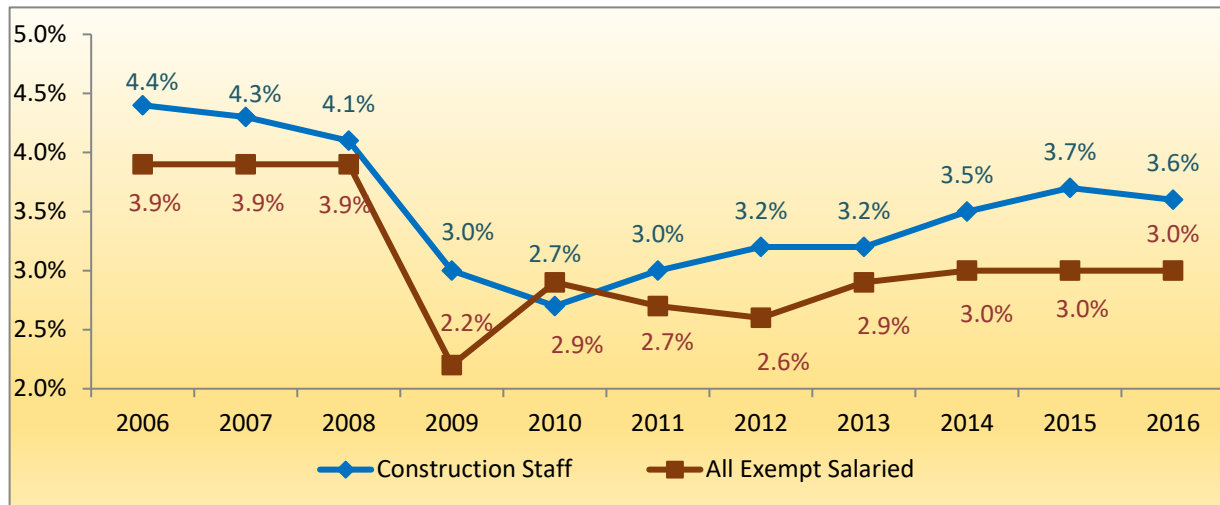


2016 Actual and 2017 Forecast

Contractors are projecting construction staff wages to increase an average of 3.4 % (excludes 0% projections), based on the 311 companies in this 35th edition of the Construction / CM Staff Salary Survey. For pay increase comparison - according to the WorldatWork, nationally, exempt professionals saw 2016 increases of 3.0% and are reporting 2017 increases of 3.1%. As noted in the following chart, pay increases seem to have leveled off. The 2016 C/CM Staff actual increase came in at 3.6%. Though the projected 2017 increase is 3.4% for professionals & middle managers, historically predictions are usually about .5% low, so year-end 2017 most likely will exceed 2016's 3.6% increase.



It's Complicated

In the May 2016 issue of CCQ, we talked about the importance of contractors to 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. Further, we said... “we continue to see increased demand for experienced construction professionals”. Those statements continue to be true today with wide spread effects.

It's now more challenging to analyze trends and interpret the resulting implications. While the overall average increase for professionals was 3.6%, actual changes in critical job families changed at a faster pace. For example, in the project supervision job family, the actual change in base pay from 2016 to 2017 ranged from 4.7% (Assistant Superintendents) to 7.0% (Superintendents) with Project Superintendents averaging 6.1% and Construction Managers coming in at 6.9%. Similarly, the project management job family saw entry level Project Engineers jumping 5.0% with experienced PE's changing 6.8%, Project Managers moving 6.2% and Senior Project Managers averaging 5.5%. Critical specialized positions also saw exceptional increases with Risk Managers changing 6.7% and Safety Directors recording an 8.0% increase in the past year.

It stands to reason if some job families are escalating at a high rate, then some must be stagnant to offset the overall average change in our industry. Right or wrong, administrative and clerical positions have traditionally moved sluggishly in the marketplace. Couple that with many of the professional support type positions exhibiting limited movement (sad to say human resources) and the result is the overall industry average. If there is any good news in all of this, we would expect internal pay equity to come into play next year and those stagnant positions will likely catchup to their operational counterparts. In the meantime, pay attention to those job families that are setting new highs in market values and expect the escalation to continue into 2018.



Here are a few of the positions that will continue to be in high demand as workforce needs heat up. We've shown the national base salary and bonus **from only companies that paid bonuses** in the past year. There's a very good chance your employee's pay is more or less due to your unique circumstance and size of company.

Survey Position	Base Salary Bonus Companies	Average Bonus	Average Total Compensation
Assistant Superintendent	68,381	5,663	74,044
Superintendent	87,890	10,535	98,426
Project Superintendent	106,566	15,660	122,226
Project Manager/Estimator	89,653	13,294	102,947
Construction Manager	138,593	27,704	166,298
Project Manager	95,769	15,183	110,952
Senior Project Manager	126,082	28,028	154,110
Field Engineer I	57,797	3,792	61,589
Field Engineer II	75,038	6,511	81,549
Chief Field Engineer	103,189	15,048	118,237
Project Engineer I	59,545	3,337	62,881
Project Engineer II	75,603	6,680	82,283
Senior Project Engineer	99,445	12,469	111,914
Estimator I	61,708	4,587	66,295
Estimator II	80,205	8,195	88,400
Senior Estimator	101,729	13,067	114,796
Chief Estimator	131,190	25,985	157,175
Senior Scheduler Engineer	95,868	9,809	105,676
Scheduling Manager	103,150	10,995	114,144
Equipment Manager	94,850	12,178	107,028
Materials Manager	79,001	10,585	89,586
Purchasing Agent	77,828	8,927	86,755
Senior Contract Administrator	75,855	7,053	82,907
Contracts Manager	104,618	19,024	123,642
Quality Control Specialist	73,465	8,035	81,500
Quality Control Manager	100,392	16,221	116,613
Administrative Manager	63,680	6,791	70,471
Risk Manager	127,038	21,760	148,798
Safety Director	99,036	15,367	114,403
Accounting Manager	88,602	12,365	100,967
Human Resources Manager	101,358	15,275	116,633
Marketing Coordinator	57,292	4,832	62,124
Senior Sales Representative	101,386	24,375	125,761
Business Development Director	141,117	32,154	173,272



The following represents national bonus/incentive dollars reflecting either the demographic of company size, type of contractor, or type of construction performed – all factors in determining both a competitive base salary and variable pay market value. Generally, revenue size is a major demographic to factor into your analysis, however, look for differences in bonus practices by the other demographics. The following tables reflect variable pay practices for the **Chief Estimator** position. The percentages reflect the bonus paid as a percent of base salary, which we think is the best way to interpret market practices. We would expect your variable pay practices to be somewhere in the ranges shown below based on your company’s demographic scheme.

Demographic	25 th Percentile	Median	Average	75 th Percentile
All Contractors				
Incentive Amount	14,000	22,500	25,985	35,000
Percent of Base	10.8%	16.4%	20.4%	26.9%
Building				
Incentive Amount	14,000	20,000	25,395	35,000
Percent of Base	10.8%	16.1%	20.0%	26.6%
Highway				
Incentive Amount	13,684	24,113	24,513	31,806
Percent of Base	9.9%	16.7%	19.5%	27.8%
Heavy				
Incentive Amount	15,000	27,437	28,870	35,500
Percent of Base	12.3%	19.5%	21.1%	29.5%
Industrial				
Incentive Amount	15,000	24,530	26,591	35,000
Percent of Base	12.7%	18.9%	20.5%	24.2%
Municipal Utilities				
Incentive Amount	16,842	22,750	26,218	37,750
Percent of Base	12.9%	16.4%	19.6%	24.2%
General Contractor				
Incentive Amount	14,414	22,750	25,456	35,000
Percent of Base	10.4%	16.2%	19.2%	25.4%
Electrical Contractor				
Incentive Amount	15,000	26,586	29,953	36,000
Percent of Base	12.9%	24.0%	25.8%	33.4%
Construction Management				
Incentive Amount	14,210	22,057	26,067	32,195
Percent of Base	8.9%	15.7%	18.2%	24.7%



Demographic	25 th Percentile	Median	Average	75 th Percentile
Mechanical Contractor				
Incentive Amount	11,500	21,500	27,411	36,150
Percent of Base	11.3%	18.0%	23.3%	30.7%
Design-Build				
Incentive Amount	13,593	24,113	31,505	38,500
Percent of Base	9.4%	16.7%	23.3%	35.7%
Other Specialty Contractor				
Incentive Amount	11,000	24,000	26,670	40,000
Percent of Base	10.9%	17.8%	23.8%	35.7%
Up to 5 Million				
Incentive Amount	***	***	18,625	***
Percent of Base	***	***	24.9%	***
5 to 25 Million				
Incentive Amount	14,500	21,500	25,357	35,000
Percent of Base	12.2%	19.2%	24.9%	35.1%
25 to 100 Million				
Incentive Amount	13,000	20,000	23,032	33,792
Percent of Base	11.9%	16.0%	18.1%	24.0%
100 to 250 Million				
Incentive Amount	10,150	19,800	25,362	35,750
Percent of Base	8.6%	14.7%	18.4%	25.4%
250 to 500 Million				
Incentive Amount	16,725	31,443	31,946	42,887
Percent of Base	11.0%	21.6%	21.9%	33.6%
Over 500 Million				
Incentive Amount	17,571	27,578	29,186	36,789
Percent of Base	12.7%	20.0%	20.8%	26.7%

The Final Word

It's complicated. Just because the overall average increase is 3.6% doesn't mean everyone received a 3.6% increase. Some key positions were higher while some support positions were lower. Not all positions are escalating equally, so you need to monitor base and variable pay by position and job family.

It's complicated. This issue comes with a companion piece on novel benefits. Expect more contractors to use the 'total rewards' approach including work-life effectiveness, career development, and recognition programs.

It's not necessarily complicated. Competitive base salary and variable pay are certainly essential, but watch for the contractor with the most creative HR and Compensation practices to win the war for talent.

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