Yet seasonality and intermittent work mean high costs and wasted resources. If these root problems can be met, the result will be substantial savings in costs and at the same time the elimination of some of the human uncertainties that cast a cloud over bargaining. From the viewpoint of stabilization, the right answers in the construction industry depend on meeting these problems.

The costs associated with intermittent and seasonal work are not only reflected in negotiated wages; they develop in other ways:

Substantial amounts in overtime premiums are paid during peak periods of seasonal and rush work. Penalty premiums run at least two to three million dollars a year for the contractors involved in this proceeding, and about a billion dollars a year for the construction industry in the Nation as a whole.

The costs of seasonality and intermittent work impose a substantial burden on the unemployment insurance system. Only half the costs of unemployment benefits for construction workers are supported by the taxes paid by construction employers and construction employees, despite merit rating provisions. Other New Jersey employers and workers, through their unemployment insurance taxes, subsidize half the benefits paid to unemployed workers of New Jersey Associated General Contractors members; this subsidy is at least a million dollars a year. This figure for the entire construction industry in New Jersey is close to 10 million dollars. In the Nation, unemployment insurance benefits in this industry run close to two-thirds of a billion dollars a year, of which only half is covered by taxes on construction payrolls and wages.

The cost of seasonal unemployment in general is one of the important national problems. One-fifth of total unemployment in the United States is seasonal, and unemployment in the construction industry alone is half of this.

A significant proportion of all these costs are costs to the general taxpayer. The Federal Government alone provides $180 million a year for construction work in New Jersey—financing which covers at least a quarter of the work of the operating engineers and their employers.

The Causes of Seasonality and Irregularity

Operating engineers usually work outdoors, and their employment is therefore affected by weather. But it is also affected by habit and by operating practices which can be changed.

Technology has opened the way for stabilization of nonroad building operations which are carried on under cover and even some types of building excavation work. Tasks which involve the handling of soil (grading, compacting, etc.) at ground level cannot normally be done under muddy or wet conditions. The physical operations associated with earth moving (despite improvements in size of equipment, use of pumps, moisture barriers, etc.)—which constitute the single largest element in the operating engineer's work and a key element in the starting of work for a new season—are restricted in the New Jersey area, and in similar climatic areas of the United States and Europe, from about December 1 to March 31. In New Jersey, governmental specifications generally prohibit road work in this period, in some cases unnecessarily.

Seasonality also affects paving operations. Government (Federal and State) standards prevent pouring of concrete when the temperature is below 32–40 degrees; however, concrete under some circumstances is poured in New Jersey throughout the year.

The organization and scheduling of work, particularly the letting of contracts, is also an important factor leading to seasonal bunching of work. In 1965, for example, the largest volume of highway contracts awards made by the State Highway Department occurred in July and August. New Jersey has been far behind other States in using its allocation of Federal funds for highway work.

The Effects of Seasonality on Hours and Earnings Opportunity

The seasonal pattern of work affects the employment or earnings of different members of Local 825 in different ways:

Some operating engineers are employed the year round by the same employers. Others receive the equivalent of a full year's employment, or more, from several employers, during the months of peak activity. Forty percent of the membership of the Local at work in 1964 had at least 1,800 hours of work; almost 30 percent had 2,000 hours or more. Significant proportions of these hours were paid at overtime rates.