

Settlements Report

New Settlements and All Increases

JUNE 2019

Construction Labor Research Council



I. NEW SETTLEMENTS JANUARY TO JUNE 2019

The first year of new settlements agreed upon from January–June 2019 (2019-Q2) for union crafts in the construction industry, as analyzed by the Construction Labor Research Council (CLRC), had an average increase of 2.8 percent (\$1.65). The median, which is less

affected by outliers, was similar at 2.8 percent (\$1.76). **Exhibits 1.1 and 1.2** show the 14-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

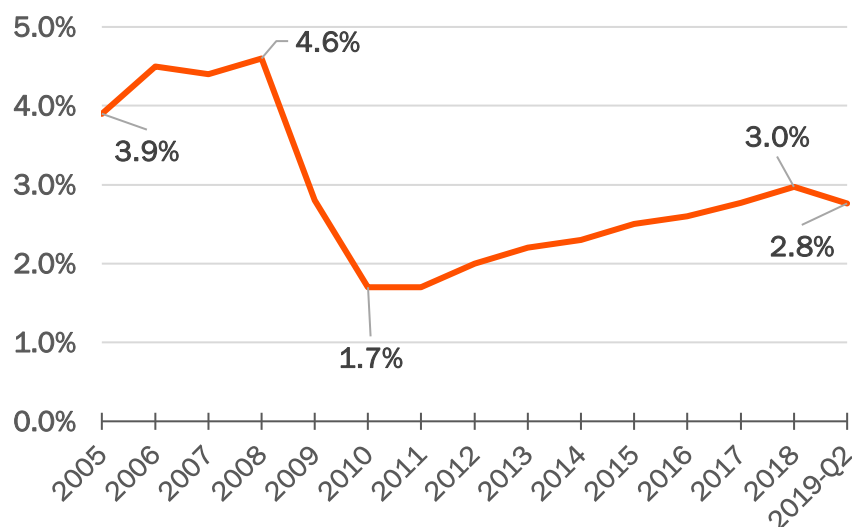


Exhibit 1.1 shows that, in percentage terms, the average increase for the first year of settlements has slowly and steadily risen since 2010/11, from 1.7 percent in 2010 to 3.0 percent in 2018. The average increase fell in 2019-Q2 to 2.8 percent, likely due to the smaller sample of new settlements available for just half of the year.

Exhibit 1.2

First year increases in new settlements, shown as dollars

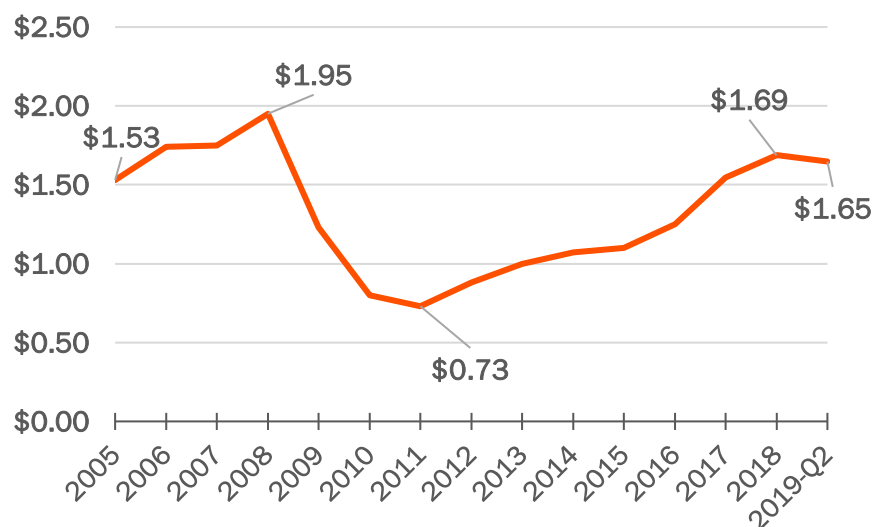


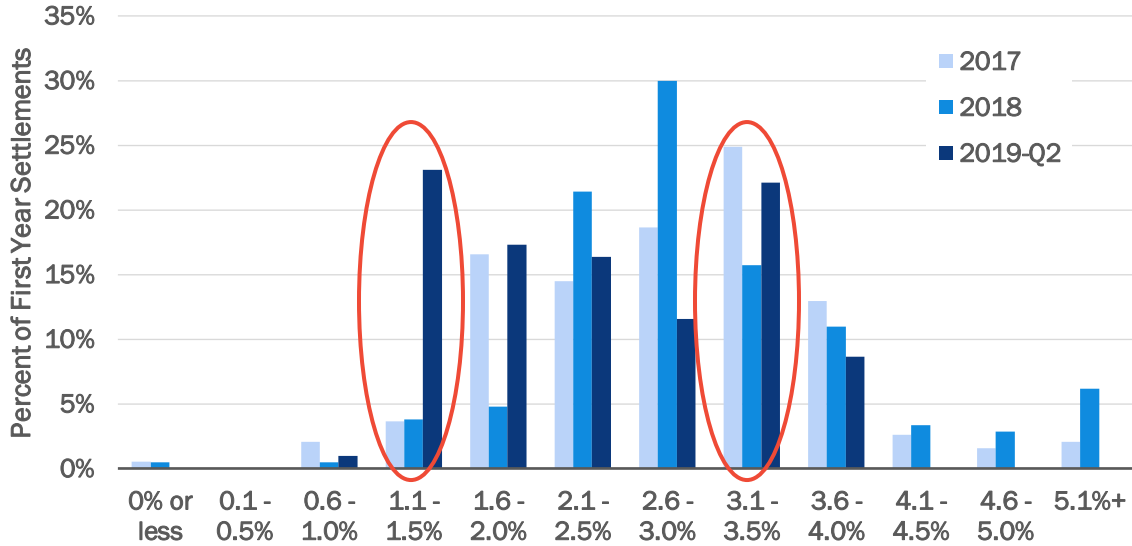
Exhibit 1.2 similarly shows that the average dollar amount increase for the first year of settlements has grown by nearly \$1.00 since 2011 (\$0.73 in 2011 to \$1.65 in 2019-Q2). There was a slight decrease (\$0.04) from 2018 to 2019-Q2, which may evolve into an increase as additional settlements are added during the second half of 2019.

Exhibit 1.3 displays the distribution for the first year increases of new settlements reached in 2017, 2018 and through June of 2019. As the exhibit clearly highlights, the plurality of increases in 2019-Q2 were in the 1.1–1.5% range, closely followed by the 3.1–

3.5% range. Interestingly, the distribution of 2019-Q2 increases is bimodal (two peaks in the distribution of the data) and does not follow a normal distribution (bell-shaped curve), like 2017 and 2018. This may change as more rates are added later in the year.

Exhibit 1.3

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

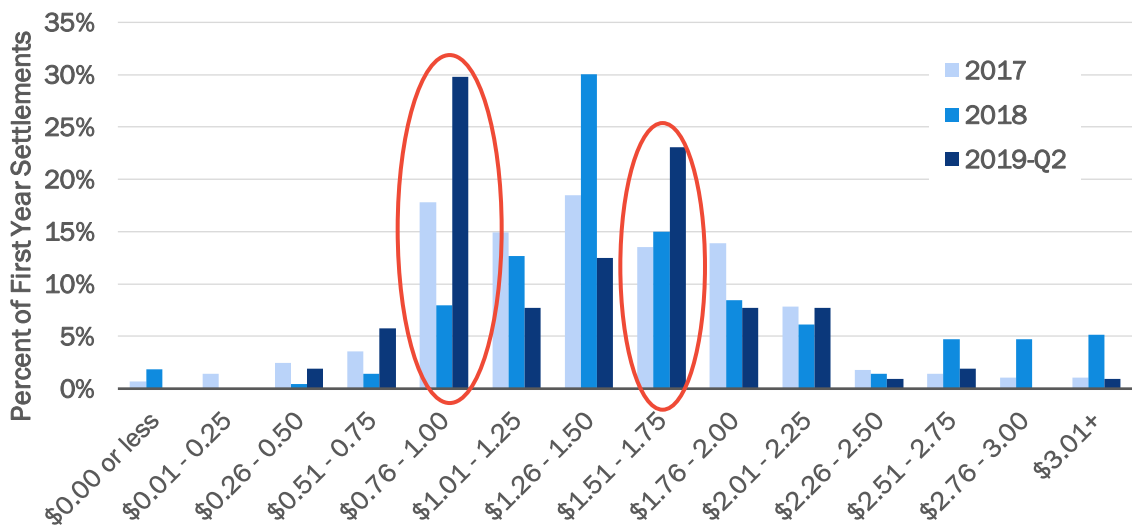


The distribution of first year increases for 2017, 2018, and 2019-Q2 as dollar amounts is shown in **Exhibit 1.4**. For 2019-Q2 the most popular range was \$0.76–1.00, followed by

\$1.51–1.75. Similar to **Exhibit 1.3**, the distribution of 2019-Q2 dollar increases is also bimodal.

Exhibit 1.4

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



The table in **Exhibit 1.5** contains the average percent and dollar increases of the first, second and third years of settlements reached in 2017, 2018, and 2019-Q2. That is, the second year increases negotiated in 2019-Q2 will be paid in 2020 and the third year in

2021. CLRC's analysis of the data shows that settlements reached in 2019-Q2 tended to be similar for all three years of the agreement—first year 2.8 percent, second year 2.7 percent, third year 2.7 percent..

Exhibit 1.5

Increases by year of the settlement

Contract Year	Year Contract was Settled					
	2017		2018		2019-Q2	
	Percent	Dollar	Percent	Dollar	Percent	Dollar
First	2.8%	\$1.54	3.0%	\$1.69	2.8%	\$1.65
Second	2.9%	\$1.57	2.9%	\$1.68	2.7%	\$1.65
Third	2.8%	\$1.55	2.8%	\$1.69	2.7%	\$1.67

This report covers the first half of the year; many additional new settlements negotiated in 2019 will be added during the second half of the year. Therefore, the data shown here in Section I should be considered as preliminary. Some charts (Section I region and craft specific) are not included in this report; they will be included in future reports when there is enough data to ensure reliable results for those specific data cuts.

II. ALL INCREASES

This section of the report includes not only increases negotiated during 2019-Q2 (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 2019-Q2, and project the increases for 2020 and 2021. *The average increase for 2019-Q2 was 2.8 percent and \$1.62. CLRC projects an increase to 3.0 percent and \$1.75 by 2021.*

Exhibit 2.1

All increases, shown as percentages

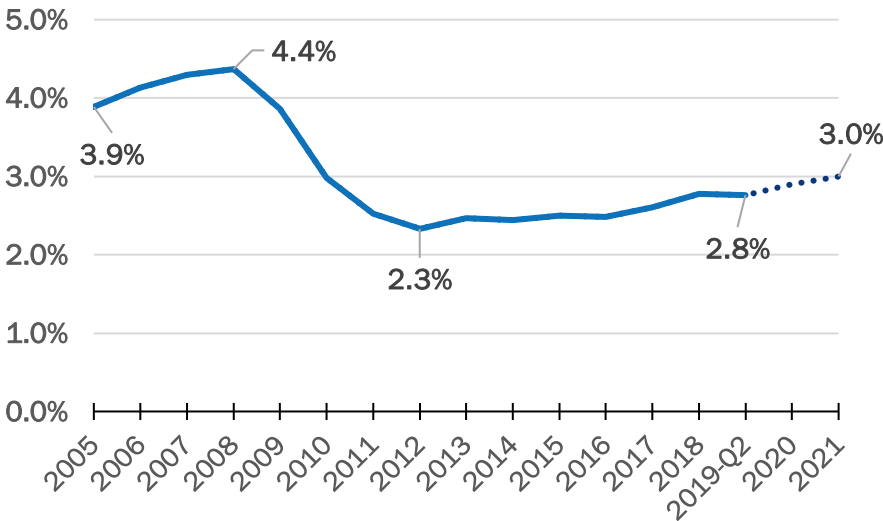


Exhibit 2.1 shows that, in percentage terms, the average increase rose slowly, by half a percent, from 2012 to 2018. Increases in 2019-Q2 leveled compared to 2018. As was the case with first year data, increases before the Great Recession were much higher.

Exhibit 2.2

All increases, shown as dollars

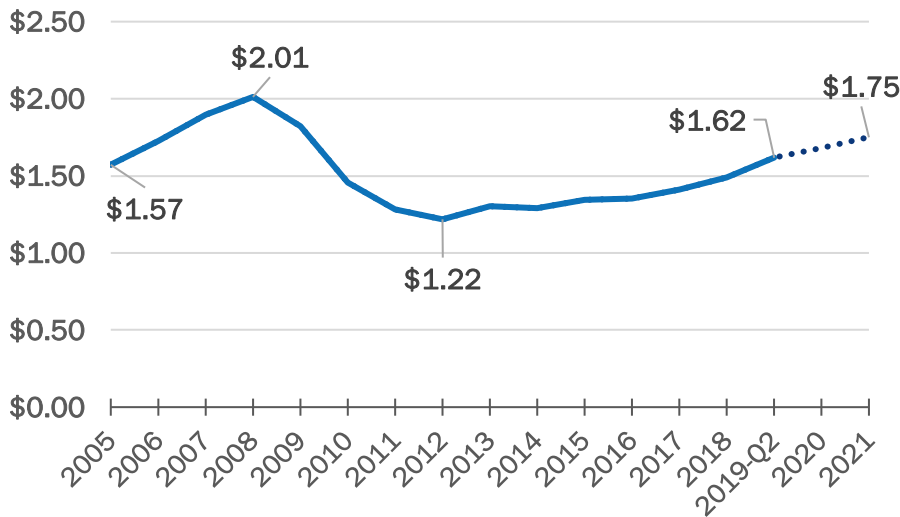


Exhibit 2.2 shows that the average dollar amount increase grew by \$0.40 from 2012 to 2019-Q2 and remains well below the high mark of \$2.01 in 2008. By 2021 CLRC projects the average increase to be \$1.75 for all years of settlements.

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 all three years fell in the 2.6–3.0% range. Most other increases landed in the

adjacent ranges. Consequently, a little over two thirds (67–69 percent) of all increases for the past three years were from 2.1 to 3.5 percent.

Exhibit 2.3
Distribution of all increases, shown as percentages

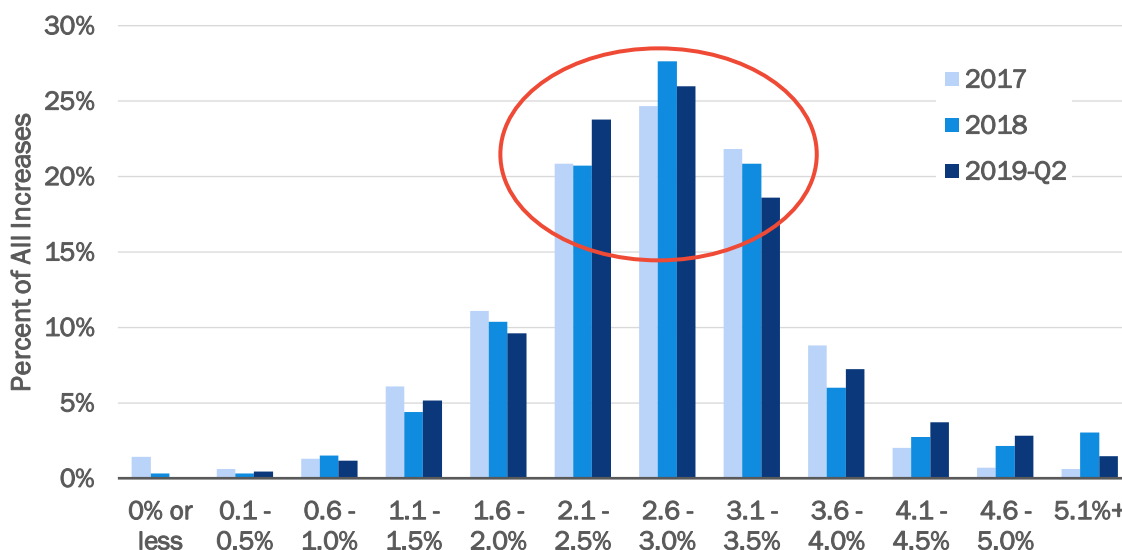
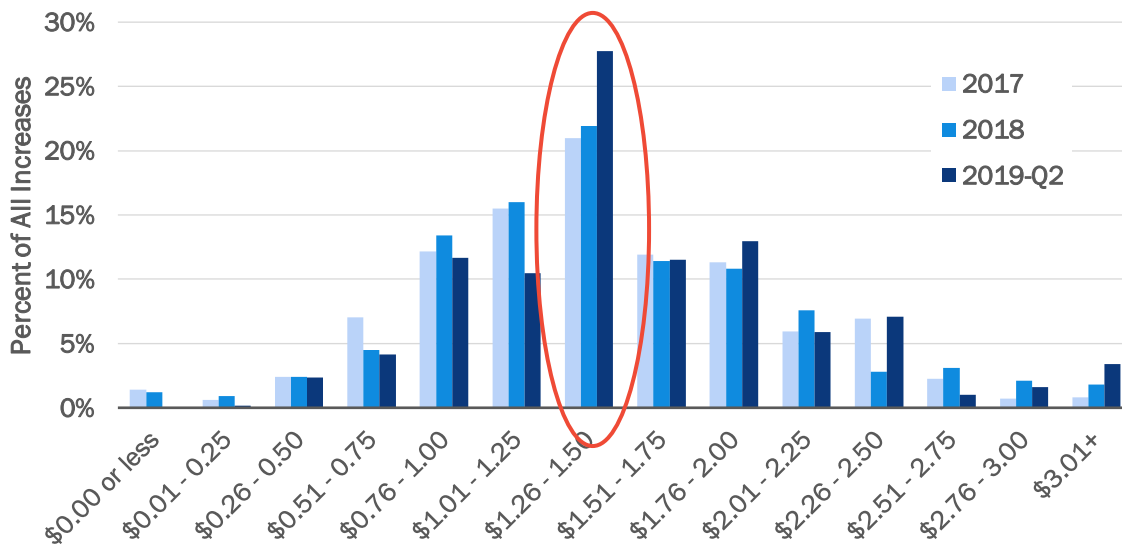


Exhibit 2.4 shows that the most common increase in all three years was in the \$1.26–1.50 range. For 2019-Q2, six percent were

greater than \$2.50. The distributions of all three years are fairly consistent for both **Exhibits 2.3** and **2.4**.

Exhibit 2.4
Distribution of all increases, shown as dollar amounts

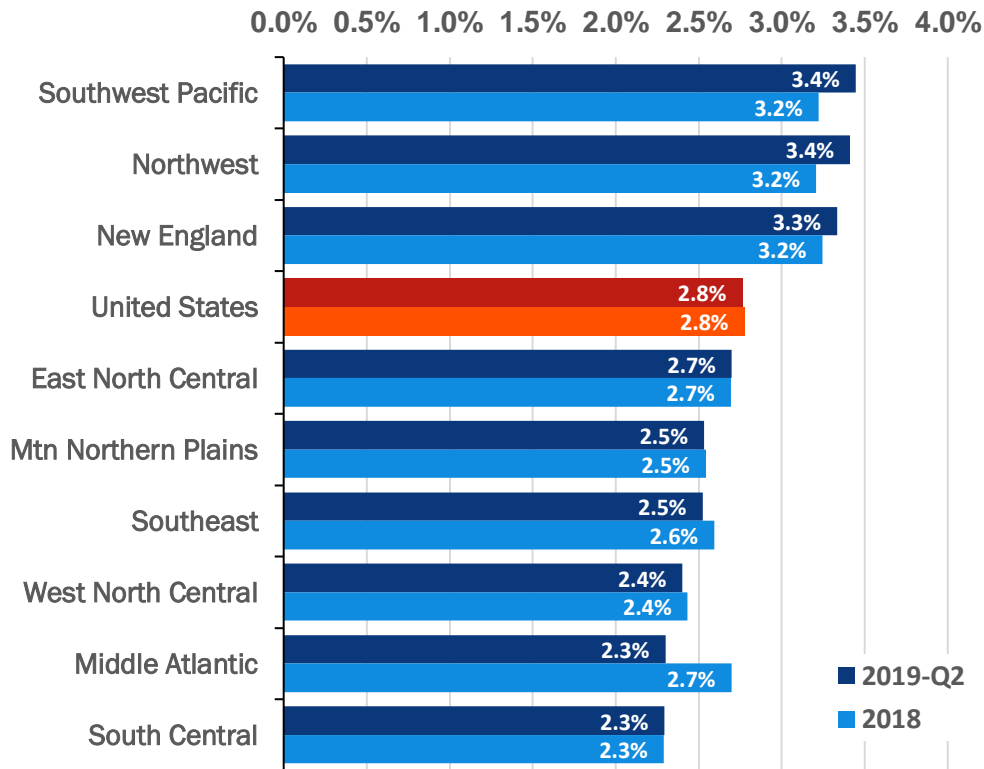


Exhibits 2.5 and 2.6 display the results for all increases for 2018 and 2019-Q2 by region, in descending order based on 2019-Q2 data. As shown in Exhibit 2.5, the regions with largest average increases were the same in 2018 and 2019-Q2 (Southwest Pacific, Northwest, and New England). The South Central region

was consistently the region with the smallest average increase in both years (Middle Atlantic was also 2.3 percent in 2019-Q2). Most of the regions in Exhibit 2.5 had similarly sized increases both years, with Middle Atlantic differing the most.

Exhibit 2.5

All increases, in percentages, 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

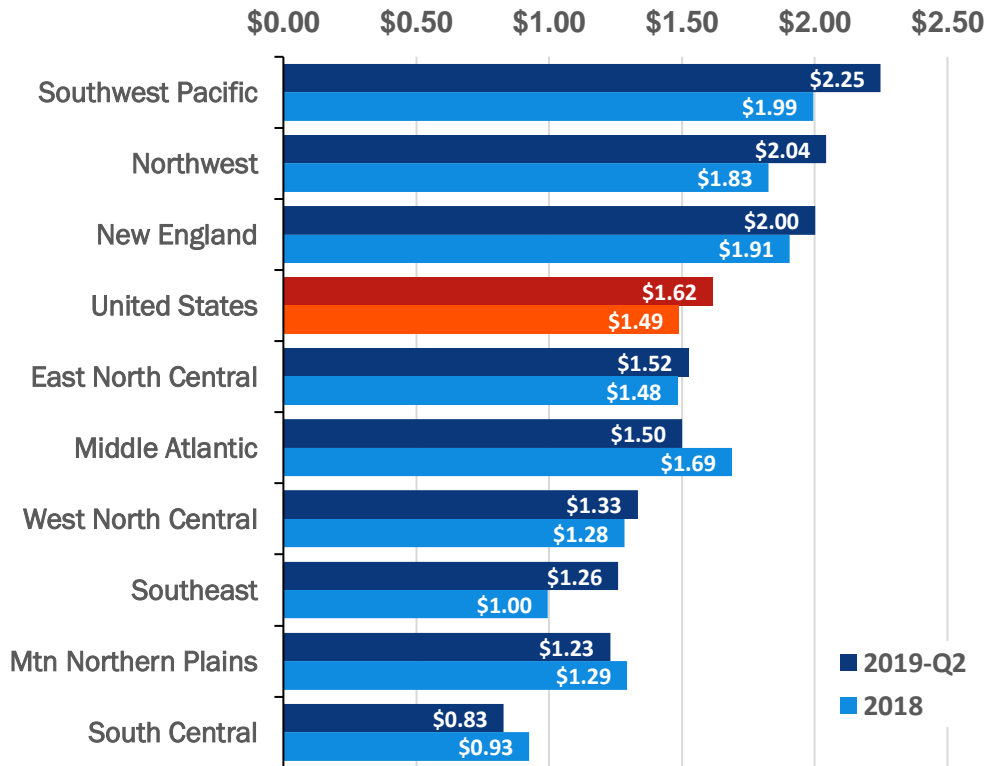
Northwest: AK, ID, OR, WA

Exhibit 2.6 shows the regions with the dollar amount of their increases in descending order based on 2019-Q2. The largest average increase was in the Southwest Pacific region

and the smallest was in the South Central region for both 2018 and 2019-Q2. The United States average for 2018 was \$1.49 and for 2019-Q2 it was \$1.62.

Exhibit 2.6

All increases, in dollars, by region in descending order



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.

Exhibits 2.7 and 2.8 display the results for all increases for 2018 and 2019-Q2 by craft, in descending order based on 2019-Q2 data.

Exhibit 2.7 shows that Glaziers, Painters, Teamsters, and Carpenters had the largest average increases in 2019-Q2, while Boilermakers had the smallest increase. The largest average increases in 2018 belonged

to the Operating Engineers and Carpenters at 3.1 percent; the smallest average, like 2019-Q2, was Boilermakers at 2.1 percent.

Increases were fairly similar in both years for most crafts. Crafts were tightly clustered together for both years, nearly all were within half a percent of each other, in the 2.6–3.1 percent range.

Exhibit 2.7

All increases, in percentages, by craft in descending order

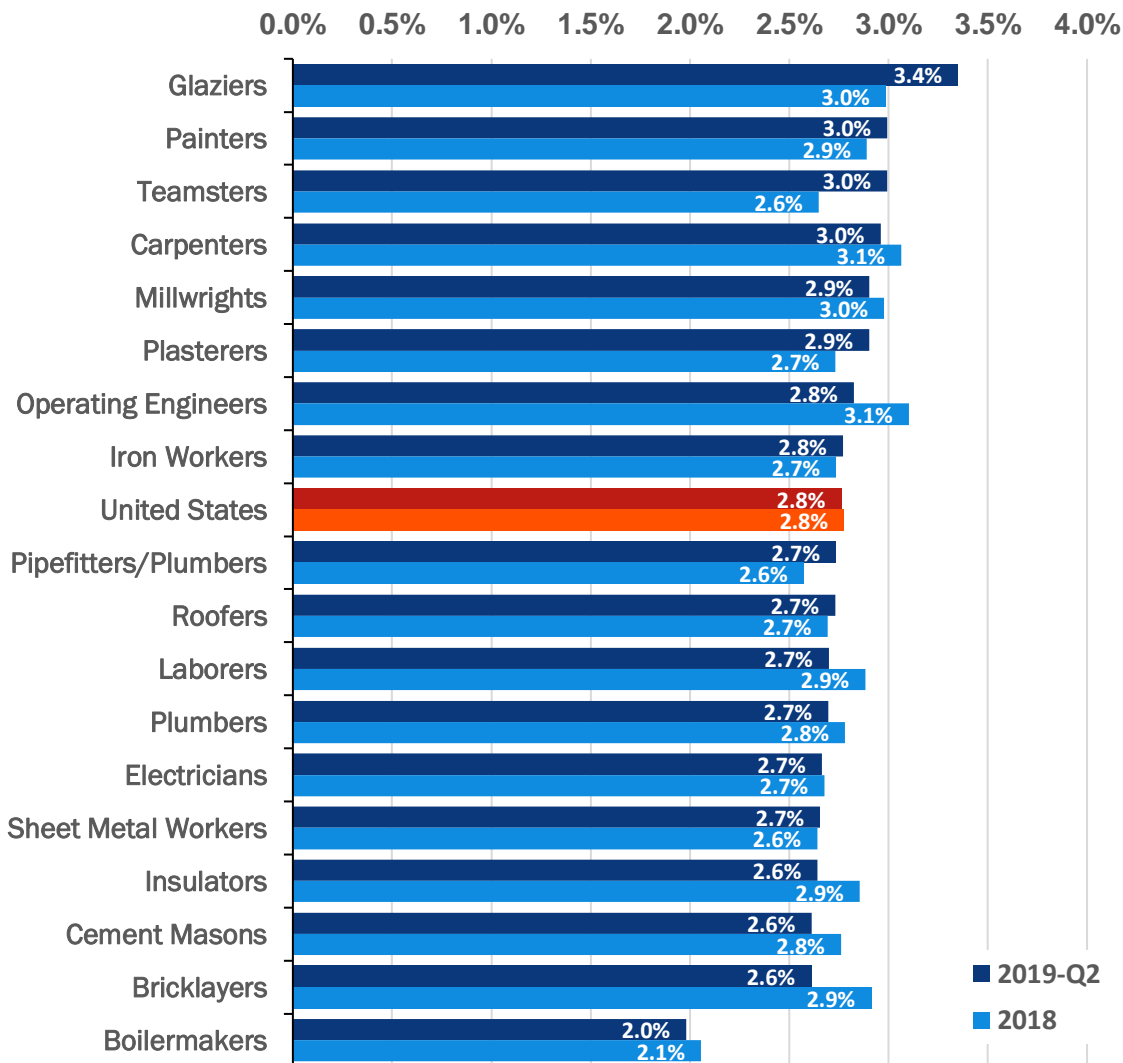
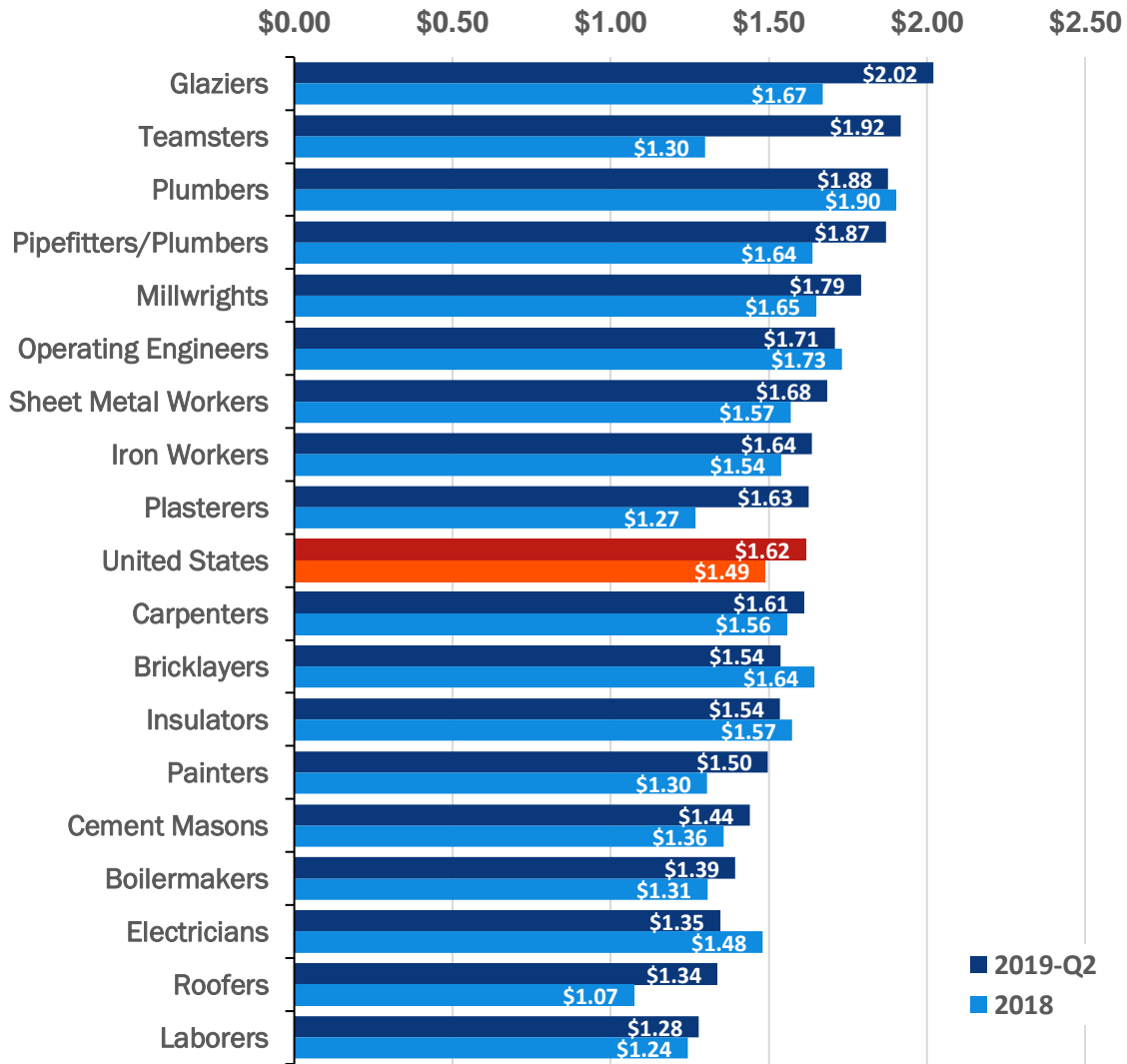


Exhibit 2.8 reflects the crafts with the dollar amount of their average increases in descending order based on 2019-Q2. Glaziers had the highest average at \$2.02 for 2019-Q2, while Laborers had the lowest dollar

increase at \$1.28. The largest average increase in 2018 was with the Plumbers at \$1.90 and the smallest was with the Roofers at \$1.07.

Exhibit 2.8

All increases, in dollars, by craft in descending order



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