



Construction Labor Shortages & Immigration

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Construction Is a Sector, Not an Industry

- **236 Construction of Buildings**
 - **2361 Residential Building Construction**
 - Single family, multiple family, operative builders, remodeling
 - **2362 Nonresidential Building Construction**
 - Industrial, commercial and institutional
- **237 Heavy and Civil Engineering Construction**
 - **2371 Utility System Construction**
 - Water, gas and oil pipeline, electrical and communication
 - **2372 Land Subdivision**
 - **2373 Highway, Street, and Bridge Construction**
 - **2379 Other Heavy and Civil Engineering Construction**



The Last Slide Was Only General Contracting

- **238 Specialty Trade Contractors**
 - **2381 Foundation, Structure, and Building Exterior Contractors**
 - Poured concrete, structural steel, framing, masonry, glass, roofing, siding,
 - **2382 Building Equipment Contractors**
 - Electrical, plumbing/heating/AC, other building contractors.
 - **2383 Building Finishing Contractors**
 - Drywall, painting, flooring, tile & terrazzo, finish carpentry
 - **2389 Other Specialty Trade Contractors**
 - Site preparation
 - Other specialty trades



Labor Demand and Shortages Vary by Sector (I)

- Availability of labor varies according to the skill requirements of the work
- Results in distinct labor markets
 - limited movement across those markets
 - Residential & Light Commercial
 - Relatively permeable
 - Center of immigrant employment
 - Commercial/Institutional & Industrial
 - Higher skilled work
 - Less immigration
 - Great concerns about skilled labor shortages



Residential Markets ***(50% of Market)***

- Some evidence of labor shortages in mid-2000s
 - Complaints about workers job hopping at height of the housing bubble
 - Large influx of immigrant workers
 - High accident rates
 - High level of violation of labor standards and worker exploitation
 - No labor shortage in the foreseeable future
 - (Absent controls of entry of immigrant labor)



Labor Shortage Centered in Industrial, Heavy and Comm

- Reports of shortages in Engineering News Record for 20 years.
- Continued 3 – 4% rise in construction compensation in these sectors from 1995 on.
- Some projects not built because of the lack of sufficient labor force
- Regional dimension of shortage
 - Problem worst in low wage regions
 - South and Southwest



Sources of the Shortage: Retirements

- Wave of Retirements
 - Short working life of craft workers
 - Retirement begins at ages 50-55, depending on the trade
 - Don't see many old construction workers
 - General physical demands
 - Past injuries
 - UA retirement study
 - Finds critical loss of workers has started, need to expand enrollments in apprenticeships throughout the country.



Sources of Shortages: Demand

- Increased demand in the industrial sector
 - Petrochemical/Power/Infrastructure
 - Reopening and modernization of BP refinery in Lima was estimated to require 10 million craftworker hours (5000 person years)
- Skill is key to successful projects
 - Building failures associated with the use of less skilled labor
- Difficulty in predicting demand, extremely volatile



Sources of Shortage: Training

- Differences in work structure between Union and Open Shop
 - Journeyman: fully trained and self directed worker in Union sector. Long period of training, little supervision
 - Open shop: A few highly skilled workers, many specialized and partially trained workers. Shorter training but close supervision.



Training: Continued

- Apprenticeship system excellent but has been adjusted to fit union needs
 - Covers 20% of the overall labor force, 40% outside of residential
- Open shop unable to train sufficient workers over the last thirty years.
 - 1960s to 1990s: absorbed workers trained in apprenticeship programs.
 - Failure of open shop apprenticeship system
 - NCCER program: Better aimed at open shop work structure, still far too small.
 - Military, community colleges, also provide training, but most open shop training is OJT

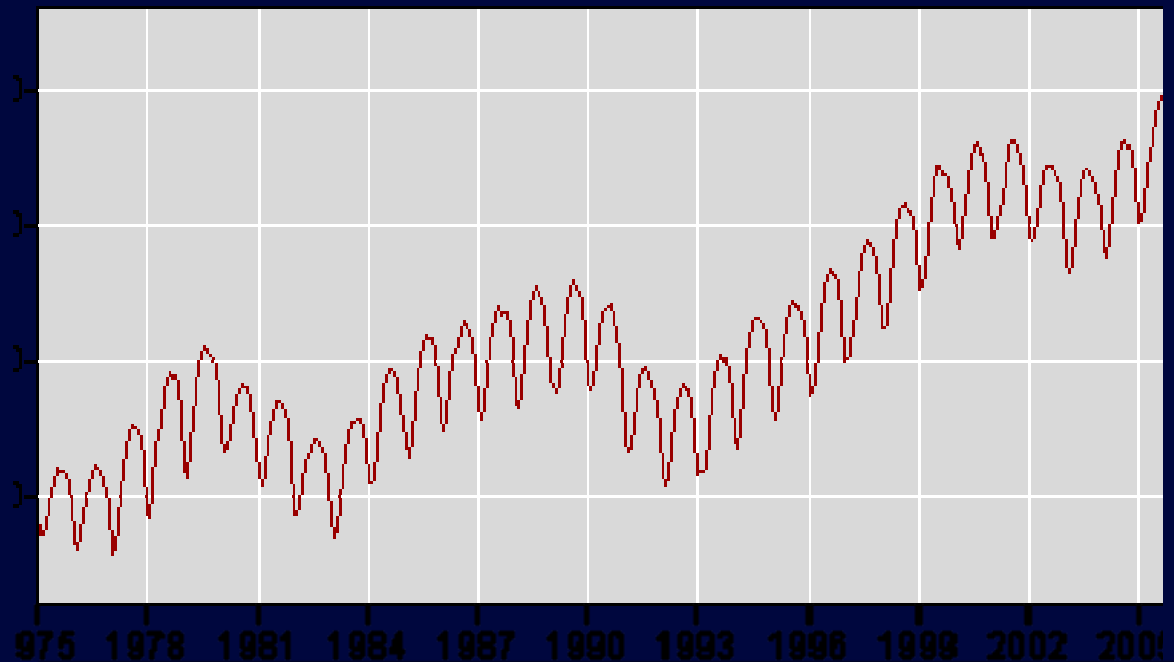


Shortage is Regional

- Largest volume of owner complaints from the South and SW
 - The shortage has gone on longer in low wage regions
 - Construction wages are lower in the South and Southwest.
 - Hourly wage for Michigan \$20.26
 - Hourly wage for Georgia: \$15.85
 - Hourly wage for Texas: \$14.56
 - Limited union presence
 - Lack of training systems
 - Lack of support for labor standards (prevailing wage)



***Radical Disjuncture Between
Short and Long Term Labor
Market Conditions***



Month



Elements of Turbulence

- Construction is highly cyclic, so long term shortage is currently concealed by short term decline.
 - Seasonal
 - Magnified response to the business cycle & interest rates
 - Keyed to investment , not general economic growth
 - Industrial & commercial was holding up pretty well until eight months ago



Immigration in Construction

- Divided along residential/non-residential lines
 - Residential
 - Center of immigrant labor in construction
 - Relatively easy entry
 - Skill and certification is less central
 - Exploitation is also an economic plus for some employers
 - Large scale employment of immigrants has disadvantaged native workers in employment and wages.



Immigrants Outside of Residential (I)

- Construction labor supply for industrial and commercial a globalized industry
 - Two models for organization of construction
 - US/Canadian/Western Europe/Australian
 - Construction done by domestic labor forces
 - Balance of the world
 - International construction firms pull workers from all over the world,
 - » low wage laborers from Pakistan , India and Iran to skilled craftworkers and professionals.
 - » E.G.: 400 Philippine welders fly around the world from job to job, live in man camps, low wages relative to Western craftworker



Immigrants Outside of Residential (II)

- U.S. Immigration allow construction workers to come in on H2-B visas. There is leakage in the Visa system for higher skilled workers.
 - Education visas used by Clark Construction to bring workers from El Salvador
 - A major East Coast electrical firm brought in 200 Romanian Electricians in as electrical engineers (out of 1,200 electricians)



Immigrants Outside of Residential (III)

- Other examples:
 - Contracts in Michigan which require that at least one person on the gang speak English (largely Russian and Polish electrical and drywallers in Michigan)
 - Dow Chemical
 - Dedicated to using open shop labor for maintenance and new construction since 1980
 - Creates system of open shop maintenance workers
 - Uses Chicago general contractors for heavy work
 - » Skilled workers come from Mexico City and live in man camps.



Immigrants in Unions

- Approach varies by union
 - All building trades open to legal immigrants
 - Southern California locals dominated by native born Latino workers
 - Approach to undocumented varies
 - Some trades not interested in recruiting
 - Laborers, Carpenters and others actively recruit
 - Bilingual training programs
 - ESL courses
 - Ironworkers organize rod busting firms by offering supervision by trained members



Key Concerns to Unions

- Opening of U.S. construction labor market to use of global construction labor force
 - Legal international movement in construction workers will lower compensation and displace U.S. workers.
 - Continued informal entry of undocumented workers also disadvantages union construction workers.
 - Decline of Denver Carpenters local



Key Concerns to Unions

- Difficulty in organizing undocumented workers
 - Even when organized, difficulty in retaining those workers
 - Pension and welfare benefits are hard to provide to workers without a legal SSN.
 - Vulnerability to employers during and after organizing campaigns.