

# 2022 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.

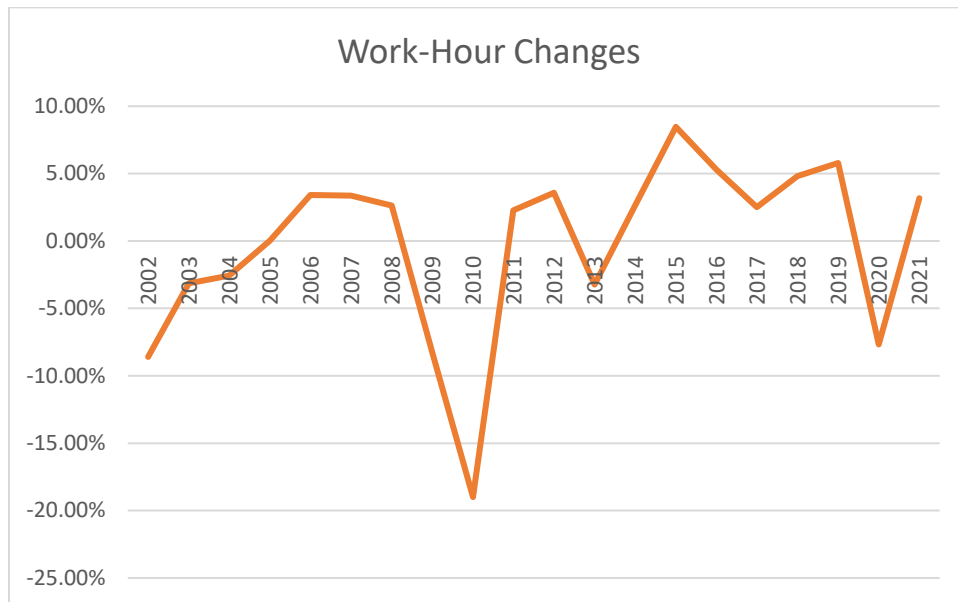
Thirty-seven chapters responded to the 2021 Annual Labor Report Survey. The following is an overview of the survey results as compiled by SMACNA's labor relations staff:

## 2021 Year in Review

When comparing IFUS/Dues work-hours reported to SMACNA by local chapters in 2020 with work-hours reported in 2021:

- Overall, there was a 3.17% increase in work-hours reported.
- The South Region saw the largest percentage of increased hours reported followed by a modest increase in the East and West regions. The Midwest Region saw a decline.

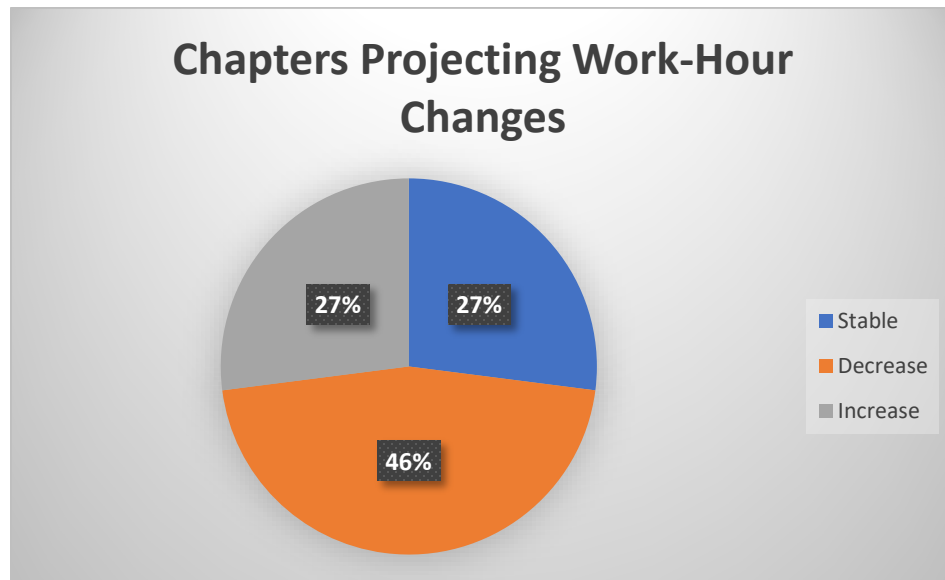
The chart below shows work-hours have been increasing overall since a low in 2010. Work-hours reported in 2021 showed a significant rebound from 2020.



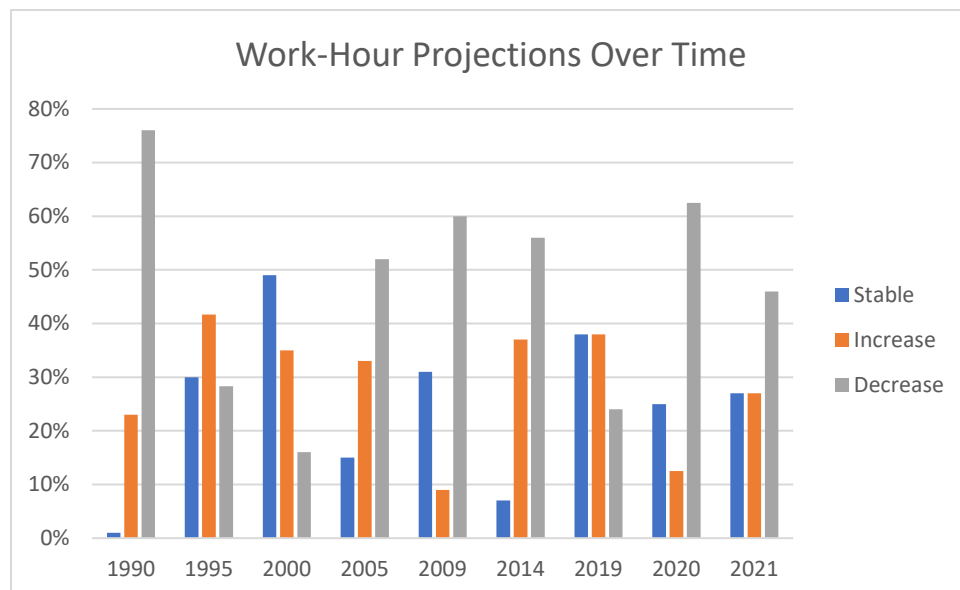
## 2022 Work-Hour Projections

Overall work-hours are predicted to decrease an average of 2% in 2022. Slightly more than a quarter, or 27% of responding areas are projecting stable work-hours in 2022. Of the remaining chapters, 27% of areas are projecting increased work-hours in 2022 and 46% of areas are projecting a decline in work-hours.

The region with the largest projected decline is in the Northeast, with a 5% projected decline, followed by the West with an 2% decline and the Midwest with a .4% decline. The Southern Region projected stable work-hours.



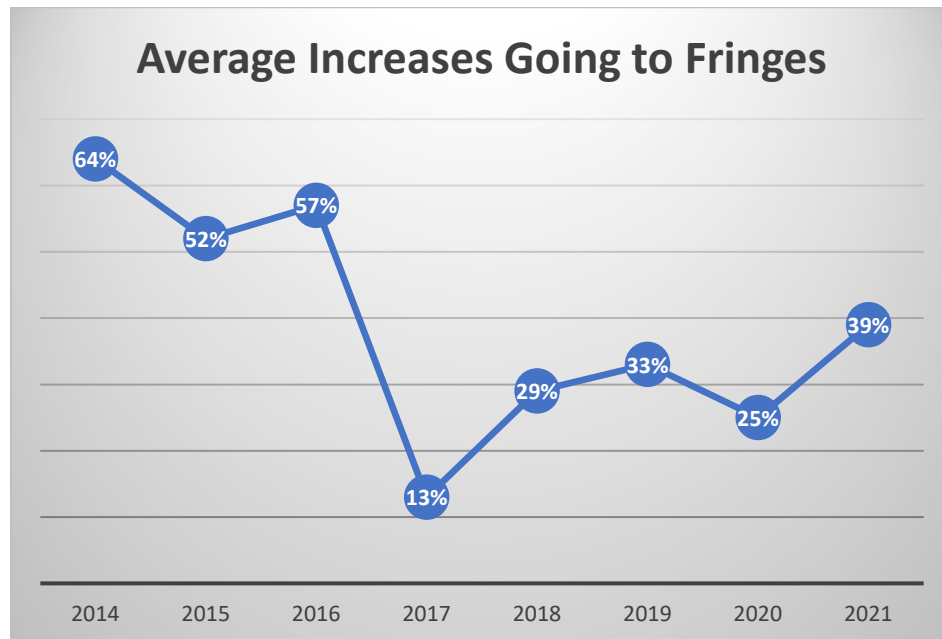
When this survey began in 1989, 23% of areas anticipated an increase in work-hours, but the vast majority, 76% of areas, projected a decrease. Things were looking better by 1994 when 64% of areas anticipated an increase in man-hours by an average 14%. However, by 2005, the projections were again mixed 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. Fast forward to 2019 where 76% of responding areas anticipated either stable work-hours or an increase, only to see projections reversed in 2020 due to the COVID-19 pandemic, with 63% of areas anticipating a decrease. In 2021, 45% of responding areas are still projecting a decrease in work-hours, however, 55% of areas anticipate either stable or increased work-hours, moving in a more positive direction.



## Fringe Benefits

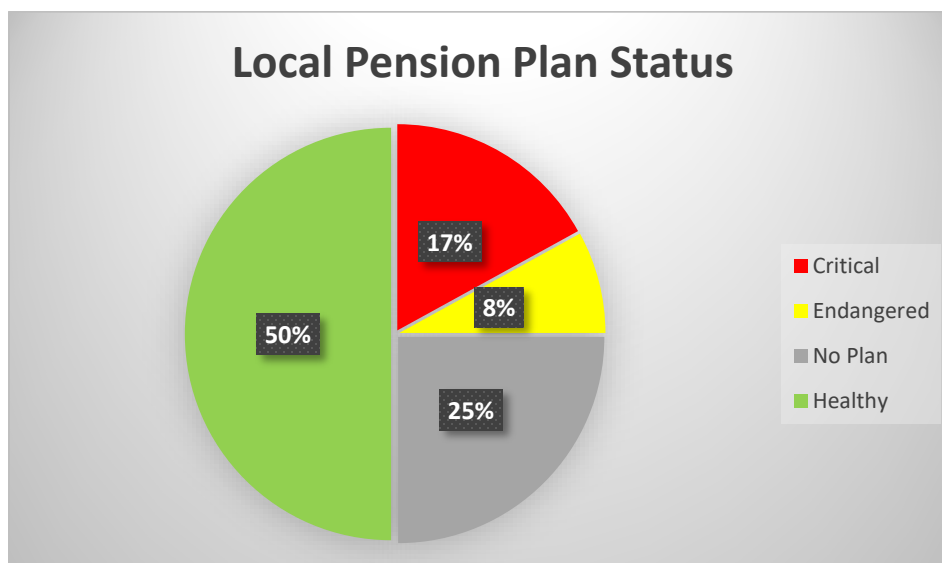
Over the last several years there has been a trend from a small number of responding chapters indicating that no portion of their negotiated increase was allocated to fringes, with several others allocating less than 10% of their increase to fringes.

The average percentage of increases allocated to fringes in 2021 was up from 25% to 39%. Of the responding chapters, 31% allocated more than half of their area's increase to fringes and 23% allocated less than 20% of their area's increase to fringes.



## Funded Status of Local Pension Plans

Twenty-five percent of responding chapters do not have a local pension plan. Of those that do, 50% 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, 8% of areas reported their local pensions are Endangered (yellow zone) as compared to 22% in 2008. The remaining 17% reported that their local pension plan was in Critical condition (red zone) which similar to the 16% reporting Critical status in 2008.



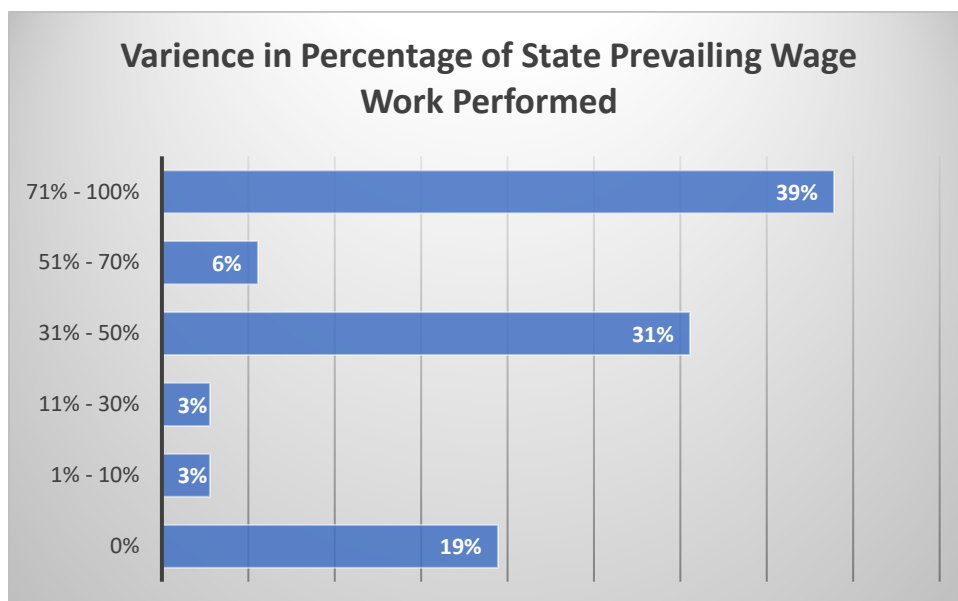
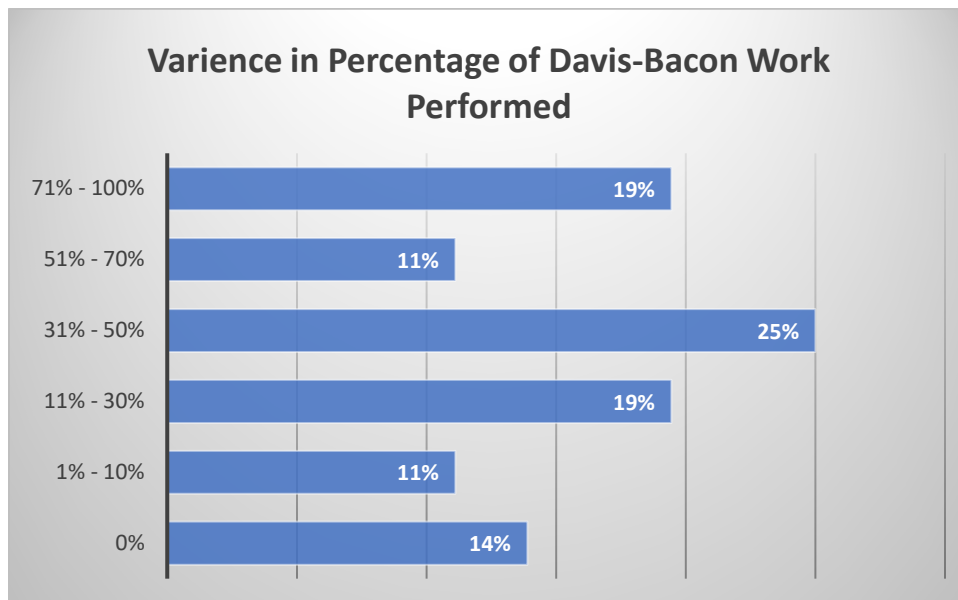
### Grievance Activity

Only 16% of areas in this year's survey indicated that there were issues locally that were likely to result in grievance activity. Reasons that areas cited included going non-union incorrectly, out-of-town contractor not complying with local CBA, assignment of work, and fabrication shipping to a different wage zone.

### Davis-Bacon Work

Prevailing wage work continues to be a market sector for most chapters. Just over 5% of responding areas indicated that they did not perform any prevailing wage work in 2021, compared to just over 8% 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 twenty-seven 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 2021, more than a third of areas lost one or more contractors. Of those, the majority were firms that ceased to operate, with only one signatory contractor becoming non-union. The number of areas reporting the loss of contractors is up from the previous four years.

## **Negotiations**

Approximately 38% of respondents indicated having negotiated in 2021. Another 27% of respondents expect to negotiate or reopen their contract in 2022. Of the areas that negotiated in 2021, or plan to negotiate in 2022, some innovative contract language or programs include:

- A waiver of state mandated sick pay
- A grant program for contractors that invest in improvements to gain market share
- Continuing education stipends through the JATC
- Tying hours to increases
- Reducing fringe contributions for apprentices and adding to apprentice wages

Over 65% of responding areas reported that a shortage of qualified workers is the biggest challenge faced. The shortage of workers is exacerbated by COVID protocols/mandates and owner vaccination requirements. A significant number of respondents also report challenges due to materials costs and supply chain issues.

Local areas are focusing on recruitment efforts to address the worker shortage, including working with schools and job fairs. Several areas increased pre-apprentice and apprentice wages.

## **Impact of COVID-19**

A majority of responding areas, more than 62%, have seen an impact from COVID-19. While many of these areas project a solid pipeline of work in 2022, they are facing a shortage of an available vaccinated workforce. Fifty-one percent of responding areas report that there are state and/or local vaccine requirements in their areas. A large number of jobs also have vaccine requirements, and the average estimated vaccination rate of the work force is only 48% making it difficult to staff the jobs.

## **Diversity and Inclusion**

Approximately 38% 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, schools and community colleges, and women's groups.