



Union-Nonunion Wage and Fringe Benefits Comparison

NEMCA/Air-Conditioning and Refrigeration Contractors of Boston, Inc.

UA Local 537

The Construction Labor Research Council (CLRC) is pleased to provide this report, which compares the wage and fringe benefits package between the New England MCA and UA Local 537 to nonunion data for the same occupation in the same geographic region.

Background

Union data for Local 537 were obtained from their wage scale. 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 **Exhibits 1 and 2** 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, 2, 3, and 5**. The low value is simply the lowest heating, air conditioning, and refrigeration mechanics and installers (mechanical servicemen) rate provided by the OES program for the geographic area covered by Local 537, which is Haverhill (Essex County).

The high value is 120 percent of the Boston-Cambridge OES rate. (Note, the highest nonunion rate was actually in Lowell-Billerica-Chelmsford area. However, since the Boston-Cambridge area is larger and more populous, and its rate was just slightly lower than the Lowell-Billerica-Chelmsford area rate, the Boston rate is used to represent the high rates in this report.)

This 100-120 percent range should capture the pay rate for most nonunion mechanical servicemen in the jurisdiction covered by the contract.

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 February 2016. The aging factor used was 2.9 percent. There was no need to age the union data since the wage scale effective September 1, 2015 was used.

Results

Exhibits 1 and 2 show the local union wage and fringe benefits rates compared to nonunion rates in the Boston-Cambridge area (considered the highest nonunion rate). The union wage rate is \$49.19 and the nonunion wage rate ranges from \$29.25 to \$35.10 for this area. The cost difference between the union and nonunion wage rates ranges from \$14.09 to \$19.94. As a percent, the union wage rate ranges from 29 percent to 41 percent higher than the nonunion wage rate for the Boston-Cambridge area.

Exhibit 1

Union-Nonunion Wage and Fringe Benefits Comparison Table: Boston-Cambridge Area

Category	Union	Nonunion		Cost Difference		Pct Difference	
		Low	High	Low	High	Low	High
Base Wage							
Total	\$49.19	\$29.25	\$35.10	\$19.94	\$14.09	41%	29%
Fringe Benefits							
Health & Welfare	\$9.70	\$3.44	\$4.13	\$6.26	\$5.57	65%	57%
LU 537 Pension *	\$10.64	\$2.12	\$2.54	\$8.52	\$8.10	80%	76%
Annuity	\$7.00	-	-	-	-	-	-
UA National Pension	\$0.50	-	-	-	-	-	-
Total	\$27.84	\$5.56	\$6.67	\$22.28	\$21.17	80%	76%
Other Costs							
Education	\$1.92	\$0.00	\$0.00	\$1.92	\$1.92	100%	100%
Labor/Mgt. Trust Fund	\$1.05	\$0.00	\$0.00	\$1.05	\$1.05	100%	100%
Industry Improvement	\$0.25	\$0.00	\$0.00	\$0.25	\$0.25	100%	100%
Total	\$3.22	\$0.00	\$0.00	\$3.22	\$3.22	100%	100%
Total	\$80.25	\$34.81	\$41.77	\$45.44	\$38.48	57%	48%

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

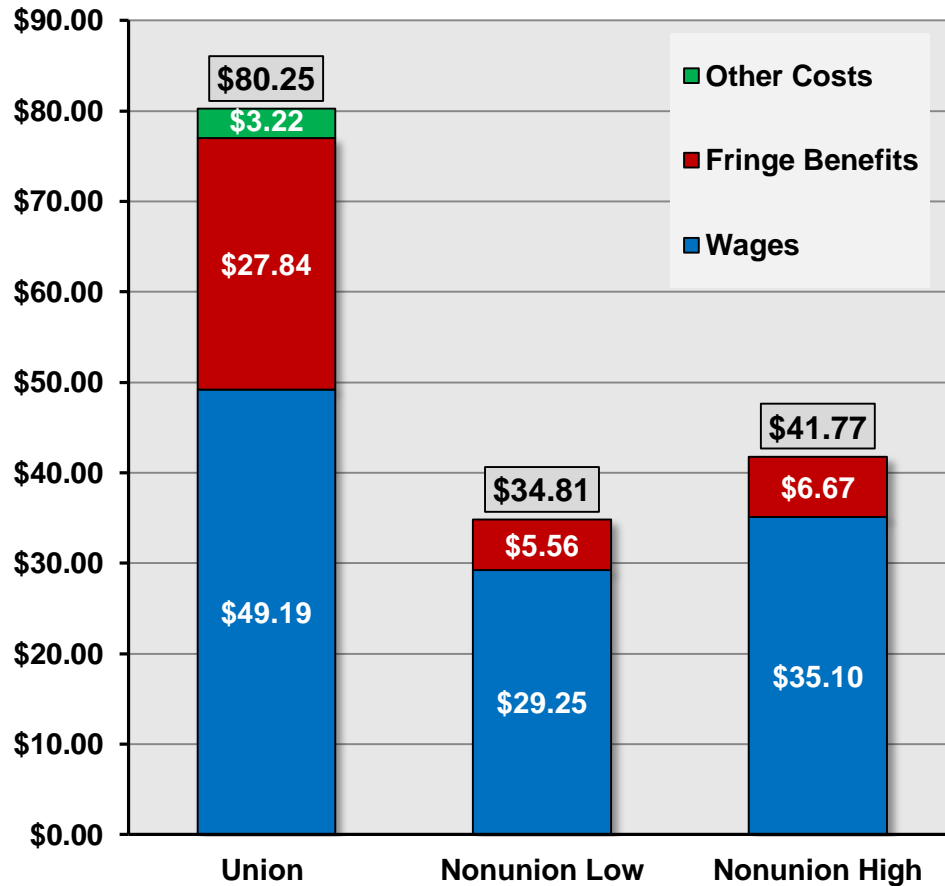
The union fringe benefits rate for health and welfare and retirement is \$27.84. The nonunion fringe benefits rate ranges from \$5.56 to \$6.67. The cost difference between the union and nonunion fringe benefits rates ranges from \$21.17 to \$22.28. As a percent, the nonunion fringe benefits rate ranges from 76 to 80 percent lower than the union fringe benefits rate.

The union rate for the “Other Costs” category is \$3.22. There are no comparable costs for nonunion workers.

The union total rate is \$80.25 and the nonunion total rate ranges from \$34.81 to \$41.77 in the Boston-Cambridge area. The cost difference between the union and nonunion total rates ranges from \$38.48 to \$45.44. As a percent, the nonunion total rate ranges from 48 to 57 percent lower than the union rate. (Conversely, the union rate ranges from 92 to 131 percent *higher* than the nonunion rate.)

Exhibit 2

Union-Nonunion Wage and Fringe Benefits Comparison: Boston-Cambridge Area



Exhibits 3 and 4 show the local union wage and fringe benefits rates compared to nonunion rates in the Haverhill area (lowest nonunion rate). The union wage rate is \$49.19 and the nonunion wage rate ranges from \$20.24 to \$24.29 for this area. The cost difference between the union and nonunion wage rates ranges from \$24.90 to \$28.95 higher. As a percent, the union wage rate ranges from 51 percent to 59 percent higher than the nonunion wage rate for the Haverhill area.

Exhibit 3

Union-Nonunion Wage and Fringe Benefits Comparison Table: Haverhill Area

Category	Union	Nonunion		Cost Difference		Pct Difference	
		Low	High	Low	High	Low	High
Base Wage							
Total	\$49.19	\$20.24	\$24.29	\$28.95	\$24.90	59%	51%
Fringe Benefits							
Health & Welfare	\$9.70	\$2.38	\$2.86	\$7.32	\$6.84	75%	71%
LU 537 Pension *	\$10.64	\$1.47	\$1.76	\$9.17	\$8.88	86%	83%
Annuity	\$7.00	-	-	-	-	-	-
UA National Pension	\$0.50	-	-	-	-	-	-
Total	\$27.84	\$3.85	\$4.62	\$23.99	\$23.22	86%	83%
Other Costs							
Education	\$1.92	\$0.00	\$0.00	\$1.92	\$1.92	100%	100%
Labor/Mgt. Trust Fund	\$1.05	\$0.00	\$0.00	\$1.05	\$1.05	100%	100%
Industry Improvement	\$0.25	\$0.00	\$0.00	\$0.25	\$0.25	100%	100%
Total	\$3.22	\$0.00	\$0.00	\$3.22	\$3.22	100%	100%
Total	\$80.25	\$24.09	\$28.91	\$56.16	\$51.34	70%	64%

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

This report has been prepared from information collected and maintained by CLRC. Reasonable efforts have been made to ensure the accuracy of the data, summaries and analyses. However, accuracy cannot be guaranteed. CLRC disclaims any liability from damages of any kind which may result from the use of this report.

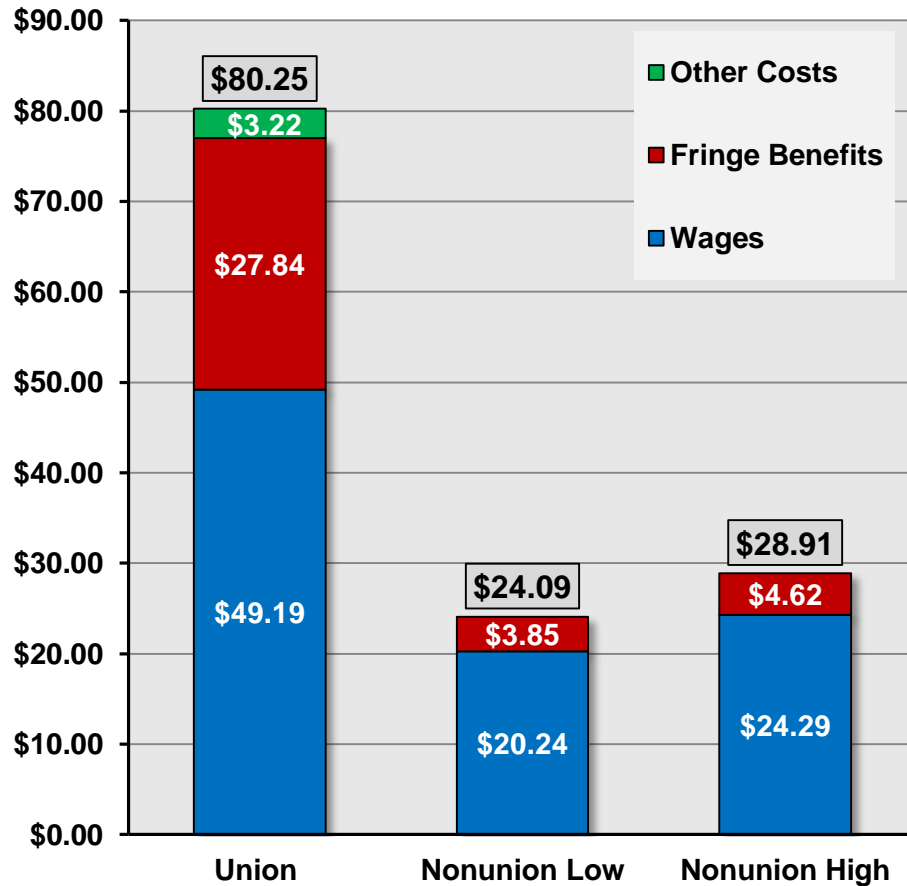
The union fringe benefits rate for health and welfare and retirement is \$27.84. The nonunion fringe benefits rate ranges from \$3.85 to \$4.62. The cost difference between the union and nonunion fringe benefits rates ranges from \$23.22 to \$23.99. As a percent, the nonunion fringe benefits rate ranges from 83 to 86 percent lower than the union fringe benefits rate.

The union rate for the “Other Costs” category is \$3.22. There are no comparable costs for nonunion workers.

The union total rate is \$80.25 and the nonunion total rate ranges from \$24.09 to \$28.91 in the Haverhill area. The cost difference between the union and nonunion total rates ranges from \$51.34 to \$56.16. As a percent, the nonunion total rate ranges from 64 to 70 percent lower than the union rate. (Conversely, the union rate ranges from 178 to 233 percent *higher* than the nonunion rate.)

Exhibit 4

Union-Nonunion Wage and Fringe Benefits Comparison Chart: Haverhill Area



The proportion of the total rate that is paid in wages versus fringe benefits is different between Local 537 and the typical nonunion worker in the area. **Exhibit 5** illustrates the following distribution of wages, fringe benefits and other costs. The nonunion proportions are the same for the Boston-Cambridge area and the Haverhill area, so just one pie chart is shown.

Union – wages 61 percent, fringe benefits 35 percent, other costs 4 percent
Nonunion – wages 84 percent, fringe benefits 16 percent

Exhibit 5

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

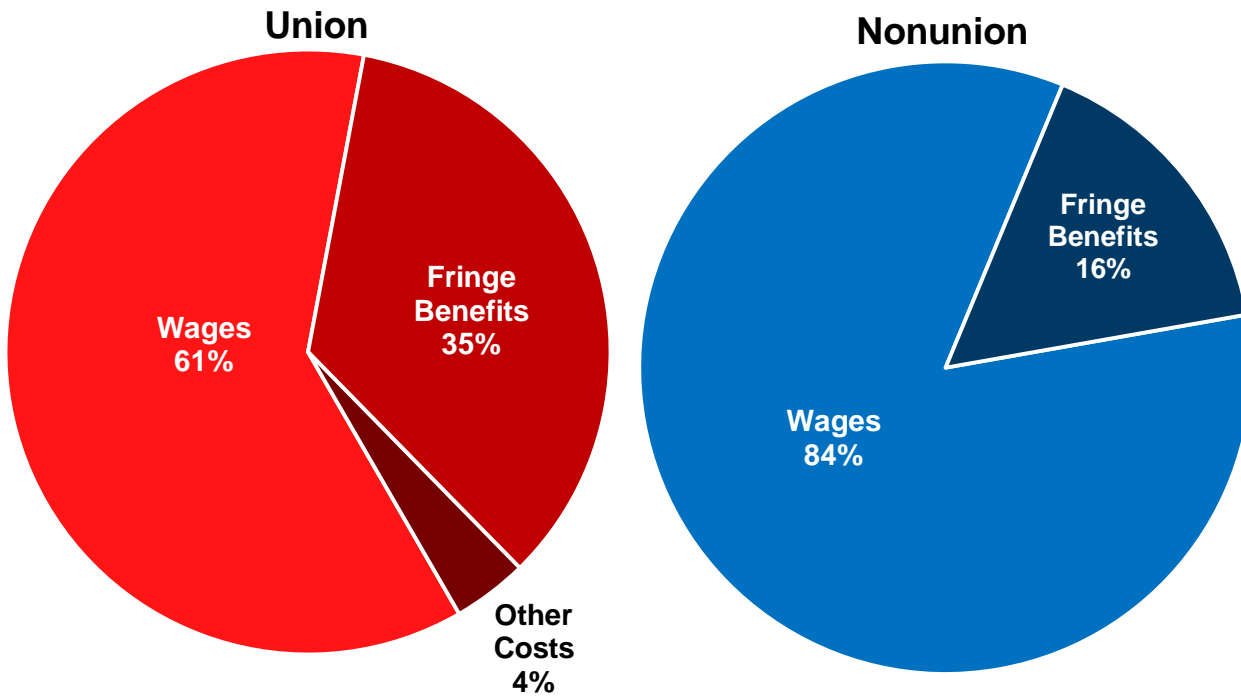
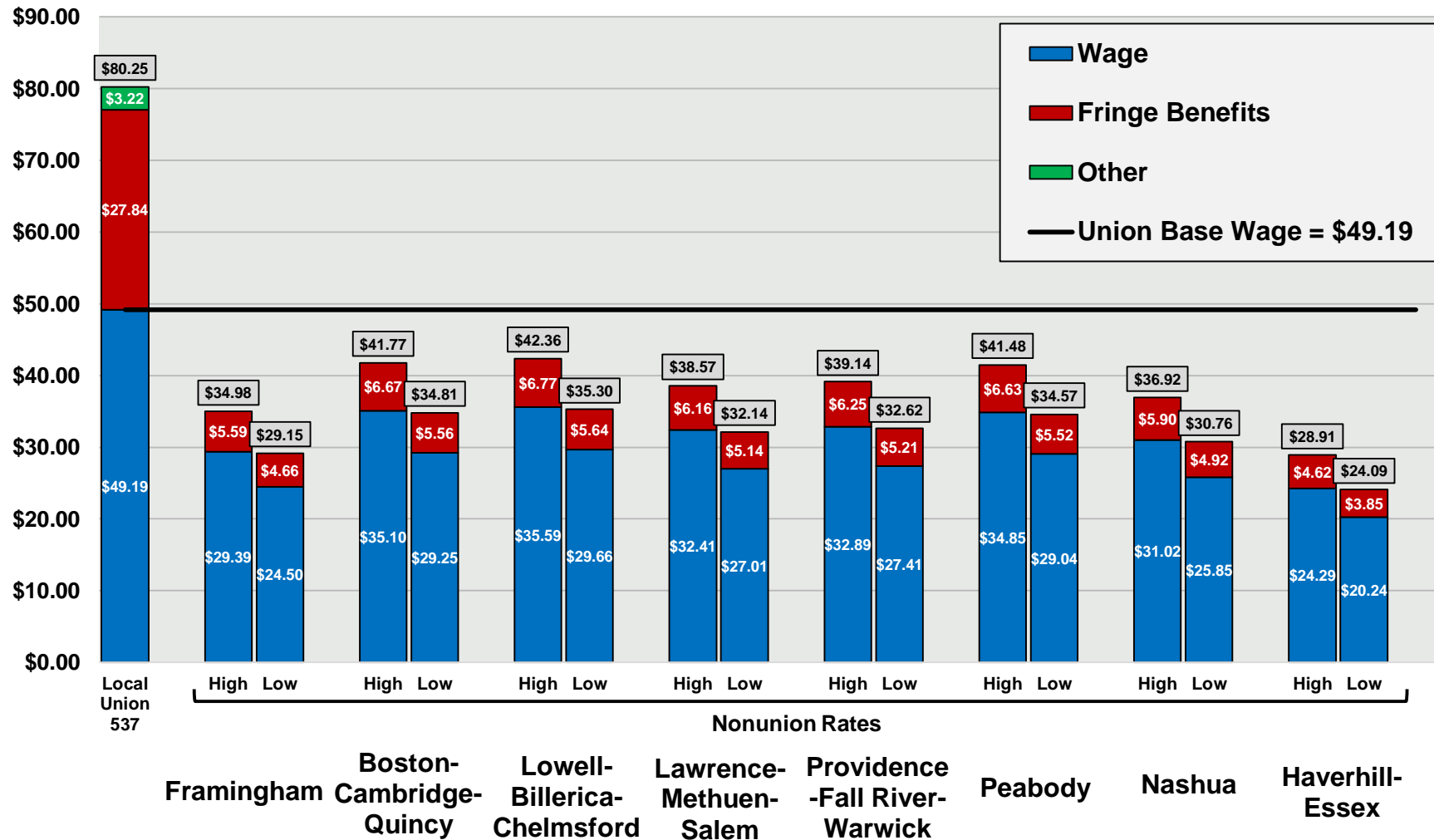


Exhibit 6 on the following page displays Local 537’s rates alongside all nonunion rates in the vicinity of the contract jurisdiction. As clearly shown, in all instances the total package for nonunion is lower than the union wage rate only. The nonunion rates are shown in descending order and fall within a fairly tight cluster.

Union-Nonunion Wage and Fringe Benefits Comparison

Exhibit 6

Union-Nonunion Wage and Fringe Benefits Comparison Chart for Areas Under Local 537 Jurisdiction



Summary

The union rates were significantly higher when compared to the nonunion rates in all geographic regions for all categories included in this analysis. The ratio of union to nonunion for wages ranges from 1.4:1 (high nonunion rate) to 1.7:1 (low nonunion rate) for the Boston-Cambridge area. In other words, for every dollar spent by nonunion contractors on wages, union contractors spend from \$1.40 to \$1.70 per hour per employee. The ratio for fringe benefits ranges from 4.2:1 (high nonunion rate) to 5.0:1 (low nonunion rate). The ratio for the total rate ranges from 1.9:1 (high nonunion rate) to 2.3:1 (low nonunion rate), meaning that for each \$1.00 paid by nonunion contractors for labor, union contractors pay anywhere from \$1.90 to \$2.30 in the Boston-Cambridge area.

The pay differences can also be considered from a productivity perspective. Specifically, given the union to nonunion wage and fringe benefits 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 would need to be from 192 to 231 percent more productive than nonunion workers in the Boston-Cambridge area. In other words, the union worker would need to accomplish in 3.5 hours (low nonunion rate) to 4.2 hours (high nonunion rate) what the nonunion worker does in an 8 hour day.

The ratios and productivity differences were even more pronounced when comparing union to nonunion in the Haverhill area, the lowest nonunion comparison point. For example, the ratios for the total rate are higher, at 2.8:1 and 3.3:1 for the high and low rates, respectively.

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 rate for HVAC mechanics from that source fell at the low end of the Haverhill range and the rates for plumbers and pipefitters fell near the high end of the wage rate range for Haverhill. These comparisons further validate the integrity of the data sources used in this report.

NOTE: The nonunion rates used in this report may contain some union mechanical servicemen 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.