

Legal Update Article

Help Wanted: What is Driving Labor Shortages in Construction?

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A “Help Wanted” sign hangs over the construction industry.

With job openings outnumbering job seekers, construction firms are experiencing a real pinch in available labor. The Associated General Contractors of America (AGC) reports that 300,000 new jobs were created in the past year, at a time when the unemployment rate is low. Demand is high, but contractors are struggling to find workers to fill even the backlogs.

Gerald Burr of Canterbury Enterprises in Chesterfield County, Virginia, confirmed the shortage. “We’re getting the work. But we need more people to do it,” he said. Indeed, more than 80 percent of AGC members and U.S. Chamber of Commerce members report having trouble finding skilled laborers.

Many blame the labor shortage on the opioid crisis, compounded by alcohol and marijuana use. Others point to enhanced enforcement by Immigration and Customs Enforcement to explain the scarcity of workers.

Part of the problem, though, may be the lack of interest from the available workforce. Millennials show little interest in replacing retiring blue-collar Baby Boomers. In 2016, Millennials (defined as those ages 20 to 35 in 2016) numbered 71 million, and Baby Boomers (ages 52 to 70) numbered 74 million, according to Pew Research Center tabulations based on U.S. Census Bureau information. In 2019, Millennials are expected to overtake Baby Boomers in population as their numbers are expected to increase to 73 million and the number of Boomers is expected to drop to 72 million. This does not bode well for the construction industry. Further, according to BuildZoom, the younger portion of construction workers went down nearly 30 percent between 2005 and 2016. The fact that many high schools cut vocational training programs during the last recession, resulting in students without the skills and exposure that would lead them to construction jobs, is telling the same story. In addition, workers have been drawn to the technology industry with promises of lucrative jobs without the sweat. The chance of dislodging college diplomas from longstanding notions of how to achieve the American Dream appears small.

Still, reluctance on the part of Millennials is surprising, because construction jobs can pay well. Through apprenticeships, young workers can jumpstart their careers over their college counterparts while avoiding college debt. The Georgetown University Center on Education and the Workforce estimates that construction workers earn a median salary of \$59,000 a year. Many acquire skills that help them to climb quickly to management positions, which can fetch a median income of \$91,000 a year.

Employers are adjusting to the new reality. Two-third of construction firms in the U.S. Chamber of Commerce report investing in workers by offering higher pay, retraining, and robust safety programs. The National Association of Home Builders’ Home Builders Institute places 86 percent of its trainees in construction jobs, often despite criminal backgrounds. Perhaps the industry’s efforts will attract trainees, putting up a “Construction Ahead” sign instead.

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