

2024 Annual Labor Report

SMACNA's Labor Relations Department 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 largely the same since.

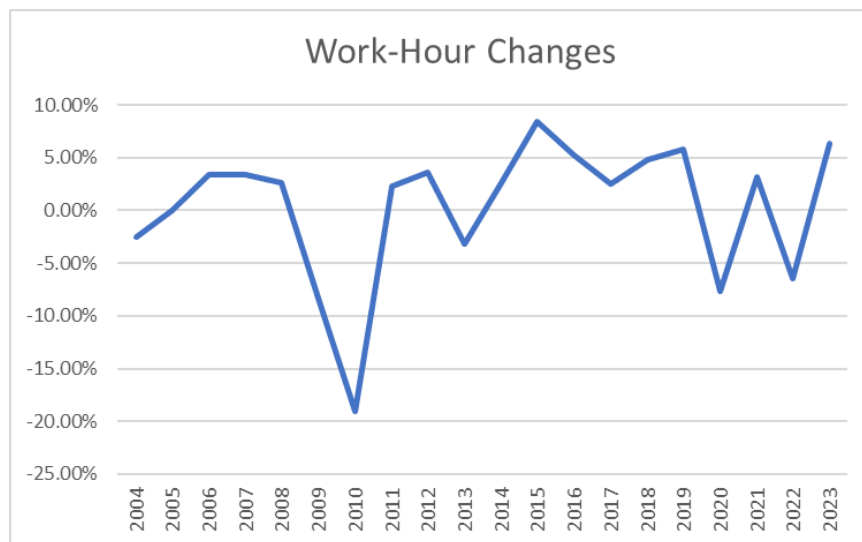
Twenty-eight chapters responded to the 2023 Annual Labor Report Survey. The following is an overview of the survey results as compiled by SMACNA's labor relations staff:

2023 Year in Review

When comparing IFUS/Dues work-hours reported to SMACNA by local chapters in 2022 with work-hours reported in 2023:

- There was a 6.31% increase in work-hours reported.
- The Southern Region saw the largest percentage of increased hours reported, followed by the Western and Midwestern regions that also saw an increase in work hours. The Northeastern region saw a decline in work-hours reported.

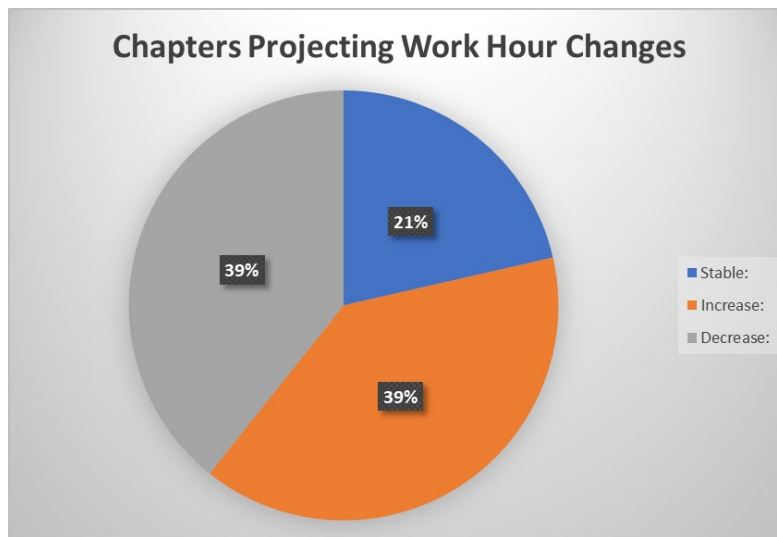
The chart below shows that work hours have been increasing since the massive dip in 2010, and the 2023 work hours have seen a significant increase from the work hours reports in 2022.



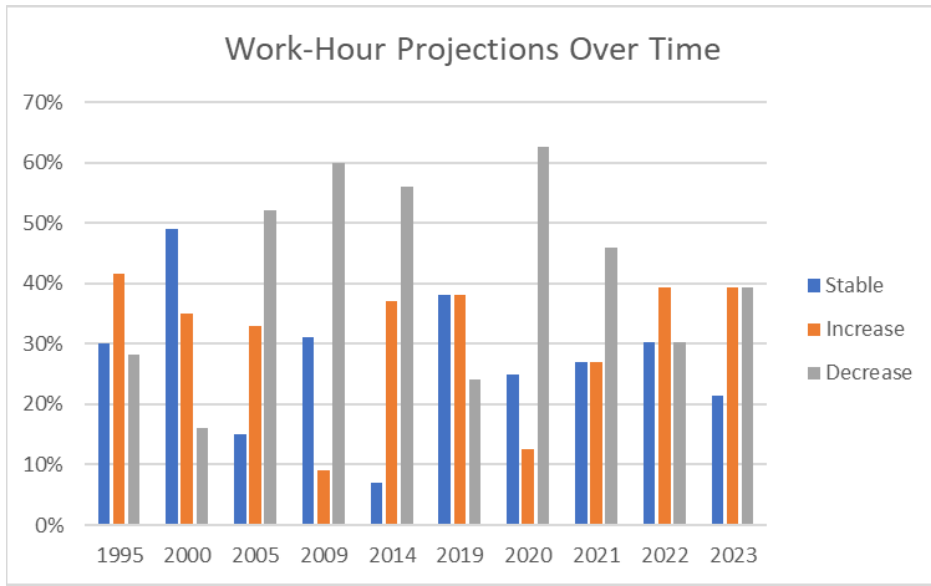
2024 Work-Hour Projection

Overall, work-hours are predicted to increase by 9.47% in 2024. Almost 40% of responding areas are projecting increased work-hours for 2024. Of the remaining chapters, 21% of areas are projecting stable work-hours and 39% are projecting a decline in work-hours.

While the Western Region is projecting a 19.8% increase of work-hours, the Northeastern Region is projecting a 2.9% increase work-hours and the Midwestern and Southern Regions are both projecting declines. The largest projected decline is in the Midwestern Region, with a projected 11% decrease in work-hours, followed by the South with a 4.3% decline in work-hours.



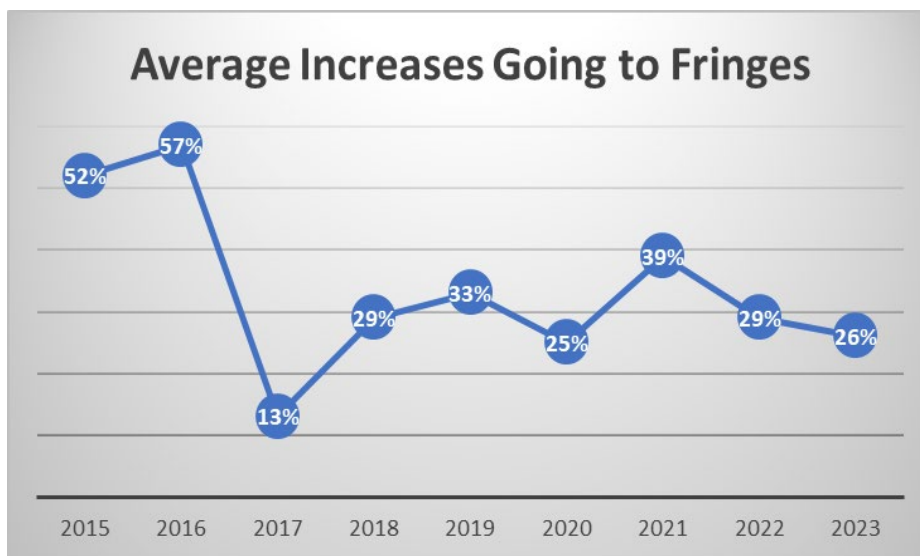
When this survey began in 1989, the vast majority, 76% of areas, projected a decrease in work-hours. By 1994, hours had recovered, with 71% of reporting areas projecting an increase in or stable work hours. However, by 2005, the projections turned negative again with 52% of areas reporting a projected decrease in work-hours. The trend of the majority of regions projecting a decrease in work-hours continued until 2019, when 38% of respondents projected increased work-hours. Another 38% projected work-hours to stay stable. However, due to COVID-19 the areas projecting a decline in work-hours grew to a majority or near majority in 2020 and 2021. In 2022, 40% of areas projected an increase in work-hours, which is the same percentage of areas that are projecting an increase in 2023 but the percentage of areas projecting a decline in work-hours has increased from 30% to 39% for the upcoming year.

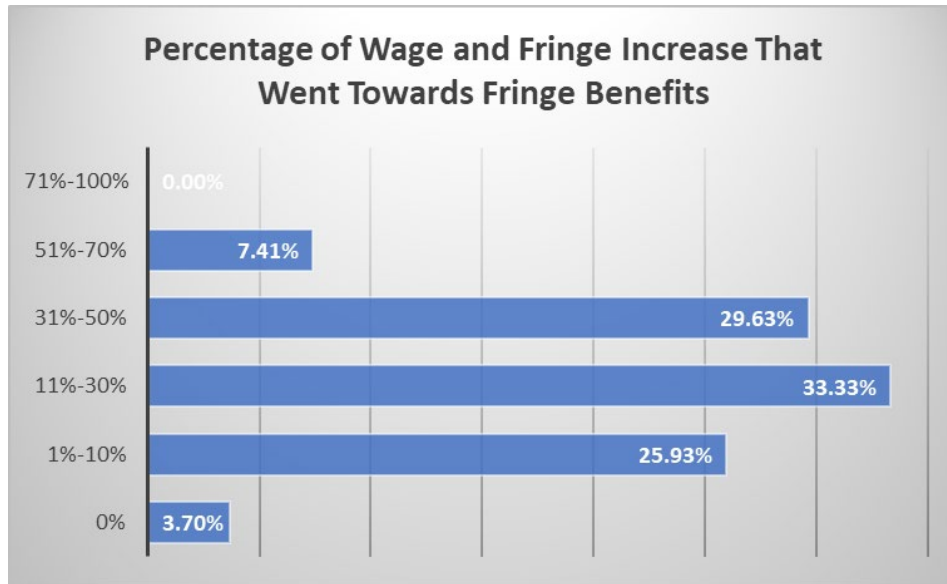


Fringe Benefits

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 total increase to fringes.

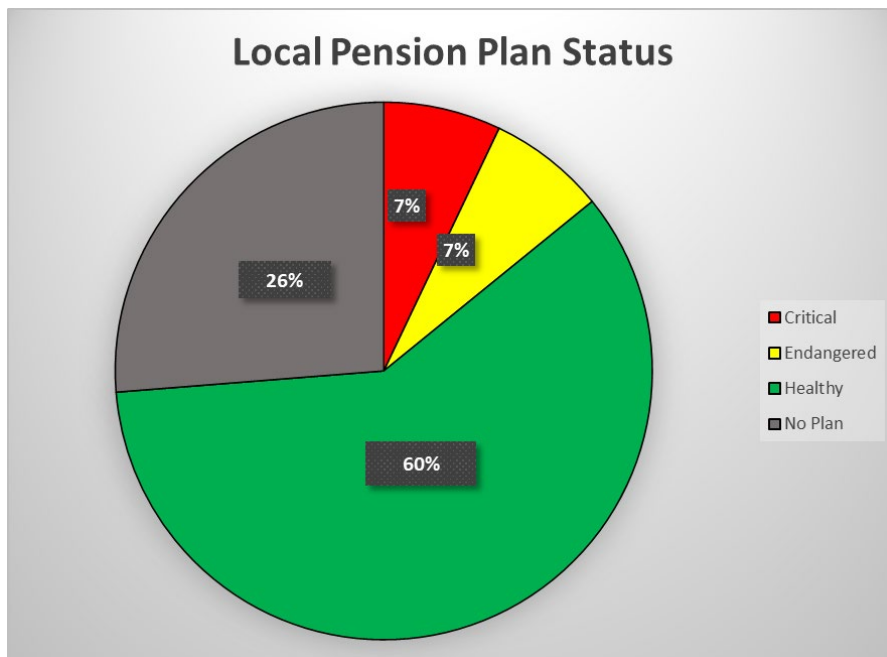
The average percentage of increase allocated to fringes in 2023 dropped again from 29% to 26%. Of the responding chapters that received an increase to their wage and fringe package in 2023, only 7.4% allocated more than half of their area's increase to fringes and about 26% of areas allocated 10% or less of their area's increase to fringes.





Funded Status of Local Pension Plans

Twenty six percent of responding chapters do not have a local pension plan. Of those that have a local pension plan, 80% of areas' local pension funds are Healthy (green zone plans). Only 10% of areas reported their pension plans to be endangered and the remaining 10% were in critical condition.



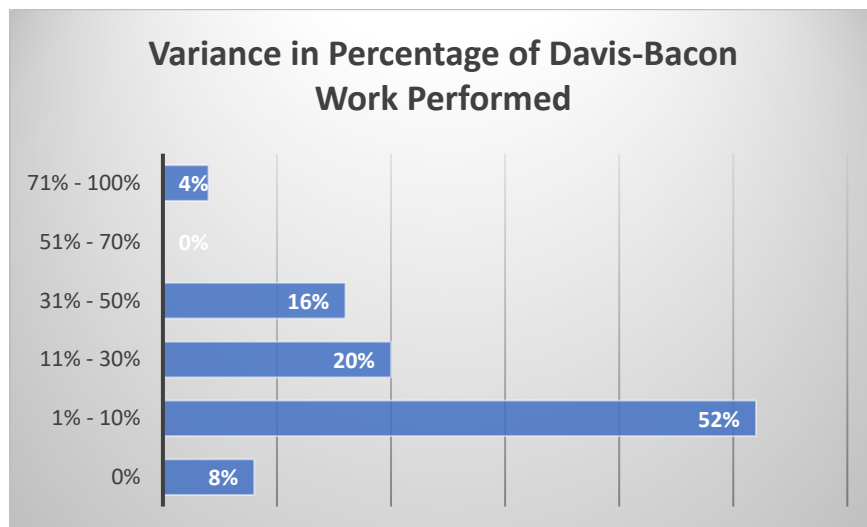
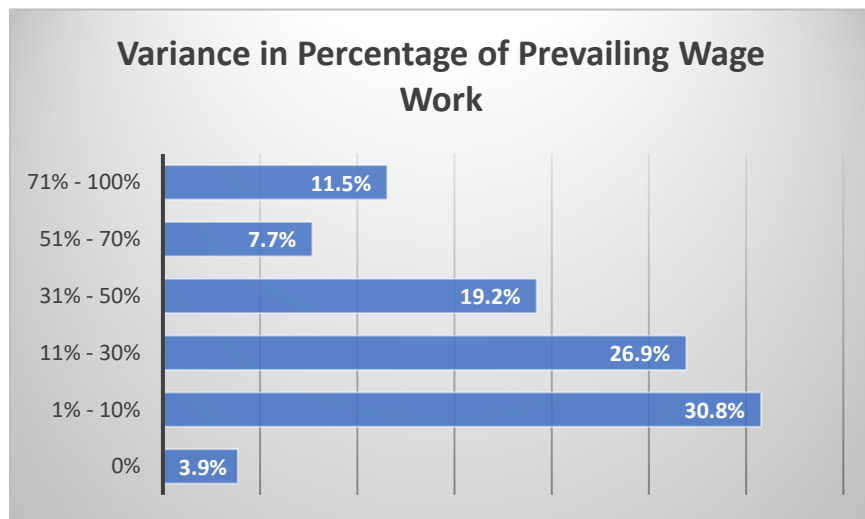
Grievance Activity

Eighteen percent 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 CBA negotiation cycle, new union leadership looking at contractors with more scrutiny, and jurisdictional disputes.

Davis-Bacon Work

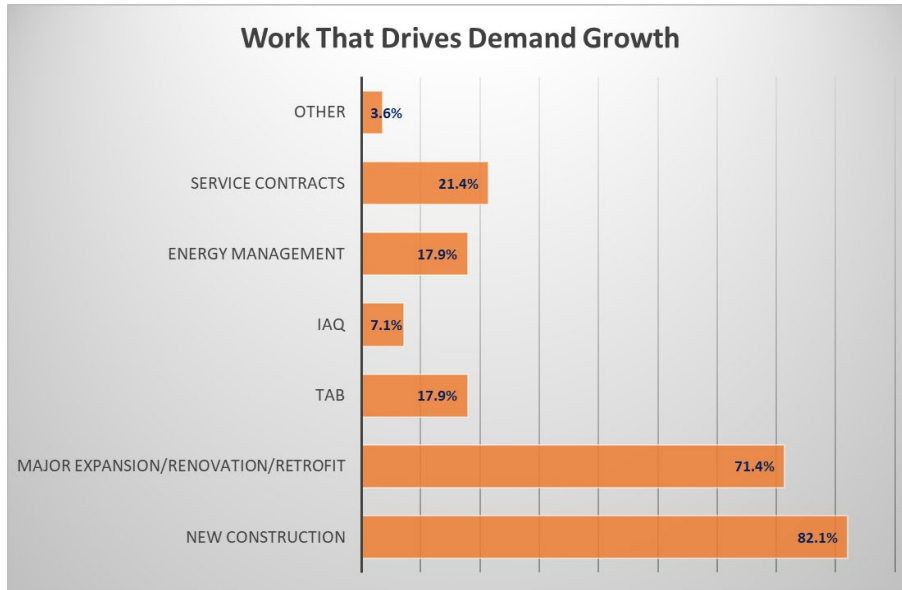
Prevailing wage work continues to be a market sector for most chapters. Only approximately 4% of responding areas indicated that they did not perform any prevailing wage work in 2023. 19% of respondents reported that prevailing wage work accounted for more than 50% of total work.

For just over 60% of responding areas, prevailing wage work accounted for 30% or less of overall work, with 27% of responding areas falling into the 11% to 30% range. Change Variance to Variance in the charts

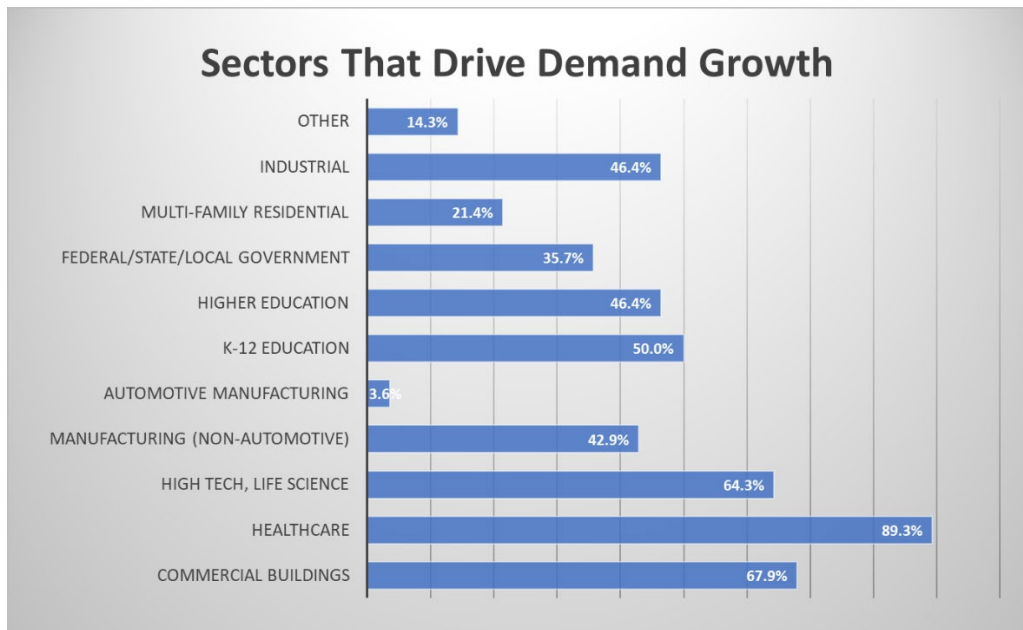


Demand Growth (is there another phrase that better describes this work?)

100% of areas surveyed indicated that major expansion/renovation/retrofit work and/or new construction drove demand growth in their area. New service contracts, IAQ work, energy management and TAB work drove demand growth to a lesser extent.



The majority of respondents cited that Commercial Buildings, High Tech/Life Science and Healthcare as the sectors driving the most growth, followed by a smaller percentage of participants stating that K-12 Education, Higher Education, and Industrial jobs are also bolstering demand.



Contractors

While most respondents did not report a loss of contractors from their chapter in 2023, a quarter of areas lost one or more contractors. Of those, the majority were firms that ceased to operate, with only one contractor becoming non-union. The number of areas reporting the loss of contractors remained the same as in 2022.

Negotiations

Approximately 25% of respondents indicated that they had negotiated for a new collective bargaining agreement in 2023. Another 18% of respondents expect to negotiate or reopen their contract in 2024. Of the areas that negotiated in 2023, or plan to negotiate in 2024, innovative contract language or programs include:

- A specialists program. (should this be plural?)
- Overtime after 40 hours/week. (instead of overtime after 8 hours per day?)
- Increasing the number of stories on multi-family residential projects(from 3 to 5) allowing a contractor to utilize a residential wage package.
- Permitting extra apprentices outside of ratio depending on size.

Approximately 90% of responding areas reported that a shortage of qualified workers is the greatest challenge faced in 2023. The areas experiencing shortages have stated that the major obstacles encountered are difficulty finding skilled workers and competition from non-union contractors.

Recruitment and Retention/Diversity and Inclusion

More than 80% of local areas are experiencing difficulties recruiting and/or retaining qualified workers. Similarly, 40% of respondents reported that their greatest challenge is a shortage of union apprentices.

Approximately 46% of responding areas have implemented diversity and inclusion efforts to attract or retain women, minorities, or persons with disabilities to the trade. Many local areas use grants and incentives to recruit and retain a more diverse group of workers. Targeted recruiting has focused on community-based organizations, schools, and community colleges, as well as women's groups.