



TO: SMACNA Bargainers in 2013

FROM: Labor Relations Department

RE: Treatment of Apprentice Contributions when New Fund is Negotiated or Treatment of Increases Negotiated for an Existing Benefit Fund on behalf of Apprentices

As previously discussed in prior Labor Bulletins, grievances may arise due to the effect of a new benefit fund contribution or increases to an existing benefit fund, on classifications that receive compensation based on a percentage of the journeyman wage and fringe package, if this is not specifically addressed in negotiations. Recently, some areas have experienced problems with these situations when the contract was rolled-over and as part of the roll-over a reallocation of the existing wage and fringe package was done to cover necessary fringe increases.

The problem arises when the parties agree upon an allocation for the journeyman contributions but fail to provide for how apprentice contributions will be handled. Some employers have mistakenly made the full journeyman contribution on behalf of apprentices and discovered the overpayment mid-contract term. Other employers have reduced the apprentice base wage to allow for full fund contributions, as in the following scenario, which brings the base wage out of line with the required percentage rate. Both circumstances may raise other issues including ERISA contribution rules for apprentices and apprentice compensation regulations governing registered apprenticeship programs.

Journeyman Total Package Increase	Local Union Allocates Entire Amount to Fund
\$1.00	\$1.00
5th Year Apprentice at 85% gets	Local Union Seeks Same Contribution for Apprentices
\$.85	\$1.00
	<u>(Base Wage is reduced by \$.15)</u>

A similar problem may occur if one of your trust funds seeks an increase mid-contract and the union votes to reallocate the existing wage-fringe package.

Recommendations

Needless to say, failure to fully spell out how apprentice contributions will be handled leads to grievances. Bargainers are advised to consider and discuss the impact that allocation and reallocations of the total journeyman increase will have on apprentice contributions to a new or existing fund. Documentation of how apprentice contributions (and contributions for any other classification that is compensated based on a percentage of journeyman scale) to the new fund will be handled is recommended to avoid grievances of this type. Such documentation should clearly spell out that contributions for apprentices to the fund will be 1) either as a percentage of the journeyman contribution or 2) the same as journeymen contributions with a reduction in the base wage when the contribution exceeds the percent of increase. Both the union and the contractors should sign-off on the allocation documented.