COVID-19 IMPACT ON FIRST YEAR SETTLEMENTS IN 2020

Due to the ongoing effects of the pertinent pandemic, CLRC has conducted additional analyses focused on identifying the impacts of COVID-19 on union craft pay data.

Exhibits 1a and 1b compare the distributions of first year settlements in 2019 (2019-Yr 1) and COVID-19 impacted first year settlements in 2020 (April 1 – September 30).

As shown by Exhibit 1a, as a proportion, many more settlements reached after April 1 in 2020 (2020-COVID) were in the ranges of $0.75 and lower compared to 2019-Yr 1. There were also far fewer settlements in the $2.01 - $2.25 range in 2020-COVID. For most other ranges the two distributions were comparable, with the exception of $0.76 - $1.00. It is possible that the settlements that would have fallen within that range may have been shifted to the lower ranges in 2020-COVID.

Exhibit 1a
Distribution of first year increases, shown as dollar amounts – first year 2019 and 2020-COVID

Exhibit 1b shows how, as percentages, settlements have shifted due to COVID-19. The most notable change was at the top-end of the distribution. Less than five percent of 2020-COVID settlements surpassed four percent, while in 2019-Yr 1 nearly 20 percent met that threshold. There was also a higher percentage of 2020-COVID settlements in some of the lower ranges (1% or less and 1.6% - 2.0%).

Exhibit 1b
Distribution of first year increases, shown as percentages – first year 2019 and 2020-COVID
Exhibits 2a and 2b examine the average first year increase of a subset of the 2020-COVID settlements (Subset). That is, the portion of settlements that were negotiated in both 2020-COVID and 2017 (i.e., three year contracts). Subset is represented by the lighter-colored bars. The darker-colored bars represent the average for all increases for the same two time periods.

Exhibits 2a and 2b tell the same story. Subset’s first year average increase in 2017 landed above the all-increase average, both in terms of dollars and percentages. When these same contracts contained in the Subset were negotiated in 2020, their average increase was not only lower than in 2017, but also lower than the all-increase average, which was not the case in 2017. These findings indicate that COVID-19 is driving the size of increases down for numerous settlements.

Exhibit 2a
Subset average of first year increases – dollar amount

Exhibit 2b
Subset average of first year increase – percentage

Exhibit 3 shows the distribution of the length of contracts settled in 2018, 2019, and COVID-19 impacted 2020.

Interestingly, while there was a substantial increase in one-year contracts during the COVID-19 pandemic, there was also an increase in four-year contracts and a decrease in three-year contracts.

Exhibit 3
Distribution of contract length – first year 2018, 2019, and COVID-19 impacted 2020