

# 2021 Annual Labor Report

Annually, SMACNA conducts the Annual Labor Report Survey (formerly, the State of the Industry Survey) which serves to enhance our understanding of labor relations in local areas and throughout the country. The survey and report initially started in 1989 and was conducted by the Construction Labor Research Council. Over time, the number of questions posed by the survey grew. In 2013, after consultation with a committee of chapter executives, SMACNA conducted a revised survey that was significantly shortened, and which has remained substantially the same since.

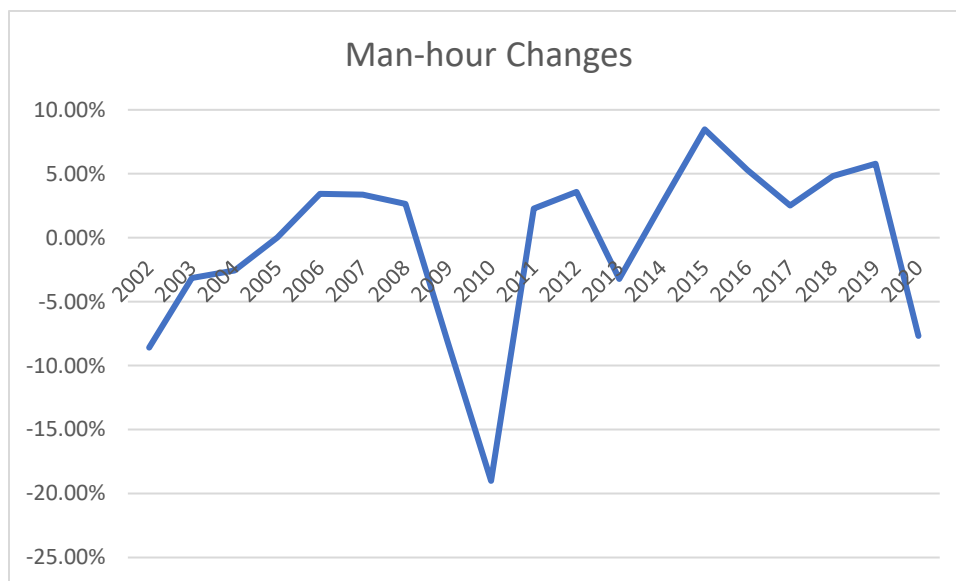
Forty chapters responded to the 2020 Annual Labor Report Survey. The following is an overview of the survey results as compiled by SMACNA’s labor relations staff:

## 2020 Year in Review

When comparing IFUS/Dues man-hours reported to SMACNA by local chapters in 2019 with man-hours reported in 2020:

- Overall, there was a 7.68% decrease in man-hours reported.
- The Midwest saw the largest percentage of increased hours reported followed by a modest increase in the East and declines in both the Western and Southern Regions.

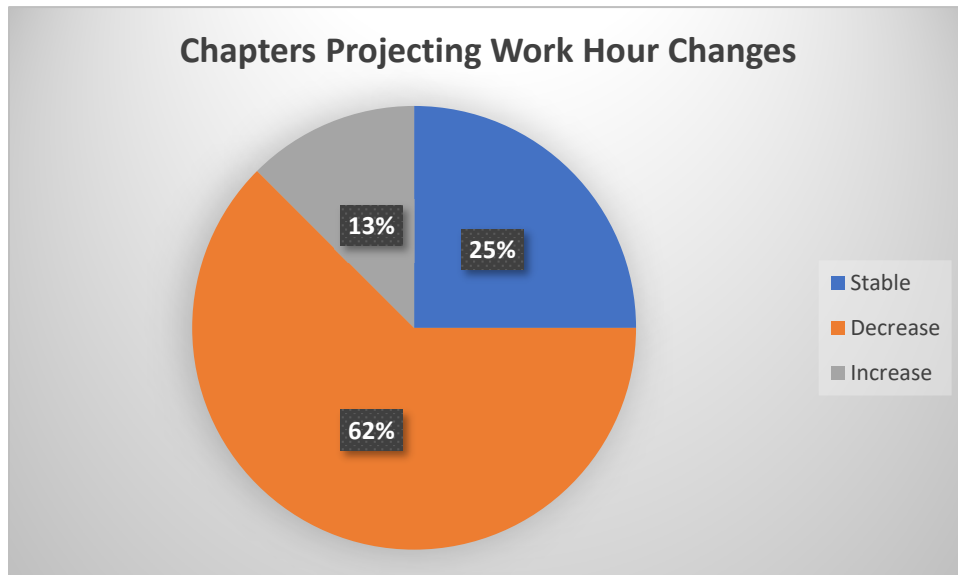
The chart below shows man-hours have been increasing overall since a low in 2010. However, the rate of increase has slowed.



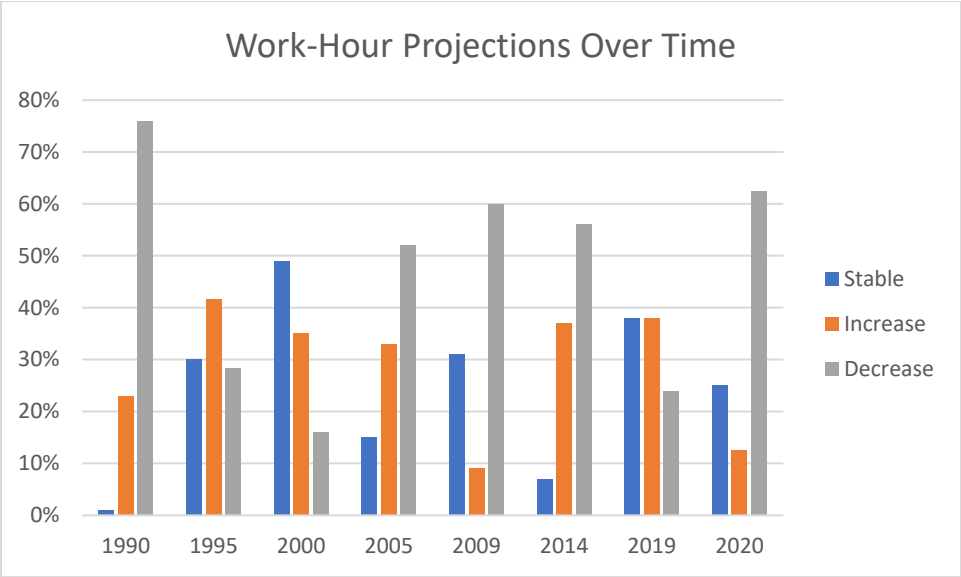
## 2021 Man-hour Projections

Overall man-hours are predicted to decrease an average of 7% in 2021. Only 25% of areas responding to the survey are projecting stable man-hours in 2021. Of the remaining chapters, 13% of areas are projecting increased man-hours in 2021 and 62% of areas are projecting a decline in man-hours.

The region with the largest projected decline is in the West, with a 9% projected decline, followed by the Southeast with an 8% decline. However, the largest individual area increase was projected in one area in the Southwest with a projected 16% growth in man-hours.



This is comparable to 1989 when this survey began. At that time, 23% of areas anticipated an increase but the vast majority, 76% of areas, projected a decrease. Things were looking better by 1994 when 63.9% of areas anticipated an increase in man-hours by an average 14.1%. However, by 2005, the projections were again mixed with 39% of areas projecting stable man-hours, 32% an increase and 29% a decrease. By 2009, the picture had again shifted with 60% of respondents expecting a decrease, which remained the predominant projection in 2013 with 56% of areas anticipating a decrease in man-hours.

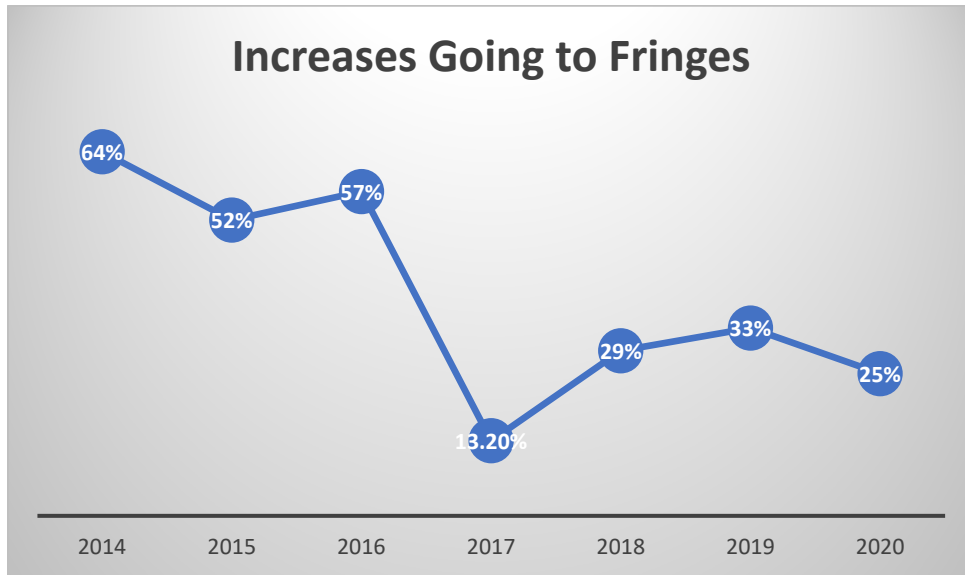


## Fringe Benefits

A relatively new development that only started the last couple of years, we again saw a handful of responding chapters indicate that no portion of their negotiated increase was allocated to fringes, with several others allocating less than 10% of their increase to fringes.

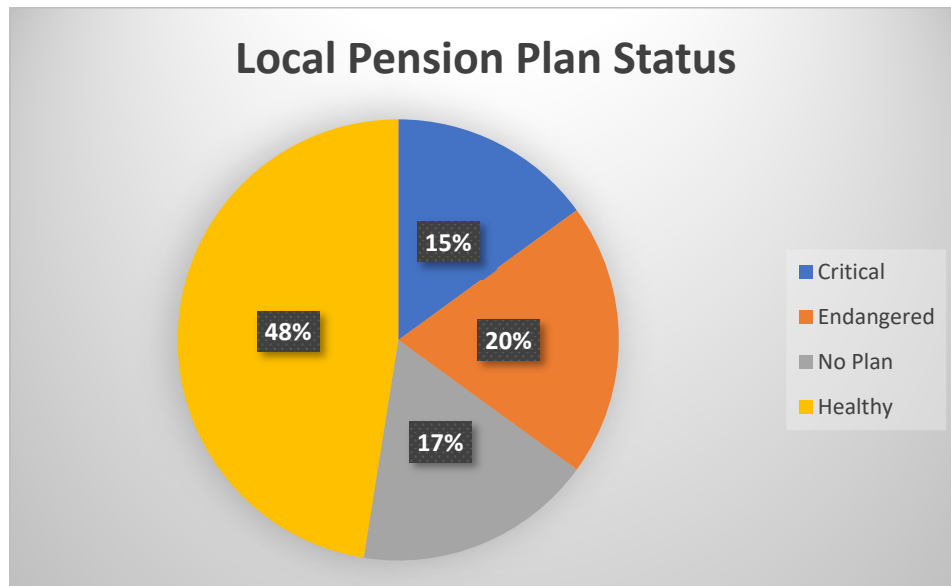
The average percentage of increases allocated to fringes in 2020 was down from 33% to 25%.

While up on average since 2017, we are seeing fewer areas allocating more than 50% of their area's increase to fringes with only 7.5% of areas in 2020 allocating more than 50% of their increases to fringes.



### **Funded Status of Local Pension Plans**

Seventeen percent of responding chapters do not have a local pension plan. Of those that do, 48% of area's local pensions are Healthy (green zone plans) which is lower than when we first asked about plan status in 2008 when 62% reported Healthy plans. Today, 20% of areas reported their local pensions are Endangered (yellow zone) as compared to 22% in 2008. The remaining 15% reported that their local pension plan was in Critical condition (red zone) which is only slightly down from the 16% reporting Critical status in 2008.



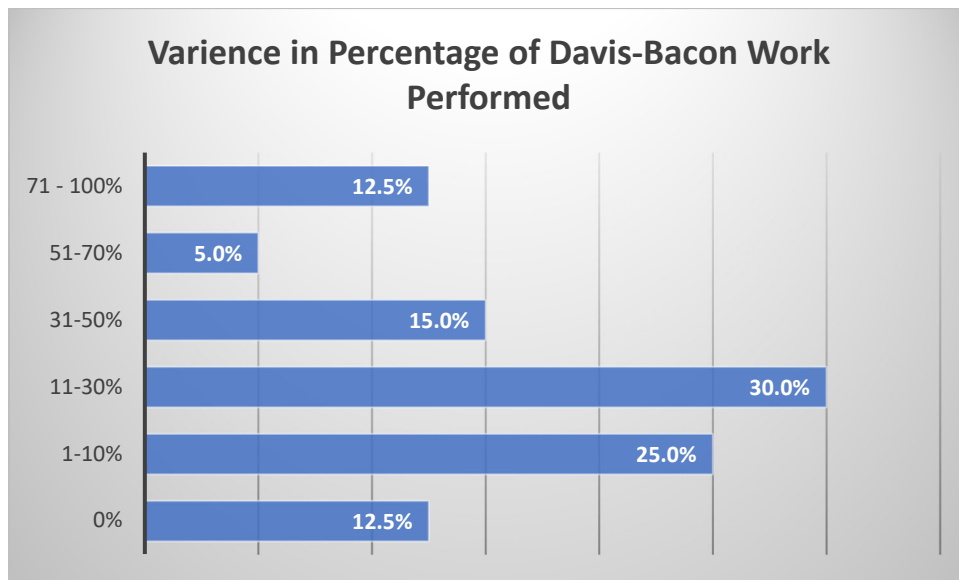
### **Grievance Activity**

Only 20% of areas in this year's survey indicated that there were issues locally that were likely to result in grievance activity. As with last year, most areas specifically cited jurisdictional disputes. Other issues cited were disputes over GPS tracking on company vehicles and wage equalization related to spiral ductwork products from non-union suppliers. One area reported issues with Fire Life Safety Certification.

## Davis-Bacon Work

Prevailing wage work continues to be a market sector for most chapters. Just over 12% of responding areas indicated that they did not perform any prevailing wage work in 2020, compared to just over 12% of areas that reported prevailing wage work accounted for more than 70% of total work.

For more than half of responding areas, prevailing wage work accounted for up to 30% of overall work, with thirty percent of responding areas falling into the 11% to 30% range.



## Contractors

While most respondents did not report a loss of contractors from their chapter in 2020, more than a third of areas lost one or more contractors. Of those, 86% of them had a contractor or contractors go out of business while 14% reported that one or more of their signatory contractors had become non-union in 2020. The number of areas reporting the loss of contractors is up from the previous four years.

## Negotiations

Approximately 22% of respondents indicated having negotiated in 2020. Approximately another third expect to negotiate or reopen their contract in 2021. Of the areas that negotiated in 2020, or plan to

negotiate in 2021, there was a focus on a package for light commercial, as well as market recovery agreements.

A large number of areas reported challenges dealing with the implications of COVID-19, including absences, increased costs, adjustments to maintain a safe working environment, COVID protocols, and compliance with COVID mandates.

More than half of areas continue to report a shortage of man-power in their local area as a result of an insufficient “bench” for referrals. As experienced journeymen retire, the pipeline of qualified workers is not keeping up. Areas facing shortages are focusing on their recruitment programs, such as virtual training.

### **Diversity and Inclusion**

Forty percent of responding areas have implemented diversity and inclusion efforts to attract or retain women, minorities, or persons with disabilities to the trade. Recruitment efforts are mostly targeted through community-based organizations, career fairs and women’s groups, however, COVID-19 has had a detrimental impact on these efforts as many of these events were cancelled in 2020. Several areas, however, implemented diversity training in their apprenticeship programs.