



**2007-08 Wages Increase 4.3 %**

## 26th Edition of the PAS Construction Staff Survey Ready

The 26<sup>th</sup> Edition of the PAS **Construction/Construction Management Staff Salary Survey** is now available. The wage information for the fifty-eight staff positions it contains is effective as of February 2008. In this 2008 edition, PAS has added 3 titles to the survey. These titles are Project Engineer I, Project Engineer II and Senior Project Engineer. Previous surveys identified only a single Project Engineering position.

If you did not participate in this 2008 CCM survey, please consider doing so next year. If you are a contractor-client or have registered with PAS, you will automatically receive PAS survey packets. As an added convenience, most PAS surveys are available on the Internet as PDF forms. Go to our public or private customer web sites and download the appropriate form to complete (<http://www.pas1.com>). These forms can then be mailed, faxed or electronically submitted directly to our offices.

## Wage Increases Continue at 4 and 5 Percent Levels

For construction executives actual increases for 2007-08 are 5.4% and for construction staff the increase is 4.3%. Contractors are projecting construction staff wages to increase an average of 4.1% in 2008 based on the 31,1124 incumbents making up the 26th edition of CCM. According to the World AtWork, nationally, executives wages increased 4.1% in 2007 and are slated to increase 4.0% in 2008. Nationally exempt professionals saw increases of 3.9% in 2007 and are projected to increase another 3.9% in 2008. What should contractors expect as to exempt staff increases? Historically, contractor projections have been about ½ percent lower than actual. Hence, PAS projects 2008 actual increases to be close to 4.6%.

**Construction Staff and Professionals Nationally  
(Excludes Zero Increases)**



Salary structure increases, these are increases to the job family ranges in a company's wage structure, are anticipated to increase by 3.4% in 2008.

Yearly Increases	2001	2002	2003	2004	2005	2006	2007	2008
<b>Construction Staff</b>	4.6%	4.0%	3.7%	3.7%	3.9%	4.4%	4.2%	4.3%
<b>All Exempt Salaried*</b>	4.6%	3.9%	3.6%	3.6%	3.7%	3.9%	3.9%	3.9%

## Preparing Your 2008 Compensation Budget

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There are seven factors typically considered in determining employee compensation. They are employee performance, company performance, pay policy, inflation, market rates, industry employment costs, and the economic outlook. The last four factors, inflation, market, employment costs and the economy are largely beyond management control. Nonetheless they are important factors in determining competitive compensation. This issue of CCQ provides some guidance as to the effects of these four factors. For a more complete guide, PAS annually updates its Compensation Budget Guide for Contractors. It is available free of charge for our clients on the PAS Customer Care web site.

### **Inflation**

The contractor needs to consider how the increase in the cost of living erodes the buying power of employees. As of March 2008, the annual cost of living increase is 4.0%. A year ago the increase was 2.5%. In other words, if an employee receives a 4.0% increase in wages that employee has the same buying power today that he/she had a year ago. Nationally with increases of 3.9%, exempt employees are, on average, experiencing a reduction in their standard of living. Inflation is, indeed, having an impact and needs to be factored into compensation budgets.

### **Market Value**

Contractors must consider the value of their employees on the open market. This "market value" changes as a result of wage and benefit adjustments as well as supply and demand. The high demand for experienced construction professionals in the commercial and industrial sectors has elevated wages in order to keep talent on the job. However, commercial and industrial construction has slowed in recent months and as a consequence wage increases will be adjusted accordingly. This means contractors need to pay particularly close attention to the market rates for their key positions. This issue of CCQ summarizes the market value for five positions generally found in most construction organizations. For a comprehensive analysis of 58 key positions see the PAS Construction/Construction Management Staff Salary Survey for 2008.

### **The General Cost of Employment**

The third factor a contractor must consider is the general cost of employment. This cost includes direct pay and benefits. According to the BLS, the employment costs for private industry rose 3.0% and construction 3.6% in 2007. Average total wage in construction is \$29.73 per hour of which wages make up \$20.65 (69.4%) and benefits \$9.09 (30.6%). The break down of benefits is paid leave \$1.04; supplemental pay is \$1.04; insurance is \$2.18; retirement/savings is \$1.49 and mandated benefits are \$3.34.

### **The Economy**

As most realize the general economy has not been doing well in the past seven or eight quarters. Currently, inflation is running at 4.0%. GDP growth is minimal at .58%. Unemployment stands at 5.1% with the loss of approximately 100,000 jobs per month. Many of those job losses are construction and manufacturing related. On the positive side, exports are going well thanks to a weak dollar and interest rates are low. The prime rate is 5.25% and a thirty year fixed mortgage can be had at 5.88%. The economic pundits are forecasting a flat 2008 with some positive signs being seen towards the third and fourth quarters.

### **In Summary**

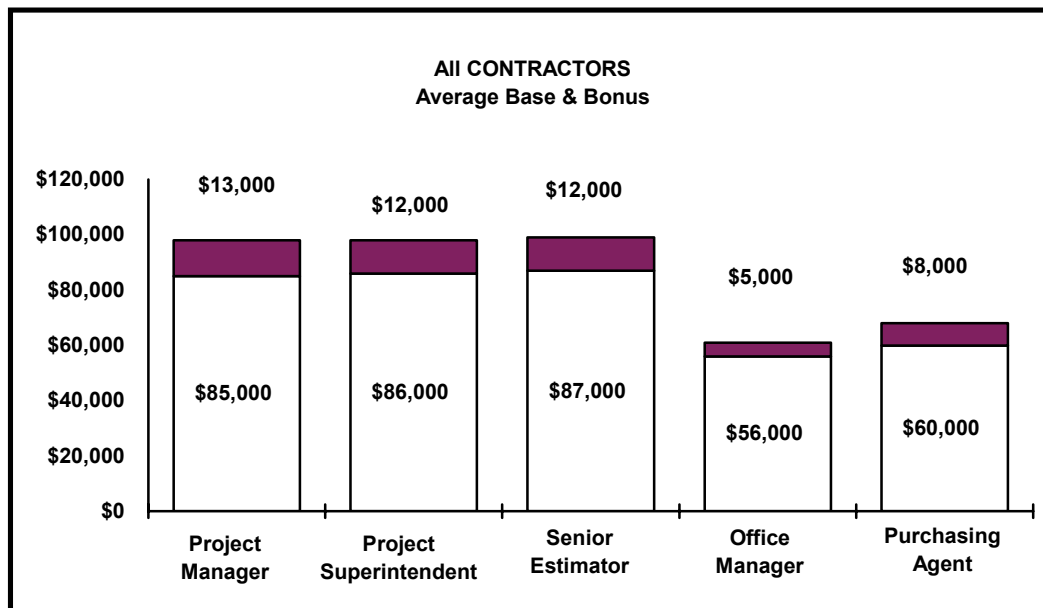
Contractors who wish to remain market competitive, assuming they already pay market rates, need to budget a 3.6% increase (the construction ECI) in compensation budgets. Even with a 3.6% increase some employees will see their buying power eroded by inflation. In terms of new construction activity, the economy doesn't look particularly vibrant in the coming quarters. Industrial and Commercial construction that has been strong for the past few years is starting to show signs of weakness. Clearly the housing market, credit crunch, and the run-up in the price of oil are starting to have a significant impact upon development in many regions of the country. Construction activity, as is commonly expected, will likely be the last impacted by this slow down and the last to fully recover. In terms of compensation practices, the word on the street is think conservatively.



## Construction Staff Benchmark Positions

The following table lists the historic and current average base salaries for selected benchmark positions. The 2008 base salaries are calculated from 6,952 incumbents in these five benchmark positions.

Benchmark Positions	2003	2004	2005	2006	2007	2008
Project Manager	\$75,000	\$77,000	\$79,000	\$82,000	\$83,000	\$85,000
Project Superintendent	\$70,000	\$73,000	\$75,000	\$79,000	\$84,000	\$86,000
Senior Estimator	\$73,000	\$73,000	\$79,000	\$81,000	\$85,000	\$87,000
Office Manager	\$47,000	\$47,000	\$51,000	\$55,000	\$53,000	\$56,000
Purchasing Agent	\$56,000	\$56,000	\$60,000	\$60,000	\$64,000	\$60,000



### PAS Wage & Benefit Surveys are Now Available in Excel Format

**Contractor Staff Salaries**—The 2008 edition of the *Construction/Construction Management Staff Salary Survey* is now available. The CD includes an additional 290 pages of breakouts.

**Contractor Executive Pay**—The 2008 edition of *Executive Compensation Survey for Contractors* details eighteen construction executive positions, including salary, bonus, profit sharing, retirement, health and assorted other benefits and perquisites. The CD adds an additional 108 pages of positions by revenue size.

**Craft Rates**—the 2008 edition of the *Merit Shop Wage and Benefit Survey* will be published the third week of June. If you wish to participate in this survey, you can download a participation packet from <http://www.pas1.com>. In order to receive the 70% participant discount your data must be returned by May 30<sup>th</sup>.

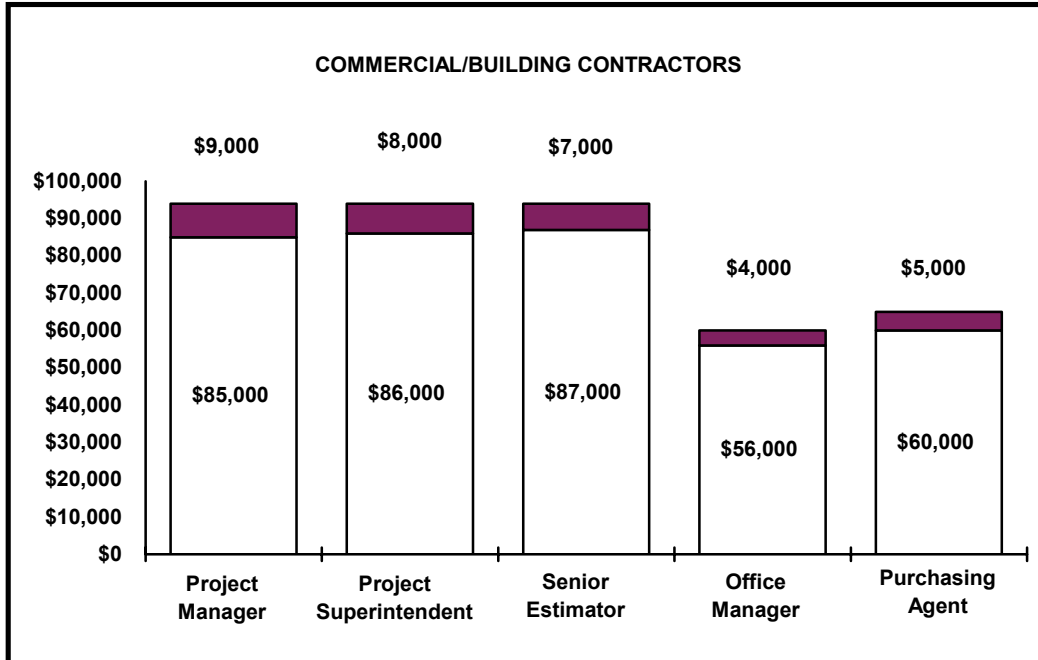
***Contractor Compensation Quarterly*** is published in February, May, August & November and is designed specifically for the construction executive. Subscriptions are \$85.00 per year and may be ordered from:  
**PAS Publications, 75 E. Henry Street, Saline, MI 48176 (734)-429-1199 <http://www.pas1.com>**



## Focus: Commercial \ Building

The table below is an historical average of base salaries for commercial construction services. The 2008 average base salaries shown are derived from **5,493** employees within U.S. construction firms.

Benchmark Positions	2003	2004	2005	2006	2007	2008
Project Manager	\$73,000	\$77,000	\$77,000	\$82,000	\$82,000	\$85,000
Project Superintendent	\$70,000	\$73,000	\$75,000	\$81,000	\$84,000	\$86,000
Senior Estimator	\$72,000	\$74,000	\$80,000	\$82,000	\$85,000	\$87,000
Office Manager	\$47,000	\$47,000	\$52,000	\$54,000	\$53,000	\$56,000
Purchasing Agent	\$53,000	\$56,000	\$59,000	\$63,000	\$63,000	\$60,000



The column chart above shows the actual 2008 bonus allocations across the five benchmark titles. As a percentage of base salary, these bonus allocations are:

Project Manager	Project Supt.	Senior Estimator	Office Manager	Purchasing Agent
11%	9%	8%	7%	8%

### Anticipated Increases

For 2008, Commercial/Building contractors are anticipating increases of:

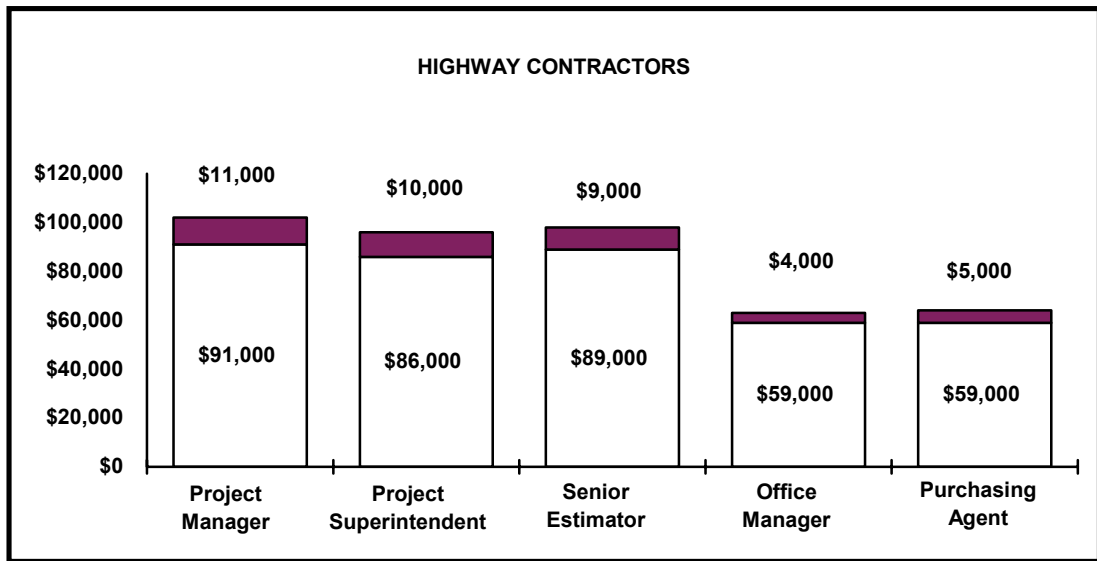
	Wage Increases	Wage Structure Increases
Including Zero Increases	4.0%	3.4%
Excluding Zero Increases	4.1%	3.4%



## Focus: Highway

The table below is an historical average of base salaries for highway construction services. The 2008 average base salaries shown are derived from 1,116 employees within U.S. construction firms.

Benchmark Positions	2003	2004	2005	2006	2007	2008
Project Manager	\$80,000	\$82,000	\$84,000	\$82,000	\$89,000	\$91,000
Project Superintendent	\$74,000	\$80,000	\$79,000	\$81,000	\$89,000	\$86,000
Senior Estimator	\$75,000	\$73,000	\$82,000	\$82,000	\$86,000	\$89,000
Office Manager	\$50,000	\$46,000	\$53,000	\$55,000	\$55,000	\$59,000
Purchasing Agent	\$57,000	\$54,000	\$54,000	\$56,000	\$64,000	\$59,000



The column chart above shows the actual 2008 bonus allocations across the five benchmark titles. As a percentage of base salary, these bonus allocations are:

Project Manager	Project Supt.	Senior Estimator	Office Manager	Purchasing Agent
12%	12%	10%	7%	8%

### Anticipated Increases

For 2008, Highway contractors are anticipating increases of:

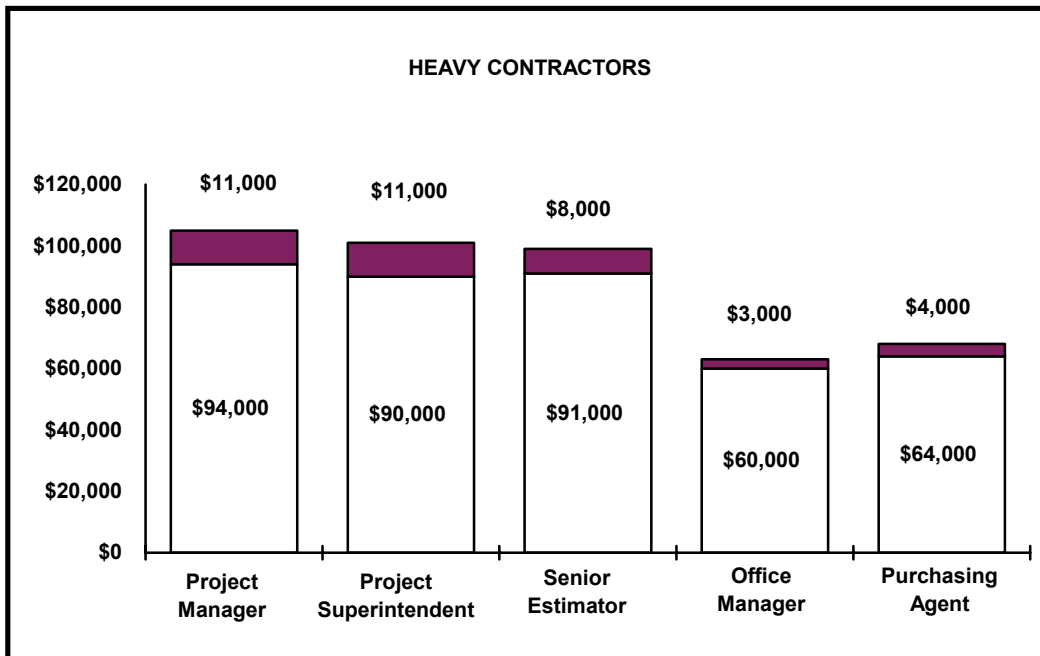
	Wage Increases	Wage Structure Increases
Including Zero Increases	4.0%	3.4%
Excluding Zero Increases	4.0%	3.4%



## Focus: Heavy

The table below is an historical average of base salaries for heavy construction services. The 2008 average base salaries shown are derived from 1,924 employees within U.S. construction firms.

Benchmark Positions	2003	2004	2005	2006	2007	2008
Project Manager	\$80,000	\$85,000	\$84,000	\$84,000	\$90,000	\$94,000
Project Superintendent	\$73,000	\$80,000	\$80,000	\$81,000	\$90,000	\$90,000
Senior Estimator	\$76,000	\$77,000	\$84,000	\$83,000	\$88,000	\$91,000
Office Manager	\$50,000	\$48,000	\$52,000	\$54,000	\$52,000	\$60,000
Purchasing Agent	\$61,000	\$58,000	\$60,000	\$58,000	\$65,000	\$64,000



The column chart above shows the actual 2008 bonus allocations across the five benchmark titles. As a percentage of base salary, these bonus allocations are:

Project Manager	Project Supt.	Senior Estimator	Office Manager	Purchasing Agent
12%	12%	9%	5%	6%

## Anticipated Increases

For 2008, Heavy contractors are anticipating increases of:

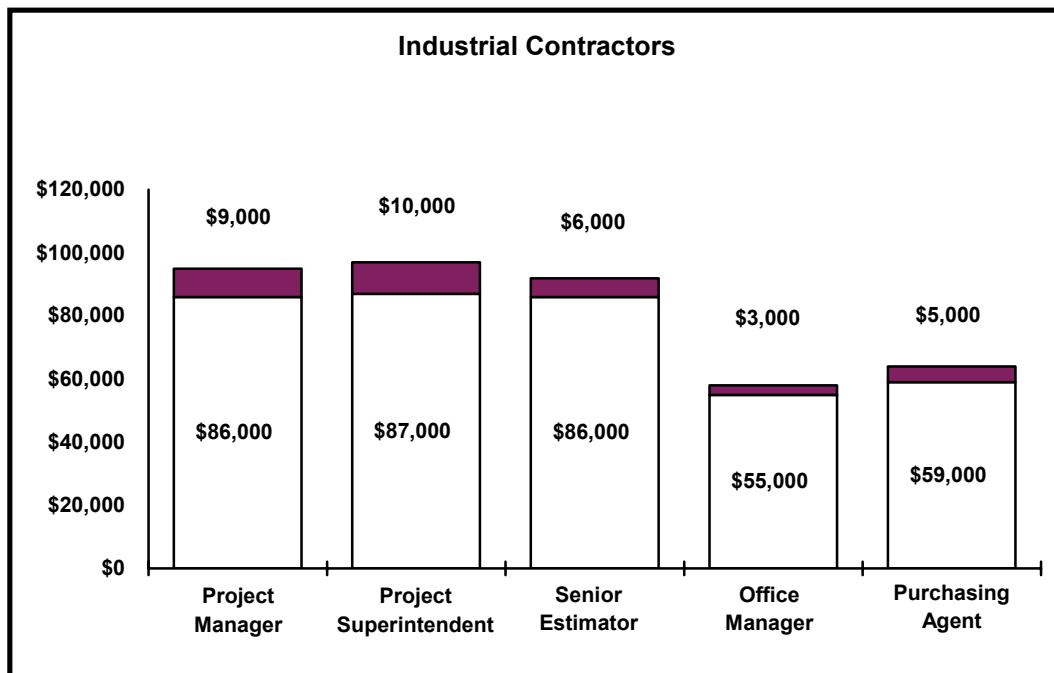
	Wage Increases	Wage Structure Increases
Including Zero Increases	4.2%	3.4%
Excluding Zero Increases	4.2%	3.4%



## Focus: Industrial

The table below is an historical average of base salaries for industrial construction services. The 2008 average base salaries shown are derived from **3,568** employees within U.S. construction firms.

Benchmark Positions	2003	2004	2005	2006	2007	2008
Project Manager	\$74,000	\$77,000	\$79,000	\$84,000	\$84,000	\$86,000
Project Superintendent	\$70,000	\$74,000	\$75,000	\$83,000	\$84,000	\$87,000
Senior Estimator	\$72,000	\$74,000	\$76,000	\$81,000	\$82,000	\$86,000
Office Manager	\$48,000	\$48,000	\$53,000	\$53,000	\$52,000	\$55,000
Purchasing Agent	\$56,000	\$58,000	\$61,000	\$61,000	\$57,000	\$59,000



The column chart above shows the actual 2008 bonus allocations across the five benchmark titles. As a percentage of base salary, these bonus allocations are:

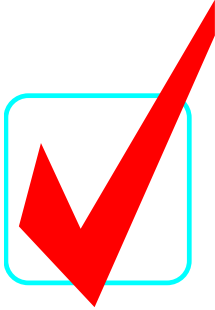
Project Manager	Project Supt.	Senior Estimator	Office Manager	Purchasing Agent
10%	11%	7%	5%	8%

## Anticipated Increases

For 2008, Industrial contractors are anticipating increases of:

	Wage Increases	Wage Structure Increases
Including Zero Increases	4.1%	3.5%
Excluding Zero Increases	4.1%	3.5%

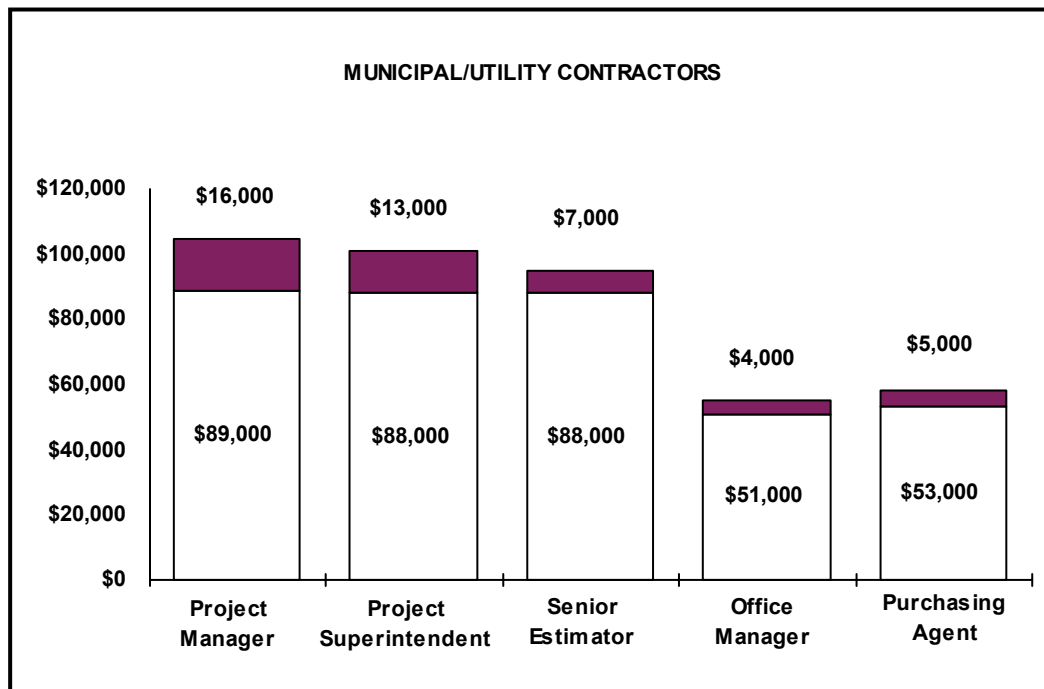




## Focus: Municipal \ Utility

The table below is an historical average of base salaries for municipal/utility construction services. The 2008 average base salaries shown are derived from **1,261** employees within U.S. construction firms.

Benchmark Positions	2003	2004	2005	2006	2007	2008
Project Manager	\$75,000	\$77,000	\$81,000	\$89,000	\$81,000	\$89,000
Project Superintendent	\$70,000	\$74,000	\$79,000	\$87,000	\$85,000	\$88,000
Senior Estimator	\$73,000	\$76,000	\$80,000	\$82,000	\$84,000	\$88,000
Office Manager	\$52,000	\$49,000	\$53,000	\$54,000	\$51,000	\$51,000
Purchasing Agent	\$53,000	\$54,000	\$62,000	\$62,000	\$57,000	\$53,000



The column chart above shows the actual 2008 bonus allocations across the five benchmark titles. As a percentage of base salary, these bonus allocations are:

Project Manager	Project Supt.	Senior Estimator	Office Manager	Purchasing Agent
18%	15%	8%	8%	9%

### Anticipated Increases

For 2008, Municipal/Utility contractors are anticipating increases of:

	Wage Increases	Wage Structure Increases
Including Zero Increases	3.9%	3.4%
Excluding Zero Increases	3.9%	3.6%