

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

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