

Community Workforce Agreement: Phase 2 Data Analysis, Outreach and Draft Policy Development
Attachment C – Prevailing Wage and Fringe Benefit Summary

Construction craft workers on public projects in California are paid prevailing wage rates established by the California Department of Industrial Relations (DIR). Prevailing wage rates are comprised of a base hourly rate and fringe benefits for health and welfare, pension, vacation and holiday, training, and “other” benefits. Prevailing wages are based on worker classification (e.g., laborer, carpenter, cement mason, etc.) and the location where the work is being performed (e.g., Northern California, Southern California, etc.). Attachment A includes additional information on prevailing wage rates. The purpose of this exhibit is to provide a breakdown of prevailing wage rates and fringe benefits along with a description of the disposition of fringe benefits on CWA-covered projects. Table A presents a breakdown of base hourly rates and fringe benefits for select worker classifications.

Table A. Prevailing Wages for Select Construction Craft Worker Classifications

		FRINGE BENEFITS												
		Health and Welfare		Pension		Vacation and Holiday		Other		Training				
Classification	Basic Hourly Rate	Amount	% of Total Hourly Rate	Amount	% of Total Hourly Rate	Amount	% of Total Hourly Rate	Amount	% of Total Hourly Rate	Amount	% of Total Hourly Rate	Total Fringes	Total Fringes as % of Total Hourly Rate	Total Hourly Rate
Carpenter	\$ 44.44	\$ 8.00	12%	\$ 5.66	8%	\$ 7.16	10%	\$ 2.44	4%	\$ 0.62	1%	\$ 23.88	35%	\$ 68.32
Laborer - Group 1	\$ 37.43	\$ 8.10	13%	\$ 10.32	17%	\$ 4.87	8%	\$ 0.61	1%	\$ 0.70	1%	\$ 24.60	40%	\$ 62.03
Operating Engineer - Group 1	\$ 49.65	\$ 11.85	15%	\$ 13.15	17%	\$ 3.60	5%	\$ 0.39	0.5%	\$ 1.05	1%	\$ 30.04	38%	\$ 79.69
Construction Inspector - Group 1	\$ 50.43	\$ 11.85	15%	\$ 13.15	16%	\$ 3.60	4%	\$ 0.39	0.5%	\$ 1.05	1%	\$ 30.04	37%	\$ 80.47
Land Surveyor - Instrumentman	\$ 51.86	\$ 11.85	14%	\$ 13.15	16%	\$ 4.65	6%	\$ 0.15	0.2%	\$ 1.15	1%	\$ 30.95	37%	\$ 82.81

Employers on public projects must pay their workers wages and benefits with a value equivalent to the prevailing wage rate published by the DIR. On CWA-covered projects or for union-signatory contractors, all fringe benefits (except training) must be paid to a union trust fund on behalf of the employee. Training fund contributions are made directly to a State-approved apprenticeship program. Absent a CWA, employers can pay fringe benefits directly to their employees as wages, or they can provide medical, retirement, and vacation benefits with a value equivalent to the prevailing wage rate.

As described in the staff report, many local contractors and consultants expressed concern that their employees would not work enough hours on a CWA-covered project to become vested in a union pension program, and the employee pension contributions would effectively be lost. Vesting in union pension funds typically requires five years, or 10,000 hours. Several local contractors and consultants stated they would continue providing a retirement benefit to their employees (either as wages or a retirement account contribution) to mitigate this loss of income.

To help quantify the potential cost impact of this issue, Table B presents the pension fringe benefit contributions for select worker classifications in a typical month (20 working days, 8 hours per day).

Table B. Example Pension Fringe Benefit Contribution Calculation

Classification	Total Hourly Rate	Pension Fringe Benefit (\$/hr)	Hours Worked	Total Pay	Total Pension Contribution
Carpenter	\$ 68.32	\$ 5.66	160	\$ 10,931.20	\$ 905.60
Laborer - Group 1	\$ 62.03	\$ 10.32	160	\$ 9,924.80	\$ 1,651.20
Operating Engineer - Group 1	\$ 79.69	\$ 13.15	160	\$ 12,750.40	\$ 2,104.00
Construction Inspector - Group 1	\$ 80.47	\$ 13.15	160	\$ 12,875.20	\$ 2,104.00
Land Surveyor - Instrumentman	\$ 82.81	\$ 13.15	160	\$ 13,249.60	\$ 2,104.00

The pension fringe benefit represents a significant portion of the total compensation for construction craft workers, and the potential loss of the pension contribution because of the union vesting requirement on CWA-covered projects would negatively impact craft workers. In addition, potential double-payment of the pension fringe benefit to mitigate the loss of income would be a significant expense for employers.