



2015 Worker Shortage Survey Analysis

SUMMARY

As the construction industry continues to recover from its years-long downturn, many firms across the country have begun to cite the lack of available hourly craft and salaried professionals among their most significant challenges*. With demand for construction rebounding and firms throughout the country seeking to add to their headcount, contractors are finding there aren't many available workers. In an effort to better measure the extent and location of construction worker shortages, the Associated General Contractors of America surveyed its members during the summer of 2015 about current labor conditions.

With nearly 1,400 respondents to the survey, it is clear that few firms are immune from growing labor shortages in the construction industry. Indeed, 86 percent of firms report they are having trouble filling available positions, up from 83 percent in 2014 and 81 percent in 2013**. Among the reasons for these shortages are an aging workforce and the fact many laid off construction workers left the industry for other sectors of the economy. Another major reason for growing worker shortages is the lack of quality training programs, particularly for hourly craft professionals. Without these programs, most high school students are not even getting exposed to the idea that construction is a potential career path. And the few students who decide to pursue high-paying construction jobs often lack the skills needed to perform productively on a construction site.

These labor shortages are prompting firms to change how they operate, including raising pay for workers, increasing benefits, relying more heavily on subcontractors and turning to temporary labor firms. Troublingly, a small but significant number of firms report that worker shortages have the potential to impact workplace safety. Assuming the economy continues to grow, worker shortages will only get more severe and the consequences of those shortages more significant. Federal, state and local officials need to act to reinvigorate the domestic pipeline for recruiting and preparing future construction workers. While those new programs are being funded and established, federal officials also need to undertake comprehensive immigration reform to help ease some of the immediate labor pressures.

*For the purposes of this survey, "hourly craft professionals" refers to craft workers including carpenters, equipment operators, plumbers, laborers, etc. "Salaried professionals" refers to all types of employees other than craft workers, including executives, managers, office professionals and field supervisors.

**The Associated General Contractors of America conducted similar workforce shortage surveys during the summers of 2013 and 2014. View results from [2013](#) and [2014](#).

SURVEY ANALYSIS

Most firms plan to add new workers this year but are having a hard time finding enough qualified people. An overwhelming majority – 89 percent – of responding firms report that they expect to hire additional or replacement hourly craft professionals in the next 12 months, while 73 percent expect to hire salaried professionals. Yet 86 percent of firms report they are having trouble filling salaried and/or hourly professional positions. Shortages are clearly more severe for hourly craft workers, with 79 percent of firms reporting trouble finding qualified workers. And more than half (52 percent) of firms also report having trouble finding qualified salaried professionals to hire.

Carpenters, sheet metal installers, concrete workers, project managers and supervisors are particularly hard to find. Among hourly craft professions, contractors report having the hardest time finding carpenters (73 percent of firms that hire carpenters report trouble finding qualified candidates), sheet metal installers (65 percent), concrete workers (63 percent), electricians (60 percent) and equipment operators (58 percent). At least one-quarter of respondents reported having difficulty finding qualified workers for all 21 crafts identified in the survey. The salaried professional positions that are hardest to fill are project managers/supervisors (55 percent of firms that hire for these positions report difficulty), followed by estimating professionals (43 percent) and engineers (34 percent).

Most firms expect it will remain hard, or get even harder, to find qualified workers and have a low opinion of the training pipeline. Seventy-eight percent of responding firms report they expect it will either continue to be hard, or become harder, to hire hourly craft professionals during the coming year. And 61 percent of firms expect it will either stay hard, or get harder, to hire salaried construction professionals during the coming year. At the same time, many construction professionals have a low opinion of the overall quality of the local pipeline for training new construction professionals. Half of firms rate the local pipeline for preparing new hourly craft professionals as below average or poor. And while only 21 percent of firms gave similarly low marks to the pipeline for new salaried professionals, only 20 percent of firms described the salaried pipeline as above average or better.

Competition for construction workers is heating up and many firms are increasing pay, taking other steps to retain workers. With 36 percent of firms reporting losing hourly craft professionals to other local construction firms and 13 percent to construction firms in other areas, competition for qualified workers is clearly heating up. Likewise, 24 percent of firms report losing salaried workers to other local construction firms and 11 percent to construction firms in other parts of the country. As a result of the growing competition for workers, 56 percent of firms report they are increasing base pay rates for hourly craft professionals and 48 percent are raising base rates for salaried professionals. Many other firms report they are providing incentives and bonuses, increasing benefits or paying more in overtime to retain workers.

Workforce shortages are changing the way many firms operate, shortages may be impacting workplace safety too. Almost half of responding firms (43 percent) report they have increased their use of subcontractors during the past year because of the difficulty they are experiencing filling positions. In addition, 33 percent report increasing their use of staffing companies and 19 percent report they have increased their use of labor-saving equipment, tools and/or machinery. More troubling, these workforce shortages appear to be having a measurable impact on workplace safety as firms are increasingly rely on workers who may not be as familiar with particular safety procedures. Fifteen percent of firms reported they have experienced an increase in the number of reportable injuries and illnesses because of workforce challenges. Another 13 percent report experiencing an increase in the number of jobsite hazards identified in inspection reports because of worker shortages. And 11 percent report an increase in worker compensation claims that they attribute to tight labor market conditions.

Worker shortages appear to be affecting open shop and union construction firms, regardless of their size. Firms that responded to the survey represent all types of construction, with union firms being slightly overrepresented (28 percent of respondents report using mostly union labor) compared to the industry-wide average union participation rate of around 13 percent. Construction firms of all sizes – ranging from 34 percent who perform \$10 million or less in work a year to 19 percent who perform more than \$100 million worth of work per year – responded to the survey. And respondents perform every type of commercial construction, including retail, warehouse & lodging (47 percent of firms), hospitals (46 percent), manufacturing (32 percent), highways (31 percent) and multifamily residential (24 percent).

Every part of the country is experiencing construction worker shortages, with the most severe shortages in the Midwest, least severe in the Northeast. Eighty-five percent of contractors from the Midwest report having a hard time filling hourly craft professional positions, the highest rate of any region. But even 73 percent of contractors in the Northeast report trouble filling hourly craft professional positions, the lowest rate of any region. The hardest to fill positions in the Midwest, South and Northeast are for carpenters. In the West, the hardest to fill positions are for millwrights and painters. And contractors in the South have the lowest opinion of the pipeline for preparing new craft workers, with 50 percent responding that local programs are below average or poor. Conversely, only 42 percent of contractors in the Northeast gave the local craft worker pipeline low marks, the smallest percentage for any region.

CONCLUSIONS

Construction worker shortages continue to affect the vast majority of construction firms who responded to the association's survey. Firms are responding by boosting pay and relying more extensively on subcontractors, temporary labor firms and more efficient technology, machinery and equipment. Yet these shortages also pose a potential risk to construction workplace safety as firms are being forced to rely on workers who may not be as familiar with particular safety procedures.

Assuming demand for construction continues to grow, as most economists predict, labor market conditions in the construction industry are likely to get worse. The Associated General Contractors of America has identified a series of steps federal, state and local officials should take to address the industry's worker shortages. These measures, which are outlined in the association's updated Workforce Development Plan, include boosting funding for the federal Perkins Act, which supports secondary-level career and technical education; making it easier to establish construction-focused academies and charter schools; changing anti-trust laws so construction firms can establish training programs; and enacting comprehensive immigration reform.

Finding a way to rebuild the once-robust pipeline for preparing and training new construction workers will do more than help firms. Expanding career and technical education opportunities across the country will provide thousands of students another path to success that could lead to high-paying careers. Fortunately, many state and local officials have already begun to appreciate the benefits of what was once called vocational education. States like Michigan, Connecticut, Oregon, Kansas and New Jersey, among others, have expanded or started new career and technical education programs. Getting federal officials and other states to follow suit will help the construction industry continue to expand and continue to provide rewarding careers for millions of Americans.

BACKGROUND

The Associated General Contractors of America conducted the survey of its members starting in June and lasting through July 2015. Over 1350 firms, representing a broad range of firm types and sizes, completed the survey. Among responding firms, 31 percent perform highway work, 50 percent work on public buildings, 47 percent work on retail, warehouse and lodging structures, 47 percent build private office buildings, 32 percent build manufacturing facilities and 24 percent build multi-family structures. Thirty-four percent of responding firms perform \$10 million a year or less worth of work. Twenty-five percent perform between \$10.1 million and \$30 million while the remaining 41 percent perform more than \$30 million worth of work each year. Respondents were not paid or otherwise compensated for their responses.