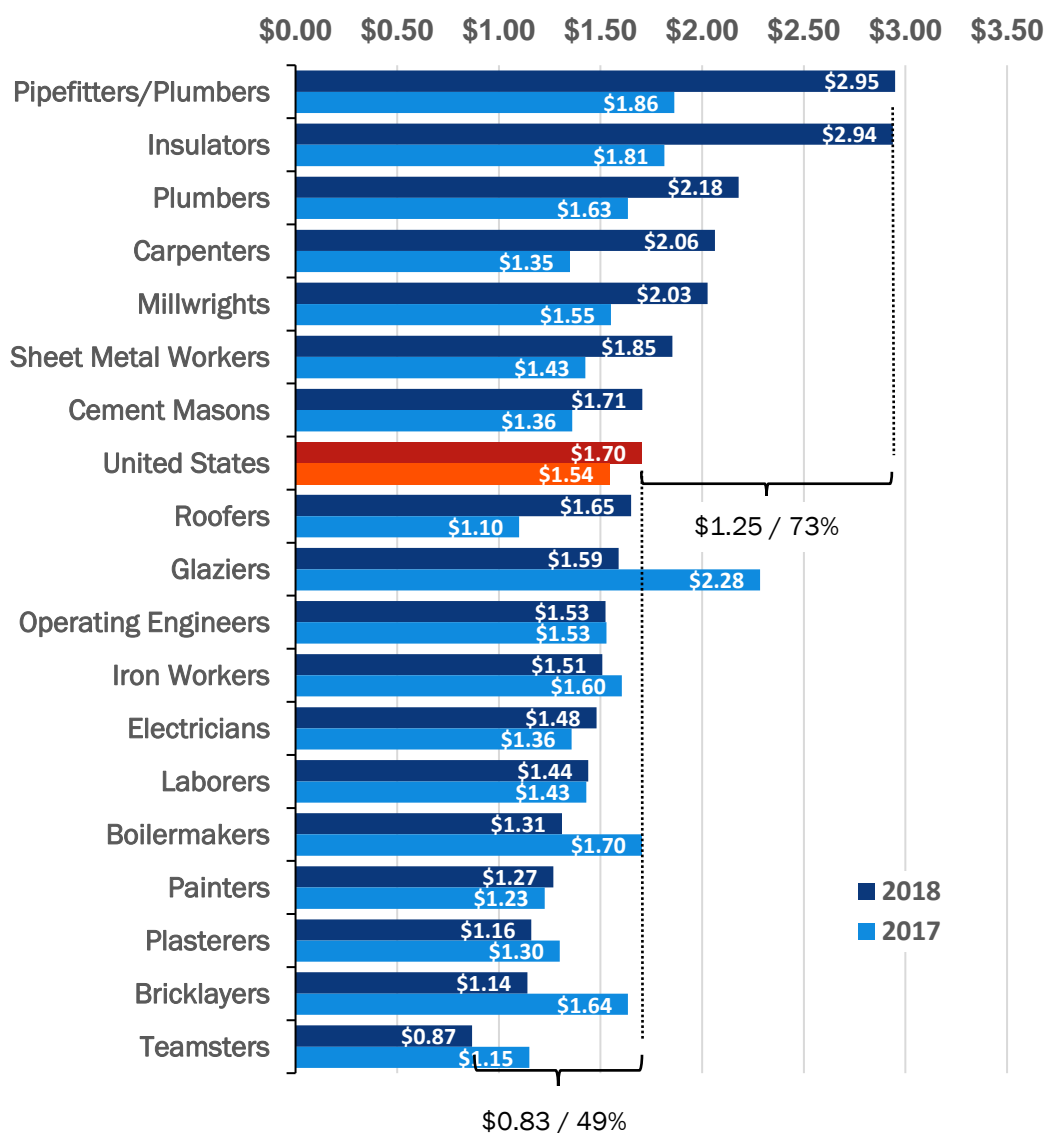
Exhibit 1.7
First year increases in new settlements, as percents, by craft in descending order



In **Exhibit 1.8** the average first year increases by craft are shown as dollar amounts, in descending order based on the 2018 data. The all craft average was modestly (\$0.16) higher in 2018 than in 2017. Insulators and Pipefitters/Plumbers had the largest increases in 2018, nearing \$3.00 each. At the other end of the range, Teamsters had the

smallest increases in both dollars and percents. The largest increase was \$1.25 (73 percent) higher, and the smallest was \$0.83 (49 percent) lower, than the US average. Five crafts had first year average settlements greater than \$2.00 and one craft averaged less than \$1.00.

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



The table in **Exhibit 1.9** contains the percent and dollar increases of the first, second and third years of settlements reached in 2017 and 2018. The second year increases negotiated in 2018 will be paid in 2019 and

the third year in 2020. CLRC's analysis of the data shows that settlement increases in 2018 tended to be a little larger in year one than in the ensuing years of the agreement.

Exhibit 1.9
Increases by year of the settlement

Contract Year	Year Contract was Settled			
	2017		2018	
	Percent	Dollar	Percent	Dollar
First	2.8%	\$1.54	3.0%	\$1.70
Second	2.9%	\$1.57	2.8%	\$1.68
Third	2.8%	\$1.55	2.7%	\$1.65

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.

II. ALL INCREASES

This section of the report includes not only increases negotiated during 2018 (see **Section I**), 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 through 2018, and

project the increases for 2019 and 2020. *The average increase for 2018 was 2.8 percent and \$1.49. CLRC projects an increase to 3.0 percent and \$1.65 by 2020. That will be the first time increases have reached 3.0 percent since 2010.*

Exhibit 2.1

All increases, shown as percentages

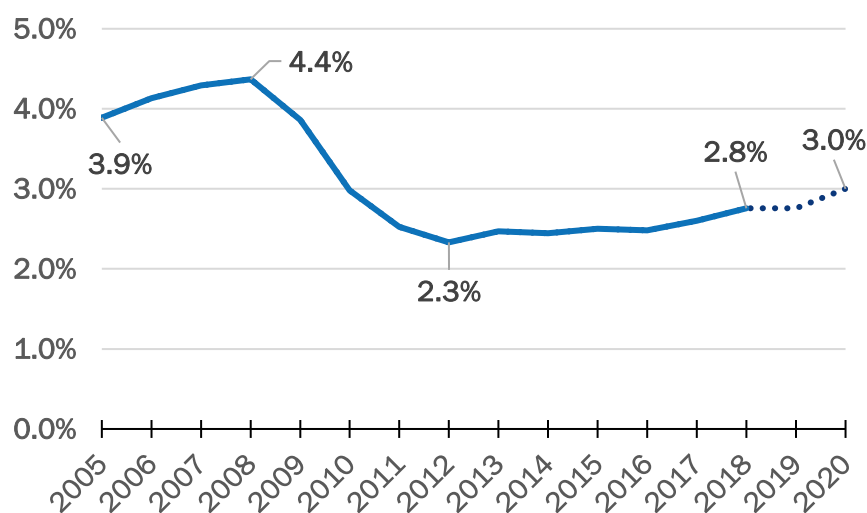


Exhibit 2.1 shows that, in percentage terms, the average increase rose slowly, by half a percent, from 2012 to 2018. As was the case with first year data, increases before the Great Recession were much higher.

Exhibit 2.2

All increases, shown as dollars

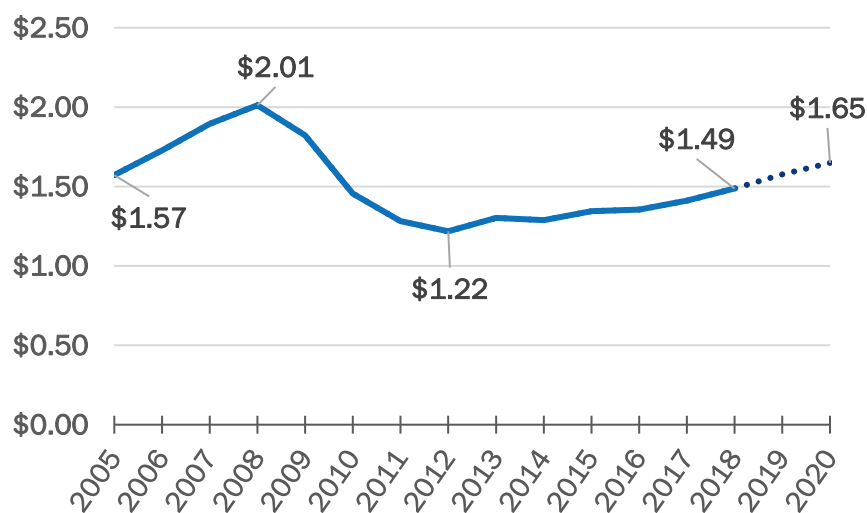


Exhibit 2.2 shows that the average dollar amount increase grew by \$0.27 from 2012 to 2018 and remains well below the high mark of \$2.01 in 2008. By 2020 CLRC projects the average increase to be \$1.65 for all years of settlements.

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.

Exhibit 2.3 illustrates how increases are distributed across a range. The most common increase in both 2017 and 2018 fell in the 2.6–3.0% range. Most other increases landed

in the adjacent ranges. Consequently, 69 percent of all 2018 increases were from 2.1 to 3.5 percent.

Exhibit 2.3
Distribution of all increases, shown as percentages

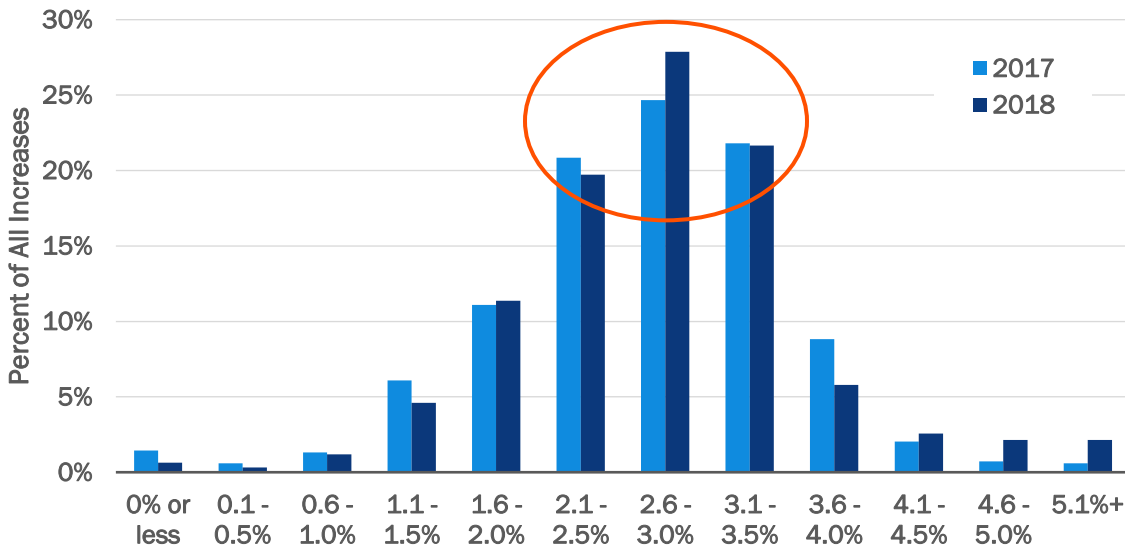
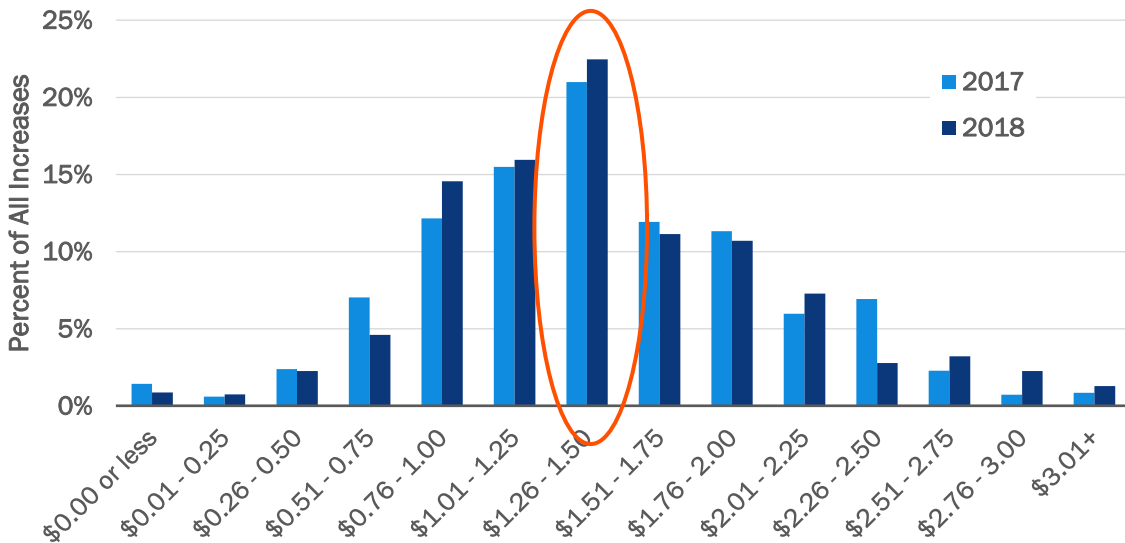


Exhibit 2.4 shows that the most common increase in 2017 and 2018 was in the \$1.26–1.50 range, the same as first year increases in

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

Exhibit 2.4
Distribution of all increases, shown as dollar amounts

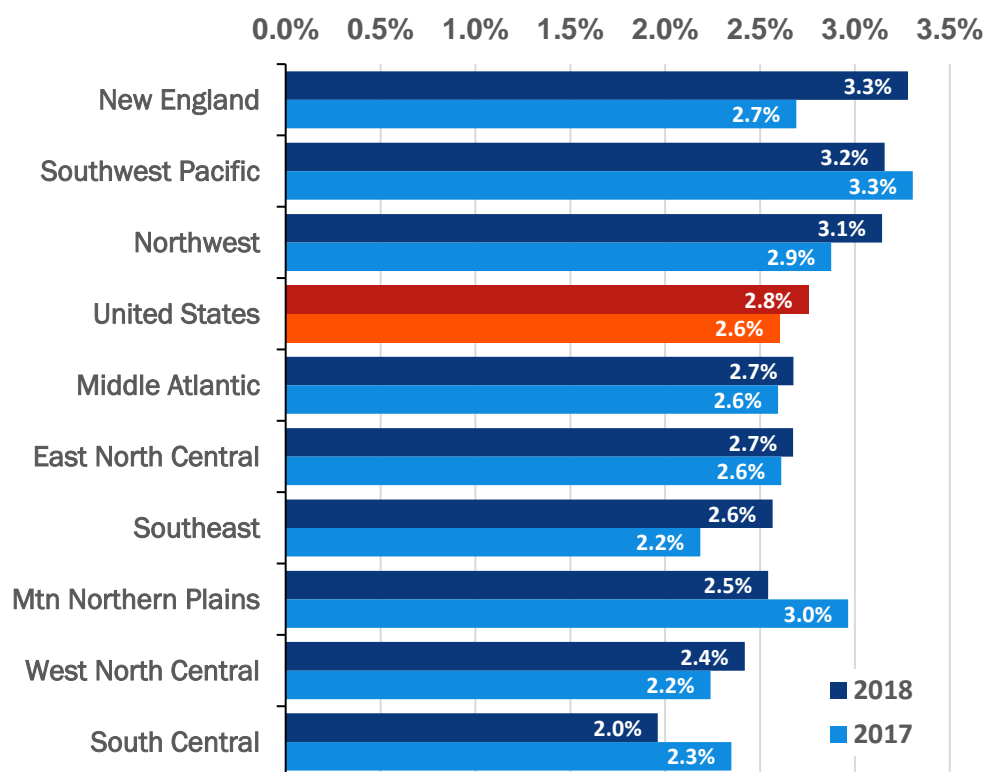


Exhibits 2.5 and 2.6 display the results for all increases for 2017 and 2018 by region, in descending order based on 2018 data. As shown in **Exhibit 2.5**, the largest average increases in 2018 were in opposite corners of the US, the New England and Southwest Pacific regions. The smallest increases were in

the West North Central and South Central regions. For 2018, three regions averaged greater than the 2.8 percent US all craft average (which is the average of the craft averages). The US average was 0.2 percent higher in 2018 than in 2017.

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

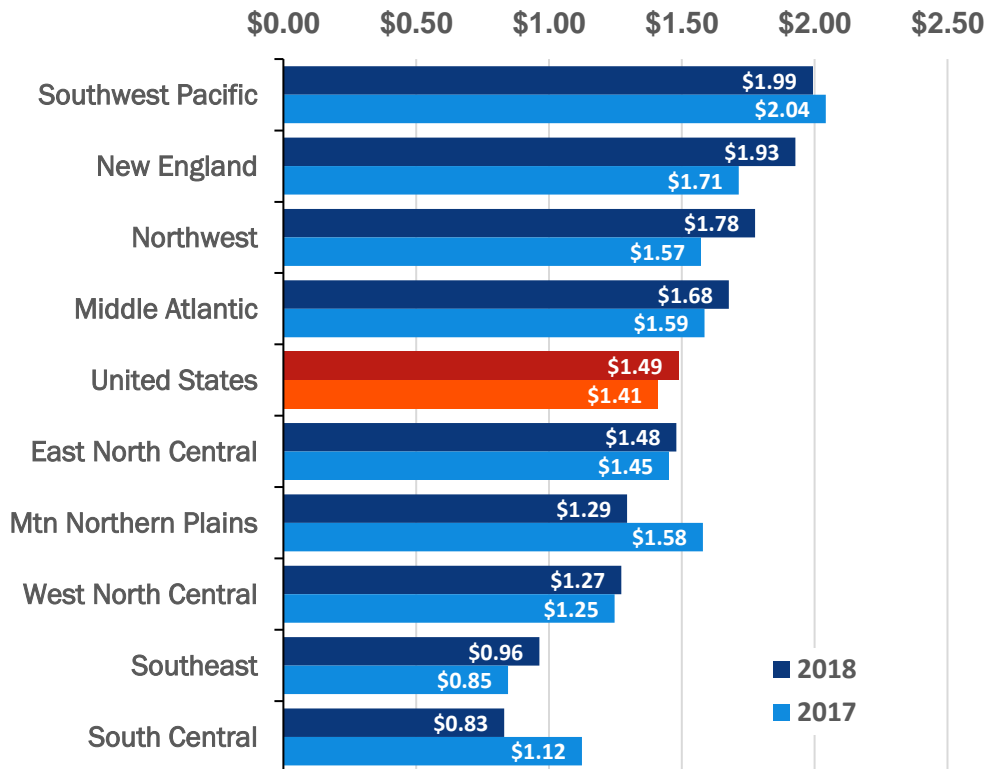
Northwest: AK, ID, OR, WA

Exhibit 2.6 shows the regions with the dollar amount of their increases in descending order based on 2018 data. As was the case in **Exhibit 2.5**, the largest increases were in the Southwest Pacific and New England regions

and the smallest were in the Southeast and South Central. The all craft average for 2017 was \$1.41 and for 2018 it was slightly higher at \$1.49.

Exhibit 2.6

All increases, in dollars, by region in descending order



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.

Exhibits 2.7 and 2.8 display the results for all increases for 2017 and 2018 by craft, in descending order based on 2018 data. **Exhibit 2.7** shows that the largest average increases in 2018 belonged to Carpenters, Millwrights, Glaziers and Painters. Much of the data for

these crafts came from the higher paying regions. The smallest increase was with the Boilermakers at 2.0 percent. Crafts were tightly clustered together, 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

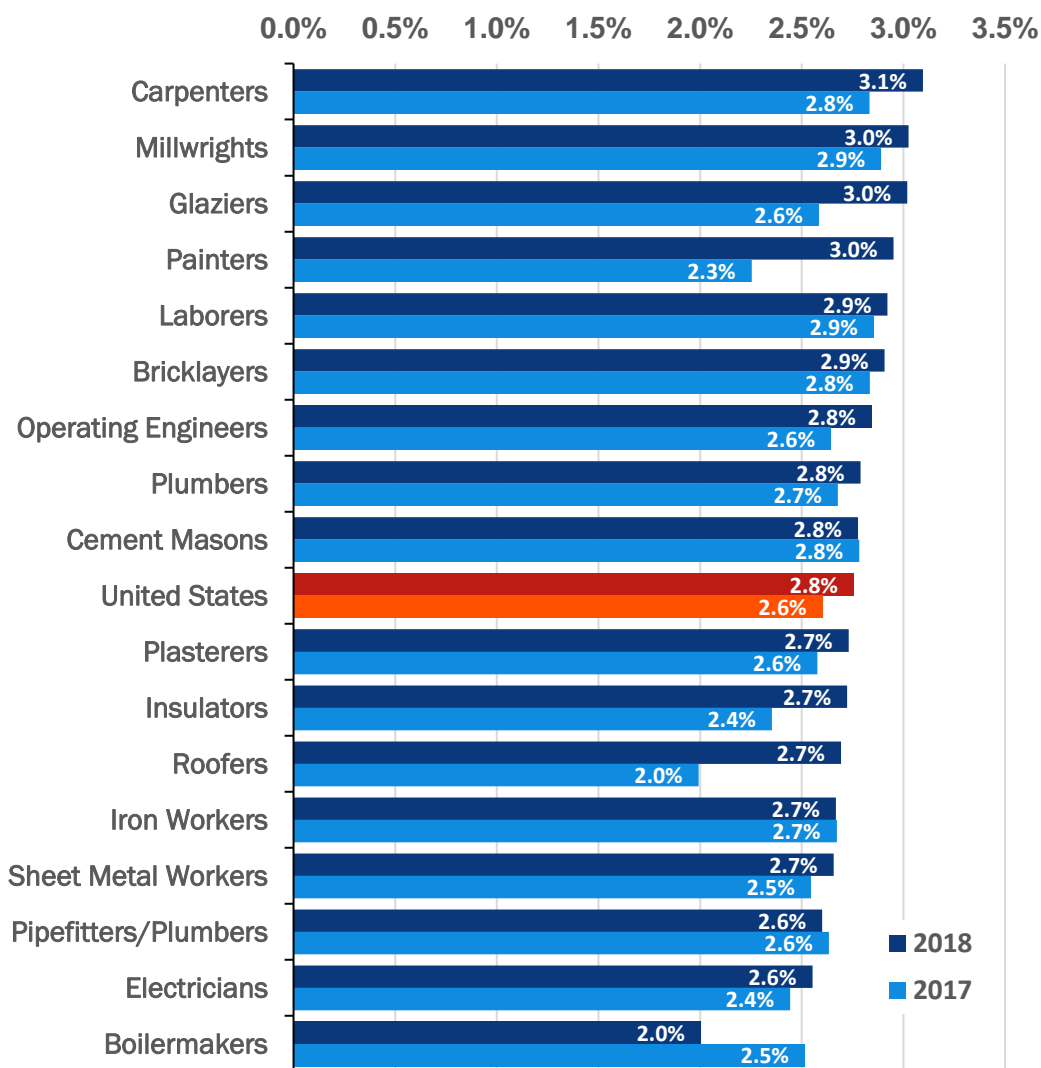
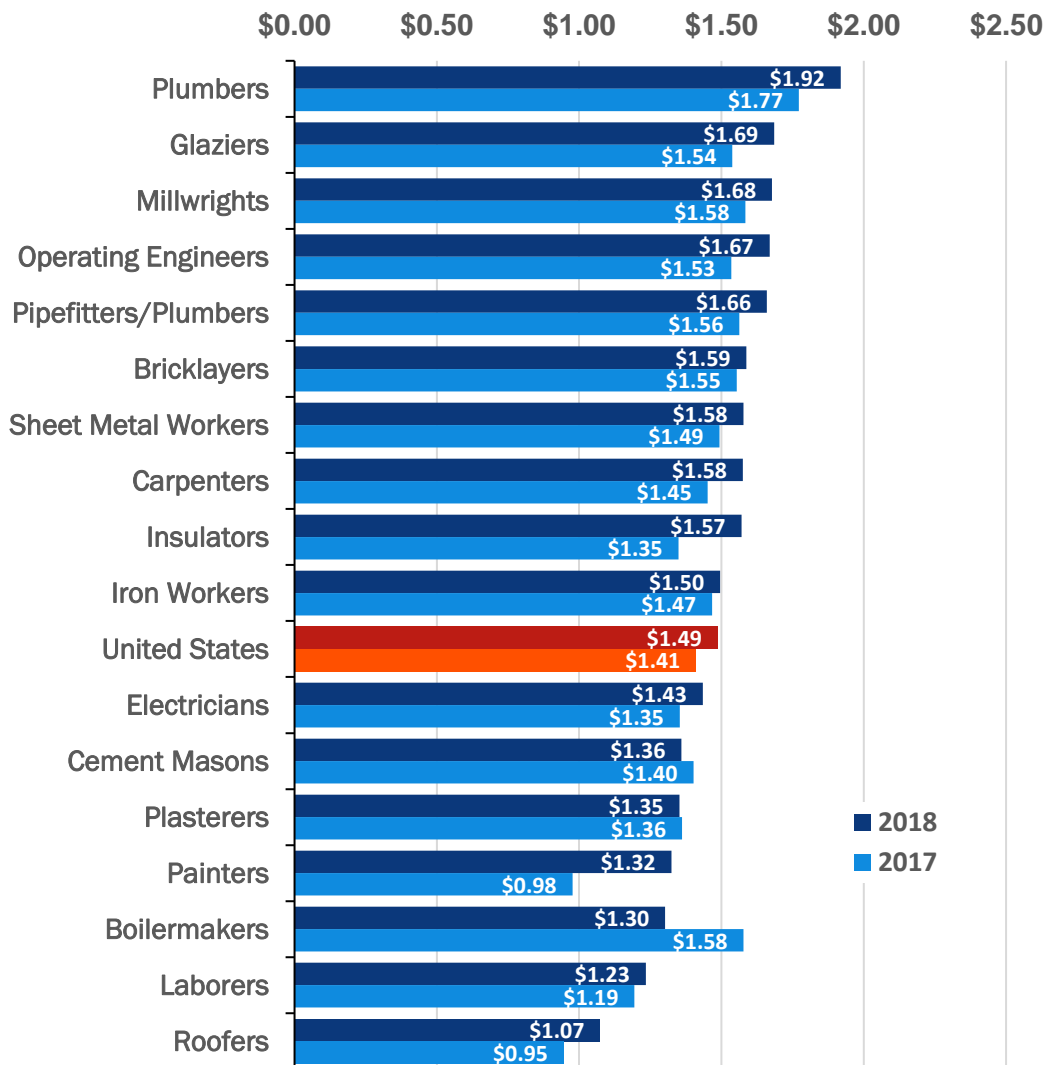


Exhibit 2.8 reflects the crafts with the dollar amount of their increases, in descending order based on 2018. The largest increases in the 2018 data were with the Plumbers and

the smallest were with Roofers. As expected, the 2018 average was higher than the 2017 average for nearly every craft.

Exhibit 2.8

All increases, in dollars, by craft in descending order



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