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

by

Glenn O. Gronseth  
Research Associate

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## CONSTRUCTION STUDY

This report updates the employment and unemployment statistics for the building construction trades as reported in the February 1983 publication. As previously reported in preceding studies, the statistics in the narrative and Table I refer to the job status only of active union members and do not include those workers who are not members of a building trades union or have left the local labor market.

Historically, little change is anticipated during the first quarter of the year in the employment statistics as this is a seasonally down period for the construction industry in this area. As of the end of March 1983, there were 988 union members with job compared to 1,005 as of the first of the year. In both time periods of the study 245 of the union members had left the area for work elsewhere in the country.

Because of the paucity of work in the construction field, unemployment among building tradesmen has remained at an unacceptable high level. As of the end of the first quarter of 1983, a total of 2,079 tradesmen were not working. This figure is only 109 fewer than the December 31, 1982 figure. The first quarter jobless figure is up from the 1,828 unemployed tradesmen as of the end of September 1982. Such an increase for this period of comparison is not rare because of the seasonal nature of the industry, but the size of the unemployed figure for either period is much higher than past experience has shown.

The rate of unemployment in March 1983 among building trades union members was 67.8 percent, down only modestly from the 68.5 percent rate of three months earlier. A comparison of the March rate with the most recent jobless rate of 15.7 percent for all industries in Duluth (February 1983) clearly indicates the unfavorable status of the job market for construction workers in Duluth.

Table II shows the declining number of construction jobs, both union and nonunion workers, over a five-year period. Between 1978 and 1982 there was a loss of 763 jobs. Furthermore, employment declined by an additional 142 workers between January and February this year.

Declining union membership during 1982 has been a problem for union leaders. During the year, membership in the building trades unions has fallen from 4,037 at the start of the year to 3,193 as of December 1982. This loss of 844 union members dropped by another 126 during the first quarter of 1983.

As membership rolls have shrunk, so has income from dues. Membership losses are attributable to several factors, i.e., retirements, drop-outs, transfers to other unions out of the area and suspensions for nonpayment of dues because of long periods of unemployment. Because of shrinking income from dues, administrative duties have undergone adjustments. Staff cuts and shortened work hours have occurred. The smooth processing of paper work has been disrupted, and priorities of importance have been assigned to otherwise routine functions such as answering correspondence.

In addition to reduced or loss of income because of long spells of unemployment, building tradesmen face another serious problem concerning their health and welfare payments. While workers may opt for self-payment of premiums for a specified period if they meet certain conditions, long periods of joblessness may eventually result in no medical coverage.

As the year advances into the first quarter, some glimmer of optimism for an improved year for construction work appears to be developing. The value of permits issued in Duluth for the first two months of this year is up 6 percent over the same two months of last year. The value of permits issued for new

residential construction advanced by 79 percent, although the actual dollars involved is small. An 11 percent gain has also been noted in alteration and repair work contracts, but this less labor intensive type of work accounted for 81.6 percent of the total valuations so far this year as opposed to 77.8 percent for the same two months of last year.

In Northeastern Minnesota a similar situation also exists. For the first two months of 1983 the total valuation of permits issued was up \$910,000, or 34 percent over the comparable months of last year. Permit valuations for new residential construction in the Region paced the gain with a 54 percent increase. The average value of permits issued so far this year is \$12,677 compared to \$12,172 for last year.

Optimism among union leaders seems to be building as they review the potential construction projects likely to be underway during the last half of this year. A "speed up" in highway construction funds, a substantial amount of street and highway repair work, a major rebuilding job of a paper machine, an Air Base building, skywalk construction, bridge remodeling and construction all lend credence to their optimism.

Not all of the projects are of long-term duration, but they will definitely help reduce the current unemployment level among building tradesmen. Despite the apparent improved outlook for 1983, labor officials still feel that there will be a shortage of jobs for their members and the fact that more members may leave the area to work where job opportunities are more plentiful is a real possibility.

TABLE I  
EMPLOYMENT STATUS OF SELECTED  
BUILDING-TRADES MEMBERSHIP  
May 1983

Union	Total Members		Number Working				Unemployed		Percent Unemployed	
	12/31/82	3/31/83	Duluth Only		Other Areas		12/31/82	3/31/83	12/31/82	3/31/83
			12/31/82	3/31/83	12/31/82	3/31/83				
Asbestos Workers #49	42	42	12	10*	0	15	30	17	71.4	40.5
Bricklayers & Others #3	85	85	7	15	2	5	76	65	89.4	76.5
Laborers #1091	390	360	30	70	10	10	350	280	89.7	77.8
IBEW #242	370	369	132	134	52	60	186	175	50.3	47.4
Sheet Metal Workers #76	182	177	93	68	6	3	83	106	45.6	59.8
Plumbers/Steamfitters #11	450	390	214	145	30	30	206	215	45.8	55.1
Carpenters #361	368	360	53	67	15	12	300	281	81.5	78.1
IUOE #49	525	500	105	90	90	80	330	330	62.9	66.0
Iron Workers #563	470	461	40	70	30	20	400	371	85.1	80.5
Painters #106	322	249	60	60	10	10	163	179	70.0	71.9
Roofers #73	<u>78</u>	<u>74</u>	<u>14</u>	<u>14</u>	<u>0</u>	<u>0</u>	<u>64</u>	<u>60</u>	<u>82.1</u>	<u>81.1</u>
Totals	3,193	3,067	760	743	245	245	2,188	2,079	68.5	67.8

Source: Duluth Building Trades Council.

\* Part Time

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	-214
1980	1,620	- 30
1981	1,319	-301
1982	1,098*	-221*
1983	--	--
January	778	--
February	636	-142

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

\*Revised

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

<u>Category</u>	1980 '000's	1981 '000's	1982 '000's	Year-to-date '000's	
				<u>Jan-Feb 1982</u>	<u>Jan-Feb 1983</u>
Total	\$45,413	\$19,579	\$33,749	\$1,101	\$1,166
New Residential	10,986	2,223	2,020	34	61
Nonresidential	17,179	8,123	12,667	210	153
Alter. & Repair	17,249	9,233	19,061	857	952
Residential	7,084	4,065	2,356	219	232
Nonresidential	9,952	5,168	14,454	613	663
Other	213	--	2,252	24	57

Source: Duluth Building Inspector's Office.



TABLE IV  
ANNUAL VALUE OF BUILDING PERMITS ISSUED  
IN REGION 3, 1980-1983<sup>1</sup>

<u>Category</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	Year-to-date	
				<u>Jan-Feb 1982</u>	<u>Jan-Feb 1983</u>
<b>TOTALS:</b>					
Number of Permits	6,941	7,578	5,358	221	284
Valuation	\$106,009,949	\$89,076,989	\$79,753,673	\$2,690,061	\$3,600,309
Average Cost	\$15,273	\$11,755	\$14,885	\$12,172	\$12,677
<b>VALUE OF PERMITS ISSUED FOR:</b>					
New Residential	\$53,447,925	\$39,360,625	\$25,745,001	\$637,476	\$982,877
Private Housekeeping	801,816	403,069	130,315	0	0
Nonresidential- Private	29,553,012	30,402,616	26,565,989	852,624	1,178,367
Alterations and Additions	21,405,380	18,910,679	27,312,368	1,199,961	1,439,065

Source: Department of Commerce.

<sup>1</sup> Excludes public construction.  
Aitkin and Cook County data not available.