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A BRIEF LOOK AT THE STATUS  
OF THE CONSTRUCTION INDUSTRY  
IN DULUTH AND NORTHEASTERN MINNESOTA  
Volume XI

by

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## A C K N O W L E D G E M E N T

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## CONSTRUCTION STUDY

March employment of construction workers was down slightly from December, but was higher than one year ago. Construction workers on out-of-the area jobs rose approximately 10 percent over December and 34 percent over last year. The March unemployment rate was up seasonally over December but dropped seven points from a year ago. Building permit valuations for Duluth for the first three months this year are lagging last year's pace.

Seasonal factors dropped the number of employed building tradesmen, who are members of the 11 unions listed in Table I, to 869 in March from the December 1984 total of 899. Despite this decrease more members were working in the area in March than was the case last year. A somewhat improved economy this year has enabled more tradesmen to find employment locally although the unemployed rate among the members was still very high in March.

More members have also found work out of the area, primarily in the Minneapolis-St. Paul area, although a number of them are also working in Northern Michigan. The 333 union members who were working outside the Duluth area in March was up by 29 over December and was 85 more than one year ago.

In March, the unemployment rate among the 11 building construction unions was 57.9 percent, a moderate gain over the 56.3 percent rate in December. A first quarter rise in the jobless rate is typical for the building construction industry at this time of the year. One year ago the jobless rate for construction workers was 64.8 percent.

Union figures for March reveal that 1,655 of their members were without jobs compared to 1,548 in December and 1,800 in March of 1984.

Union membership rolls showed a slight gain in March and exceeded last year's membership total by 80 persons. The gain in March can be explained by

the fact that the IBEW Local No. 242 absorbed the Superior electrical workers group which added about 110 workers to their membership total. It is expected that some membership losses will be experienced by the various unions during this year as a result of retirements, workers leaving the area to seek work elsewhere and persons leaving their trade for jobs in other types of occupations.

The building construction industry is starting off at a much slower pace than last year. The statistics in Table III show that for the first quarter of 1985 the valuation of permits issued in Duluth, in current dollars, totaled \$1,768,000 compared to \$8,413,000 for the same three months of 1984. Last year, the dollar value of permits issued was enhanced by \$6,343,607 for three major construction projects - a shopping center, a parking ramp and the Fitgers project - which are not typical occurrences for this area on a regular basis. The dollar value of permits issued for alterations, additions and repair work continues to lead the way as to the type of building activity underway. For the first quarter of 1985 about 63 percent of the building construction dollar has gone for this type of work which has been the pattern since 1980.

The average size of the building projects so far this year is \$7,249 and provides some indication of the lack of any sizeable projects underway, especially when compared to the annual averages of the three preceding years. See Table III.

Although the figures in Table III do provide a method of evaluating the condition of the building industry in Duluth, they do not reflect the overall work opportunities for Duluth construction workers. Since the permit valuations refer only to the City of Duluth permits issued, building construction projects located beyond the city boundaries would not show up in the Duluth figures, but

would be included in the figures for the Region as shown in Table IV. Local tradesmen would be hired for these jobs, however.

While the pace of building activity has started out slowly so far this year, it is expected to pick-up during the latter part of the second quarter and accelerate during the third quarter. Some projects that were down during the winter months are being resumed. In addition, several larger building projects are expected to develop by mid-year when the necessary details are finalized. Also, the resumption of the interstate highway work, local street projects and the Superior Street surface renovation program will generate a number of jobs for the construction industry. All in all the construction industry should experience as good a year as in 1984 and possibly a shade better.

One aspect that has not been examined, however, is the fact that seven of the eleven labor contracts are up for negotiation in May and June. The extent to which negotiations provide a speedy settlement of contracts will have an impact how the hiring pattern will emerge this summer.

TABLE I  
EMPLOYMENT STATUS OF SELECTED  
BUILDING TRADES MEMBERSHIP  
March, 1985

U N I O N	TOTAL MEMBERS			NUMBER WORKING						UNEMPLOYED			PERCENT UNEMPLOYED		
	March 1985	Dec. 1984	March 1984	DULUTH ONLY			OTHER AREAS			March 1985	Dec. 1984	March 1984	March 1985	Dec. 1984	March 1984
				March 1985	Dec. 1984	March 1984	March 1985	Dec. 1984	March 1984						
Asbestos Workers #49	40	40	40	15	37	5	10	1	30	15	2	5	37.5	5.0	12.5
Bricklayers & Others #3	79	85	85	26	60	24	5	8	8	48	17	53	60.8	20.0	62.4
Laborers #1091	300	325	300	50	50	75	0	0	0	250	275	225	83.3	84.6	75.0
IBEW #242	439	328	349	210	133	101	104	68	73	125	127	175	28.5	38.7	50.1
Sheet Metal Workers #10	158	158	158	103	120	80	6	15	5	49	23	73	31.0	14.6	46.2
Plumbers/Steamfitters #11	320	320	364	98	121	114	12	40	19	210	159	231	65.6	49.7	63.5
Carpenters #361	328	327	328	102	113	95	11	14	19	215	200	214	65.5	61.2	65.2
IUOE #49	475	475	464	127	120	129	105	90	75	243	265	260	51.2	55.8	56.0
Iron Workers #563	368	363	394	38	25	50	80	50	15	250	288	329	67.9	79.3	83.5
Painters #106	250	230	233	60	45	28	0	18	4	190	167	201	76.0	72.6	86.3
Roofers #73	<u>100</u>	<u>100</u>	<u>62</u>	<u>40</u>	<u>75</u>	<u>28</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>60</u>	<u>25</u>	<u>34</u>	<u>60.0</u>	<u>25.0</u>	<u>54.8</u>
Totals	2,857	2,751	2,777	869	899	729	333	304	248	1,655	1,548	1,800	57.9	56.3	64.8

Source: Duluth Building Trades Council.

TABLE II  
 AVERAGE ANNUAL EMPLOYMENT  
 IN CONSTRUCTION - DULUTH  
 BY YEAR

<u>Year</u>	<u>Employment</u>	<u>Actual Change From Previous Year or Month</u>
1978	1,861	--
1979	1,650	- 211
1980	1,620	- 30
1981	1,319	- 301
1982	1,098	- 221
1983	876	- 222
1984	1,118	+ 242
<u>1985</u>	<u>Monthly</u>	<u>--</u>
January	894	--
February	790	- 104
March	911	+ 121

Source: Minnesota Department of Economic Security, Regional Labor Market Information Center, Duluth, MN.

TABLE III  
ANNUAL VALUE OF BUILDING PERMITS  
ISSUED - DULUTH  
(In Current Dollars)

CATEGORY	1982 '000's	1983 '000's	1984 '000's	January-March	
				1984 '000's	1985 '000's
TOTAL	\$ 33,749	\$ 15,627	\$ 30,372	\$ 8,413	\$ 1,768
(Average Cost) <sup>1</sup>	(15,322)	(7,306)	(12,452)	(25,571)	(7,249)
New Residential	2,020	2,604	1,003	76	262
Nonresidential	12,667	2,922	8,956	3,482	397
Alter. & Repair	19,061	10,101	20,413	4,855	1,109
Residential	2,356	2,825	3,240	376	266
Nonresidential	14,454	5,292	15,509	4,387	659
Other	2,251	1,984	1,664	92	184

Source: Duluth Building Inspector's Office.

<sup>1</sup> Actual value; not rounded.



TABLE IV  
ANNUAL VALUE OF BUILDING PERMITS ISSUED  
IN REGION 3, 1983-1985<sup>1</sup>

CATEGORY	1983	1984	January-February*	
			1984	1985
<b>TOTALS:</b>				
Number of Permits	5,210	5,368	324	248
Valuation	\$64,465,706	\$81,188,582	\$11,361,125	\$ 2,066,726
(Average Cost)	(\$12,373)	(\$15,125)	(\$35,065)	(\$8,334)
<b>VALUE OF PERMITS ISSUED FOR:</b>				
New Residential	\$25,298,108	\$29,183,349	\$ 1,580,870	\$ 842,883
Private Nonhousekeeping	370,000	350,676	-0-	-0-
Nonresidential- Private	22,022,325	27,710,551	4,811,056	524,505
Alterations and Additions	16,775,273	23,944,006	4,969,199	699,338

Source: Department of Commerce. Aitkin and Cook Counties not available.

<sup>1</sup> Excludes public construction.

\* March data not available at report time.