

# Labor Crisis

What will it take to recoup Arizona's skilled workforce? **By ERIN DAVIS**

If you've attended any local 2016 commercial forecast events, the likelihood of bypassing a panel, speaker or conversation dealing with, or related to, construction and skilled labor issues is slim. It's not a new issue, but it's a worrisome one that shows few signs of resolution anytime soon. Why, when other areas of the nation show steady signs of improvement, is Arizona's construction workforce woefully crippled? There are several answers, but none that offer immediate resolve. Hold on to your hard hats — skilled-workforce improvement has a long road ahead.

## ENOUGH LABORERS, NOT ENOUGH SKILLED LABOR

A national statistic from Associated Builders and Contractors (ABC) states: "Nonresidential building construction employment expanded by 5,100 jobs in December and is up by 9,900 jobs (or 1.4 percent) on a year-over-

year basis. Similarly, the Bureau of Labor Statistics states: "Construction is projected to add 790,400 jobs by 2024." With seemingly positive outlooks, what's the catalyst for Arizona's palpable deficit in construction-labor optimism?

"The national positive outlooks exist because as the industrial market and the demand for housing and business space go up, there will be an increase in employment opportunity," explains Fred Ingersoll, director of apprenticeship and training for Arizona Builders Alliance. "The contradiction between the national and local perspectives comes from the reality that even though there's more opportunity and jobs available, there are not enough workers available to build the supply on any level."

It's important to note, according to Ingersoll, that not "having enough workers," doesn't equate to enough bodies to fill positions. Rather, the

dilemma is that the available workforce is not skilled or trained enough to meet the demand.

"There is a differentiation between an employee versus a skilled employee," explains Bo Calbert, president of McCarthy Building Companies.

We know at one time Arizona had a skilled labor workforce — so where did they go? Fingers typically point to the recent recession. However, we shouldn't be too quick to blame the diminishment of skilled laborers solely on the economic downturn.

## COMPOUNDING FRACTURES

Mark Stapp, director of ASU's Master of Real Estate Development program, suggests that when the recession hit Arizona, skilled workers, many with longevity in the workforce, migrated to more productive markets. As a significantly slower state to recover (compared with other larger markets), competition in more prosperous markets only increased. Concurrently, little incentive exists to entice laborers back to the Valley.

Simultaneous to Arizona's mealy economic state: labor issues were compounded by SB1070.

"SB1070 had a profound affect on the market," Stapp says. "Laborers physically left or completely changed the way they made a living."

An NPR article in 2012 stated



Arizona's illegal immigrant population (according to the Department of Homeland Security) was reduced by 100,000 since 2009 — and that was seven years ago. When this article was published four years ago, a prediction on part of IHS Global Insight claimed Arizona would need 41,000 new construction laborers to satisfy project demand. Many would agree that the prediction's outcome is clear.

Yet, there is another factor impacting the skilled-labor pool — the rapid retirement of Baby Boomers.

“There are 70 million-plus Baby Boomers moving toward retirement and there aren't enough quality people with experience behind them to replace them,” says Todd Govig, CEO of Govig & Associates. “We are about to go into a war for talent unlike we've ever seen in this country. It's not going to be a war for talent, it's going to be a crisis for talent.”

## OUT WITH OLD, PROBLEM WITH THE NEW

As cut-and-dry as the skilled labor shortage is, the solution is less so — and complicated.

“We don't honor people who work with their hands,” says J. Doug Pruitt, chairman of Sundt Construction. “We have to educate this group.”

The group that Pruitt refers to

is primarily comprised of newly emerging high school graduates and the Millennial population. Those groups will potentially be one of the most promising solutions to Arizona's construction labor issue.

The Millennials, along with those whom Ingersoll refers to as the “homelanders” — ages mid 20s to mid 30s — are going to be the prime demographic to target in terms of workforce development.

Local economists, developers, contactors and educators agree that Career & Technical Education (CTE) is an invaluable, yet under-implemented

solution in solving Arizona's construction labor problem.

“The CTE program is trying to fill the gap,” Calbert stresses. “We need to educate our kids by the time they get out of high school — and let them know that there are options to train in one of the trades.”

“Good news can be found surrounding the buzz in ‘Strategic Planning and Workforce Development,’” explains Rose Ann Canizales, president of the Association of Construction Career Development. “This is the main objective of the ACCD — our mission statement is to ‘promote and support



# LABOR & CONSTRUCTION



**TRAINING DAY:** Students get hands-on exposure to the construction industry at Arizona Construction Career Days.

## SB1525: Change of the tide?

Gov. Ducey recently signed the senate bill, SB1525, by Senator Don Shooter (R-Yuma), restoring \$29 million dollars in state funding for Joint Technical Educational Districts (JTEDs). According to AAED, the House added language saying that restoring JTEDs was “an important priority.” This version, which included the names of the 56 Representatives received a vote of approval from the Senate on February 17th and was promptly signed by Governor Ducey. Could this be a big step in aiding Arizona’s skilled-labor recovery? We’d love to hear your thoughts. Share your comments on our AZ Big Media Facebook page or send them to [erin.davis@azbigmedia.com](mailto:erin.davis@azbigmedia.com).

the construction industry through education and employment.”

ACCD targets the group for which experts are hopeful: high school sophomores through seniors. Once a student decides to enter a CTE program, they have the opportunity to attend ACCD’s annual two-day event. With its community partnership with the Arizona National Guard under the leadership of Major General Michael T. McGuire, ACCD exposes a generous number of students (last year there were 1,900 attendees) to contracting exhibitors and various trade apprenticeship programs such as carpenters, pipefitters, masons, pools and spas, in addition to Arizona schools including Gateway Community College, ASU, NAU and more. ACCD celebrates it’s 15th year this November 3rd and 4th.

Canizales also points to the Arizona Department of Education’s “Construction and Related Programs

Advisory Council.” The council will serve to represent all the professional groups and agencies within construction in a united effort to support education programs’ success in grades 9-12.

“We are introducing students to career opportunities in a unique, hands-on approach to an industry they never considered and to rewarding and challenging careers offered by that industry,” Canizales says.

Exposure to construction careers in a positive light is key, according to Ingersoll, who strongly believes that they are not presently viewed as a lucrative or viable option among today’s youth.

“The construction industry, by most, is still looked at as a secondary career path,” Ingersoll says. “The perception is that construction is a low-class job with uneducated individuals that can’t succeed anywhere else.”

This often worldly view, Ingersoll explains, is one that has been proliferated

for sometime. It's a misnomer that will continue to perpetuate, if support for CTE isn't increased.

"There needs to be a shift in cultural thinking," Calbert says, "We need to supply 80 percent of graduates with education in the trades."

A daunting task, according to Calbert, considering that last year, the state budget cut CTE programs, totaling close to \$30 million. "It's going to take time to turn around," he says.

Time, experts theorize, is the the Achilles heel to the current outlook for CTE.

"Programs like these are in place to expose high school students, counselors, politicians and industry leaders to careers in the construction industry and to be the catalyst for recruiting the next generation of craft professionals," Ingersoll says. "This creates great opportunities for the emerging 2020 workforce, but we are talking about the jobs and needs of today."

## IMPROVING SKILLED LABOR TODAY

So what can be done today?

"The challenge is reaching the current workers, ages 25 to 34 years," Ingersoll says, "that are not in high school and may have never gone to college, but based on 2014 Department of Labor data, do not stay in any job longer than three years."

"A lot of companies are taking this on ourselves by establishing our own apprentice programs," Calbert says.

McCarthy's apprentice program, Build U, is an individualized training and development program that blends virtual classroom training, instructor-led classroom training, action learning, online training and on-the-job training with mentoring and peer-to-peer leadership development.

Other Arizona apprenticeship programs can be found through The Arizona Builders Alliance, which offers a Certified Professional Constructor Course, in addition to several other

construction career development avenues. Sundt created The Center for Craft Excellence training center, helping craft employees to attain NCCER Certified Plus status and standard craft training and development.

"Shifting to a training and development culture," Ingersoll says, "allows companies and its employees to embrace new information, different ways of communication, and innovations, while being able to leverage those skills into a pipeline of talent."

While CTE support and increased implementation of training programs for the existing workforce will undoubtedly alleviate some of the pressure to rebuild a skilled labor workforce, it won't be an overnight process.

"It's going to take time to turn around," Calbert says. "Greater Phoenix Leadership, the Arizona Chamber and other organizations that fully believe in the repair of this issue is what it will take to move this along." ■■■

## MORE ON ARIZONA'S LABOR DILEMMA



**Todd Govig, CEO of Govig & Associates:**

"We are about to go into a war for talent unlike we've ever seen in this country. It's not going to be a war for talent, it's going to be a crisis for talent."



**Mark Stapp, director of ASU's Master of Real Estate Development:**

"When looking into national construction and labor statistics, consider how they might be skewed in relationship to local projects. We need to look at the distribution of labor per project coming into the area."



**Fred Ingersoll, director of apprenticeship & training for Arizona Builders Alliance:**

"Without enough construction workers, projects will have to be put on hold, causing businesses and homeowners to wait and potentially causing building costs to go up."



**Bo Calbert, president of McCarthy Builders:**

"35 years ago, the majority of craft people belonged to the union-- and the union did the training. Only 11% of the workforce is union, so employers have to develop their own workforce."



**Rose Ann Canizales, president of the Association of Construction Career Development:**

"Predictions for the Arizona and Phoenix labor markets may vary somewhat, but I am confident that the labor market in Arizona will share in the projected nationwide growth."



**J. Doug Pruitt, chairman, Sundt Companies, Inc.:**

"55-60% of jobs require a diploma or some type of certification; we've got to educate this group."