2008
Construction Industry Conditions Survey Analysis
2008 Construction Industry Conditions Survey

The industrial construction market is currently in an expansion period. Indications are that this is often resulting in additional work practices which increase labor costs beyond the contractual wage and fringe rate. Furthermore, availability of an adequate supply of skilled craft labor is becoming less certain. As a result, traditional measures of labor costs and labor cost escalation are increasingly excluding a sometimes significant component of current labor costs. The purpose of the survey was to identify current industry conditions and increase awareness of them for all parties in the industry.

To obtain a clearer picture of the current marketplace, The Association of Union Constructors (TAUC) requested the Construction Labor Research Council (CLRC) to gather information to identify the extent of cost increasing labor practices in the current market. CLRC has undertaken a survey of industrial contractors affiliated with TAUC to obtain information on the extent of labor practices on their projects.

Responding Contractors Indicated That:

• Close to half are utilizing an extended work schedule
• Almost two-thirds have experienced labor shortages
• A variety of supplemental payments are being made to workers with none more favored than another
• There are craft differences in the steps being taken
• The situations identified are little changed from a year earlier

Close to 200 contractors provided responses to the survey. Most worked on both new and maintenance projects and employed a representative mix of crafts. Reflecting the unionized construction industry, about one-third of the respondents were in the Midwest with the remainder spread throughout the United States. There were few regional differences in responses.
On average, how many days per week are your crews working?

Close to half of contractors have a work schedule of more than 40 hours. When a longer schedule is in effect it is most likely to be 5-10’s. Some schedules of 70 or more hours per week were reported.
On average, how many days per week are your crews working?

Two-thirds of contractors reported working their crews five days a week. There were some working four or six days per week, but very few at seven. Most projects are working one shift and no three shift operations were reported.
Just over a third of contractors reported that they have an ample supply of craft labor on their projects. Among the remainder, spot shortages outnumbered frequent shortages by a two-to-one margin.
Labor shortages were most often associated with five crafts. Among these, boilermakers, pipefitters and ironworkers were identified with the greatest frequency of shortages. A disproportionately high number of boilermaker shortages were reported in the Midwest while almost none were for operating engineers.
A means of obtaining more workers is to employ travelers. The same three trades most likely to be experiencing shortages were most likely to utilize travelers. Even though pipefitters were identified more frequently than boilermakers, travelers accounted for 20 percent of the pipefitter labor force while it was 40 percent for boilermakers.
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Subsistence payments are being made to close to one-third of workers. Most often all travelers receive these payments. There are also numerous instances in which all workers receive subsistence pay.
Bonus payments are being made to close to one-quarter of workers. In this case, payment is made independent of the class of worker. Projects either pay bonuses to all or none of their labor force.
Over scale wages are being paid to over one-quarter of workers. The key determinant as to whether a higher wage is paid is craft.
When over scale wages were paid, they were either $1, $2 or $3. The crafts receiving over scale amounts tended to be the basic trades.
Respondents Comments

Respondents were given the opportunity to comment on other factors relevant to the current state of the union construction industry and many did. The most common comment was to disagree that any of the factors identified in the survey were currently relevant. For these companies, lack of work was considered the industry’s primary problem. Most of these contractors worked in either Michigan or Ohio.

Other recurring comments in order of frequency were:

- Reiterated labor supply shortages
- Saw declining craft worker quality/productivity
- Identified difficulty in successfully bidding against non-union competitors
- Expressed concern as to the industry’s ability to attract new entrants