Worker Shortage Survey Analysis

SUMMARY

SURVEY ANALYSIS

Most firms are having trouble finding enough hourly craft construction professionals to hire. Seventy percent of responding firms report they are having a hard time filling hourly craft positions, which represent the bulk of the construction workforce. A number of firms also report difficulty finding other types of construction professionals, with 38 percent having a hard time filling salaried field positions, 35 percent of firms having a hard time filling salaried office positions and 16 percent having a hard time filling hourly office positions. These results track with the percentages of firms that plan to hire additional staff. Sixty-nine percent plan to hire new hourly craft workers to expand their headcount, compared to 51 percent who plan to expand their salaried field headcount, 43 percent their salaried office personnel and 33 percent their hourly office personnel.

Carpenters, bricklayers, electricians, concrete workers and plumbers are particularly hard to find. Respondents were asked if their firms are having a hard time filling any of 21 specific hourly craft positions or 10 salaried positions. The five toughest craft positions to fill are carpenters, bricklayers, electricians, concrete workers and plumbers. The five toughest-to-fill salaried jobs are project managers/supervisors, estimating personnel, engineers, BIM personnel and quality control personnel.

I**t will remain hard, or get even harder, to find qualified workers as most firms have a low opinion of the pipeline for recruiting and preparing new craft workers.** Sixty-seven percent of firms report that it will continue to be hard, or get even harder, to find hourly craft personnel over the coming 12 months. Meanwhile, 50 percent of firms report that it will continue to be hard, or get even harder, to find salaried field and office personnel during the coming year. One possible reason for their labor market pessimism is that most firms have a low opinion of the current pipeline for recruiting and preparing new craft workers. Seventy-four percent of responding firms rated the new craft worker pipeline as poor or fair while only 16 percent said it was good or excellent.

Most firms are taking extra steps to recruit veterans, women and minorities into the construction industry. As labor markets remain tight, most firms report they are making a special effort to recruit and/or retain veterans (79 percent); women (70 percent) and African Americans (64 percent). Among the steps firms are taking to recruit these groups is reaching out to community and industry groups (57 percent); reaching out to local colleges, universities and vocational schools (57 percent) and hosting targeted job fairs (48 percent). And many firms are salaried employees, while 30 percent are providing bonuses and 20 percent are providing improved employee benefits to attract salaried workers.

Firms are adjusting their operations to be able to do more with fewer workers. Many firms report they are doing more training and changing the way they operate to cope with workforce shortages. Forty-seven percent of firms report they are increasing overtime hours while 46 percent are doing more in-house training and 41 percent of firms are increasing their use of subcontractors. Twenty-seven percent report getting involved with career-building programs at the high school and college levels. A smaller, but still significant, portion of firms report they are increasing their use of labor-saving equipment (22 percent), offsite prefabrication (11 percent) and virtual construction methods such as BIM (7 percent). Meanwhile, 22 percent are working with craft labor suppliers and 19 percent are working with staffing firms to fill non-craft positions.

All four regions of the country are experiencing craft worker shortages, with the most severe shortages in the West, and somewhat less severe in the Northeast. Seventy-five percent of contractors in the West report they are having a hard time filling hourly craft positions, the highest rate for any region. The region is followed by the Midwest, where 72 percent of contractors are having a hard time filling craft positions, followed by 70 percent in the South and 63 percent in the Northeast. Conversely, contractors in the Northeast are having the hardest time filling salaried positions, with 43 percent reporting a hard time filling salaried field jobs, followed by 41 percent in the West and 38 percent in the Midwest and South.

CONCLUSIONS

Construction workforce shortages remain a significant problem fo that few high school students are even exposed to the fact that construction is a potential, high-paying, career option to consider.

If the kind of workforce shortages the industry is experiencing persist, there will be significant short-term and long-term implications for the broader U.S. economy. In the short-term, fewer firms will be able to bid on construction projects if they are concerned that they will not have enough workers to meet their contractual obligations. If that happens, the cost of construction will likely increase. At the same time, it may take longer for firms to complete projects as they cope with workforce shortages within their firms and subcontractor firms as well. Higher construction costs and slower schedules may serve as a brake on broader economic growth.

The long-term economic implications may prove even more significant. That is because one of two things will happen in response to chronic construction workforce shortages. The first is that firms will find ways to do more with fewer workers. New technology like drones, robotics, GPS-guided equipment and Building Information Modeling, and new techniques like Lean Construction provide firms with a significant opportunity to become more productive without adding headcount. There could be a significant displacement in the number of people employed in construction should firms have no option but to address workforce shortages by finding ways to do more work without workers.

However, if federal, state and local officials act on the measures outlined in the association's workforce development plan, then there could be a new infusion of workers into the construction industry. This infusion would put more people into high-paying construction jobs, relieve the labor pressures many firms are currently experiencing. The increase in construction employment would help boost overall economic growth as new workers invest their earnings throughout their communities.

The bottom line is construction firms will figure out a way to cope with labor shortages. If federal, state and local officials enact measures to expand construction-focused career and technical education opportunities, and make it easier for all firms to establish construction training programs, than the solution will come from an influx on new, highly-paid workers. But if elected officials fail to make the necessary investments and reforms needed to develop the next generation of craft workers, than the industry is likely to use labor-saving technology and techniques to meet demand, leading to fewer construction jobs in the future.

BACKGROUND

The Associated General Contractors of America conducted the survey of its members in July through early August 2017. Over 1,600 individuals from a broad range of firm types and sizes, completed the survey. Among responding firms, 52 percent build private office buildings, 50 percent work on public buildings, 49 percent work on retail, warehouse and lodging structures, 38 percent build manufacturing facilities, 31 percent perform highway work and 29 percent build multi-family housing. TwelQon will come from an influx on new, highly

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