

# Building Contractors Association of New Jersey

# NATIONAL LABOR NEWS

March 2010

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## *BCANJ's Quarterly Labor Update*

*Building Contractors Association of New Jersey publishes the National Labor News quarterly as an insert in our monthly Update in March, June, September and December. We will continue to focus on local and state issues via our monthly Update and regular bulletins. We welcome your comments.*

### **Recession Decreases Union Rolls**

The Bureau of Labor Statistics reported unions lost 771,000 members in 2009 because of the recession, but the proportion of all wage and salary workers who belong to a union remained a nearly constant 12.3%. In 2006 through 2008, union membership had trended upward. New York, Hawaii and Alaska had the most union-represented workers in 2009, as they did for the two previous years. New Jersey's union-membership ranking has remained sixth or seventh for the past three years.

### **Immigration Update**

President Obama began focusing more on immigration reform this month, holding two meetings in March to review a "framework" for legislation and listen to input from immigrant advocacy groups. Sens. Charles Schumer (D-NY) and Lindsey Graham (R-SC) presented a draft of a comprehensive, bipartisan immigration bill that includes measures to secure US borders, issue biometric Social Security cards to make it significantly harder for illegal workers to get jobs, create a temporary worker program and deal with the millions of illegal immigrants here in the US. In addition, members of Reform Immigration for America and other advocacy groups met with the President to impress upon him a sense of urgency in pushing for immigration reform.

As the US Census hits mailboxes across the country, and officials urge illegal immigrants to complete and return the forms, the Department of Homeland Security reports that nearly 10.8 million illegal immigrants were living in the US as of January 2009, down from 11.6 million in January 2008.

### **President Signs HIRE Act**

On March 18, 2010, President Obama signed the Hiring Incentives to Restore Employment Act (HIRE Act), a jobs bill offering tax incentives to businesses that hire workers. Tax advantages include forgiving payroll taxes for 2010 on new hires who had been out of work for at least two months; permitting small businesses to write off 2010 equipment investments up to \$250,000; and encouraging job creation through a refundable tax credit for interest payments on tax-exempt bonds used to finance energy and school construction projects.

### **E-Verify Addresses Identity Fraud, Electronic Filing**

In testimony before the House Appropriations Committee's Subcommittee on Homeland Security on March 16, 2010, DHS' Citizenship and Immigrations Services head Alejandro Mayorkas admitted E-Verify's lack of accuracy in identifying unauthorized workers is due to the system's inability to detect identity fraud. A Westat study found E-Verify identified less than

half the unauthorized workers run through the system. Mayorkas said DHS-issued photos have already been entered into E-Verify, and that CIS is in the process of adding passport photos and developing a tool to allow workers to “lock” their own Social Security number in the system once they have been hired. He also reported enhanced monitoring for evidence of identity fraud, but explained CIS does not yet have access to state driver’s license photos, the largest pool of biometrics collected.

## **2009 Collective Bargaining Sees Lowest Increases in 13 Years**

As we posted on our website’s Hot Topics page on March 4, nearly 10% of the collective bargaining settlements in 2009 reflected a zero increase, causing the average first-year increase in wages and fringe benefits to drop to its lowest point since 1996. At \$1.23, or 2.8%, the average in 2009 was almost two full percentage points less than that of 2008, when it came in at \$1.95, or 4.6%. The drop is even more noticeable because the 2008 increase had been the highest since 1999. Also significant is the amount of the first-year increase that was designated for pension fund contributions: 49¢ of the average \$1.23. The average second-year increase was down 1.5%. Reflecting the uncertainty of the economy, more than half the agreements in 2009 were negotiated for only a one-year term, where typically about 40% are for three-year terms.

## **Construction Job Loss Rate Jumps**

Unemployment in the construction industry nationally continued to slump in the first two months of 2010, reaching an unprecedented 27.1%. AGC Chief Economist Ken Simonson noted, “Unlike the rest of the economy, the construction industry continues to shed jobs at virtually the same rate...as it has for the past 12 months.” Reinforcing Simonson’s assessment,

AGC’s CEO Stephen Sandherr said, “Any effort by Congress and the Administration to address the nation’s unemployment challenges must include significant new investments for infrastructure...(or) a bad jobs picture will only get much worse.”

On the state level, AGC’s January figures reveal construction job losses in every metropolitan area but nine. All major New Jersey cities suffered losses compared to a year ago. Over 12 months, the worst hit was the Edison/New Brunswick area, which dropped 23%, losing 8,400 jobs. Construction employment in Atlantic City/Hammonton and Camden declined 19%, a combined loss of 5,000 jobs. New Jersey lost a total of 20,800 construction jobs from January 2009 to January 2010.

## **Controversy Surrounds New NLRB Appointment**

Going by tradition, the Senate does not hold hearings on National Labor Relations Board nominees. However, when Craig Becker, associate general counsel for the Service Employees International Union and AFL-CIO, was nominated by President Obama, controversy erupted. Supported by Iowa Democratic Senator Tom Harkin, chair of the Senate Health, Education, Labor and Pensions Committee (HELP), fellow Democrats and organized labor, Becker raised the hackles of Republicans and business groups because of his written interpretations of the National Labor Relations Act, which favor employees over employers. Sen. John McCain (R-AZ) requested – and got – a separate, recorded vote on Becker. The result was 15-8 in favor of Becker. Senate Republicans then blocked Becker’s nomination on the floor. But on March 27, 2010, in a recess appointment, President Obama made sure Becker was on the Board. All 41 Republicans and the US Chamber of Commerce protested the recess appointment, along with many contractor and construction industry groups, including AGC of America.