

UCA Annual Spring Showcase | April 2022



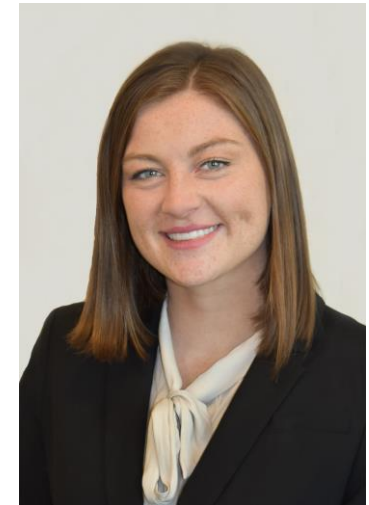
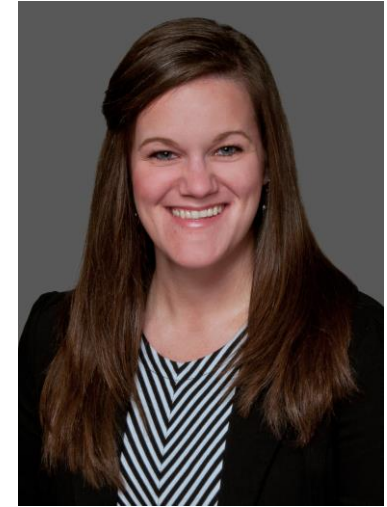
# The Construction Outlook in Illinois and America



Frank Manzo IV, MPP | Illinois Economic Policy Institute | [www.illinoisepi.org](http://www.illinoisepi.org)

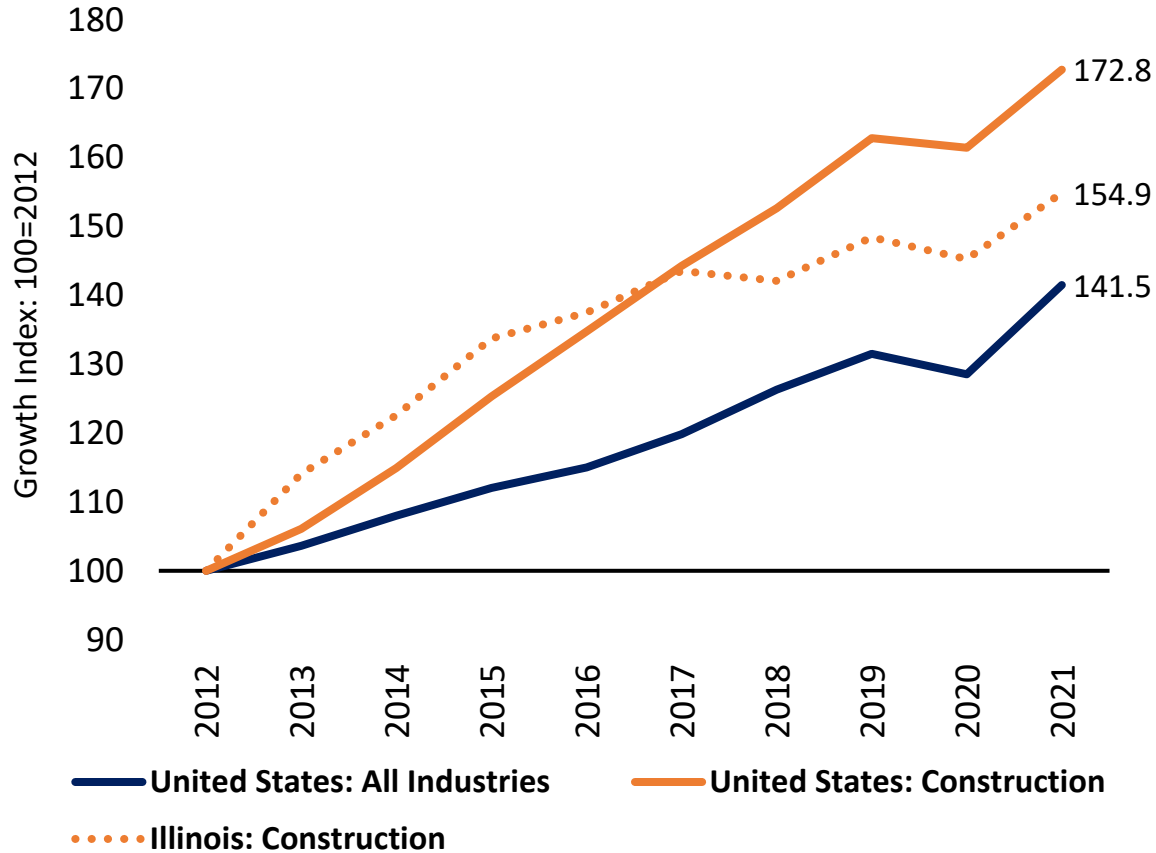
The Illinois Economic Policy Institute (ILEPI) has promoted thoughtful economic growth for businesses and working families since 2013

- Studies on infrastructure investments, prevailing wage laws, apprenticeship programs, responsible bidding, and the value of union construction industry
- Four full-time staff
  - Executive Director
  - Transportation Director
  - Policy Analyst
  - Research Associate



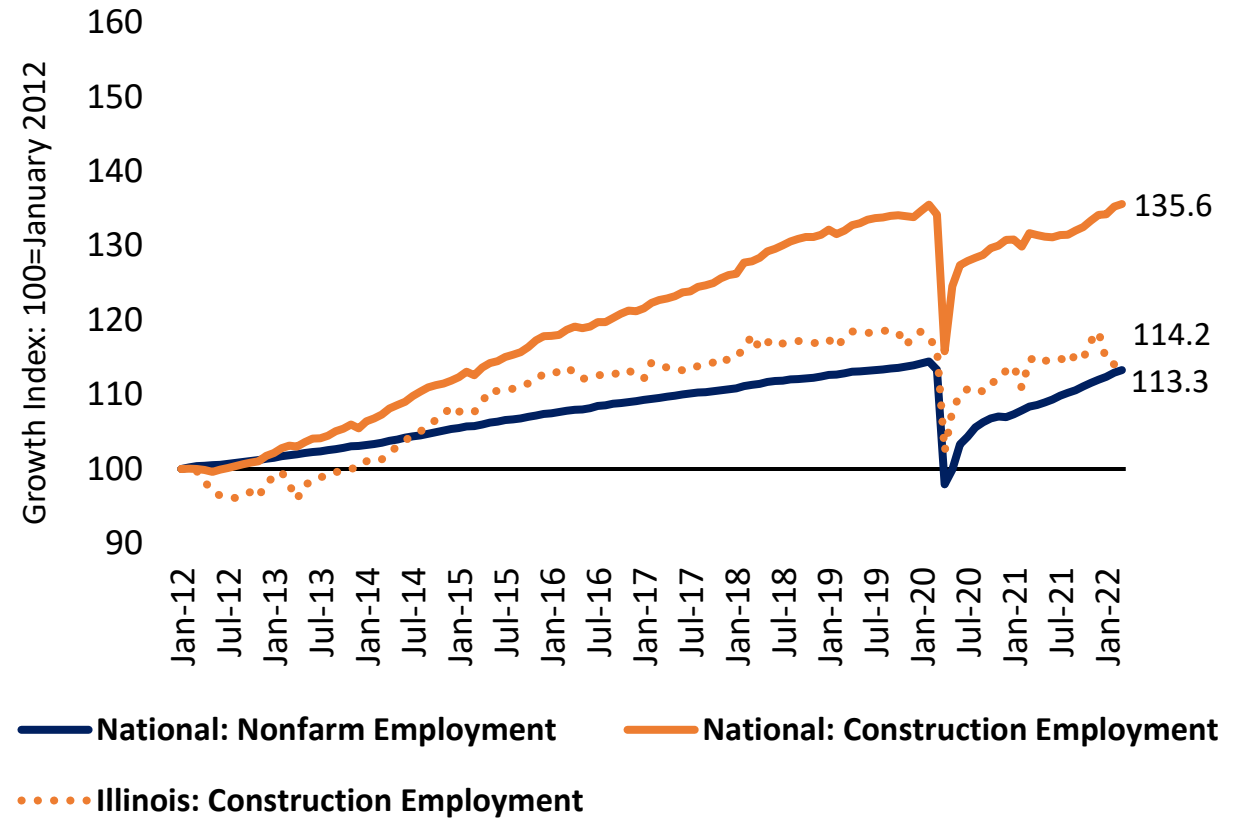
# Recent Trends in GDP and Employment

## Gross Domestic Product: Past Decade



*Source: Bureau of Economic Analysis, 2022*

## Seasonally-Adjusted Employment: Past Decade



*Source: Bureau of Labor Statistics, 2022*

# Consensus and Government Forecasts

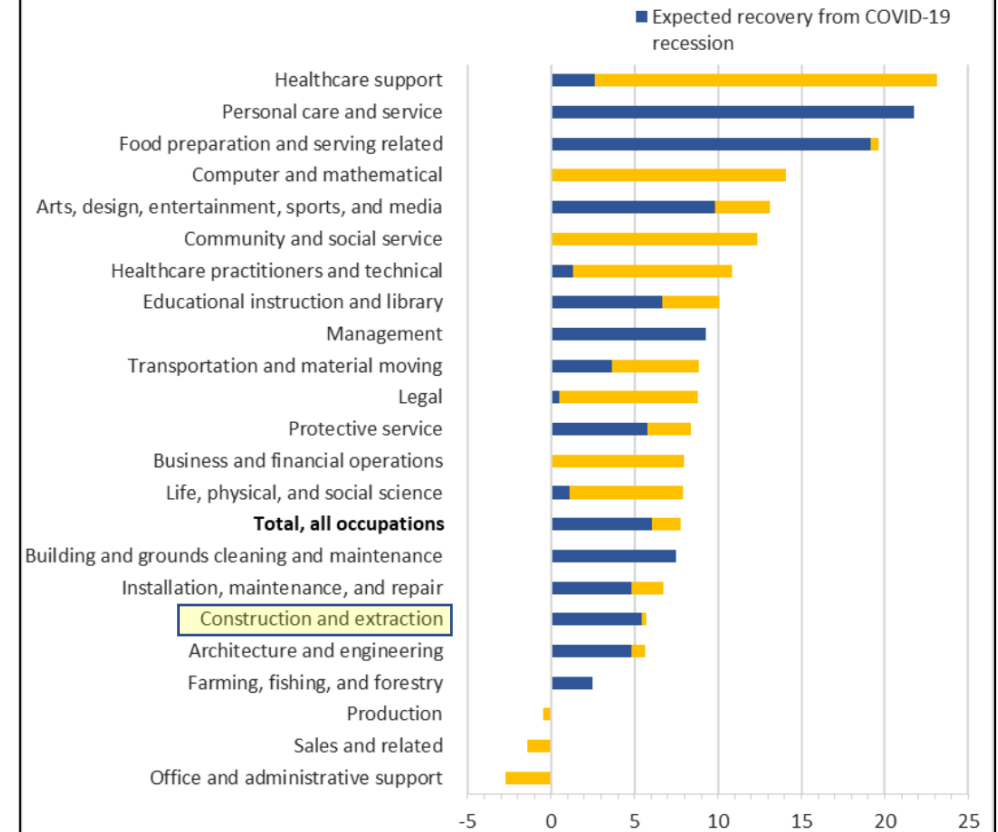
## CONSENSUS CONSTRUCTION FORECAST, DECEMBER 2021

Click on each name to see their forecast

Consensus		Estimated \$	Forecast % Change	
		2021	2022	2023
Dodge Construction Network	Nonresidential Total	—	5.4	6.1
IHS Markit	Commercial Total	—	4.7	5.3
	Office	—	0.8	3.6
Moody's Analytics	Retail & Other Commercial	—	7.5	4.9
	Hotel	—	-0.4	13.5
FMI	Industrial Total	—	9.4	8.4
ConstructConnect	Institutional Total	—	4.4	6.0
	Health	—	6.2	6.0
Associated Builders and Contractors	Education	—	3.5	6.1
	Religious	—	-1.1	1.2
Wells Fargo Securities	Public Safety	—	-1.3	5.6
Markstein Advisors	Amusement & Recreation	—	7.7	6.0

*Source: American Institute of Architects Consensus, 2022*

Chart 1. Projected employment change by occupational group, 2020–2030 (percent)



Note: Expected recovery from COVID-19 recession represents the reversal of declines in employment between 2019 and 2020 for occupational groups that experienced declines during that period.

*Source: Bureau of Labor Statistics, 2021*

# Bipartisan Rebuild Illinois Capital Program



## ILLINOIS CAPITAL BILL NEW TRANSPORTATION FUNDING



An additional \$2 billion per year  
for transportation projects

Provides sustainable funding by  
indexing the Motor Fuel Tax to inflation



25% of transportation funding goes to  
local governments and transit agencies

First time mass transit has dedicated  
annual funding from the state



# Bipartisan Infrastructure Investment and Jobs Act

The Infrastructure Investment and Jobs Act (IIJA) will provide at least **\$16 billion** in transportation funding for Illinois.

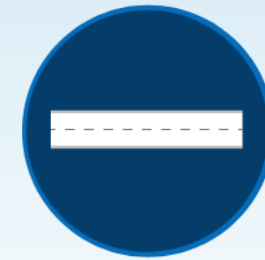
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## The IIJA Provides New & Increased Transportation Funding for Illinois



**\$1.4  
billion**

in new bridge  
funding



**21%  
increase**

in existing road  
and bridge  
funding



**26%  
increase**

in transit  
funding

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*Source: Illinois Economic Policy Institute, 2022*

# Examples of Other Tailwinds

## America is short more than 5 million homes, and builders can't make up the difference

PUBLISHED TUE, SEP 14 2021•10:55 AM EDT | UPDATED WED, SEP 15 2021•4:14 PM EDT



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SHARE    

### KEY POINTS

- Some 12.3 million American households were formed from January 2012 to June 2021, but just 7 million new single-family homes were built during that time.
- Single-family home construction is running at the slowest pace since 1995.

[Source: CNBC, 2021](#)



## Expanding High-Speed Internet Will Grow Illinois' Economy

The state's Rebuild Illinois capital program and the federal Infrastructure Investment and Jobs Act will invest hundreds of millions of dollars in broadband internet access.



Expanding access to **238,000** households, businesses, and farms



Boosting economic activity by **\$2.6 billion** over six years



Raising worker incomes by an estimated **\$843 million** annually



Creating or saving **14,400 jobs** over six years



Delivering **telework and telehealth** opportunities to rural communities

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PROJECT FOR MIDDLE CLASS RENEWAL

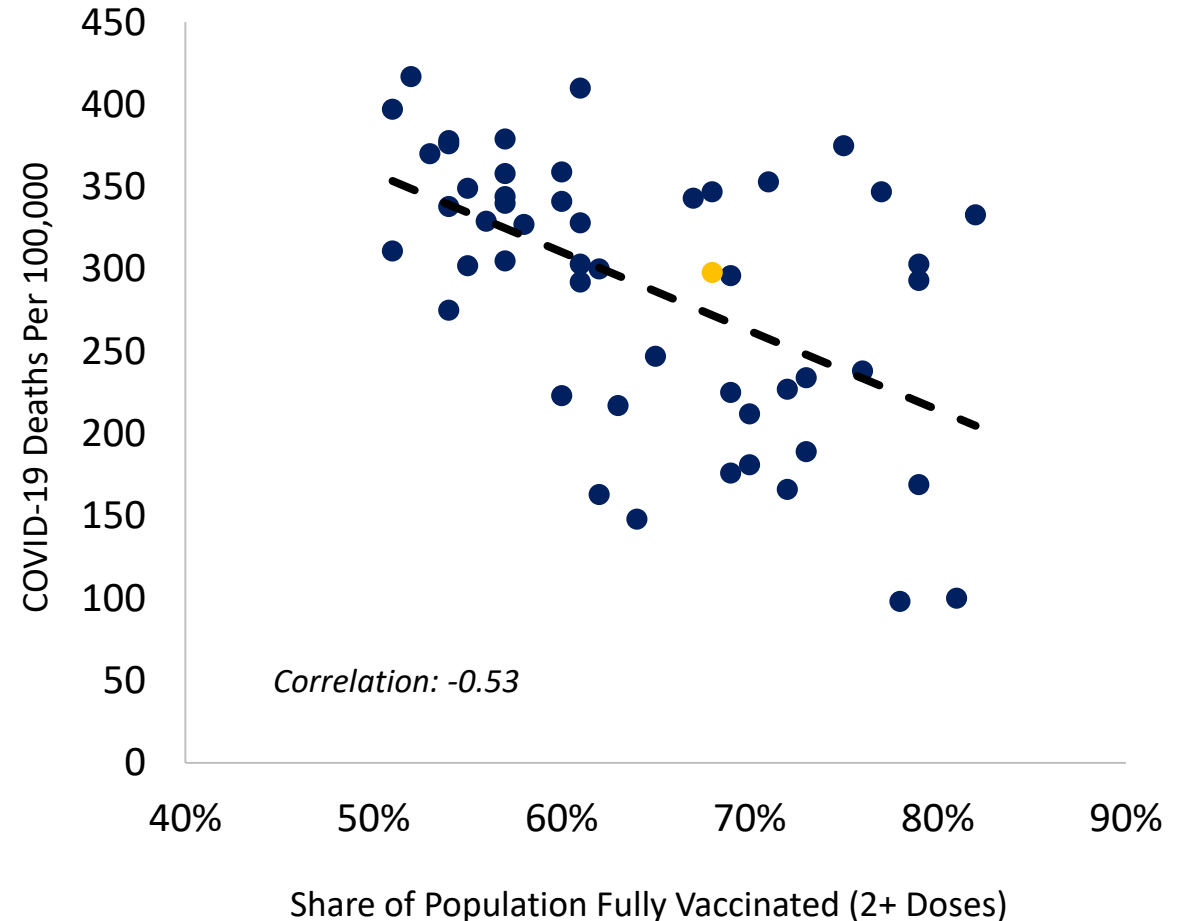
# Headwinds: COVID-19 and Related Effects

## Where are all the workers?

- 2.4 million excess retirements
- 460,000 families (still) without childcare
- 1.4 million drop in immigration
- 1.1 million workers with long COVID
- 1 million COVID-19-related deaths
  - more than 240,000 were between working ages of 18-64 years old

$$2.4 + 0.46 + 1.4 + 1.1 + 0.24 = \mathbf{5.6 \text{ million}}$$

Source: Upcoming ILEPI Report - Numerous Sources, 2022

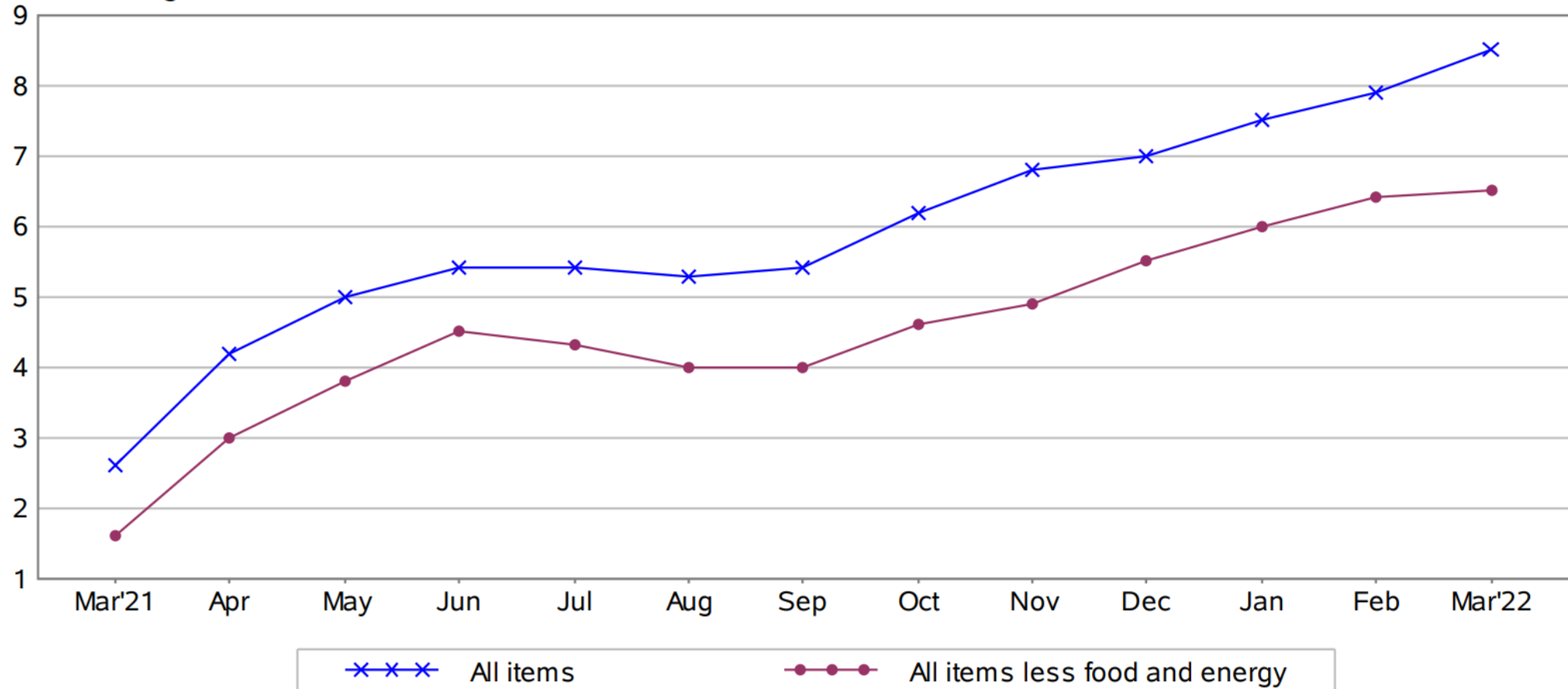


Source: [The New York Times, 2022](#)

# Headwind: Inflation, Inflation, and More Inflation

Chart 2. 12-month percent change in CPI for All Urban Consumers (CPI-U), not seasonally adjusted, Mar. 2021 - Mar. 2022

Percent change



*Source: Bureau of Labor Statistics, 2022*

# U.S. Inflation vs. European Inflation

Annual Rate of Inflation (March 2022)	
Lithuania	15.6%
Estonia	14.8%
Netherlands	11.9%
Latvia	11.2%
Spain	9.8%
Slovakia	9.5%
Belgium	9.3%
<b>United States</b>	<b>8.5%</b>
Greece	8.0%
Luxembourg	7.9%
Germany	7.6%
<b>EU Average</b>	<b>7.5%</b>
Italy	7.0%
Ireland	6.9%
Austria	6.7%
Cyprus	6.2%
Slovenia	6.0%
Finland	5.6%
Portugal	5.5%
France	5.1%
Malta	4.6%

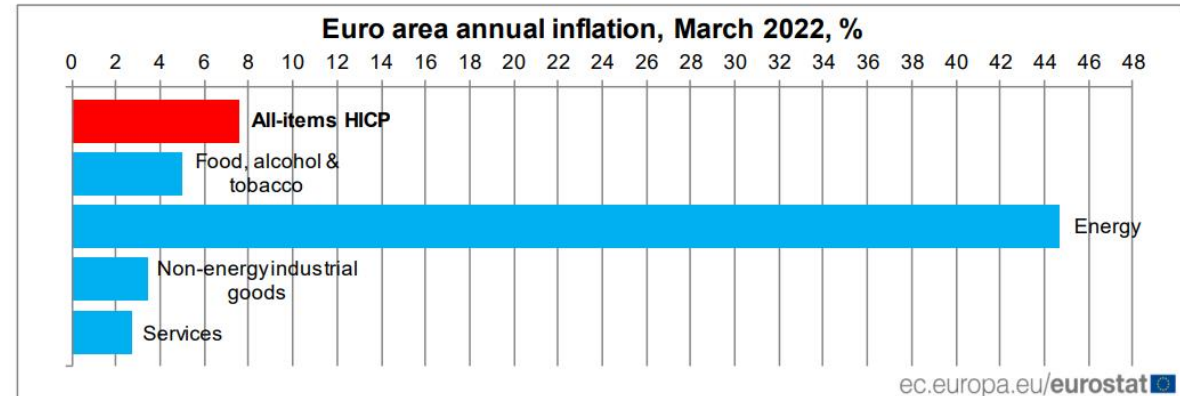
37/2022 - 1 April 2022

Flash estimate - March 2022

## Euro area annual inflation up to 7.5%

**Euro area** annual inflation is expected to be 7.5% in March 2022, up from 5.9% in February according to a flash estimate from **Eurostat, the statistical office of the European Union**.

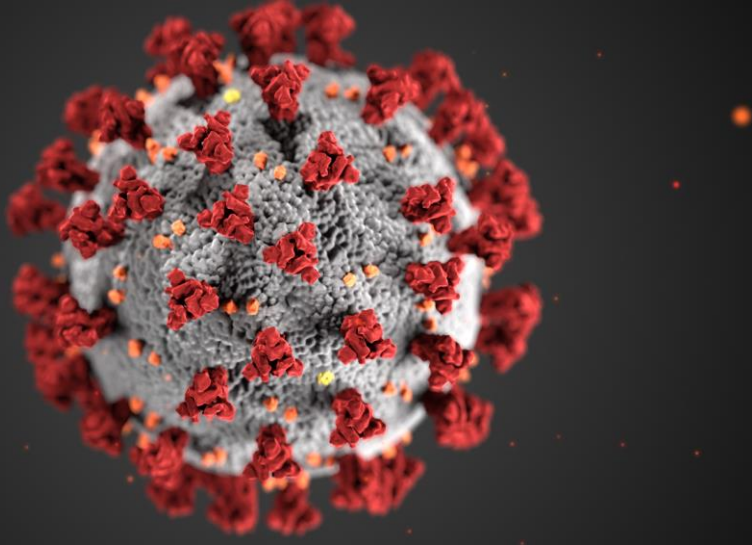
Looking at the main components of euro area inflation, energy is expected to have the highest annual rate in March (44.7%, compared with 32.0% in February), followed by food, alcohol & tobacco (5.0%, compared with 4.2% in February), non-energy industrial goods (3.4%, compared with 3.1% in February) and services (2.7%, compared with 2.5% in February).



[Source: Bureau of Labor Statistics, 2022](#)

[Source: Eurostat, 2022](#)

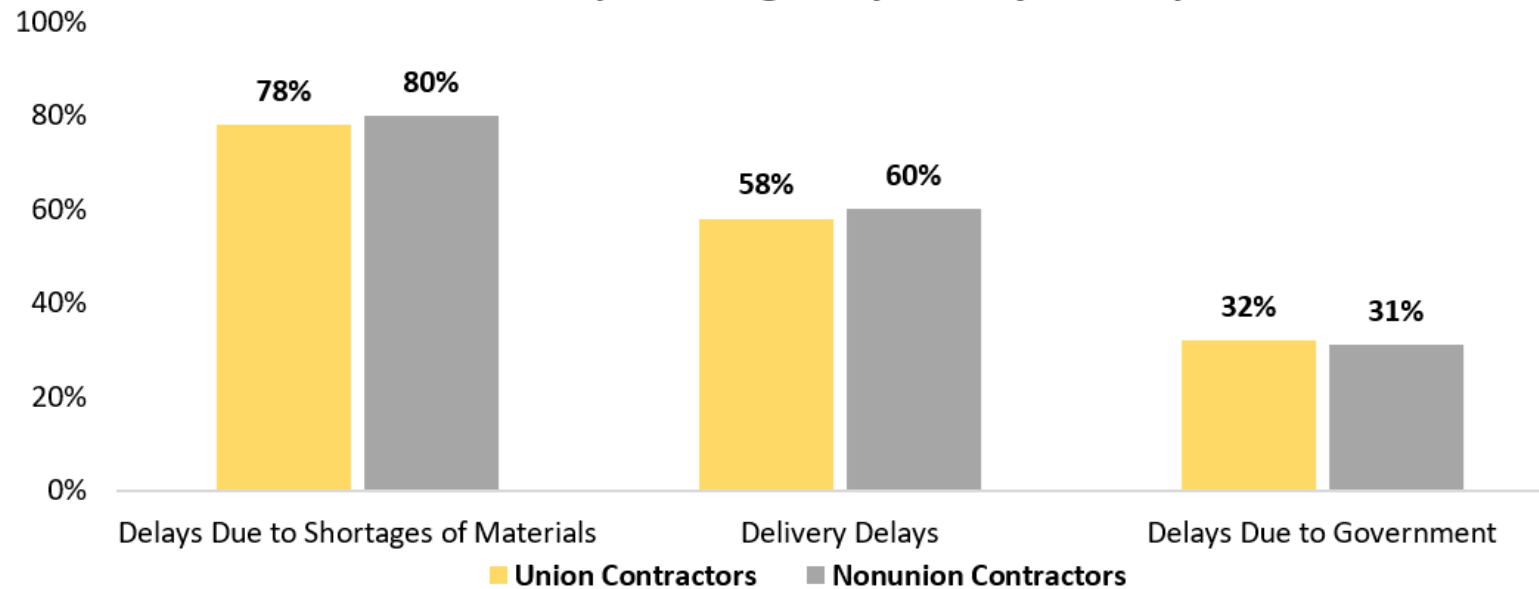
# Drivers of Inflation?



# Issues Affecting Project Completion Times

## Supply Chain and Regulatory Issues Impacting Completion Times, 2021

### Share of Contractors Experiencing Delays in Project Completion Times



### Share of Contractors Experiencing Labor Shortage Issues, 2021

Share of Contractors Experiencing Labor Shortage Issues	Union Contractors	Nonunion Contractors	Union Advantage
Project Completion Time Delays Due to Worker Shortages	47%	68%	-21%
Difficulty Filling Some or All Craft Positions	72%	86%	-14%
Increased Headcount (Workers) in Past 12 Months	46%	38%	+8%

*Source: Associated General Contractors of America, 2021*

# Skilled Labor Shortage in Construction

## The Labor Market Competitiveness of Construction Firms

Contractor Experiences: AGC Surveys	Union Contractors	Nonunion Contractors
Experiencing Project Delays Due to Worker Shortages	<b>47%</b>	<b>68%</b>
Say Local Pipeline of Well- Trained Workers is "Poor"	<b>29%</b>	<b>56%</b>
Report Losing Hourly Craft Workers to Other Industries	<b>17%</b>	<b>30%</b>
Average Annual Pay of Construction Workers	<b>\$58,000</b>	<b>\$39,700</b>

Because they invest in job quality, union contractors are better able to attract, develop, and retain skilled construction workers.



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RELATIONS  
PROJECT FOR MIDDLE CLASS RENEWAL

## Joint Labor-Management Apprenticeship Programs Are the Gold Standard

<b>ILEPI</b> <small>ILLINOIS ECONOMIC POLICY INSTITUTE</small>	<b>JOINT CONSTRUCTION PROGRAMS</b>	<b>EMPLOYER-ONLY PROGRAMS</b>
Total Apprentices (2000-2016)	<b>74,500</b>	<b>1,900</b>
Training Requirements	<b>7,300 hours</b>	<b>6,300 hours</b>
Completion Rate	<b>54%</b>	<b>31%</b>
African American Completion	<b>52%</b>	<b>18%</b>
Military Veteran Completion	<b>60%</b>	<b>27%</b>
Journeyworker Wage	<b>\$40 per hour</b>	<b>\$23 per hour</b>

*Source: Associated General Contractors of America, 2021*

*Source: Illinois Economic Policy Institute and University of Illinois at Urbana-Champaign, 2020*

# Final Thought: Union Safety and Workers' Rights



## Union Worksites are Safer in Illinois' Construction Industry

Health & Safety Violations	Union Worksite	Nonunion Worksite	Union Difference
OSHA Inspections with a Violation	60%	73%	<b>-13%</b>
Average Number of OSHA Violations	1.0	2.1	<b>-52%</b>



Unions represent 34% of construction industry workers, but union worksites account for **just 8%** of health and safety violations in construction.

Source: "The Impact of Unions on Construction Worksite Health and Safety: Evidence from OSHA Inspections," by Frank Manzo IV, Michael Jekot, & Robert Bruno, 2021.

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## In 2022, Illinois Will Vote on Whether to Protect Workers' Rights

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*"No law shall be passed that interferes with, negates, or diminishes the right of employees to organize and bargain collectively over their wages, hours, and other terms and conditions of employment and work place safety"*

### The bipartisan constitutional amendment passed:



- 49-7 in the Illinois Senate (88%)
- 80-30 in the Illinois House (73%)

**The Workers' Rights Amendment promotes good jobs, safe workplaces, and a strong economy.**

*Source: Illinois Economic Policy Institute, 2021*

# THANK YOU!

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