2020 WORKFORCE SURVEY RELEASE
Virtual Media Event Talking Points
September 2, 2020

Steve Sandherr Remarks

Hello and thank you for joining us today. My name is Steve Sandherr and I am the chief executive officer of the Associated General Contractors of America. With me today are Ken Simonson, AGC's chief economist; Allison Scott, Autodesk's Director of Construction Thought Leadership and Customer Marketing; Doug Hacker, the Executive Vice President of Lexington, Kentucky-based general contractor Congleton-Hacker, Co. and Art Daniel, the President and Chief Operating Officer of Cedar Hill, Texas-based AR Daniel Construction Services.

Each year, our association partners with Autodesk to conduct an industry survey of the state of the construction labor market. We do this so we can understand whether our member firms are able to find qualified workers to hire, the impacts of any labor shortages on the broader industry and what those shortages mean for the overall economy.

This year things appear to be quite different. 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. So, we recrafted our workforce survey to measure the impacts of the coronavirus on the construction workforce and the overall industry. We 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.

We are releasing those findings today. 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.

Let's have AGC's chief economist, Ken Simonson, review some of the key findings…

Ken Simonson Remarks

Thank you, Steve. You are correct, few firms have survived unscathed from the pandemic amid widespread project delays and cancellations.

Sixty percent of responding firms report having at least one future project postponed or canceled because of the coronavirus, while 33 percent report having projects that were already underway halted because of the pandemic. The share of firms reporting canceled projects has nearly doubled since we conducted our last coronavirus survey in mid-June, when 32 percent of respondents reported cancellations.

The coronavirus has also negatively affected many firms' confidence in future demand for projects. Only 42 percent of firms report their volume of business has returned to year-ago levels or is expected to do so in the next six months, compared to 52 percent who held this view in AGC's June survey. Another 37 percent expect returning to normal levels of business will take more than six months, while the remainder don't know.

It is important to note that while the pandemic has led to project delays and cancellations nationwide, contractor expectations of recovery do vary by region. Forty-five percent of respondents in the Northeast expect it will take more than six months for their firm's volume of business to return to normal, compared to only 34 percent of respondents in the West, 35 percent in the South, and 41 percent in the Midwest.

There were also some differences by project type and revenue size. For instance, highway and transportation contractors reported the greatest difficulty in filling hourly craft positions, with nearly three out of four (73 percent) reporting an unfilled craft position on June 30. About two-thirds (69 percent) of utility infrastructure and federal and heavy construction firms had unfilled craft positions then, along with 58 percent of building construction firms.

Small firms were less likely to have experienced cancellations of upcoming projects. Fifty-six percent of firms with revenues of $50 million or less report a project has been postponed or cancelled, compared with 71 percent of midsized firms (revenue between $50.1 million and $500 million) and 69 percent of large firms (revenue exceeding $500 million).

Ironically, even as the pandemic undermines demand for construction services, it is reinforcing conditions that have historically made it hard for many firms to find qualified craft workers to hire.

Roughly a third of responding firms furloughed or terminated employees as a result of the pandemic and shutdowns ordered by government officials or project owners. Most of those firms have asked at least some laid-off workers to return to work. But 44 percent of firms that recalled employees report that some have refused to return, citing a preference for unemployment benefits, virus concerns, or family responsibilities, among other reasons.

The pandemic has also made it difficult for many firms to fill open positions, especially for hourly craft jobs. A majority - 52 percent - of respondents report having a hard time filling some or all hourly craft positions, especially openings for laborers, carpenters and equipment operators. Sixty percent of firms had at least one unfilled hourly craft position as of June 30. In addition, 28 percent of respondents report difficulty filling salaried positions—in particular, project managers and supervisors.

The coronavirus has also undermined the sector's productivity levels as firms across the country change the way they operate to protect workers and the public from the disease. Forty-four percent of responding firms report that it has taken longer to complete projects and 32 percent say it has cost more to complete ongoing projects because of the coronavirus. As a result, 40 percent report they have adopted new hardware or software to alleviate labor shortages they have experienced.

Now I would like to ask Autodesk's Allison Scott to share some more observations about how the coronavirus is impacting the sector's productivity and how technology can help firms address labor challenges and improve their productivity…

Allison Scott Remarks

Thanks Ken.

(Allison remarks)

And now I would like to turn things back to Steve to wrap up our analysis of this year's survey results.

Steve Sandherr Remarks

Thank you, Allison and Ken, for sharing your insights into the survey results. In addition to measuring the impact of the coronavirus on the industry's workforce and business conditions, we also asked construction firms to identify measures that Washington officials could take to help the industry. Their answers paint a picture of an industry in need of immediate recovery measures and longer-term workforce development support.

Fifty-five percent of responding firms, for example, said they were looking to Congress to increase funding for all forms of public infrastructure and facilities. Fifty-three percent of firms want Congress and the Trump administration to enact liability reforms to shield companies that are protecting workers from the coronavirus from needless lawsuits. And 41 percent want Congress to address unemployment benefits that serve as artificial barriers to returning people to work.

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 we are 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. We are 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 declining revenues that is undermining their ability to invest in infrastructure.

The challenge is that the coronavirus has put many contractors in the position of looking for work and workers at the same time.

And that is why we are 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, we 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.

Now before we open things up for questions, I would like to invite the contractors on the call, Doug Hacker and Art Daniel, to share some observations about the labor market conditions, demand for construction and the impacts of the coronavirus in your respective areas.

Let's start with Doug…

Thanks Doug. Art…

And now let's open things up for questions.

###