



## Worker Shortage Survey Analysis

### SUMMARY

As the construction industry finally begins to recover from a years-long downturn, many firms have begun adding to their “professional”\* and craft workforce. As they expand, many firms are already having a hard time filling positions and fear the situation will only get worse. In particular, firms are worried about the poor quality and quantity of high school-level skills training programs. The vast majority of firms believe there are not enough skilled craft workers or construction professionals available to handle the increase in construction activity expected during the coming year. Already, competition for skilled labor is tight, with many employees leaving firms for other jobs even as most firms have already improved pay and benefits.

Many firms are taking steps, including supporting local training programs, mentoring and offering internships, to address worker shortages. But the industry alone cannot rebuild the former vocational school programs that once served as a nationwide skills-based training program. In the short term, public officials need to rethink arbitrary caps on the number of construction workers included in immigration reform proposals. Public officials also need to expand the quality and quantity of skills-based training programs, especially at the high school level.

\*For the purposes of this survey, “professional staff” refers to all types of employees other than craft workers. This includes executives, managers, office professionals and field supervisors. Craft workers include professional carpenters, equipment operators, plumbers, laborers, etc.

### SURVEY ANALYSIS

**After a years-long downturn, many firms have begun hiring again.** A majority (55 percent) of firms have expanded the size of their craft-worker workforce while 46 percent have expanded the size of their professional workforce during the past 12 months.

**As those firms expand, they are already having a hard time filling available positions.** Eighty-one percent of firms report having a hard time filling positions of one kind or another. Among all firms, nearly three quarters (74 percent) report challenges filling craft worker positions, while 53 percent are having a hard time filling at least some professional positions.

Among firms that are having a hard time filling professional positions, almost half (49 percent) report challenges filling project manager/supervisor spots while 35 percent report having a hard time filling estimator positions. Meanwhile, construction firms are having the hardest time finding the following types of craft workers: laborers (35 percent), carpenters (34 percent) and equipment operators (31 percent).

**The challenges firms are facing finding craft workers and professional staff are expected to get worse.** Twenty-nine percent of survey respondents say they expect it will continue to be hard to find qualified professionals while another 43 percent report they expect it will become even harder to fill those positions over the coming 12 months. Meanwhile, 38 percent of firms say they expect it will continue to be hard to find skilled craft workers over the coming year. Another 48 percent of firms report they expect it will become harder to find craft workers.

**Their concerns are based on a relatively low opinion of the quality and quantity of local construction training programs and pool of available workers.** Sixty-five percent of firms report that the local pipeline for preparing new construction craft workers is below average or worse. Sixty-four percent say there are too few local high school skills and technical-based training programs.

**Contractors appear less worried about the quality of the pipeline for new construction professionals.** Seventy percent of responding firms say their local pipeline for preparing construction professionals is average or better. And 55 percent rate the quality and quantity of local college, trade school and apprenticeship programs as average or better.

**Contractors are worried that the pool of available workers will not be sufficient when demand for construction increases.** Nearly three quarters (74 percent) of contractors are concerned there will not be enough skilled construction workers in their area in the next 12 months. And 49 percent of contractors worry there will not be enough qualified construction professionals available in their area.

**Competition for craft workers is heating up as firms report losing employees to other firms and other industries.** Forty-nine percent of respondents report they are losing construction craft workers to other, higher paying jobs at other construction firms or in other industries. Meanwhile, 36 percent of respondents report they are losing construction professionals to other higher paying jobs with other construction firms or to other industries.

**Worker shortages are already having an impact on pay and compensation in the construction industry.** Fifty-six percent of responding firms report they have already had to increase wages and/or benefits to retain construction craft workers. And 49 percent of firms have already had to increase wages and/or benefits to retain construction professionals.

**Many firms have been taking steps to improve the availability of skilled construction workers and qualified construction professionals.** Forty-eight percent of firms report mentoring future craft workers, while 38 percent of firms participate in career fairs and 33 percent support local skills-based education programs designed to prepare future craft workers. Forty-nine percent of firms also report mentoring future construction professionals while 47 percent of responding firms provide co-ops and internships for future construction professionals.

## **CONCLUSIONS**

Based on the responses to this survey, it is clear that many firms expect the challenge of finding skilled construction workers will only get worse. And while many construction contractors are taking steps to help prepare new workers, their efforts alone will not be sufficient to address the labor shortages so many in the industry anticipate. If elected officials are committed to avoiding costly delays in many construction projects due to labor shortages, they need to be prepared to take both short and long-term steps to ensure there are enough workers to meet future demand.

In the short term, Congress needs to rethink the arbitrary caps on construction workers that were included in immigration reform legislation the Senate passed earlier this year. Lifting these restrictions will go a long way to ensuring that construction jobs left vacant by the lack of sufficient domestic skilled workers do not go to undocumented workers, but instead to legal, tax-paying workers.

More important, elected and appointed officials at all levels of government must do more to ensure that public school students have an opportunity to participate in skills-based educational programs. These programs offer students – even those who may never work in construction – a more hands-on approach to learning vital 21<sup>st</sup> century skills such as math and science. They have been proven to reduce high school dropout rates and they will give significantly more students an opportunity to earn the higher pay and benefits that come with construction jobs as compared to average compensation and benefits for all other non-farm jobs.

## **BACKGROUND**

The Associated General Contractors of America conducted the survey of its members starting July 15 through August 19, 2013. Six-hundred-eighty-six firms, representing a broad range of firm types and sizes, completed the survey. Among responding firms, 46 percent were general contractors while 23 percent were either subcontractors or suppliers. As with the industry itself, the majority of responding firms are involved in building construction, followed by heavy/industrial construction, highway construction or municipal or utility construction. Seventy-one percent of responding firms employ 250 or fewer workers while only 10 percent employ 1,000 or more workers. While two respondents were randomly selected to win Amazon gift certificates, respondents were not paid or otherwise compensated for their responses.