



AGC of America releases Craft Worker Compensation Report

February 25, 2008 - Spotlights

AGC of America recently commissioned FMI to complete a special report on construction craft worker compensation. Available in an electronic format only, contact Brendan Manning at the General Building Contractors of NYS via e-mail at brendanm@gbcnys.agc.org to receive a copy.

The report includes 54 graphs and tables analyzing compensation on a variety of comparison points within the industry and across industries, such as:

- * Average hourly wage rate by industry
- * Historical trends in average hourly wages
- * Historical wage gap analysis
- * Union vs. non-union hourly wages by industry
- * Construction wages vs. inflation-adjusted wages
- * Construction hourly wage rate and fringe by craft and type of construction
- * Construction hourly wage rate and fringe by region
- * Union vs. non-union construction hourly wage rate and fringe by craft and region

This unique report is intended to help the industry determine whether inadequate compensation is a significant factor in the skilled labor shortage and to help identify any particular opportunities for improvement. FMI concludes that compensation is a major factor in the labor shortage. While the construction industry does compensate workers at a higher rate than the other industries, the gap between wage rates as a percentage of total wages is decreasing. Without enough effort to reduce the risk (safety, work/life, job security, etc.) and provide alternative rewards (career pathing, training, perks, etc.), the overall attractiveness of the construction industry is diminishing.

In addition to the industry's image issues, construction wages have historically failed to keep pace with inflation. Relative low compensation rates are deterring potential candidates from entering the industry, and the upcoming generation is encouraged to opt for a lower-risk track either in a different industry or through a college education. Based on the results from this report, compensation is a factor of the labor shortage and along with efforts to make the industry more attractive, an industry-wide wage increase would help solve labor shortage issues.

Key Findings

- * While hourly wage rates in the construction industry, historically and currently, exceed other industries drawing from similar labor pools, construction is also the "riskiest" industry to enter from safety, job security and work/life balance perspectives.
- * The construction industry has failed to adjust wage rates adequately over the past 30 years to match the rate of inflation.
- * The wage gap between the construction industry and other industries has been declining steadily since its largest point (as a percentage of construction wages) in 1971-1973.

* Construction union wage and benefit rates vary considerably by region and, for the most part, far exceed open shop levels. Compared to other industries, the construction industry has a significantly larger gap between union and non-union wages.

* Several contacted leading industry human resource executives believe compensation is an important factor leading to the shortages, but cite factors such as industry image, inadequate craft training, hurricanes and a robust economy as contributing factors.

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