

March 2004

Cost of Terms and Conditions in Collective Bargaining Agreements

The cost of contract terms and conditions as a percentage of wages and fringes fell in 2003 to 6.6 percent. The contract items included in this measure are now valued at \$2.54, up somewhat from the prior year. Even with percentage costs declining 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 (\$1.07). Unlike many items, overtime is, to some extent, dependent upon job site management and may, at times, 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 most likely to have costs between 6.0 and 6.9 percent, but there are many at all levels up to 10 percent. Dollar costs of specific contracts also vary widely between \$1.00 and \$3.00 or more.

Trends

Year-to-year trends in this data series are small as many contracts are most often 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 gradually downward.

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.

Table I
Source of Terms and Conditions Costs

<u>Controllable Items</u>	
Overtime	\$1.07
Shift Premium	0.26
 <u>Semi-or Non Controllable Items</u>	
Show-up Pay	0.29
Time Paid, Not Worked	0.29
Manning Restrictions	0.21
Fringes Paid on Hours Paid	0.18
Subsistence Pay	0.08
Holiday	0.08
Premium Pay	0.07
Travel Pay	<u>0.01</u>
	\$2.54

Regional Characteristics

The cost of terms and conditions as a percentage of wage and fringes varies little by region. All regions are within one percentage point of the national average and most are between 6.2 and 6.5 percent. The others are greater than 7.0 percent.

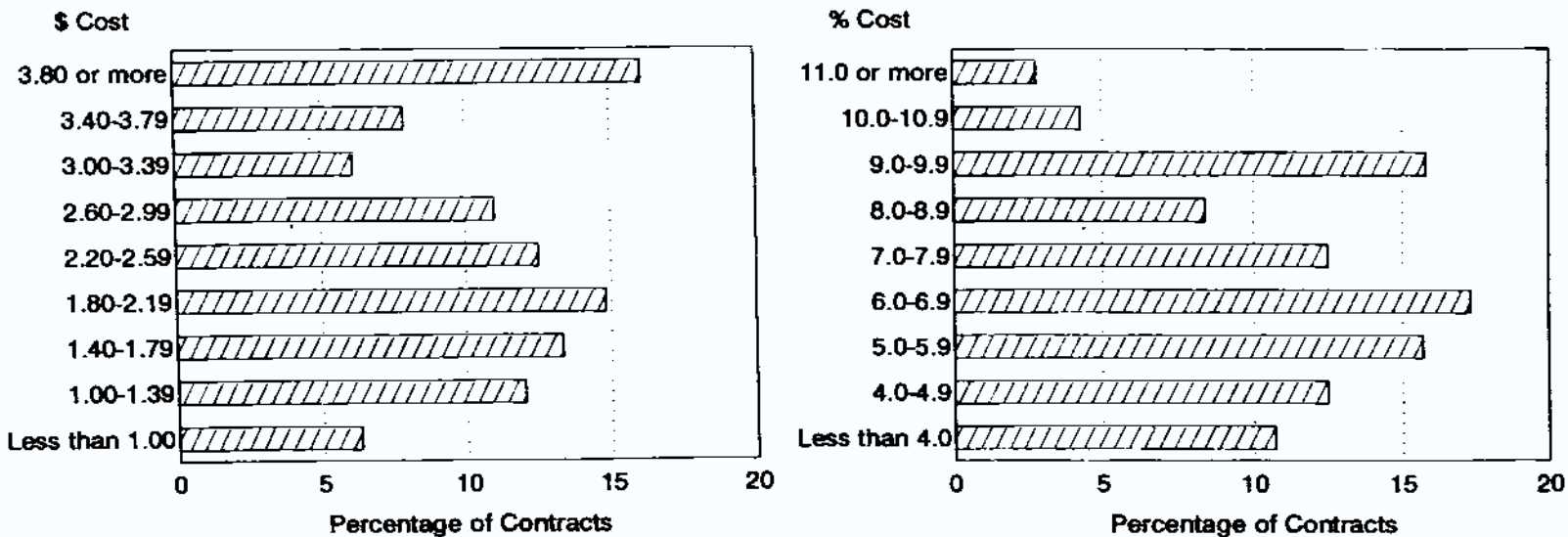
Craft Characteristics

The cost impact of contract terms and conditions varies more widely between crafts. Three crafts averaged less than six percent while one averaged more than eight percent. The all crafts average is reduced because carpenters and laborers, the crafts with the greatest number of workers, have among the lowest prevalence of most of the items adding to contract costs.

Other Factors

The findings in the report are industry averages. The cost of terms and conditions in a specific contract can vary significantly both higher and lower from these averages. These costs can be reduced by negotiating language changes at the bargaining table. The cost on a particular job site may also vary significantly from that which has been determined in these calculations because averages reflect the cost experience of a combination of situations, not a particular one.

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.

Chart 2
Terms and Conditions Cost
2000 - 2004

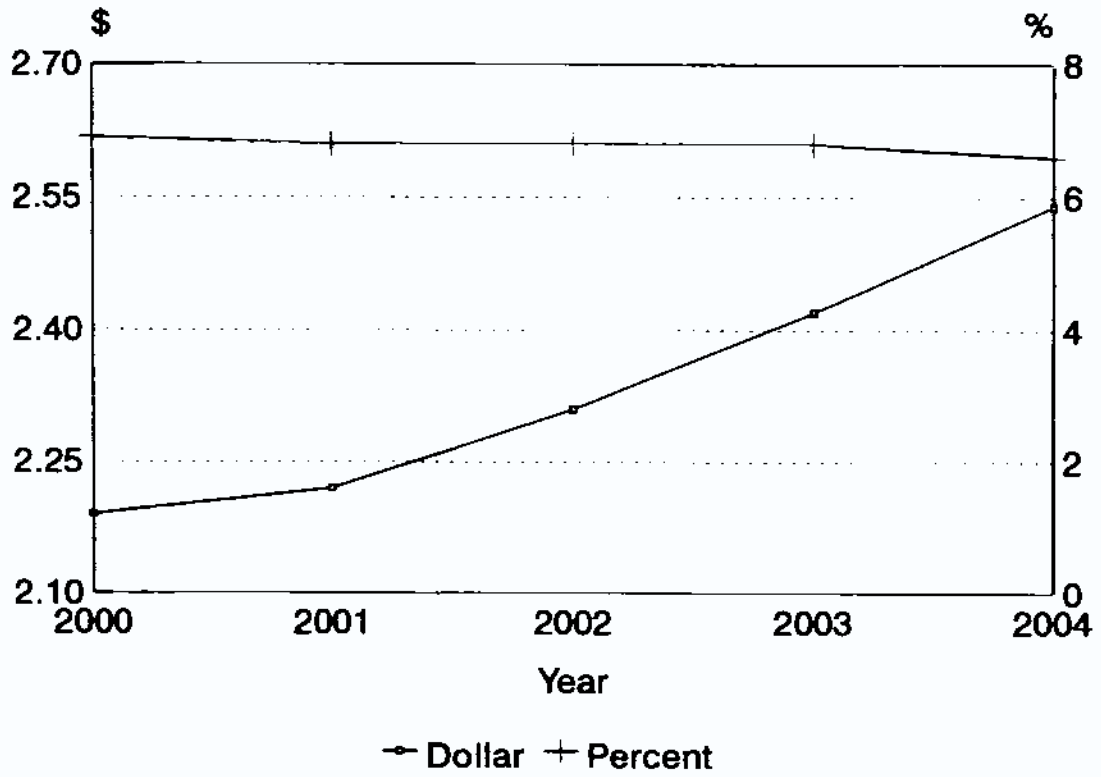


Table II
 Terms and Conditions Costs
 Regions
 January 1, 2004

	<u>Terms and Conditions Costs</u>	<u>Terms and Conditions as a Percentage of Wage & Fringe</u>
United States	\$2.54	6.6 %
New England	2.95	7.5
Middle Atlantic	3.05	6.2
Southeast	1.64	6.3
East North Central	2.46	6.5
West North Central	2.17	6.3
South Central	1.63	6.2
Southwest Pacific	3.01	7.2
Northwest	2.33	6.2

Table III
 Terms and Conditions Costs
 Crafts
 January 1, 2004

	<u>Terms and Conditions Costs</u>	<u>Terms and Conditions as a Percentage of Wage & Fringe</u>
All Crafts	\$2.54	6.6 %
Boilermakers	3.07	7.1
Bricklayers	2.64	7.0
Carpenters	2.20	5.7
Crane Operators	3.36	8.2
Electricians	3.48	7.5
Elevator Constructors	3.19	6.9
Ironworkers	3.16	7.6
Laborers	1.58	5.3
Painters	2.88	7.5
Pipefitters/Plumbers	2.69	6.4
Sheet Metal Workers	3.06	7.0
Teamsters	1.72	5.4

**Construction Labor Research Council
Regional Cost Comparison
Data as of 1/1/2004**

Region	ASBESTOS WORKERS	BOILER MAKERS	BRICK LAYERS	CARPENT- ERS	CEMENT MASONS	CRANE OPERATOR	ELECTR ICIAN	ELEV. CONST	IRON WORKERS
New England									
Wage		\$29.56	\$25.56	\$26.33		\$29.28	\$29.92	\$36.76	\$27.34
Wage & Fringe		\$45.19	\$38.83	\$38.39		\$41.36	\$41.57	\$50.85	\$44.11
Wage,Fringe,Oth		\$45.98	\$39.01	\$38.46		\$41.72	\$41.86	\$51.19	\$44.53
Total Cost		\$48.51	\$41.67	\$40.87		\$46.04	\$47.64	\$54.75	\$48.55
Middle Atlantic									
Wage		\$30.86		\$29.28	\$23.37	\$43.89	\$37.39	\$32.33	\$29.96
Wage & Fringe		\$46.11		\$48.49	\$34.70	\$63.64	\$61.13	\$45.94	\$51.04
Wage,Fringe,Oth		\$46.64		\$52.39	\$35.21	\$64.05	\$61.65	\$46.28	\$51.60
Total Cost		\$50.76		\$54.61	\$37.07	\$69.69	\$65.51	\$49.43	\$55.44
Southeast									
Wage		\$26.53	\$19.11	\$18.66		\$21.44	\$21.83	\$26.96	\$19.87
Wage & Fringe		\$40.70	\$24.16	\$23.51		\$28.35	\$29.25	\$40.00	\$27.76
Wage,Fringe,Oth		\$40.82	\$24.45	\$23.84		\$28.57	\$29.41	\$40.34	\$28.12
Total Cost		\$42.84	\$25.84	\$25.52		\$30.14	\$32.33	\$42.94	\$29.58
East North Central									
Wage	\$25.79	\$29.37	\$27.33	\$26.93	\$25.89	\$27.00	\$30.16	\$33.83	\$24.55
Wage & Fringe	\$41.44	\$42.74	\$38.68	\$37.58	\$37.08	\$39.09	\$43.84	\$47.60	\$38.79
Wage,Fringe,Oth	\$41.72	\$42.95	\$38.95	\$37.92	\$37.35	\$39.69	\$44.25	\$47.94	\$39.22
Total Cost	\$46.58	\$46.08	\$41.70	\$40.25	\$39.28	\$43.00	\$47.23	\$51.23	\$42.37
West North Central									
Wage			\$24.83	\$25.47	\$22.44	\$24.50	\$27.04	\$30.90	\$24.40
Wage & Fringe			\$34.84	\$33.99	\$33.08	\$36.09	\$39.97	\$44.38	\$38.03
Wage,Fringe,Oth			\$35.34	\$34.36	\$33.38	\$36.64	\$40.01	\$44.72	\$38.18
Total Cost			\$37.86	\$36.19	\$34.95	\$39.04	\$43.78	\$47.70	\$40.63
South Central									
Wage		\$23.89		\$19.57		\$20.28	\$22.39	\$26.16	\$20.11
Wage & Fringe		\$34.13		\$24.27		\$25.33	\$28.95	\$39.11	\$25.42
Wage,Fringe,Oth		\$34.53		\$24.48		\$25.66	\$28.95	\$39.45	\$25.69
Total Cost		\$36.24		\$25.78		\$27.33	\$31.39	\$41.97	\$27.01
Southwest Pacific									
Wage		\$32.46		\$28.96	\$23.53	\$30.49	\$31.51	\$39.41	\$27.31
Wage & Fringe		\$47.80		\$40.05	\$36.82	\$44.96	\$45.32	\$53.79	\$43.43
Wage,Fringe,Oth		\$47.80		\$40.55	\$37.00	\$45.46	\$46.01	\$54.13	\$43.98
Total Cost		\$50.39		\$42.97	\$39.68	\$49.28	\$50.03	\$57.93	\$47.39
Northwest									
Wage				\$28.31	\$28.17	\$30.09	\$30.00	\$35.48	
Wage & Fringe				\$37.98	\$36.74	\$38.57	\$43.86	\$49.44	
Wage,Fringe,Oth				\$38.45	\$37.24	\$39.05	\$43.86	\$49.78	
Total Cost				\$40.73	\$39.57	\$41.23	\$48.38	\$53.36	
U.S. Average									
Wage	\$24.05	\$28.99	\$26.61	\$26.74	\$24.69	\$28.83	\$31.03	\$32.81	\$25.97
Wage & Fringe	\$35.22	\$42.89	\$37.59	\$38.51	\$36.05	\$41.06	\$46.40	\$46.47	\$41.39
Wage,Fringe,Oth	\$35.47	\$43.26	\$37.87	\$39.68	\$36.33	\$41.53	\$46.80	\$46.81	\$41.84
Total Cost	\$39.49	\$46.33	\$40.51	\$41.88	\$38.45	\$44.89	\$50.28	\$50.00	\$45.00

**Construction Labor Research Council
Regional Cost Comparison
Data as of 1/1/2004**

Region	LABORER	MILL WRIGHTS	PAINTERS	PLASTERERS	PIPE FITTERS	PLUMBER	SHEET METAL	TEAM STERS	WEIGHT AVERAGE
New England									
Wage	\$23.92				\$31.67				\$27.54
Wage & Fringe	\$32.81				\$45.97				\$39.39
Wage, Fringe, Oth	\$33.24				\$46.62				\$39.75
Total Cost	\$34.80				\$49.21				\$42.70
Middle Atlantic									
Wage	\$22.88		\$29.59		\$34.87	\$37.21	\$35.98		\$30.61
Wage & Fringe	\$35.39		\$44.95		\$58.16	\$54.04	\$58.10		\$48.97
Wage, Fringe, Oth	\$35.92		\$45.30		\$58.68	\$54.70	\$58.10		\$50.59
Total Cost	\$37.73		\$48.71		\$63.00	\$58.96	\$63.49		\$53.64
Southeast									
Wage	\$14.12	\$21.70	\$17.02		\$23.67	\$24.54	\$23.02	\$17.37	\$19.93
Wage & Fringe	\$17.53	\$30.65	\$21.37		\$31.34	\$31.45	\$30.25	\$20.68	\$26.02
Wage, Fringe, Oth	\$17.68	\$31.09	\$21.63		\$31.78	\$32.10	\$30.75	\$20.68	\$26.32
Total Cost	\$18.49	\$32.77	\$23.09		\$33.57	\$33.46	\$32.55	\$21.57	\$27.96
East North Central									
Wage	\$21.93	\$24.67	\$27.74	\$23.66	\$31.74	\$33.94	\$28.82	\$23.29	\$26.98
Wage & Fringe	\$29.83	\$39.95	\$37.29	\$33.35	\$42.76	\$43.43	\$41.52	\$32.17	\$37.97
Wage, Fringe, Oth	\$30.15	\$40.31	\$37.74	\$33.71	\$43.74	\$44.24	\$42.16	\$32.24	\$38.42
Total Cost	\$31.90	\$42.72	\$40.32	\$35.27	\$45.98	\$46.14	\$44.67	\$33.94	\$40.88
West North Central									
Wage	\$20.25		\$23.40	\$22.12	\$29.97			\$20.78	\$24.64
Wage & Fringe	\$28.30		\$32.39	\$29.39	\$39.61			\$28.57	\$34.44
Wage, Fringe, Oth	\$28.78		\$32.39	\$29.39	\$40.04			\$28.71	\$34.78
Total Cost	\$30.10		\$34.49	\$32.30	\$44.35			\$30.20	\$36.95
South Central									
Wage	\$15.14				\$21.76		\$21.78		\$20.60
Wage & Fringe	\$17.61				\$27.90		\$28.34		\$26.50
Wage, Fringe, Oth	\$17.86				\$28.15		\$28.68		\$26.75
Total Cost	\$18.94				\$30.02		\$30.53		\$28.38
Southwest Pacific									
Wage	\$21.91		\$31.66		\$32.63			\$23.25	\$28.70
Wage & Fringe	\$31.98		\$43.82		\$46.68			\$36.62	\$41.52
Wage, Fringe, Oth	\$32.46		\$44.02		\$47.67			\$36.80	\$42.03
Total Cost	\$34.10		\$48.03		\$51.06			\$39.32	\$45.04
Northwest									
Wage	\$24.55							\$24.68	\$27.89
Wage & Fringe	\$32.79							\$34.30	\$37.48
Wage, Fringe, Oth	\$32.98							\$34.30	\$37.84
Total Cost	\$34.52							\$35.98	\$40.17
U.S. Average									
Wage	\$21.40	\$23.96	\$27.49	\$22.81	\$29.97	\$32.18	\$29.73	\$22.91	\$26.88
Wage & Fringe	\$30.05	\$37.73	\$38.39	\$31.20	\$42.10	\$41.72	\$43.29	\$32.07	\$38.70
Wage, Fringe, Oth	\$30.42	\$38.10	\$38.72	\$31.50	\$42.81	\$42.40	\$43.82	\$32.15	\$39.34
Total Cost	\$32.00	\$40.35	\$41.60	\$33.15	\$45.50	\$44.47	\$46.88	\$33.87	\$41.88

STATES and REGIONS

New England

Connecticut
Maine
Massachusetts
New Hampshire
Rhode Island
Vermont

Middle Atlantic

District of Columbia
Delaware
Maryland
New Jersey
New York
Pennsylvania

Southeast

Alabama
Florida
Georgia
Kentucky
Mississippi
North Carolina
South Carolina
Tennessee
Virginia

East North Central

Illinois
Indiana
Michigan
Minnesota
Ohio
West Virginia
Wisconsin

West North Central

Iowa
Kansas
Missouri
Nebraska

South Central

Arkansas
Louisiana
New Mexico
Oklahoma
Texas

Mountain-Northern Plains

Colorado
Montana
North Dakota
South Dakota
Utah
Wyoming

Southwest Pacific

Arizona
California
Hawaii
Nevada

Northwest

Alaska
Idaho
Oregon
Washington

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