2020 Workforce Survey Analysis

SUMMARY

The Associated General Contractors of America annually partners with Autodesk to conduct an industry survey of the state of the construction labor market. The objective of the survey is to understand whether member firms can find qualified workers to hire, the impacts of any labor shortages on the broader industry and what those shortages mean for the overall economy.

Circumstances are clearly quite different this year, as a result of the coronavirus and its impacts on the overall economy, public health and safety, and demand for construction. Since the start of the pandemic, the construction industry has shed more than four-hundred thousand jobs as demand for projects has stalled in many parts of the country. Accordingly, Autodesk and the association has recrafted the workforce survey to measure the impacts of the coronavirus on the construction workforce and the overall industry. The two organizations also wanted to get a sense of how firms were adapting to the new realities and what kinds of relief measures could help the industry.

What the responses make clear is that the coronavirus is delivering a one-two punch to the construction industry. On one hand, the pandemic is undermining demand for construction, prompting project delays and cancellations, layoffs and furloughs. Yet at the same time, it is contributing to conditions that make it difficult for a majority of firms to find craft workers to hire.

These twin challenges are prompting construction firms to become more innovative as they struggle with declining demand, lost productivity and stubbornly tight labor market conditions. Many firms appear to be turning to new technologies and new techniques as they attempt to become more efficient. They are also looking at how their embrace of technology can improve workplace health and safety while also making construction careers more attractive to workers with little prior sector experience.

The pandemic has also helped many firms appreciate that federal relief measures are essential to the continued success of the industry. Firms are looking to Washington to boost investments in infrastructure, protect them from needless lawsuits while they continue to protect workers from the coronavirus, and to fix the nation's aging and overburdened transportation networks.

At the same time, the construction industry appreciates that workforce challenges are so significant they can survive a global pandemic and worldwide economic slowdown. There is an opportunity, however, to recruit some of the newly unemployed workers from other sectors of the economy into the construction industry. Finding the right way to do this will make it easier for construction firms to find workers now, and to staff up once demand for construction resumes.

SURVEY ANALYSIS

The coronavirus pandemic has hit construction hard, and many firms expect to see business shrink further. One-third of respondents report that a project under way has been halted as a result of the pandemic or the economic fallout from it, while 60 percent report a scheduled project has been postponed or canceled. Over the past 12 months, 41 percent of responding firms have reduced headcount, including 30 percent that furloughed or terminated employees as a result of the pandemic.

Highway contractors have experienced fewer project cancellations than other construction firms. Fifty-three percent of highway contractors report an upcoming project has been postponed or canceled, compared to 66 percent of building contractors, 62 percent of utility infrastructure contractors and 60 percent of firms performing federal and heavy construction. Similarly, fewer highway contractors (29 percent) report a project under way has been halted, compared to the 35 to 38 percent of other contractors.

Not all firms have been harmed. More than one-fourth (27 percent) of respondents report their headcount has increased over the past 12 months. In part, that reflects additional projects and add-ons to current projects that 12 percent of firms report winning as a result of the pandemic.

Firms have divergent views about the future of their workloads and employment needs. While 29 percent of firms report the volume of their business already matches or exceeds the year-ago level and 13 percent expect to reach that level within six months, 38 percent expect it will take more than six months to reach that level. Another 20 percent are uncertain. The number of pessimistic and uncertain respondents has increased since a survey AGC conducted in June, when 30 percent of firms expected recovery would take more than six months and 17 percent said they didn’t know how long it would take.

Firms in the Northeast have a gloomier view of the outlook than in other regions. Forty-five percent of firms that identify a Northeast state as their principal location expect it will take more than six months for their volume of business to return to normal, compared to 34 percent of firms in the West, 35 percent in the South, and 42 percent in the Midwest.

The hiring situation has changed greatly from a year ago, but some positions are still hard to fill. Slightly over half (52 percent) of respondents report having a hard time filling some or all hourly craft positions and 28 percent report having difficulty filling salaried positions. These percentages are down from 80 percent and 47 percent, respectively, in the August 2019 AGC of America-Autodesk survey. Nevertheless, three out of five respondents reported having unfilled hourly craft positions as of June 30. This year, the most frequently mentioned hard-to-fill hourly craft positions are laborers (listed by 43 percent of firms), carpenters (listed by 35 percent), and equipment operators (listed by 29 percent). Of firms having difficulty filling salaried positions, more than four out of five (81 percent) cite project manager or supervisor positions.

Worker availability differs by size of firm and type of worker. Fifty-four percent of small construction firms (those with annual revenue of $50 million or less) and 56 percent of midsized firms (those with revenue between $50.1 million and $500 million) report difficulty filling hourly craft positions. That is a challenge for only 39 percent of the largest firms (those with revenue exceeding $500 million). In contrast, fewer than one-quarter (23 percent) of small firms report difficulty filling salaried positions, compared with 38 percent of midsized firms and 30 percent of large firms.

Firms have turned to a variety of methods for hiring, training and scheduling amid pandemic-related challenges. More than half (52 percent) of large firms and a third (33 percent) of midsized firms have increased use of learning programs with a strong online or video component such as Zoom or Microsoft Teams, compared to just 13 percent of small firms. About one-third of large and medium-sized firms have engaged with a career-building education program, compared with 16 percent of small firms. Small firms are more likely than large ones to have made use of overtime and to have lowered hiring standards, whereas more large firms have raised hiring standards than lowered them.

There are also differences in the technologies that firms have employed recently to alleviate labor shortages they have experienced. While 20 percent of large firms have turned to virtual, augmented or mixed reality systems, only 9 percent of midsized firms and 3 percent of small firms have done so. Small firms are more likely to have adopted bidding software than larger firms. On the other hand, all sizes of firms are about equally likely to have employed estimating or project management software lately.

Firms continue to raise pay and benefits to attract and retain workers. Thirty-eight percent of firms report increasing base pay rates in the last six months and 17 percent provided incentives or bonuses. Only 3 percent reduced base pay rates and 2 percent trimmed their portion of benefit contributions or scaled back employee benefits.

Union firms are having less difficulty filling positions than open-shop employers. Forty-three percent of firms that exclusively use union craft labor report difficulty filling hourly craft positions, compared to 63 percent of firms that use only non-union labor. Similarly, 22 percent of union firms and 28 percent of open-shop firms report difficulty filling salaried positions.

Additional federal help is needed for the economy and construction. A majority (55 percent) of respondents want a larger federal investment in all forms of public infrastructure and facilities. Fifty-three percent favor enactment of a “safe harbor” set of protocols to provide firms with protection from tort or employment liability for failing to prevent a covid-19 infection. And 41 percent want legislation that addresses federal unemployment benefits that serve as artificial barriers to returning people to work.

CONCLUSIONS

There is clearly a lot that Washington officials can do to help boost demand for construction projects and get more people back to work rebuilding the economy. That is why the association is pushing Congress and the administration to enact new recovery measures. These include urging Congress to pass liability reforms to protect firms that are taking steps to protect workers from the coronavirus from needless lawsuits.

AGC is also pushing for new investments in infrastructure, including for the nation's transportation network. Washington needs to also help state and local governments cope with a steep decline in revenues that is undermining their ability to invest in infrastructure. Such investment will create much-needed structures that will provide lasting improvements in quality of life, productivity and the economy. Manufacturing, trucking, and a wide variety of professional services, as well as construction firms, will add jobs as a result of the increased spending. Congress also needs to pass a one-year extension to the current surface transportation law and provide additional transportation construction funds.

The challenge is that the coronavirus has put many contractors in the position of looking for work and workers at the same time. That is why the association is also preparing a new nationwide effort to encourage more people to pursue high-paying careers in construction to ease hiring challenges and find a way to attract recently unemployed people into the construction industry. Among other steps, AGC will be launching a new "Construction is Essential" campaign to highlight the many benefits of construction careers.

It has been a hundred years since the industry has gone through something like the coronavirus. But while the challenges are severe, they are not insurmountable. With a responsible amount of support from Washington, we can turn the current challenges into an opportunity to rebuild our economy and attract a new generation into good-paying construction careers.

BACKGROUND

AGC conducted the survey of its members in August 2020. A total of 2,005 individuals from a broad range of firm types and sizes completed the survey. Among responding firms that identified their market segments, 56 percent are involved in building construction, 25 percent are involved in highway and transportation construction, 23 percent perform federal construction projects and 23 percent work on utility infrastructure projects. Among firms that identified their revenue size, sixty-six percent perform $50 million a year or less worth of work, 28 percent perform between $50.1 million and $500 million, and 6 percent perform over $500 million worth of work each year. Respondents were not paid or otherwise compensated for their responses.