



# **Union-Nonunion Wage and Fringe Benefits Comparison**

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## ***The Southern Tier of NY & Mohawk Valley MCA***

### ***UA Local 112***

The Construction Labor Research Council (CLRC) is pleased to provide this report, which compares the wage and fringe benefits package between UA Local 112 and the Southern Tier of NY & Mohawk Valley MCA for the same occupation in the geographic area covered by Local 112's contract.

## Background

Union data for Local 112 were obtained from their wage scales. Data labeled nonunion in this report came from the Occupation Employment Statistics (OES) program at the Bureau of Labor Statistics (BLS) in the Department of Labor. Nonunion fringe benefits data came from the Employer Costs for Employee Compensation program at BLS.

### Cost Difference and Percent Difference

The "Cost Difference" results in **Exhibit 1** on the next page show how much lower the nonunion rate is than the union rate for each pay category outlined in the analysis. The "Percent Difference" results show how much lower the nonunion rate is compared to the union rate as a percent. (Note, if the percent difference were calculated to represent how much *higher* the union rate is than the nonunion rate, the percent difference values generally would be larger due to a lower number, the nonunion rate, in the denominator of the ratio).

### Low and High Nonunion Rates

Because there is not one single nonunion rate, this report provides ranges within which most nonunion rates are likely to fall. These values are labeled "Low" and "High" in **Exhibits 1 and 2**. The low value is 90 percent of the lowest nonunion plumber/pipefitter wage rate provided by the OES program for the area covered by the contract between the Southern Tier of NY & Mohawk Valley MCA and UA Local 112. Similarly, the high value is 110 percent of the highest plumber/pipefitter wage rate for the area. This range is intended to cover a majority of nonunion plumbers/pipefitters in the contract area.

### Southern and Northern Union Rates

Since this report covers two sets of wage rates, two sets of comparisons are made. The first will look at the Southern Zone compared to the low and high nonunion rates for its respective geographic area. The second comparison will be between the Northern Zone and the nonunion low and high rates for its respective geographic area.

- **Section I** – Southern Zone Local 112 rates compared to low and high nonunion rates (pp. 2-5).
- **Section II** – Northern Zone Local 112 rates compared to low and high nonunion rates (pp. 6-9).

**Data Aging**

Aging data is a common and accepted practice in the field of employee compensation. Because the data sources used in this analysis had different effective dates, it was necessary to align all values with a common point in time. Therefore, nonunion data were aged to May 2018. The aging factor used was 3.24 percent.

**Section I – Southern Zone Union Rate**

As shown in **Exhibits 1 and 2**, the Southern Zone union wage rate is \$33.98 and the nonunion wage rate ranges from \$21.01 to \$33.80. The nonunion wage rate ranges from \$0.18 to \$12.97 lower than the union wage rate. As a percent, the nonunion wage rate ranges from 1 percent to 38 percent lower than the Southern Zone union rate.

**Exhibit 1**

*Union-Nonunion Wage and Fringe Benefits Comparison Table*

Category	Union	Nonunion		Cost Difference		Pct Difference		
		Low	High	Low	High	Low	High	
<b>Wages</b>								
Base Wage	\$33.98	\$21.01	\$33.80	\$12.97	\$0.18	38%	1%	
<b>Fringe Benefits</b>								
Health	\$11.85	\$2.45	\$3.95	\$9.40	\$7.90	79%	67%	
Retirement *	\$13.19	\$1.55	\$2.50	\$11.64	\$10.69	88%	81%	
Pension	\$11.50	-	-	-	-	-	-	
Annuity	\$1.69	-	-	-	-	-	-	
<b>Total</b>	<b>\$25.04</b>	<b>\$4.01</b>	<b>\$6.45</b>	<b>\$21.03</b>	<b>\$18.59</b>	<b>84%</b>	<b>74%</b>	
<b>Other Costs</b>								
Education & Apprenticeship	\$1.00	\$0.00	\$0.00	\$1.00	\$1.00	100%	100%	
Employer Cooperative Trust	\$0.05	\$0.00	\$0.00	\$0.05	\$0.05	100%	100%	
Industry Improvement	\$0.25	\$0.00	\$0.00	\$0.25	\$0.25	100%	100%	
<b>Total</b>	<b>\$1.30</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1.30</b>	<b>\$1.30</b>	<b>100%</b>	<b>100%</b>	
<b>Total</b>	<b>\$60.32</b>	<b>\$25.01</b>	<b>\$40.25</b>	<b>\$35.31</b>	<b>\$20.07</b>	<b>59%</b>	<b>33%</b>	

\* For nonunion this reflects all retirement payments (i.e., defined benefit and defined contribution).

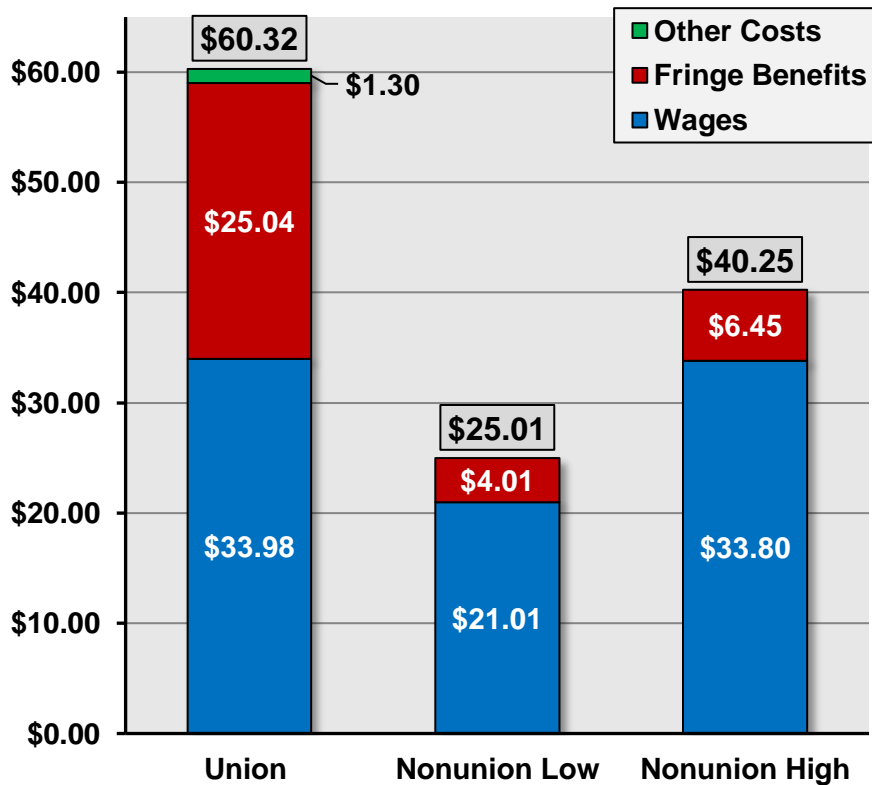
The Southern Zone union fringe benefits rate is \$25.04 and the nonunion fringe benefits rate ranges from \$4.01 to \$6.45. The cost difference between the Southern Zone union and nonunion fringe benefits rates ranges from \$18.59 to \$21.03. As a percent, the nonunion fringe benefits rate ranges from 74 to 84 percent lower than the Southern Zone union fringe benefits rate.

The Southern Zone union rate for the “Other Costs” category is \$1.30. There are no comparable costs for nonunion workers.

The Southern Zone union total rate is \$60.32 and the nonunion total rate ranges from \$25.01 to \$40.25. The cost difference between the union and nonunion total rate ranges from \$20.07 to \$35.31. As a percent, the nonunion total rate ranges from 33 to 59 percent *lower* than the union rate. (Conversely, the Southern Zone union rate ranges from 50 to 141 percent *higher* than the nonunion rate.)

**Exhibit 2**

*Union-Nonunion Wage and Fringe Benefits Comparison Chart*



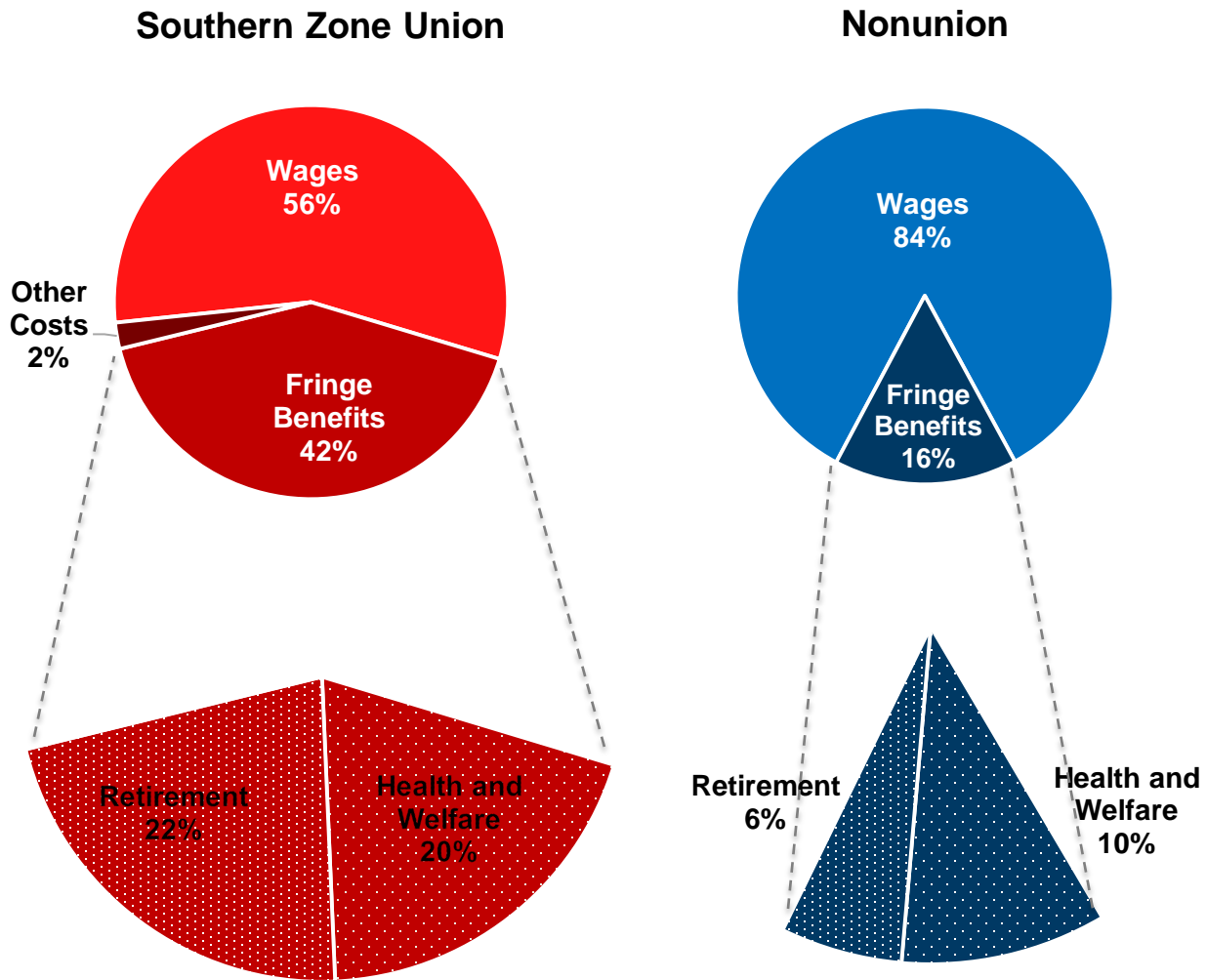
The proportion of the total rate that is paid in wages versus fringe benefits is different between the Southern Zone of Local 112 and the typical nonunion plumber/pipefitter in the geographic region. **Exhibit 3** illustrates the following distribution of wages, fringe benefits and other costs.

Southern Zone Union – wages: 56 percent, fringe benefits: 42 percent, other costs: 2 percent

Nonunion – wages: 84 percent, fringe benefits: 16 percent

**Exhibit 3**

*Proportion of Total Package in Wages, Fringe Benefits and Other Costs*



The Southern Zone union fringe benefits can be further broken down into 22 percent retirement and 20 percent health and welfare. The nonunion fringe benefits can be broken down into 6 percent retirement and 10 percent health and welfare.

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## Summary

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The Southern Zone union rates are higher than the nonunion rates for all of the different categories included in this analysis, in some instances significantly higher. The ratio of union to nonunion for wages ranges from 1.0:1 (high nonunion rate) to 1.6:1 (low nonunion rate). In other words, for every dollar spent by nonunion contractors on wages, union contractors spend from the same up to \$1.60 per hour per employee. The ratio for fringe benefits ranges from 3.9:1 (high nonunion rate) to 6.2:1 (low nonunion rate). The ratio for the total rate ranges from 1.5:1 (high nonunion rate) to 2.4:1 (low nonunion rate), meaning that for each \$1.00 paid by nonunion contractors for labor, union contractors pay anywhere from \$1.50 to \$2.40.

The pay differences can also be considered from a productivity perspective. Specifically, given the Southern Zone union to nonunion total compensation package discrepancy, how much more productive do the union workers need to be to compensate for the difference? Findings show that in order to “make up” for the pay difference, union workers need to be from 50 to 141 percent *more* productive than nonunion workers. In other words, the union worker needs to accomplish in 3.3 hours (low nonunion rate) to 5.3 hours (high nonunion rate) what the nonunion worker does in an 8 hour day.

As a quality check, the nonunion wage rates used in this report were compared to data from a private firm specializing in nonunion wage and fringe benefits data (PAS). The wage rates for plumbers/pipefitters from that source fall within the range used in this study, further validating the integrity of the data sources used in this report.

## Section II – Northern Zone Union Rate

As shown in **Exhibits 4 and 5**, the Northern Zone union wage rate is \$35.00 and the nonunion wage rate ranges from \$21.01 to \$33.80. The nonunion wage rate ranges from \$1.20 to \$13.99 lower than the union wage rate. As a percent, the nonunion wage rate ranges from 3 percent to 40 percent lower than the union rate.

### Exhibit 4

*Union-Nonunion Wage and Fringe Benefits Comparison Table*

Category	Union	Nonunion		Cost Difference		Pct Difference	
		Low	High	Low	High	Low	High
<b>Wages</b>							
Base Wage	\$35.00	\$21.01	\$33.80	\$13.99	\$1.20	40%	3%
<b>Fringe Benefits</b>							
Health	\$11.85	\$2.45	\$3.95	\$9.40	\$7.90	79%	67%
Retirement *	\$13.65	\$1.55	\$2.50	\$12.10	\$11.15	89%	82%
Pension	\$11.50	-	-	-	-	-	-
Annuity	\$2.15	-	-	-	-	-	-
<b>Total</b>	<b>\$25.50</b>	<b>\$4.01</b>	<b>\$6.45</b>	<b>\$21.49</b>	<b>\$19.05</b>	<b>84%</b>	<b>75%</b>
<b>Other Costs</b>							
Education & Apprenticeship	\$1.00	\$0.00	\$0.00	\$1.00	\$1.00	100%	100%
Employer Cooperative Trust	\$0.05	\$0.00	\$0.00	\$0.05	\$0.05	100%	100%
Industry Improvement	\$0.08	\$0.00	\$0.00	\$0.08	\$0.08	100%	100%
<b>Total</b>	<b>\$1.13</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1.13</b>	<b>\$1.13</b>	<b>100%</b>	<b>100%</b>
<b>Total</b>	<b>\$61.63</b>	<b>\$25.01</b>	<b>\$40.25</b>	<b>\$36.62</b>	<b>\$21.38</b>	<b>59%</b>	<b>35%</b>

\* For nonunion this reflects all retirement payments (i.e., defined benefit and defined contribution).

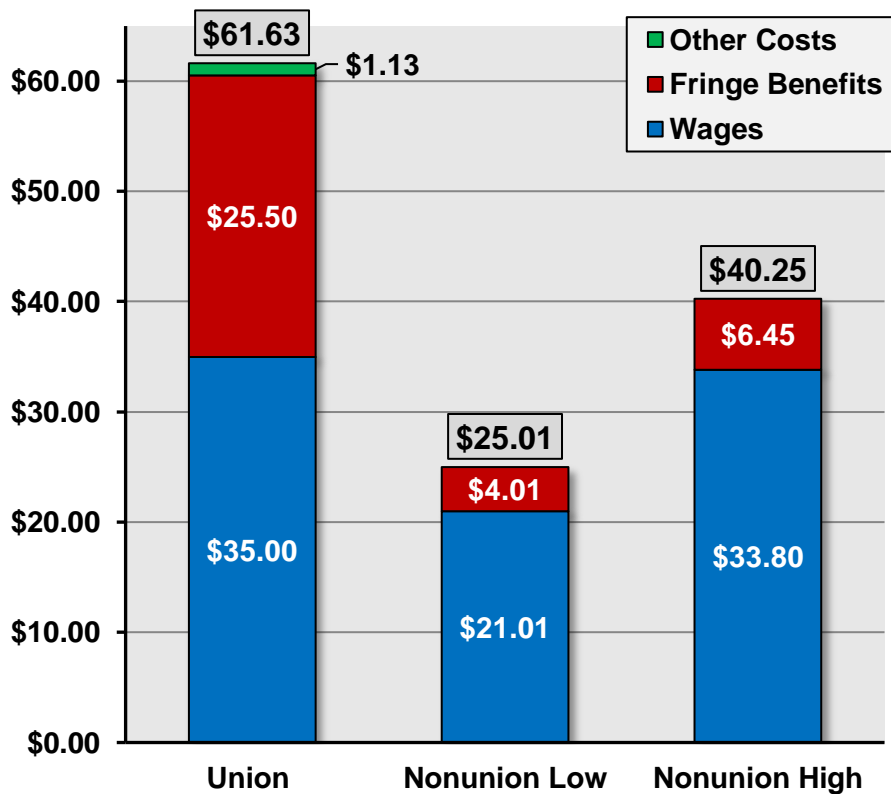
The Northern Zone union fringe benefits rate is \$25.50 and the nonunion fringe benefits rate ranges from \$4.01 to \$6.45. The cost difference between the Northern Zone union and nonunion fringe benefits rates ranges from \$19.05 to \$21.49. As a percent, the nonunion fringe benefits rate ranges from 75 to 84 percent lower than the union fringe benefits rate.

The Northern Zone union rate for the “Other Costs” category is \$1.13. There are no comparable costs for nonunion workers.

The union total rate is \$61.63 and the nonunion total rate ranges from \$25.01 to \$40.25. The cost difference between the union and nonunion total rate ranges from \$21.38 to \$36.62. As a percent, the nonunion total rate ranges from 35 to 59 percent *lower* than the union rate. (Conversely, the union rate ranges from 53 to 146 percent *higher* than the nonunion rate.)

**Exhibit 5**

*Union-Nonunion Wage and Fringe Benefits Comparison Chart*





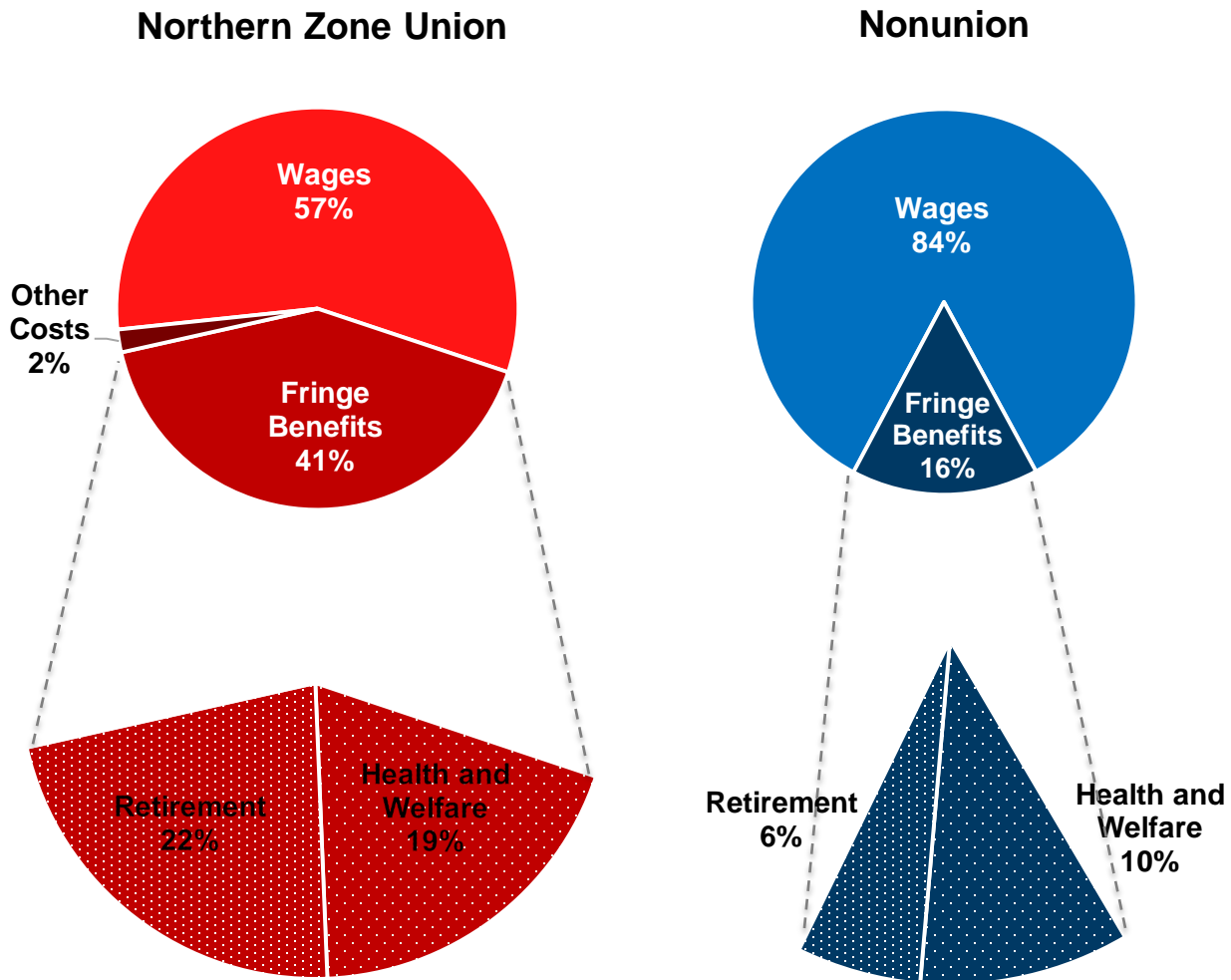
The proportion of the total rate that is paid in wages versus fringe benefits is different between the Northern Zone of Local 112 and the typical nonunion plumber/pipefitter in the geographic region. **Exhibit 6** illustrates the following distribution of wages, fringe benefits and other costs.

Northern Zone Union – wages: 57 percent, fringe benefits: 41 percent, other costs: 2 percent

Nonunion – wages: 84 percent, fringe benefits: 16 percent

**Exhibit 6**

*Proportion of Total Package in Wages, Fringe Benefits and Other Costs*



The union fringe benefits can be further broken down into 22 percent retirement and 19 percent health and welfare. The nonunion fringe benefits can be broken down into 6 percent retirement and 10 percent health and welfare.

## Summary

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The Northern Zone union rates are higher than the nonunion rates for all of the different categories included in this analysis, in some instances significantly higher. The ratio of Northern Zone union to nonunion for wages ranges from 1.0:1 (high nonunion rate) to 1.7:1 (low nonunion rate). In other words, for every dollar spent by nonunion contractors on wages, union contractors spend from the same up to \$1.70 per hour per employee. The ratio for fringe benefits ranges from 4.0:1 (high nonunion rate) to 6.4:1 (low nonunion rate). The ratio for the total rate ranges from 1.5:1 (high nonunion rate) to 2.5:1 (low nonunion rate), meaning that for each \$1.00 paid by nonunion contractors for labor, union contractors pay anywhere from \$1.50 to \$2.50.

The pay differences can also be considered from a productivity perspective. Specifically, given the Northern Zone union to nonunion total compensation package discrepancy, how much more productive do the union workers need to be to compensate for the difference? Findings show that in order to “make up” for the pay difference, union workers need to be from 53 to 146 percent *more* productive than nonunion workers. In other words, the union worker needs to accomplish in 3.2 hours (low nonunion rate) to 5.2 hours (high nonunion rate) what the nonunion worker does in an 8 hour day.

As a quality check, the nonunion wage rates used in this report were compared to data from a private firm specializing in nonunion wage and fringe benefits data (PAS). The wage rates for plumbers/pipefitters from that source fall within the range used in this study, further validating the integrity of the data sources used in this report.

NOTE: The nonunion rates used in this report may contain some union plumber/pipefitter data since BLS does not delineate union from nonunion in their OES data. Consequently, the nonunion rates in this report could have an upward bias (i.e., are higher than exclusively nonunion rates) due to the possible inclusion of some union data.

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