



WHY AREN'T THERE ENOUGH CONSTRUCTION

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WORKERS IN AMERICA?

ANIRBAN BASU AND JOSEPH NATARELLI

In response to the title question of this article you might be tempted to say, “Because the quantity demanded of workers exceeds the quantity supplied.” Your assessment would be undeniably correct. The deeper question, however, is why an industry offering plentiful, middle-income jobs cannot find enough people willing to fill them.

The disappearance of shop class and the need for vocational education

Some may remember shop class and how the teacher — who probably wore a Rush or Ozzy Osbourne t-shirt and had arms like pythons and a Firebird parked out back — would revel in showing students heavy equipment and how to use it. It was at that moment that many students would realize a love for working with their hands and minds simultaneously. It was at that critical juncture that one’s creative juices and the desire to create tangible things were stirred.

But shop class today is rare; take California, for instance. As noted by a Forbes article from 2012, “Shop classes are being

eliminated from California schools due to the University of California/California State’s ‘a–g’ requirements.”¹ These classes include: Social Science, English, Math, Lab Science, Foreign Languages, Visual/Performing Arts, and college preparatory elective courses. Note that shop class did not make the cut.

With accrediting bodies grading administrators on how effectively they administer those a–g requirements, the natural response is to eliminate shop class from curricula and invest more time on a–g subjects. The goal, of course, is college preparedness or at least maximizing performance on standardized test scores that are ostensibly aligned with college preparedness. While some students benefit greatly from such approaches, others remain uninspired and ill-prepared to identify promising career paths upon high school graduation.

This is not to suggest that policymakers are completely opposed to curricular elements that are aligned with specific occupational categories, or what is often termed vocational training. Within certain circles, vocational training has become somewhat

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pejorative, implying that certain students are unable to handle routine coursework. Accordingly, many people refer to vocational training as career and technical education (CTE).

Politicians are certainly on board with CTE, at least during their campaigns. RealClearPolicy assessed 269 gubernatorial candidates' websites in 2018, and among the 148 who addressed education, CTE was the only educational issue that was backed by a majority of candidates. CTE garnered substantial support among both Republicans and Democrats. That same year, 24 out of 46 governors mentioned CTE in their State of the State Address.²

The push for more CTE is critical. The National Center for Education Statistics' data indicate that in 1992, only 0.8 percent of credits earned by eventual high school graduates was construction related.³ By 2013, the most recent year for which data are available, that number had dipped to 0.6 percent. Male graduates averaged 0.37 percent of credits in construction CTE in 1992 and 0.29 percent in 2013. Their female counterparts never earned more than an average of 0.05 percent of credits in construction CTE.

Incidentally, CTE now encompasses computer science. As a result, increases in CTE participation rates over time may largely reflect growing interest in coding and other aspects of the information technology field. Therefore, it is important for construction industry stakeholders to parse CTE data in search of participation patterns directly pertinent to the skilled trades. Even in the context of CTE, there is a bias toward college.

The college bias

The college enrollment rate was 41 percent in 2019, which means that many Americans need their high school educations to help them transition successfully into the world of work. Nonetheless, high school curricula have become increasingly focused on college readiness. At some point, parents became convinced that a college degree represented the only realistic pathway into America's middle class or better.⁴ Indeed, college graduates earn more than high school graduates, but there are many college graduates in

jobs that do not require a college degree and who earn less than high school graduates who managed to enter technical fields.

Before the COVID-19 pandemic turned the economy inside out and upside down, the Federal Reserve Bank of New York released some intriguing data. At that time (December 2019), the economy was still bustling, but the unemployment rate for individuals ages 22–27 with a bachelor's degree or higher was above the rate for all workers. Furthermore, 41 percent of recent college graduates were in jobs that did not require a college degree.⁵ Those with degrees in mass media suffered the highest rate of unemployment (7.8 percent) at that time, while recent graduates with criminal justice degrees suffered the highest rate of underemployment (73 percent).⁶

Does America's approach to human capital formation and economic development make sense? To a meaningful degree, it does not, at least not from the perspective of bolstering economic output and increasing the size of America's middle class. The preoccupation with education has led many to great fortune but others astray. Many jobs of skilled craftspeople pay better than the positions held by many college graduates, but employers must look in the right direction to train and fill such positions. There is a group of people who are thusly inclined, which we will discuss next.

Immigrants

The topic of immigration can get pretty heated, but it seems reasonable to suggest that America's construction industry has historically benefited from the influx of workers from abroad, both documented and undocumented. According to an estimate from the left-leaning Center for American Progress, undocumented immigrants comprise about 14 percent of construction workers, translating into roughly 1.3 million people.⁷

The availability of these workers is both a blessing and a source of stress. For contractors struggling to fulfill contractual obligations, the availability of such workers (often brought to them by labor brokers) can result in projects being completed on-time and on-budget. But for those who have



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to compete against such workers, there is the possibility of being outcompeted for a job by undocumented workers willing to accept far less compensation. There is also the possibility that undocumented workers will be exploited, including being underpaid or unpaid. Their lack of legal status renders protections afforded by the justice system less relevant or perhaps even irrelevant under certain circumstances. Contractors are also taking a substantial legal risk by engaging such workers either directly or indirectly through labor brokers.

The temptation to hire undocumented workers is likely to elevate during the years ahead. Economic data indicate that illegal immigration tends to slow during and immediately after periods of economic downturn, and it accelerates during periods of persistent economic strength. Presently, the U.S. economy, driven by massive stimulus packages and rapid vaccination, is the primary driver of the global economy despite the dislocating effects of the Delta variant.

Data from the Brookings Institution show that the number of apprehensions along the U.S.-Mexico border declined during the Great Recession. The number of apprehensions in 2009 reached a then 34-year low even as funding for the border patrol was rising. Legal immigration also leveled off during this period.⁸

Contractors in the United States can apply for H-2B Temporary Non-Agricultural visas if they are unable to find a domestic worker to fill an open position, but they must fulfill three requirements if they want to hire these workers: First, they must show that there are not enough qualified U.S. workers who are willing and able to do this type of temporary work. Second, they need to show that employing a foreign worker will not depress or adversely impact the wages of other U.S. workers doing the same work. Third, they must demonstrate that the work in question is temporary.⁹

The nature of construction projects makes fulfilling the first and third requirements simple enough. However, satisfying requirement number two is far trickier, and attempts to meet it can invite significant pushback. Even if applying for H-2B visas was workable, it is not a permanent solution. These visas are temporary by definition,

and what America needs is a permanent, highly skilled construction workforce.

Adding some clarity to immigration policy would certainly help the construction industry. The status of too many people remains undefined and uncertain. For instance, according to a report generated by the Associated General Contractors of America, “Dreamers” as well as those participating in the Temporary Protected Status (e.g., Haiti) program supply 100,000 construction workers collectively, representing a meaningful fraction of the total industry workforce.¹⁰ An immigration bill working its way through Congress could provide a road to citizenship for these workers.¹¹ However, the bill would not create a temporary work program allowing contractors to tap into foreign workers despite the ongoing skills shortage.

Rendering it more feasible for contractors to hire immigrants would help to ease labor shortages. As the economy moves toward full recovery and backlog presumably climbs in response, addressing labor shortages will become increasingly important.

Baby boomers keep retiring

These employment shortages are happening as baby boomers are retiring en masse, some simply because they could since asset prices surged during the pandemic (e.g., homes, financial portfolios), while others lost jobs early on and threw in the proverbial towel. Arguably, baby boomers continue to be among America’s finest, most dedicated construction workers. This group benefited significantly from shop classes and identified construction early in their lives as a viable pathway to prosperity.

According to the National Center for Construction Education & Research, approximately 41 percent of the current construction workforce, including many in management roles, will retire by the year 2031.¹² Replacing them will be challenging, but there is hope — and that hope is embodied in the group known as Generation Z.

Generation Z

Generation Z (or Gen Z) includes the youngest members of today’s workforce; the oldest of this generation will turn 24

in 2021. Many are still in school, and they are not necessarily convinced that taking on sizable student loans is desirable. In other words, many in this generation are questioning the presumption that a four-year degree is the optimal pathway to America's middle class. Indeed, some believe that it may be a path to poverty, with student debt and uncertain rates of return on educational attainment looming large.

Now is the time to expose young people to the existence of high-paying jobs in the construction trades. To do this, construction industry leaders will need to work with educators (e.g., high schools and colleges), take every opportunity to speak on career day, and invite young people (safely) to planning meetings, drone launches, and job sites. With construction embracing more technology, including project management software and robotics, young people may be persuaded to embrace a view of the industry as something other than anachronistic and prosaic.

According to one report, 61 percent of Gen Z believe that college is only an option for those who know what career they want.¹³ Of course, in some construction occupational categories (e.g., construction management), a focused college degree attached to the right major can be pure gold. But for many people, gone are the days when one had the luxury of spending four years discovering themselves by studying French existentialists or nihilistic Russian authors. Tuition is simply too high, as is the opportunity cost of forgoing full-time work in a profession replete with upward mobility and opportunities for entrepreneurship.

The construction industry must aggressively offer an alternative to what has been perceived as the simplest pathway to America's middle class. This means bulking up apprenticeship programs, aggressively forming partnerships with high schools and two-year colleges, and offering scholarships and higher pay for apprenticeship program completion to young people ready to enter the construction trades.

The industry must also readily embrace emerging technologies. Gen Z is growing

up with smartphones and lives in the cloud. If the construction industry has any hope of meaningfully addressing its structural skills shortages, it must look to Gen Z, and Gen Z must look to it. ■

NOTES

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- ⁵ "The labor market for recent college graduates," Federal Reserve Bank of New York (May 21, 2021) (report). Available at: https://www.newyorkfed.org/research/college-labor-market/college-labor-market_underemployment_rates.html.
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- ⁷ Svajlenka, N.P., Protecting undocumented workers on the pandemic's front lines, *Center for American Progress* (Feb 2, 2021). Available at: <https://www.americanprogress.org/issues/immigration/news/2021/02/02/495017/protecting-undocumented-workers-pandemics-front-lines/>.
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- ⁹ "H-2B temporary non-agricultural workers," U.S. Citizenship and Immigration Services (2021). Available at: <https://www.uscis.gov/working-in-the-united-states/temporary-workers/h-2b-temporary-non-agricultural-workers>.
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- ¹¹ H.R.6 — American Dream and Promise Act of 2021, P.H. 117, 3/18/2021.
- ¹² Braddock, S., "With 41 percent of construction workers retiring by 2031, the industry needs to get moving with C3," *Construction Citizen* (Feb 1, 2018) (blog). Available at: <https://constructioncitizen.com/blog/41-percent-construction-workforce-retiring-2031-industry-needs-get-moving-c3/1802011>.
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