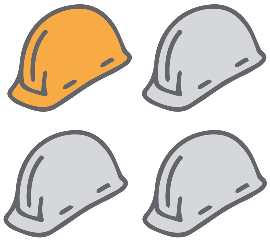
Workforce Development / Labor

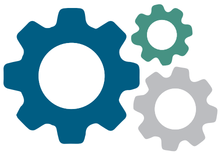
NOT ENOUGH APPLICANTS

650,000 additional employees will need to be hired in 2022 to meet the demand for construction labor alone.



Source: Associated Builders and Contractors, Feb. 2022

91% OF CONTRACTORS CAN'T FILL CRAFT POSITIONS



Despite offering considerably **higher wages,** contractors can't fill skilled trade openings.

Source: Associated General Contractors of America, Sept. 2021 survey

PROJECTS FACE DELAY FROM NOT ENOUGH EMPLOYEES

61% of contractor firms said their projects are being delayed because of **workforce shortages.**

Source: Associated General Contractors of America, Sept. 2021 survey

PLA MANDATES ARTIFICIALLY DECREASE AVAILABLE LABOR, INCREASE COSTS

Project labor agreements (PLA) increase construction costs by **12% to 20%** and reduce the number of companies eligible for projects.

Source: TheTruthAboutPLAs.com, March 2020

Issue background:

The U.S. utility construction and excavation industry faces a significant shortage of qualified employees, including pipelayers, commercial drivers, welders, equipment operators, mechanics, data analysts, and other skilled field and office personnel.

With new resources flowing into the industry over the next five years from this session's $1.2 trillion Infrastructure Investment and Jobs Act and the continuing need to repair our aging infrastructure, we must ensure that our industry has the workforce available to carry out these tasks. However, the U.S. utility construction industry today remains affected by a long-standing labor shortage in the construction trades.

A recent U.S. Chamber of Commerce survey found that 88 percent of commercial construction contractors reported a moderate to high level of difficulty in finding skilled employees, with a third reporting they had to decline contracts because of labor shortages.

According to a February 2022 report by the Associated Builders and Contractors, construction companies in 2023 will need to find 590,000 new employees on top of normal hiring to meet industry demand, and that does not take into consideration the demands of new projects from infrastructure funding. A 2021 report also stated that every $1 billion in extra construction spending generates an average of 5,700 construction jobs.

What is NUCA's position?

According to a 2020 estimate by Construction Industry Resources, a Kentucky-based industry data analytical firm, the construction industry could face a shortage of at least two-million employees by 2025.

The long-term job outlook for the industry remains challenging. Not enough young men and women are entering the construction sector, a concern as older workers retire. And while many skilled trade positions in the utility construction sector offer very competitive salaries and low educational barriers to entry, more young Americans continue to seek debt-laden four-year college degrees. Community colleges and vocational institutions offer a variety of vocational training programs, but have been facing lower enrollment numbers for a number of years.

There are two issues Congress needs to address in workforce development. The first is a skills gap, where too many Americans lack the skills or credentials needed for today's infrastructure jobs. The second is a people gap—too many businesses can't find the employees they need, or when they need them.

In the long term, policy makers can promote existing workforce development programs, such as support for career and technical education (CTE) programs funded by the Perkins Act. President Trump signed in July 2018 a $1.2 billion reauthorization of the Perkins Act, with the new law taking effect in July 2019. The increase in funding means more students can participate in CTE programs, but educational programs take years to show progress and increase the number of skilled employees available for work. In September 2021, the House Education and Labor Committee recommended an $80 billion investment in workforce development programs, as part of the Democrat's budget reconciliation package.

Apprenticeships are another means to deliver skilled employees to construction industries. However, in the recent past policy makers restricted federal apprenticeship programs, damaging their effectiveness. A Trump-era executive order (since repealed) expanded USDOL programs but specifically excluded construction businesses, which made no sense since 65% of existing programs were found in the construction industry. However, there has been no expansion of apprenticeship programs since the Biden Administration took office.

In the short-term, policy makers can avoid enacting damaging policies that will reduce the workforce available to build new infrastructure projects.

NUCA supports legislation that protects government construction contracts from project labor agreement (PLA) mandates and will allow all contractors, including small, women, and minority-owned businesses, to have a fair opportunity at competing to rebuild America. PLA mandates prevent experienced contractors from competing to win taxpayer-funded contracts and potentially locks out vast swathes of the workforce. We urge Congress to pass S. 403/H.R. 1284 to ensure that any workforce development transportation legislation is free of PLA mandates.

What can Congress do to help?

Congress needs to also focus attention on creating and supporting workforce development programs that will address today's labor shortages and provide significant funding for future apprenticeship and training programs.

- **Pass S.403/H.R. 1284.** the Fair and Open Competition Act. **Supported by NUCA.**
- **Expand the existing H2B work visa program** to include critical infrastructure construction jobs and streamline the application process.
- **Revise the Fair Labor Standards Act (FLSA)** to allow ages 16 and up to legally engage in more work-study programs for students interested in the heavy construction industry.
- **Reduce apprenticeship hours required by federal regulations** to 650 hours for on-the-job training and 48 hours for RTI. Current USDOL apprenticeship programs require too many hours for our industry's needs.
- **Require public school guidance counselors to provide significantly increased hours for trades promotion,** and require technology classes for students for modern trade positions (i.e., geomatics, 3D-tech, drone operation, etc.).
- **Create a program that allows infrastructure job opportunities to be combined with future paid post-secondary or trade education.** This "G.I. Bill" would pay for industry training programs such as CDL certification, welding, heavy equipment operations, and other essential infrastructure trades.

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