

# Settlements Report

New Settlements and All Increases

SEPTEMBER 2018

Construction Labor Research Council



# I. NEW SETTLEMENTS JANUARY TO SEPTEMBER 2018

The first year of new settlements agreed upon from January–September 2018 (referred to as 2018-Q3) 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 lower at 2.6 percent (\$1.43). 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

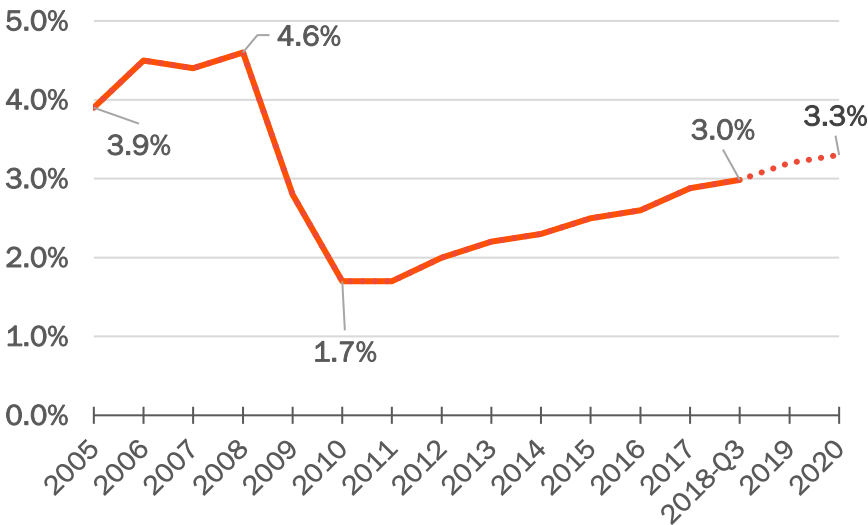


Exhibit 1.1 shows that, in percentage terms, the average increase for the first year of settlements has slowly and steadily risen by over one percent since 2010/11 (from 1.7 percent in 2010 to 3.0 percent in 2018-Q3). The current average increase is still below the rates during the 2006–2008 timeframe, which were well over 4.0 percent.

## Exhibit 1.2

First year increases in new settlements, shown as dollars

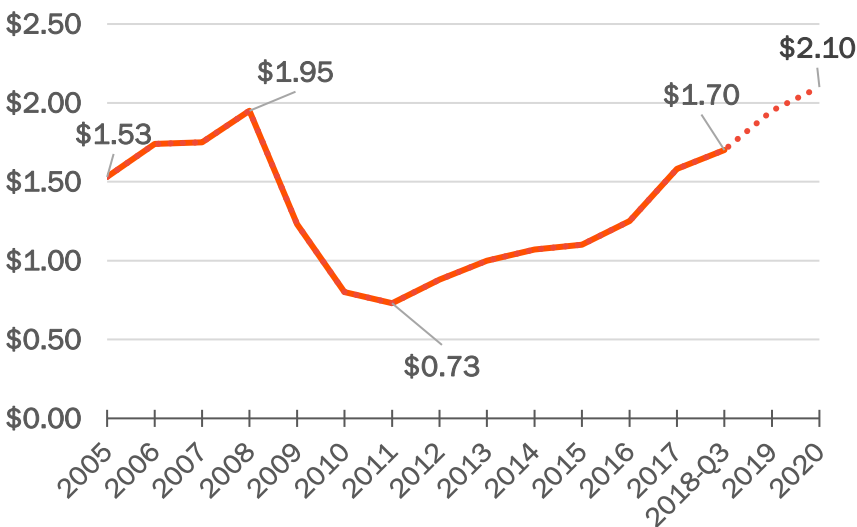


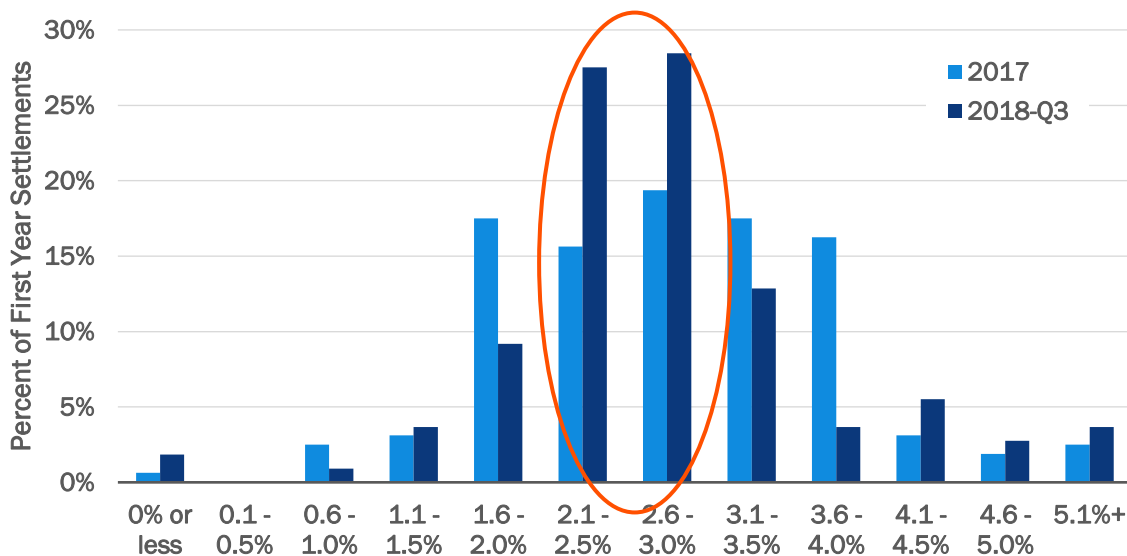
Exhibit 1.2 similarly shows that the average dollar amount increase for the first year of settlements has grown by nearly \$1.00 since 2011 (\$0.73 in 2011 to \$1.70 in 2018-Q3). The average increase amount is projected to top \$2.00 by 2020.

**Exhibit 1.3** displays the distribution for the first year increases of new settlements reached in 2017 and through September of 2018. As the exhibit clearly highlights, the majority of increases in 2018-Q3 were in the

2.1–2.5% and 2.6–3.0% ranges. Over 75 percent of all first year increases in 2018-Q3 were from 1.6–3.5 percent. There were also a few increases over 5.0 percent.

**Exhibit 1.3**

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

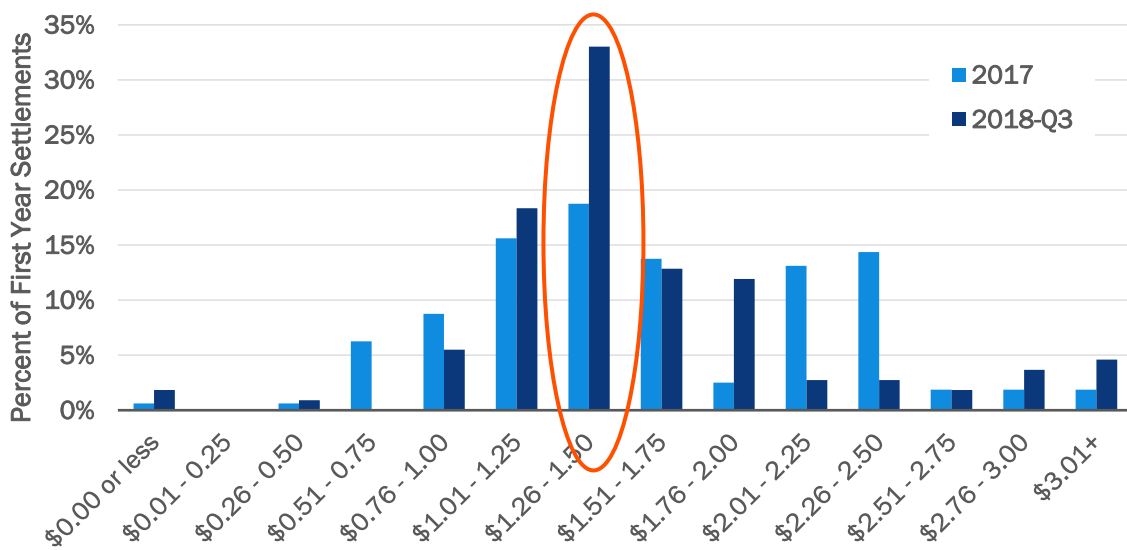


The distribution of first year increases for 2017 and 2018-Q3 as dollar amounts is

shown in **Exhibit 1.4**. For 2018-Q3 a strong plurality was in the \$1.26–1.50 range.

**Exhibit 1.4**

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

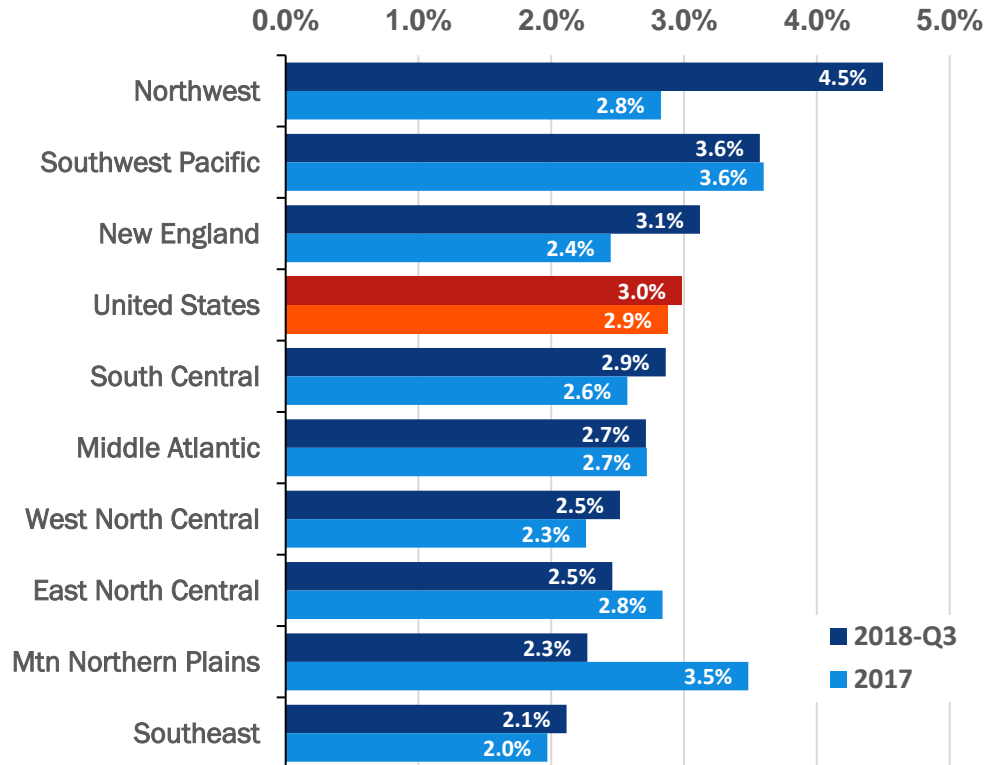


**Exhibits 1.5 and 1.6** display the results for first year increases for 2017 and 2018-Q3 by region, in descending order based on 2018 data. The United States average was 2.9 percent in 2017 and 3.0 percent in 2018-Q3. As shown in **Exhibit 1.5**, the largest average

percent increase so far in 2018 was in the Northwest region and the smallest in the Southeast. For 2018-Q3, three regions had averages greater than the 3.0 percent all craft average for the United States: Northwest, Southwest Pacific and New England.

### 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

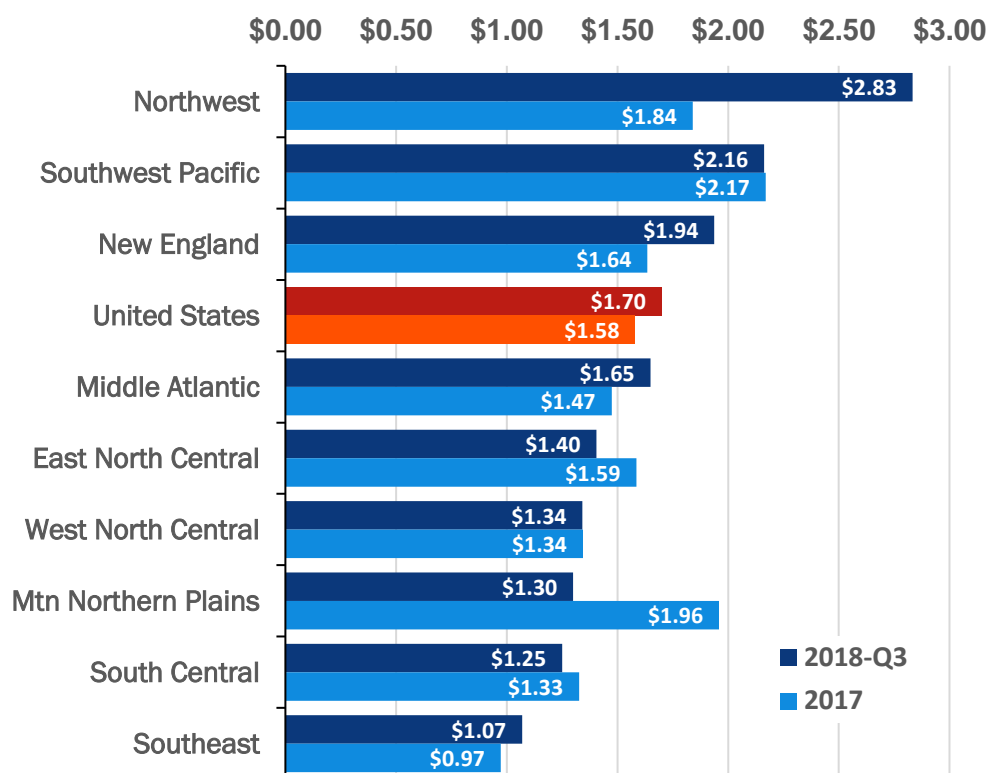
**Northwest:** AK, ID, OR, WA

**Exhibit 1.6** shows the regions with the average dollar amount of their first year increases in descending order based on 2018-Q3 data. As was the case in **Exhibit 1.5**, the largest

increases were in the Northwest region and the smallest were in the Southeast. The all craft average for 2017 was \$1.58 and for 2018-Q3 it was \$1.70.

### Exhibit 1.6

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



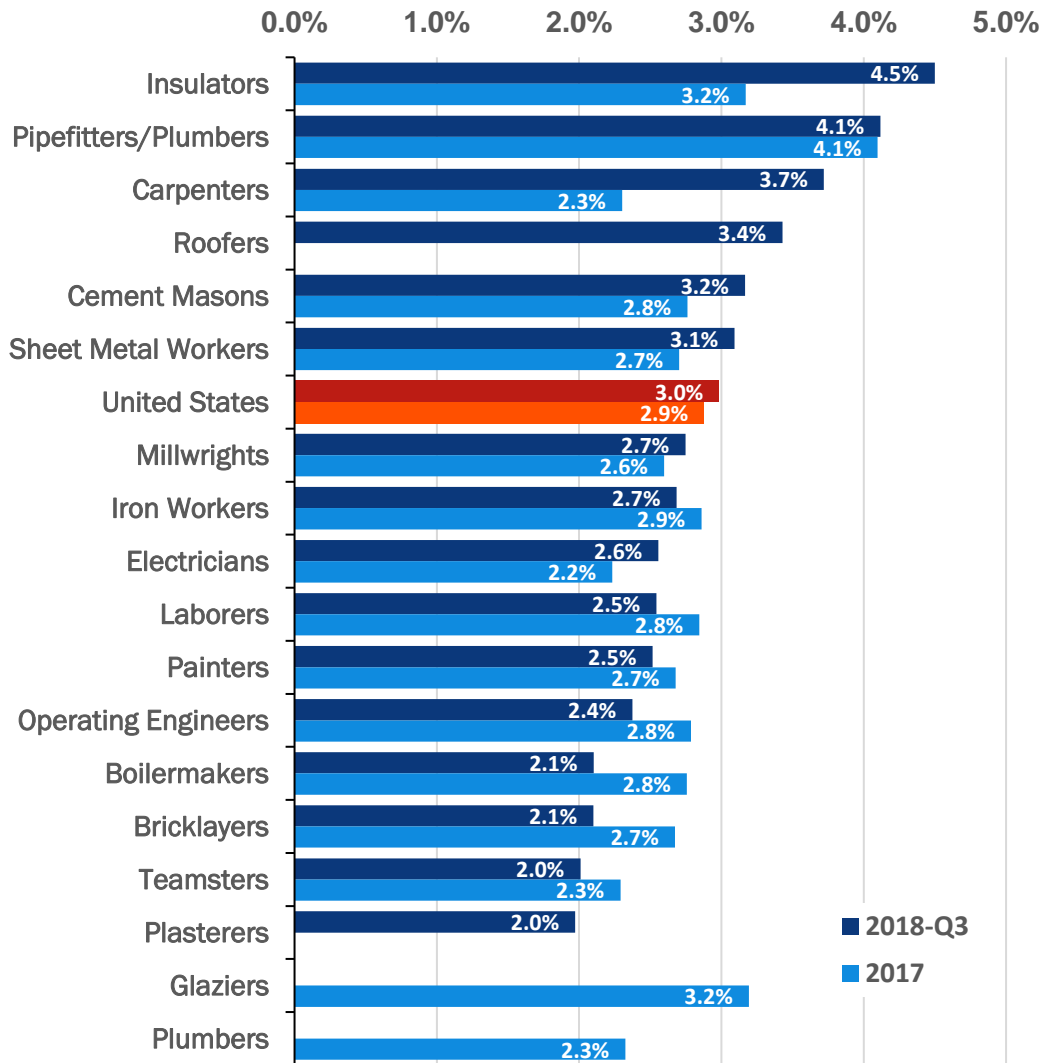
#### The following associations sponsor this report:

- 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)
- The Association of Union Constructors (TAUC)

The average first year percent increases by craft for 2017 and 2018-Q3 are displayed in **Exhibit 1.7** in descending order based on 2018. Through September 2018, the data ranged from 2.0 percent for Teamsters and Plasterers to 4.5 percent for Insulators.

The Insulator rate was strongly influenced by data from the Northwest where increases tended to be higher. The all craft average was 0.1 percent higher in the 2018 data compared to the 2017 average.

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

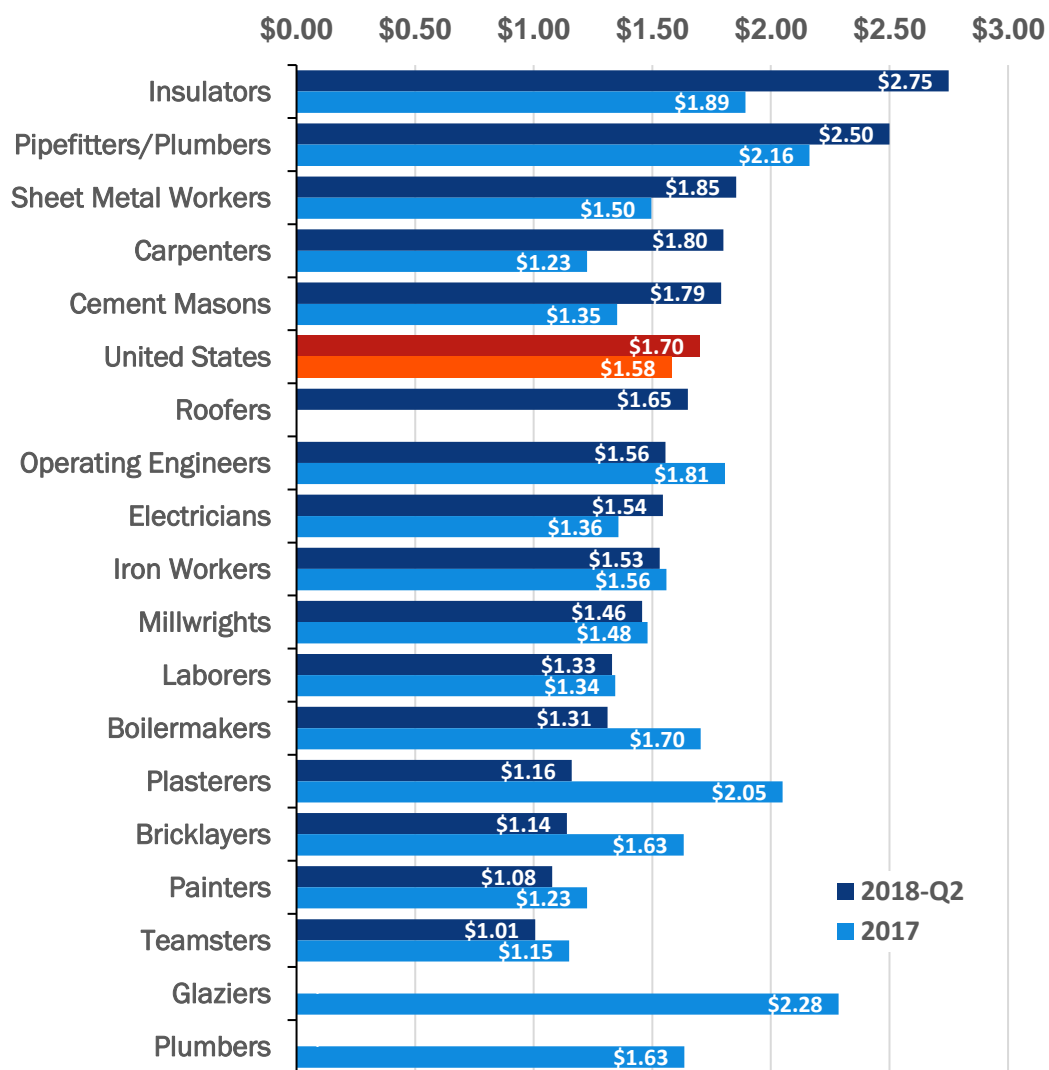


In **Exhibit 1.8** the average first year increases by craft are shown as dollar amounts in descending order based on the 2018 data. The all craft average was \$0.12 higher in 2018-Q3 than in 2017. Insulators and

Pipefitters/Plumbers had the largest increases in 2018-Q3 in both dollars and percents; Teamsters had the smallest increases when considering both percents and dollar amounts.

### 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-Q3. 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 settlements tended to have a larger increase 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-Q3	
	Percent	Dollar	Percent	Dollar
First	2.9%	\$1.58	3.0%	\$1.70
Second	2.8 - 2.9%	\$1.55 - \$1.70	2.8 - 3.2%	\$1.60 - \$1.75
Third	2.8 - 2.9%	\$1.55 - \$1.70	2.8 - 3.2%	\$1.60 - \$1.75

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.



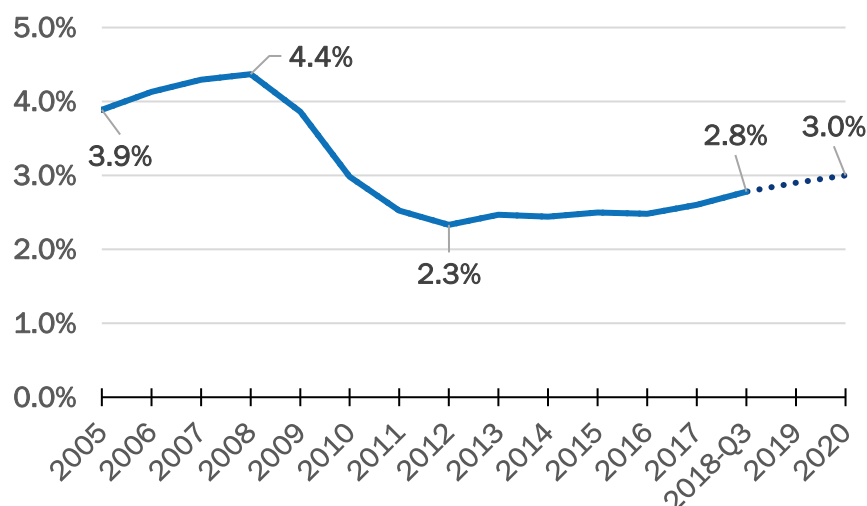
## II. ALL INCREASES

This section of the report includes not only increases negotiated during the first three quarters of the current year (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-Q3, and projects the increases for 2019 and 2020. *The average increase for 2018-Q3 was 2.8 percent and \$1.56. CLRC projects an increase to 3.0 percent (\$1.80) by 2020.*

### Exhibit 2.1

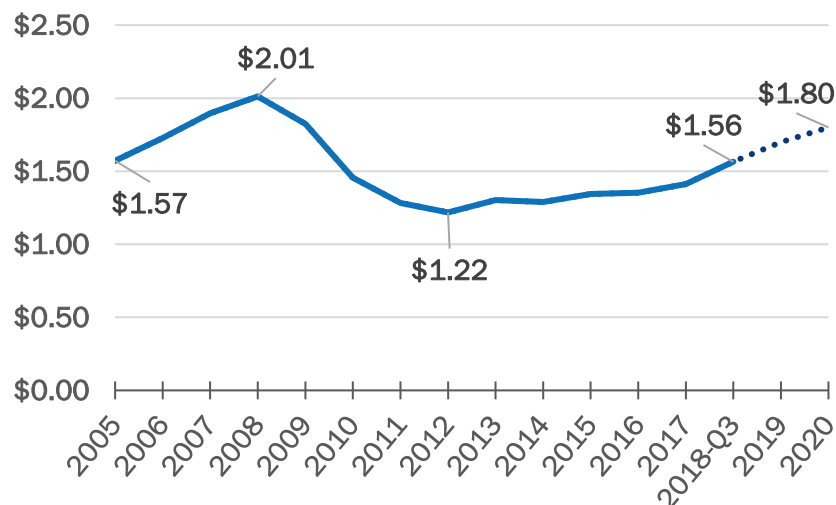
All increases, shown as percentages



**Exhibit 2.1** shows that, in percentage terms, the average increase has slowly risen by half a percent from 2012 to 2018-Q3. As was the case with first year data, increases before the Great Recession were much higher.

### Exhibit 2.2

All increases, shown as dollars



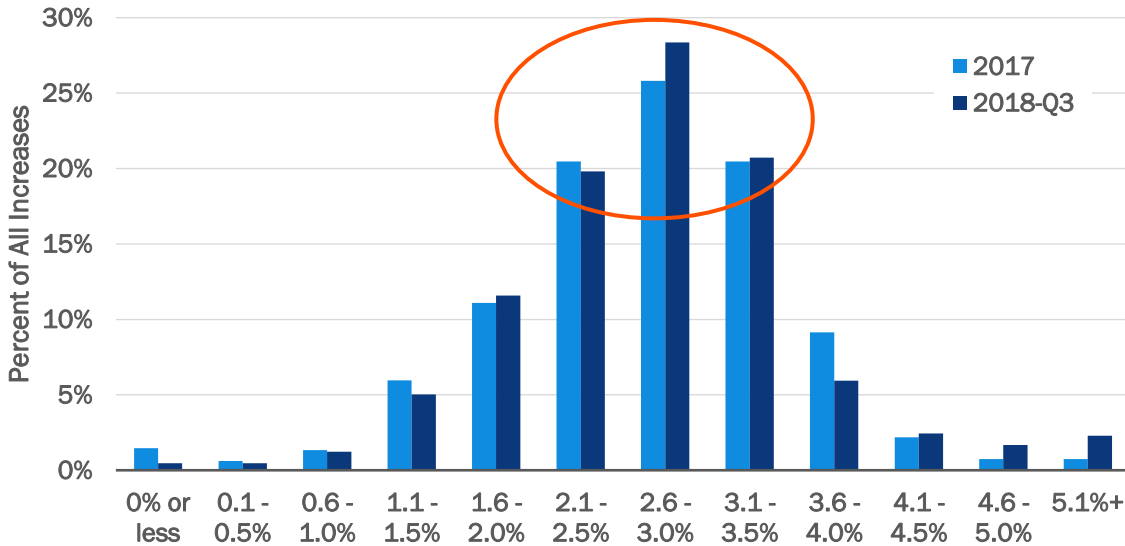
**Exhibit 2.2** shows that the average dollar amount increase has grown by \$0.34 from 2012 to 2018-Q3, yet remains well below the high mark of \$2.01 in 2008. By 2020 CLRC projects the average increase to be \$1.80 for all years of settlements.

NOTE: The methodology for the all increases trend lines was adjusted beginning with the June 2018 (2018-Q2) report to match that used for the first year of new settlements. 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.

**Exhibit 2.3** conveys how increases are distributed across a range. The most common increase in both 2017 and 2018-Q3 fell in the 2.6–3.0% range. Many increases also landed

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

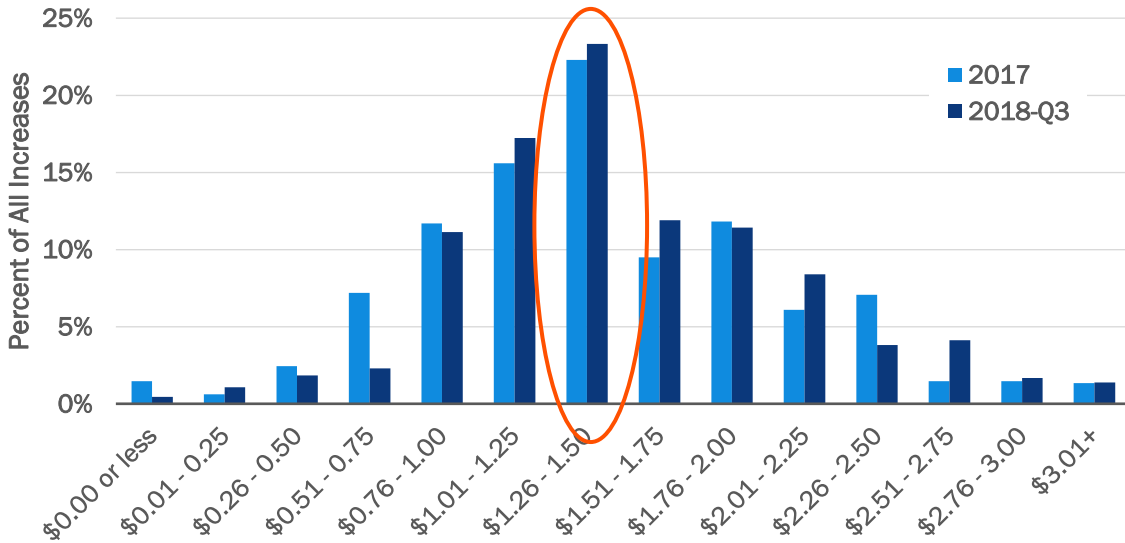
**Exhibit 2.3**  
*Distribution of all increases, shown as percentages*



**Exhibit 2.4** shows that the plurality of increases in 2017 and 2018-Q3 were in the \$1.26–1.50 range, the same as first year increases in

**Exhibit 1.4.** For 2018-Q3 seven percent were greater than \$2.50.

**Exhibit 2.4**  
*Distribution of all increases, shown as dollar amounts*

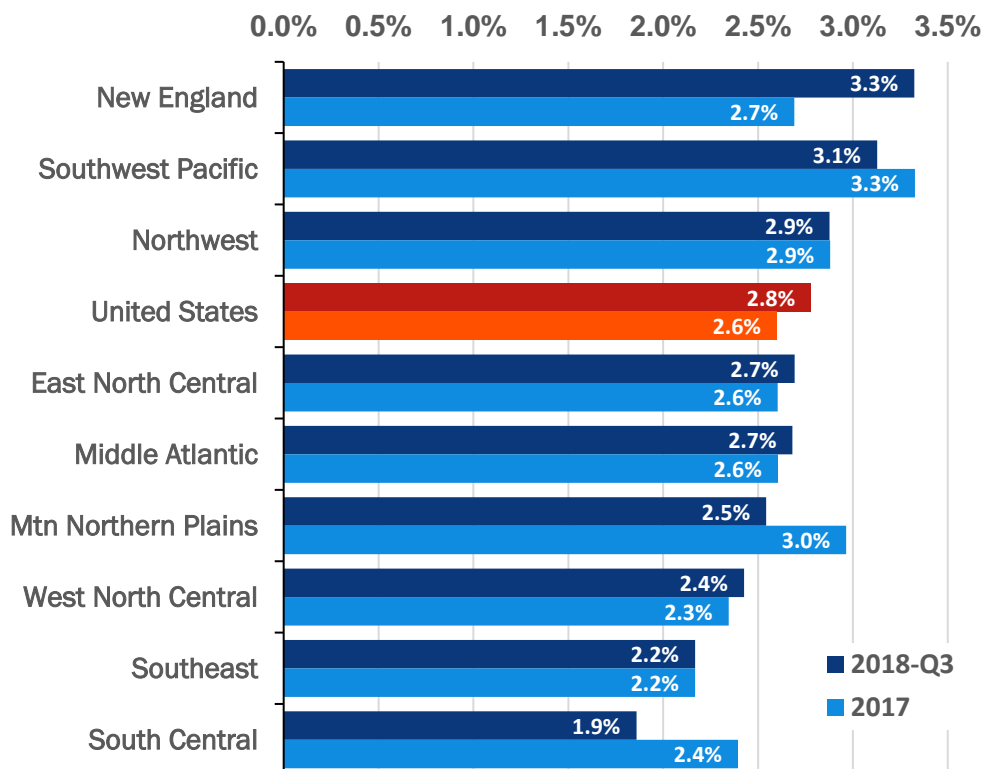


**Exhibits 2.5 and 2.6** display the results for all increases for 2017 and 2018-Q3 by region, in descending order based on 2018 data. As shown in **Exhibit 2.5**, the largest average increases in 2018 were in the New England and Southwest Pacific regions and the

smallest in the Southeast and South Central regions. For 2018-Q3, three regions averaged greater than the 2.8 percent United States all craft average (which is the average of the craft averages). The average for all crafts was 0.2 percent lower in 2017 than in 2018-Q3.

### 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

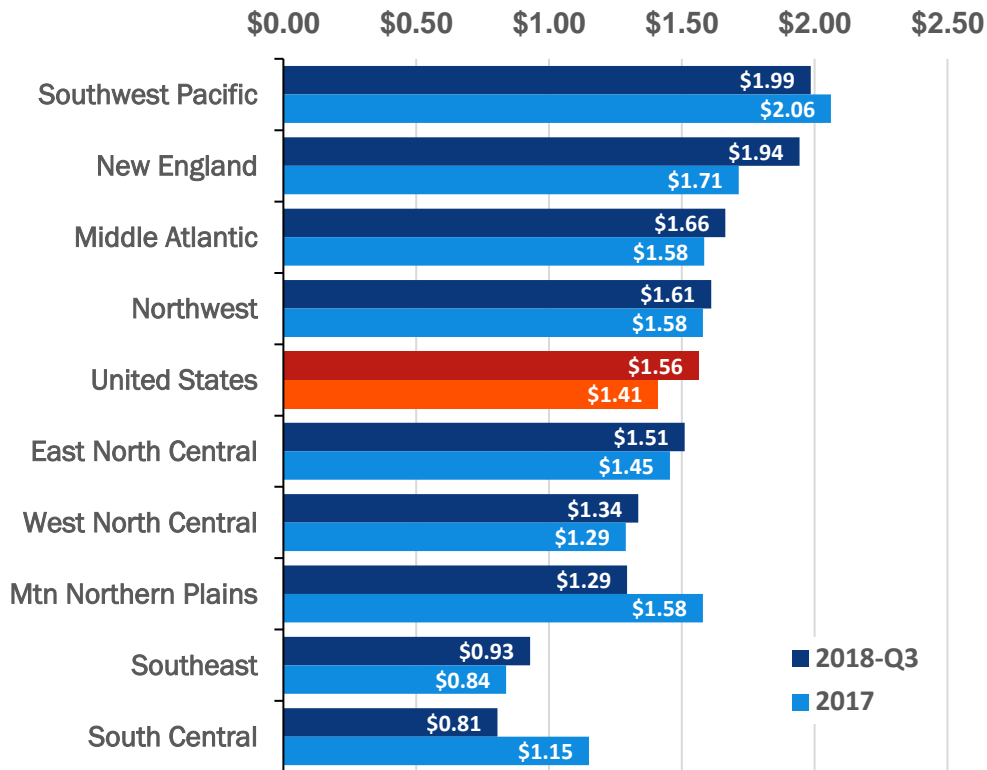
**Northwest:** AK, ID, OR, WA

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-Q3 it was \$1.56.

**Exhibit 2.6**

*All increases, in dollars, by region in descending order*

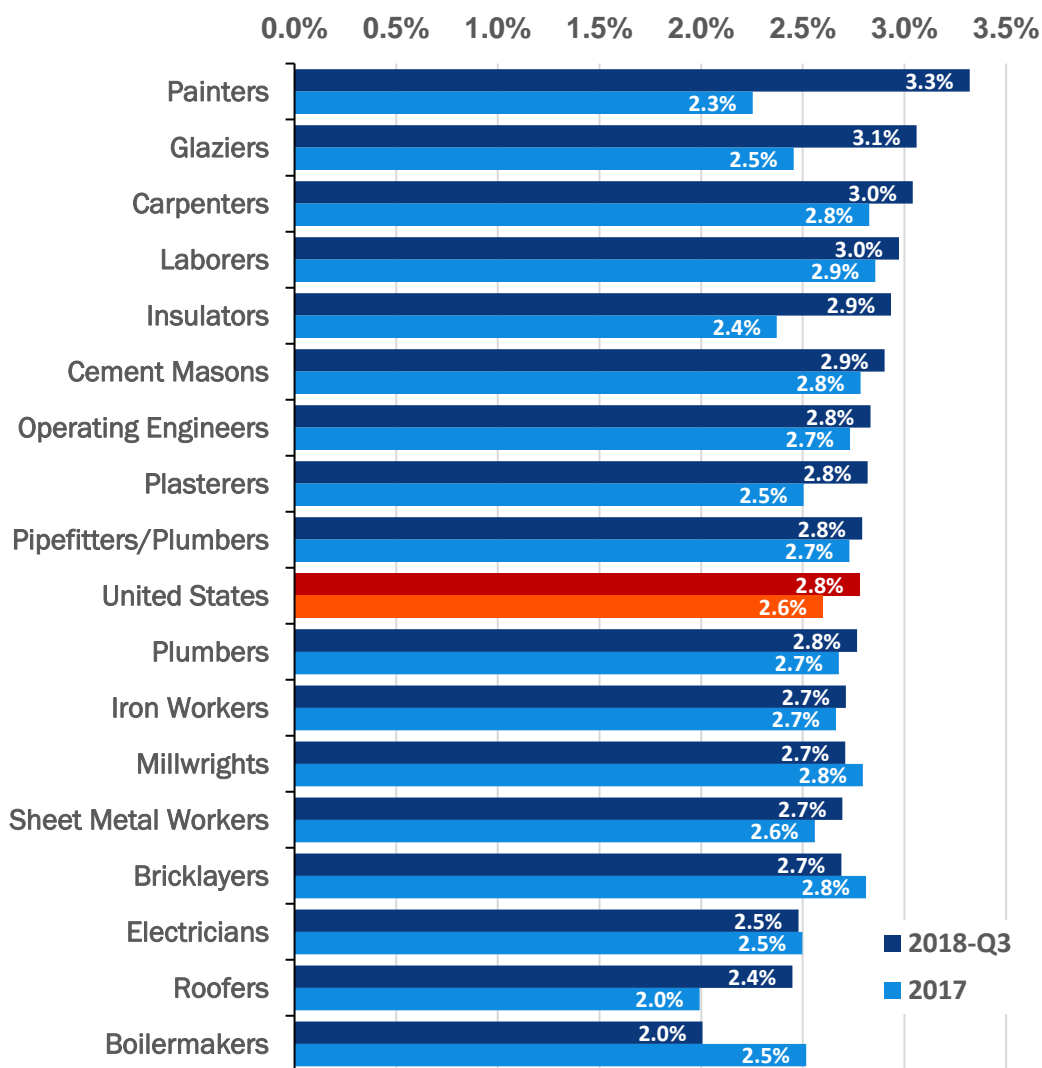


**Exhibits 2.7 and 2.8** display the results for all increases for 2017 and 2018-Q3 by craft, in descending order based on 2018 data. **Exhibit 2.7** shows that the largest average increases through 2018-Q3 belonged to Painters and Glaziers; however, much of their data came from the New England region, which had

larger increases. Two other crafts had an average greater than or equal to 3.0 percent, Carpenters and Laborers. The smallest increases were with the Boilermakers at 2.0 percent. The average increase for the 2018 data was higher than the 2017 data for most crafts.

#### Exhibit 2.7

*All increases, in percents, by craft in descending order*

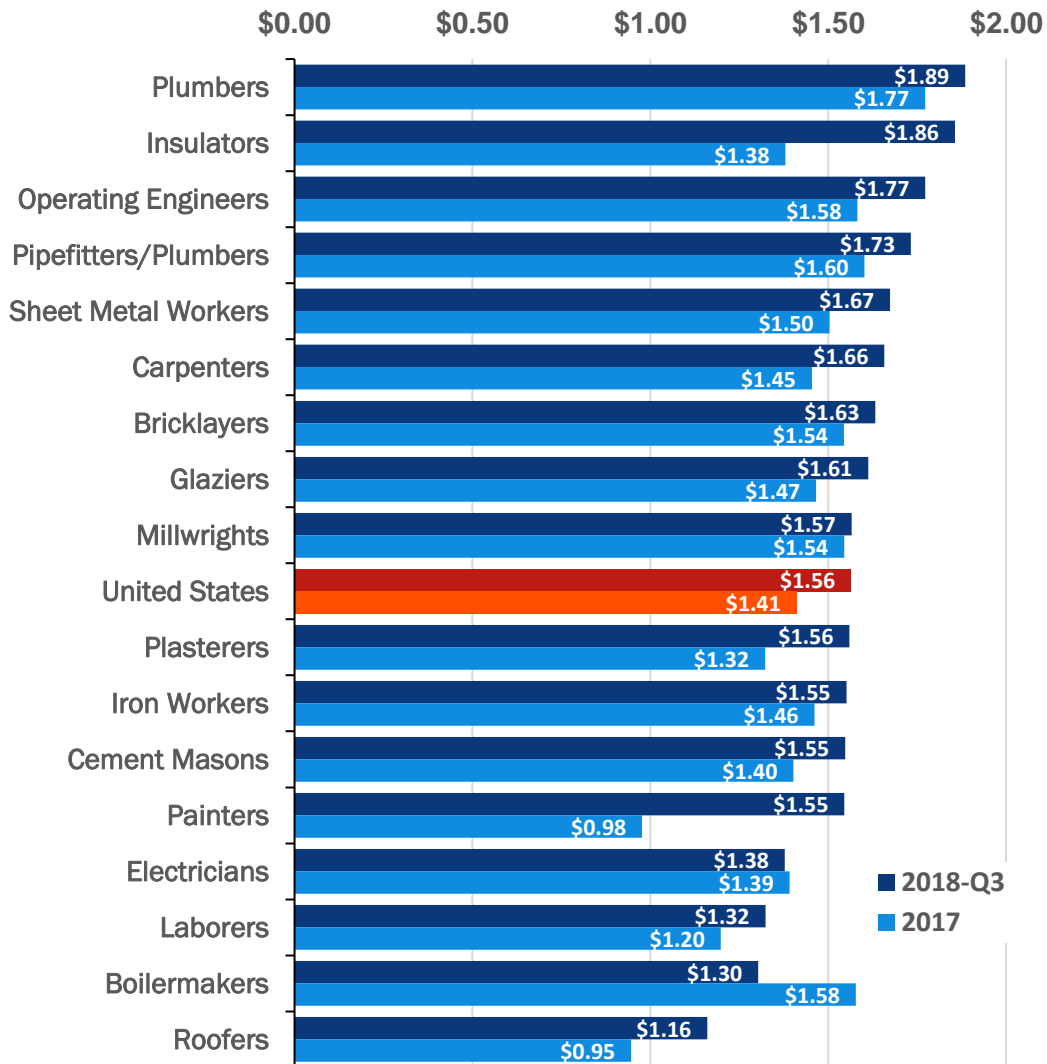


**Exhibit 2.8** reflects the crafts with the dollar amount of their increases in descending order based on 2018. The largest increases in the 2018 data were with the Plumbers and Insulators and the smallest were with the

Boilermakers and Roofers. For 2018-Q3 nearly all crafts had a larger increase than in 2017. Significant jumps in the amount of the increase for 2018-Q3 were found with Insulators and Painters.

**Exhibit 2.8**

*All increases, in dollars, by craft in descending order*



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