Miscellany

Northeast Salary Survey

Well, the results are in from *The Journal's* first annual salary survey. Out of the 500 surveys we mailed in mid-October to subscriber/contractors in New England and New York, we received 104 by our deadline, which we consider a very healthy response. (Thanks for your cooperation.)

We've broken the findings into four categories (1) business profiles, (2) salaries, (3) benefits, and (4) comments. In some cases, the total number of responses exceeds the number of surveys returned due to readers checking multiple boxes.

Business profiles. This section describes who answered the survey. The typical survey candidate does both new construction and remodeling, primarily residential, and primarily suburban or rural. Almost half gross between $100,000 and $500,000 per year. About half employ three or fewer full-time people, half employ more. Here are the breakdowns.

Salaries. Salaries for owners of companies varied from as little as $10 and hour for one or two-man rural operations to $30 or more an hour for larger companies in suburban or urban areas. Salaries paid to employees fell within a tighter range. The hourly wages for all categories are given below.

Benefits. Of 104 total respondents, 45 indicated that they provide some health insurance. Of that group, a surprising 73 percent pay 100 percent of the premium, and 22 percent pay half. About 9 percent provide some dental insurance. Many indicated that the number of vacation days varied with length of employment. The majority (60 percent) give one week's vacation; 35 percent give two weeks.

Of the 104 respondents, 27 indicated they provide company vehicles and 22 provide a gas allowance. About 27 percent have either a tool maintenance program, a tool purchase program, or both. Examples of tool maintenance programs were "$40/month, just power tools," and "blades, bits, and power tool repairs." Tool purchase programs had limits ranging from $160 per month to $500 (a couple indicated that the amount is gradually deducted from salary – essentially an interest-free loan).

Bonuses or other cash incentives are offered by 26 respondents, profit-sharing by 12. Seven offered both. Several of the profit-sharing plans made contributions to pensions. Some (12) linked bonuses to meeting or exceeding time and budget targets on a job. These range from "5 percent of profit if job goes well" to $3,000 per house to the foreman." One gave gift certificates to the tool store for beating completion dates. A few had piece-work incentives. Others offered only Christmas bonuses if it was a good year.

Other benefits included mileage reimbursement for company business, discounts on building materials for personal use, life insurance, and liability and disability insurance. Some offered uniforms or work boots, T-shirts, and jackets.

Comments. Finally, a number of respondents offered their own comments ranging from the angry "I fired everybody and lived happily ever after!" to the sublime: "We are a small family business…founded in trust, friendship, and competence…"

Most express some frustration with finding and keeping qualified help – and carrying the overhead of a small business. Here's a sampling:

"A good helper is hard to find. In Amherst, Mass., lots of kids think they are better than they are. When a contractor is needed, I subcontract. It keeps the business end of things simpler."
– a Mass. builder/remodeler

"It's very difficult for the small contractor to compete and still offer…the same benefits as large companies. Without a large crew to create a good profit margin, the better-than-average carpenters are not available."
– a R.I. remodeler

"Because of the high cost of expansion related to insurance and unemployment compensation, you either have to be a $1 million a year or greater business, or remain small. Remaining small allows me to make fix-up real estate investments. My business is sub-oriented."
– a Conn. builder/remodeler

"To attract and keep good help, dedicated to my company and their profession, I must pay well for my area and offer a full benefit package."
– a suburban builder/remodeler

"Wages became very inflated in the last 18 months and the differential between fair and very good carpenters was compressed due to bidding wars for carpenters with 4 to 6 years' experience. Most are not worth what they are getting paid."
– a Hartford, Conn. remodeler

"Went union because of the help scarcity. Not a solution, and the $6.10 hourly benefits put you right out of the bidding…"
– a Mass. builder

"Gave up on employees. Sub all work but finish."
– a southern N.H. builder. ■

Business Profiles

Primary occupation (117 responses)	%
Builder	20
Remodeler	16
Build/Remodeler	34
Other	30

Primary market (107 responses)	%
Residential	67
Commercial	9
Both	24

Primary location (135 responses)	%
Urban	13
Suburban	50
Rural	37

Annual business volume (103 responses)	%
Under $100,000	22
$100k - $250k	34
$250k - $500k	11
$500k - $1Mil	8
$1Mil - $5Mil	20
over $5Mil	5

Salaries

Full-time employees	
Owner:	
Median wage - $20/hr.	
(70 responses)	%
$10 - $15	21
$16 - $20	30
$21 - $25	26
$26 - $30	13
Foreman/Supervisor:	
Median wage - $16/hr.	
(35 responses)	%
less than $10	3
$10 - $15	40
$16 - $20	37
$21 - $25	20

Lead Carpenter:	
Median wage - $14.50/hr.	
(50 responses)	%
$8 - $10	8
$10 - $15	58
$16 - $20	28
$21 - $25	6
Carpenter:	
Median wage - $12/hr.	
(51 responses)	%
$7 - $9	16
$10 - $12	49
$13 - $15	24
$16 - $18	11

Carpenter's helper:	
Median wage - $8.50/hr.	
60 responses)	%
$4 - $6	3
$7 - $9	55
$10 - $12	34
$13 - $15	8

Laborer:	
Median wage - $7.00/hr.	
(53 responses)	%
$4 - $6	32
$7 - $9	55
$10 - $12	11
$13 - $15	2

FROM WHAT WE GATHER

The number of fires started by fireplaces and woodstoves fell sharply for the third straight year, according to a report in Wood & Energy. From 1985 to 1986, the number of deaths fell almost 50 percent, and property damage fell almost 30 percent. The reason for the drop appears to be increased customer awareness, improved product standards, increased use of smoke detectors, and better burn treatment at hospitals.

Houses now sell in 90 days on average in Providence, R.I., rather than 60 days, as they did one year ago, according to the Real Estate Newsletter. The slowing trend, it says, is being felt across the Northeast.

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The nation's most expensive real estate is now in Orange County in southern California, where the median price of a house is $182,364. Throughout Calif., only one in four can afford the median price single-family home at $167,000. Source: Real Estate and Home Improvement Newsletter.

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Steel doors are chosen for more than two-thirds of new single-family homes, according to data from NAHB. In many cases, steel doors are easier to install, and more energy efficient.

Tax Talk:

Car Allowance for the Reluctant Record-Keeper

by Irving Blackman

Tired of keeping records of the actual expenses you paid for the business use of your car? Take heart. Taxpayers can use an optional mileage allowance when calculating such expenses. If you choose to use the optional method, keeping track of gas, repairs, and other expenses is unnecessary. Instead, you calculate your mileage traveled and use the IRS mileage allowance. That allowance has been raised from 22.5 cents to 24 cents starting in 1988 (Rev. Proc. 88-52, 10/19/88).

The 24-cent rate is for the first 15,000 miles traveled. Any mileage above that is allowed 11 cents per mile. All you need do is keep track of your business miles.

In addition to the mileage deduction, you can deduct 100 percent of your business tolls and parking.

The 24 cents-a-mile figure also applies to reimbursements employees receive from their companies, and here there is no 15,000 mile annual limit.

The 24 cents-a-mile allowance is not overly generous. In fact, it may be too low for you. Take advantage of it only if you have neither the time nor inclination to keep those expense receipts, or if past practice has proven that your actual expenses are not more than the allowance. If your actual expenses are more than the allowance, you have to decide if the reduced recordkeeping (mileage only) is worth the lost tax dollars resulting from the smaller deduction. ■

Irving Blackman, CPA, J.D., is with Blackman, Kallick, Bartlestein, Chicago, Ill. He specializes in closely-held businesses. For more information on business auto and business travel expenses send $19 each (or $32 for both) for The Complete Guide to Building Your Automobile Deduction Legally and The Complete Guide to Building Your Travel Deductions Legally. Send to Blackman, Kallick, Bartlestein, 300 South Riverside Plaza, Chicago, IL 60606.

Energy Codes in the Northeast: Where Are they Now?

by Bill Bobenhausen

Back in 1973, the "energy crisis" led to the adoption of energy codes in many localities, including every state in the Northeast but Vermont. (Vermont's nebulous recommendation that houses be "energy-efficient," while leaving the responsibility of enforcement up to local communities, could not really be considered an "energy code.") Where set up, the codes range widely, and any builder working in more than one state will find the differences confusing. Some states (Mass., Maine, Conn., and N.Y.) have updated their codes to account for new technology, and others (R.I., for example) are in the process. With fossil fuel prices now relatively constant, code changes are limited to those that would provide dramatic energy savings, and meet mandated payback criteria. Here's a look at how the energy codes in the northeastern states affect key construction components.

Windows. Windows are the most important energy-related element in the house. They can account for over one-third of a house's heat loss through transmission. And cracks around carelessly installed windows can be the source of excessive and uncomfortable infiltration. Of course, they can also be net gainers of energy if they are south-facing, and part of a good passive solar design.

Most energy codes require double glazing (U-value of under .58, or R-value less than 1.6). No problem here: Homeowners and builders agree that window glazing should be at least double glazed. In fact, the relatively new low-e window technology enjoys a fairly large market share on a voluntary basis due to its greater energy efficiency, improved comfort, and reduction of condensation.

Some states have officially acknowledged low-e glazing and have based new energy code requirements on its use. For example, for houses with electric resistance heating, New York now requires glazing with a U-value of below 0.39, and Massachusetts requires a glazing R-value of 2.5 or better. These requirements were adopted under the assumption that they would be satisfied by some form of low-e glazing.

Several years ago the cost premium for low-e glazing was sometimes $3 to $4 per square foot – and cost effectiveness was marginal. Now the marketplace has settled out quite a bit, and premiums of less than $1 per square foot are common.

Assuming continued satisfaction with low-e glazing, it is fair to assume that it will soon become the norm for windows in northern residences. When this happens, energy code changes are likely to follow the trend. Until then, the use of low-e glazing will give builders a lot of flexibility in meeting energy codes. This is because it allows builders to make trade-offs with the code official: Low-e windows can make up for other less efficient components. Or it can allow the designer to increase glass areas above prescribed limits.

Exterior walls. For many codes, the exterior wall is the most controversial requirement. Some states, such as Massachusetts, still require only the equivalent of R-11 insulation in the walls. Other states, such as New York and Connecticut, revised their codes in 1987 to require R-19 wall construction: either through 2x6 framing with 6-inch fiberglass batts, or 2x4 framing, 3 _-inch fiberglass batt, and insulated sheathing.

For many builders in the Northeast, either 2x6 framing or the use of insulated sheathing has become the norm. Others resist the finish carpentry problems of wider wall sections, or concerns about the strength of houses without plywood sheathing.

Codes are also beginning to recognize improvements in energy performance due to the installation of an air barrier. For example, Part 6 of the New York State Energy Code on Thermal Rating gives credit for houses with air-infiltration barriers, tight windows, and heat recovery ventilation to assure indoor air quality.

Roofs and ceilings. Although heat rises, Btus really don't care if they leave the house through the windows, walls, or roof. Still the roof is the building component that normally has the most stringent energy code requirements – and for good reasons. Most houses have a roof/ceiling with an attic space that can receive 9 inches or more of easily installed, inexpensive batt insulation. As a result, code requirements normally are set at R-30, or U-0.4 for climates with at least 7,000 heating degree days.

These requirements cause problems in two situations: with skylights and cathedral ceilings. Under existing energy codes, the U- or R-value of the area of skylights must be averaged with the opaque roof/ceiling construction. As a result, if the opaque roof area is built exactly to the code requirement, even a small area of skylight will cause the weighted average to fall short of the code. Luckily enforcement of this technicality is generally ignored by local officials.

Cathedral ceilings are also difficult to insulate to code levels. The old Massachusetts code had a separate requirement of R-12.5 for cathedral ceilings and R-20 to other roof/ceilings. As revised early in 1988, the Massachusetts Code (article 20) has a uniform requirement of R-30 for all ceiling construction. This will require special construction of cathedral ceilings, or a trade-off with another energy-efficient component.

Slab-edge insulation. The first generation of energy codes typically required R-5 edge insulation for slab-on-grade construction. In practical terms, this equaled to 1 inch of extruded polystyrene (Styrofoam and equivalents). Recent code changes in New York and Massachusetts now require R-10, or 2 inches of insulation. Many builders dislike the construction detail conditions that can result from the additional width of slab-edge insulation. It is, therefore, a prime candidate for trade-off. However, builders should always install at least 1 inch of insulation, since the slab edge is a prime source of building heat loss, and discomfort due to cold floors.

Infiltration. Residential energy codes are rather limited regarding infiltration heat loss. Tightness requirements of doors and windows (typically a maximum leakage of _ cubic foot per minute per linear foot of operable sash crack for windows) are easily met with today's quality products.

Houses can be tested for their leakiness with a blower door. Energy requirements for houses in Scandinavian countries include blower door testing of a new house for tightness before it will be given a certificate of occupancy. However, such an approach is still beyond the realm of possibility in the Northeast U.S.

This brief overview focuses on the Northeast. But most of the comments and construction techniques discussed will apply equally to states with similar climates across the nation. For specifics on your state's energy code, get in touch with your state's energy office. ■

Bill Bobenhausen is president of Energy Design Collaborative, Inc., a consulting firm based in Scarsdale, N.Y.

Remodelers Get Professional With Certification Programs

Both the National Association of Home Builders (NAHB) Remodelors Council, and the National Association of the Remodeling Industry (NARI) offer certification programs for remodelers. Both the NARI Certification Program and NAHB's Certified Graduate Remodelor Program are designed to encourage professionalism and improve the industry's credibility.

NARI's program requires completion of an application detailing background and experience, and including statements that the remodeler meet certain criteria set by the organization: seven years of service, adherence to NARI" ""Standards of Practice," and current employment in the remodeling field. In addition, NARI requires a full-day written examination that is prepared by the University of Illinois and is based on both construction and business practices. The exam is given several times each year in major cities. A study guide is available to prepare for the examination. For information about the program write to NARI at 1901 North Moore Street, Suite 808, Arlington, VA 22209; 703/276-7600.

NAHB's program also includes an application to demonstrate experience and other credentials, but instead of a one-day exam requires "GBI credits," which can be attained by taking from three to nine courses (the exact number required depends on years of experience and other criteria). The courses are scheduled in clusters of three or four, and each course includes five hours of instruction. Topics include: Building Codes and Standards, business Management, Computer Applications, Project Management, Scheduling, Energy-Efficient Construction, and others. Those who complete all the requirements will be able to identify themselves as a "Certified Graduate Remodelor" and use the initials CGR after their name. For more information about the NAHB program, contact the NAHB Remodelors Council, 15th & M St. NW, Washington, D.C. 20005. ■

Computer Bits:

Detailed field reports for home inspectors…can be generated with "The House Inspector," an IBM and compatible program. Requires 512k and hard drive. Demo disk available for $10 from Sohn Tech, 553 E. Arlington Ave., St. Paul, MN 55101.

Landscape architects are promised savings with CAD software… available in graphic and non-graphic versions. IBM and compatible software from ICU Inc., 1935 32nd Ave., Vero Beach, FL 32960.

Construction and project estimating program…is said to be more powerful than its mainframe ancestor, and many other estimating programs out on the market. "Cost Engineer" is available from Cost Engineering Technologies, Box 5474, Parsippany, NJ 07054; 201/335-1707.

Electronic pricing service helps contractors estimate mechanicals… by supplying regular price updates for the program "Mechanical Estimating Systems." Available from QuickPen International, 384 Inverness Drive South, Suite 200, Englewood, CO 80122; 303/799-6500. ■

National Organizations Stay Neutral on Licensing

Along with politics and religion, licensing may be a topic to steer clear of at polite dinner parties. At least at the national level, contractors have been unable to agree on the subject. The National Association of Home Builders (NAHB) and the National Association of the Remodeling Industry (NARI) both remain neutral, although their chapters in the various states have taken various positions. Massachusetts builders do support licensing, according to Monica Staff, legal advisor to the Massachusetts Home Builders Association. In contrast, several Vermont contractors informally polled would object to licensing in any form.

Although both NAHB and NARI leave endorsements up to their state chapters, they do urge active involvement when the issue comes up before state legislatures. NARI and NAHB offer guidelines for states setting up licensing laws: Both organizations advise strict enforcement, strong representation on the licensing boards by the group being licensed, and protections for contractors faced with unreasonable complaints. NARI's advice comes in the form of a model statute complete with contract requirements, prohibited acts, fee structures, and penalties. NAHB's suggestions are more general and include an analysis of the licensing process. For a copy of NAHB's recommendations, send $5 to NAHB, 15th and M Streets NW, Washington, DC 20005; 202/822-0361. For a copy of NARI's model licensing statute, contact NARI at 1901 Moore Street, Suite 808, Arlington, VA 22209; 703/276-7600.

–Steve Carlson

Kitchen Trivia Winners

In November, we published our Kitchen Trivia Quiz. We promised to award one year's subscription each to the most accurate and most imaginative entries. As it turns out, accuracy wasn't a high point in the returns…no one got more than 50 percent right. On the other hand, the quiz seemed to awaken the comedians among you, and it was hard to pick the most imaginative.

Of course, it's no fair changing the rules after the game is played, but who said we'd be fair? So we decided to give subscriptions to the two top imaginative entries. Dan Friedman of Poughkeepsie, N.Y., and John Call of Windham, Maine won subscriptions for their guesses. Space doesn't permit running them in full, but here are a few excerpts:

Item 1: "Back in about 1935 a young man named I.M. Bright started the Crushomatic Co. and produced the handy ice crusher you show pictured…users would insert a 5-pound block of ice and force it shut, making instant party ice." (Call)

Item 2: Call argued that this item "wasn't a kitchen utensil at all, although it was probably used in the kitchen. Before irons were produced in abundance, everyone owned a Hanky-Spanky." You simply put your wrinkled hanky in it, closed the top, and sat on it for a half hour or so.

Item 3: "…used in the 1900s to impart that wavy look to women's hair…removed from the marketplace following several hair fires, and natural gas inhalation injuries. (Friedman)

Item 4: Friedman said this was a "smoocher" used for producing "a spaghetti-like cereal from sourdough by early settlers in the Northwest territory." He said that the folding wires "permitted easy packing by mule to the gold mines." But Call guessed that the item was actually a stetson hat dryer and sizer.

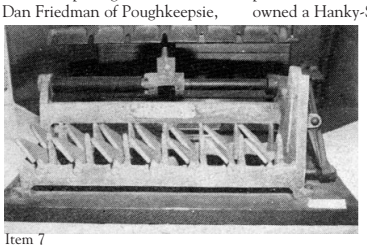
Item 5: "When the wavy waffle hair look began to fade from popularity in the 1920s, people started to use Hair-Strate…you simply stood on it and plugged it in. The frayed ungrounded plug was required to assure good electrical contact with the consumer during utilization." (Friedman)

Item 6: Friedman reported that this "early birth control device" wasn't a kitchen device at all, but probably included because "many early births took place in the kitchen." He concluded that the device was manufactured by several pharmaceutical firms, first by Robbins Drug Store in Richmond, Va. In 1932, and marketed under the name "Cool It." Not recommended during very cold weather.

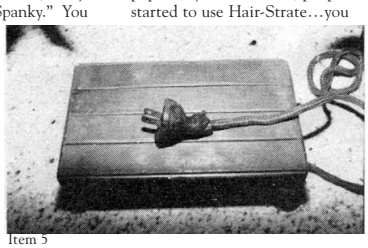
Item 7: An early model "sandwich collator" according to Call, used primarily in restaurants to make Dagwood sandwiches. "A proficient operator could make about 100 sandwiches an hour."

Item 8: Friedman insisted that his "mother still uses this device in her kitchen each Thanksgiving." He said that the device was manufactured by American Poultry Products, Inc. in Nebraska between 1919 and 1956, and was one of the most popular and widely distributed kitchen appliances in Omaha and other major cities. Brand-named "AMP's Never-Flee," it was used to secure poultry, usually turkeys and chickens, during execution and plucking. "The model shown is most unusual in that is was an extra-large version test-marketed in 1943 for use with geese and other large fowl."

Friedman was actually almost right with his guess on the last item – but a little off on the timing. Here are the correct responses, so dig up your November issue and check it out. (1) toaster, (2) tortilla maker (gottya!), (3) waffle iron, (4) toaster, (5) warmer, (6) egg timer, (7) egg carton folder, and (8) meat stand for carving. By the way, to the guy from W. Va., no one here owns a toupee. ■



Item 7



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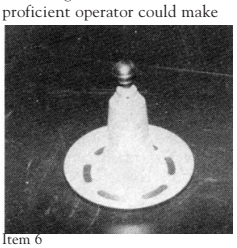

Item 6

NAHB Forecasts Moderate Housing Decline in 1989

NAHB has forecast 1.37 million housing starts in 1989, a 5 to 6 percent decline from the 1.45 to 1.50 million starts expected this year, which in turn will be about 10 percent below housing production in 1987. A major part of this decline will be in the multi-family sector, which is down today nearly 50 percent from a peak level of 669,000 units in 1985. According to David Seiders, NAHB's chief economist, this is because high vacancy rates in some parts of the country and tax reform have "decimated the economics of investment in rental housing." He believes that single-family will hold strong, largely because adjustable rate mortgages (ARMs) with lower initial interest rates will help ease the cost of mortgage credit.

Seiders did not rule out the possibility of a "short but shallow" recession in late 1989, but he also predicted that housing production would return to at least the 1.5 million level in 1990. ■

Courses Prepare Mass. Contractors for Licensing Exam

Although not required, course are available for those wishing to prepare for the Massachusetts Construction Supervisors Licensing Exam. About four times a year, builders can take the Builders Licensing Course run by the Builders Association of Greater Boston (BAGBE). The course, which has been in existence since 1986, has been taken by over 400 builders, and is taught by industry professionals. The typical teacher panel includes a home inspector, carpenter, building materials specialist, code attorney, and other professionals, who are selected for their field experience as well as their code knowledge. Together they provide a practical mixture of building and supervision-in-practice with a code review. The course is offered at BAGBE's Braintree headquarters. For more information on the course, contact BAGBE at 617/848-6602.

Meanwhile, "Working With the Massachusetts State Building Code" is taught by Eugene F. Russo, a former code enforcement officer with the Massachusetts Department of Public Safety. According to Russo, 95 percent of his students pass the examination on the first try. The course is geared for those preparing for the licensing exam and any others wishing an en-depth proficiency in the use of the Massachusetts state code. For more information contact Russo at 508/888-7100.

A third course, taught by Jack Elliot of Worcester, Mass. also prepares builders for the exam. Elliot has owned a contracting business for 30 years, and has taught at the Wentworth Institute and the Rhode Island School of Design. His course runs from seven to eight weeks and runs four to five times a year. For information on Elliot's course, contact Borden Management, P.O. Box 8143, Midtown Mall, Worcester, MA 01614. ■