2023 Workforce Survey Analysis

SUMMARY

The Associated General Contractors of America and Autodesk each year partner to measure the state of construction workforce shortages, better understand why those shortages exist, assess the impacts of labor shortages on construction projects, and learn what firms are doing to cope with and/or overcome those shortages.

The results of this year's Workforce Survey highlight significant shortcomings in the nation's approach to preparing workers for careers in construction. Eighty-five percent of firms report they have open positions they are trying to fill, and among firms with openings, 88 percent are having trouble filling at least some of those positions – particularly among the craft workforce that performs the bulk of the on-site construction work.

All types of firms are experiencing these challenges. Largely similar results were reported by contractors that use exclusively union craft labor and by firms that operate as open-shop employers; by firms with $50 million or less in annual revenue and ones with more than $500 million in revenue; by companies in all four regions of the country; and by contractors doing building construction, highway and transportation projects, federal and heavy work, or utility infrastructure.

One of the main reasons labor shortages are so severe in the construction industry is that most job candidates are not qualified to work in the industry. A shocking 68 percent of firms report applicants lack the skills needed to work in construction. In addition, one-third of firms report candidates cannot pass a drug test.

These shortages are adding to the impacts of supply chain disruptions that have made it difficult for firms to get materials delivered on time and that are driving up the cost of those materials. While these shortages have recently shown signs of abating, 65 percent of firms report projects they work on have been delayed because of supply chain challenges and 61 percent have projects that have been delayed because of labor shortages.

Supply chain problems and labor shortages are making construction more expensive, undermining demand for certain types of projects. Half the respondents report owners canceled, postponed, or scaled back projects due to increasing costs, while 22 percent of firms report projects were impacted due to lengthening or uncertain completion times.

Many construction firms are taking steps to cope with and try to overcome workforce shortages. Eighty-one percent of firms have raised base pay rates for their workers during the past year. In addition to raising base pay rates, 44 percent are providing incentives and bonuses and a quarter of firms (26 percent) have also improved their benefits packages.

Firms are also getting more creative when it comes to recruiting workers. Sixty-three percent of

furlough employees temporarily (3 percent). In the past 12 months, almost half (49 percent) of firms added employees, while roughly a third (32 percent) reduced headcount and 18 percent had no change. There is a very similar degree of optimism among firms in the South (71 percent expect to expand headcount in the next 12 months), Midwest (70 percent), Northeast (69 percent), and West (66 percent).

Supply-chain problems are still causing headaches for many firms. Although materials shortages and cost increases are not as prevalent as in 2020-2022, 65 percent of firms report longer lead times or shortages have delayed some projects. The most frequently cited problems are extreme lead times for electrical equipment such as transformers and switchgear. Long lead times for heating, ventilating, and air conditioning equipment is another source of delay. In addition, 61 percent of firms cite delays due to shortages of workers—their own or subcontractors'. But only 36 percent cite transportation or delivery delays, down from 64 percent in the 2022 survey. As in that survey, about one-third list delays due to government (34 percent), such as lack of approvals or inspectors, or delays due to an owner's directive to halt or redesign a project (31 percent).

Projects are being canceled, postponed, or scaled back as construction gets more expensive. Half of respondents cite increasing costs as a reason, while 36% report financing was unavailable or too expensive. Twenty-two percent list lengthening or uncertain completion times and 20 percent note changes in demand or need as reasons for project cancellations, deferrals, and scope reductions.

Most firms expect that AI and robotics will have a neutral to positive impact on construction jobs in the next five years. Almost half (44 percent) state that AI and robotics will positively impact construction costs by automating manual, error-prone tasks. In addition, 41 percent say AI and robotics will improve the quality of construction jobs and make workers safer and more productive. But 17 percent say AI and robotics will negatively impact the construction job market by eliminating jobs, while 30 percent expect no effect on construction jobs.

Most firms report little change since the 2022 survey in requirements for office workers to report to an office full-time. Seventy-nine percent state that workers must report to an office full-time, while 23 percent say some workers can choose which days they work in the office and 8 percent say workers must work from home full-time. Seventy-eight percent of respondents 2 0.004 T4 (ys)-1 (
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That is why AGC of America will continue pushing federal officials to narrow an education funding gap that currently invests five times as much in encouraging students to enroll in college as it does preparing them for careers in craft fields like construction. This includes boosting funding for the Perkins Act as well as rethin6aBnfdeuT qu (i)-12 (a)hi(r)-1 (e f)3p(o e)4g(nc)4 (o f)-m. Thi lihe l