

NYC CONSTRUCTION LABOR MARKET TRENDS AND ISSUES

A LABOR MARKET PROFILE PREPARED FOR THE
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Employment trends – a cyclical industry

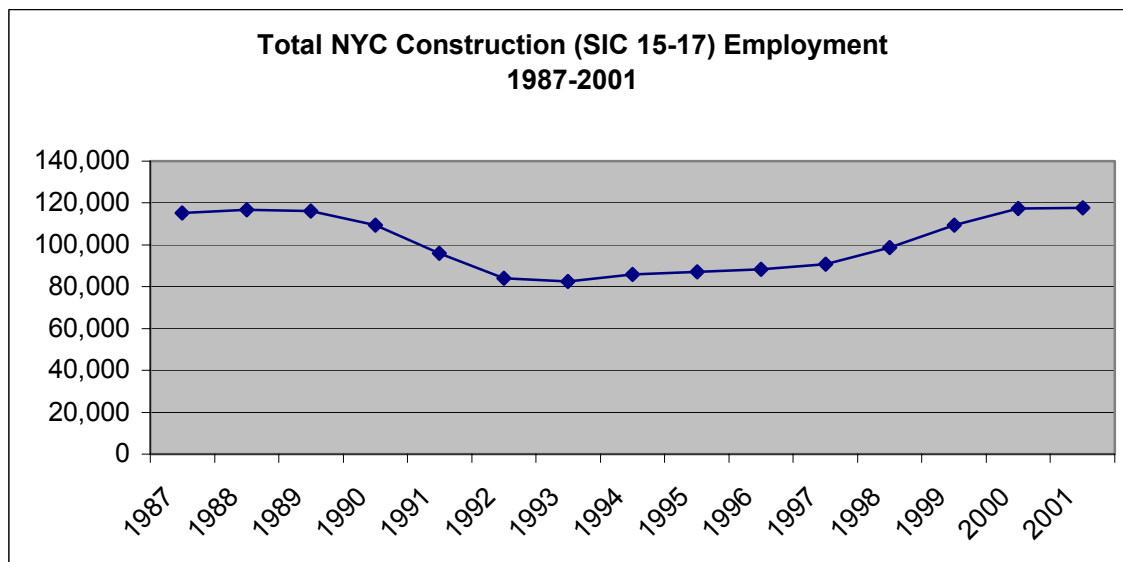
Construction is comprised of three broad market areas – residential, commercial, and “nonbuilding” (infrastructure) construction. Especially in the commercial and to a lesser degree in the residential segment, construction is a classic cyclical industry; e.g., construction levels respond to the strength of the economy at large, and the perceived relative attractiveness of real property as an investment vehicle. In this sense the industry is like the otherwise dissimilar Wall Street sector.

At a micro level, the industry is also cyclical in the sense that it is project-based. Workers and companies migrate from one job to the next, a fact that has helped produce, as we will see below, a unique set of labor market institutions.

Before describing these institutions, however, it is useful to take a look at how broader cyclical patterns show up in both the long-term and short-term employment data.

Long-term employment trends

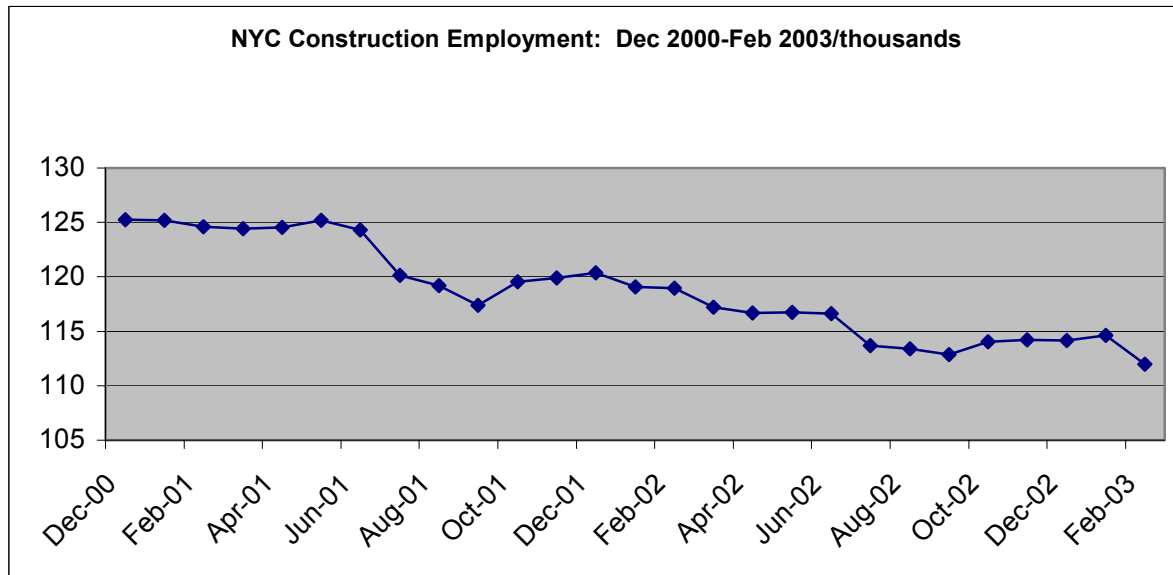
Average 2001 construction industry employment in New York City stood at 117,647 for SIC’s 15-17 (building, heavy and special trade construction). Construction employment declined significantly during the recession of the early 1990s (more than 33,400 jobs were lost between 1989 and 1993). After consistent gains throughout the rest of the 1990s, employment again reached pre-recession levels in 2000.



Source: ES202 data/NYS DOL

Construction employment and the current recession

The most current available employment data comes from a survey administered by the NY State Department of Labor, as opposed to the unemployment insurance records presented in the long-term trends chart on page one. While somewhat different total figures emerge from the two data sources, a clear downward trend has been observable in the survey data beginning about six months after the cyclical economic peak of December, 2000. For the total period between December, 2000 and February, 2003, building and special trade construction employment declined by 11% -- a loss of 13,200 jobs.



Source: 790 series/NYS DOL/seasonally adjusted by FPI

The New York Building Congress projects a decrease in construction spending going into 2004¹, and industry sources express worry about a lack of “projects in the pipeline,” especially on the commercial side. These factors augur an ongoing trend of job loss, at least for the near-term future. Public infrastructure spending on Lower Manhattan, Westside Expansion, and/or the Olympics may, however, mitigate the general downward trend.

A labor market with a unique culture and institutions

Apprenticeships are required for all skilled trades workers in construction, and completion of the apprenticeship (moving to journeyman/woman status) confers not only greater respectability but substantially greater hourly pay. People entering the construction industry on the trades side of the labor market can expect a 3-5 year apprenticeship involving both on-the-job training and a defined number of hours of classroom instruction. Apprenticeships are secured by contacting the trades union covering the area of interest to the applicant (carpentry, electrical work, etc.) – these are not jobs typically attainable just by looking in the newspaper.

While the labor market of employed, unionized tradespeople can be considered the “core” of the local construction industry, a large non-unionized labor market also exists in construction, based heavily though not exclusively on immigrant labor and informal hiring networks. While the sheer size of this

¹ *New York City Construction Outlook*. New York Building Congress. September, 2001.

non-union segment shouldn't be underestimated, job seekers should keep in mind that only approved union apprenticeship programs provide a route to the better jobs on the trades side of this rewarding but sometimes dangerous industry.

Efforts to open up initial entry in the unionized segment of the trades labor market in New York City, especially for minorities and for women, have a lengthy and difficult history. Something of a breakthrough has emerged over the past several years with the initiation of a program called Construction Skills 2000 (CS2K), managed through the labor-backed Consortium for Worker Education. Largely because of union buy-in, CS2K has enjoyed consistent success and support at providing pre-apprenticeship training for teenagers, mostly black and Latino, from New York City public schools. CS2K currently trains about 150 participants per year. Upon completion of the program, participants apply for the union-based apprenticeship program of their choice (according to program sources, on the order of 10% of total apprenticeship slots now go to CS2K participants).

It is important for prospective entrants to the construction labor market to know that trades workers identify with their craft, and particular union local, much more than they identify with the contractor on any given project. This craft orientation carries down to very practical levels, such as pride in owning and caring for one's tools. More construction workers than the norm in other sectors also operate as self-employed contractors.

Critically for job seekers, this craft or trades orientation very much carries down to the level of hiring and access to the labor market. As one commentator² puts it, "I learned three things from my first job in construction: 1) you had to know someone to get into the industry; 2) it was dangerous; and 3) there was camaraderie and satisfaction to be gained from the work." While programs such as CS2K have partially changed the "need to know someone" factor, this author maintains that people thinking about getting into construction still need to bear these basic realities in mind.

Who currently holds NYC construction jobs?

Information from the 1999 New York City Housing and Vacancy Survey presents a portrait of an overall workforce that is overwhelmingly male, but that reflects a racial/ethnic breakdown not all that dissimilar to the mix for the City workforce as a whole. Note, however, that this portrait draws from survey respondents in all workforce segments; e.g., union and non-union; employed, unemployed and self-employed; trades and non-trades. It shouldn't therefore be interpreted as a picture of the "core" construction workforce of employed, unionized workers³ in the trades.

Key 1999 HVS findings⁴ include the following:

- 93.4% of the overall construction workforce is male;

² Hr. Applebaum. *Construction Workers U.S.A.* Greenwood Press. Westport, CT: 1999

³ According to FPI analysis of Current Population Survey (CPS) data, some 35% of the overall construction workforce is unionized. This figure rises to 41% when only trades workers are taken into account. Note that by either definition the clear majority of the NYC construction workforce falls into the non-unionized segment – a fact which calls for more research both to understand both the internal labor market dynamics of this segment, and its relationship to the unionized segment.

⁴ Pooled Current Population Survey data for 2000-2002 show similar results.

- 44.4% of the overall construction workforce is non-Hispanic white, while 24.6% is Hispanic; 23.1% non-Hispanic black; and 7.7% Asian or other.
- 66.7% of the overall construction workforce holds a high school diploma or less; 17.9% has had some college; and 15.4% has a college degree or higher.
- 53.2% of the overall construction workforce is age 39 or younger, while the remaining 46.8% is age 40 or older.

2000 Equal Employment Opportunity Commission⁵ (EEOC) data on the racial/ethnic makeup of establishments over 100 employees in size provides an interesting point of contrast to the HVS data.

- Of the 13,859 total workers in construction establishments that fall into EEOC guidelines, 77.1% were non-Hispanic white.
- Among workers in the craft worker, operative or laborer categories, 77.9% were non-Hispanic white.

The workforce in the largest construction firms is therefore substantially less diverse along racial/ethnic lines than the overall construction workforce.

Interestingly, women in the construction workforce tend to be more rather than less concentrated in firms over 100 employees, though a closer analysis of the data show that most of these women work in “non-trades” administrative and professional positions.

What are typical construction jobs, and what do they pay?

For an industry with a workforce that exhibits comparatively low formal educational attainment levels, a wide array of well-paid jobs exist in the construction sector. This fact is related directly to the unique labor market institutions discussed above (e.g., extensive apprenticeship training, high unionization levels).

On following page, data from the 1998 Occupational Employment Survey are used to show the top twenty-five most common trades occupations in the New York City construction industry, approximately how many people work in each occupation, and the median wage for each occupation. Note that this median wage calculation is based on survey responses in all segments of the industry (union and non-union).

⁵ Thanks to Professor Walter Stafford of New York University for access to this EEOC data.

Top 25 Most Common Trades Occupations in NYC

1998 OES Code	1998 OES Title	Total Construction Employment	1998 OES Median Wage for NYC -- All Industries
872023	Electricians	17336	\$28.78
871023	Carpenters	8947	\$20.86
989993	Helpers, laborers, movers, n.e.c.	5974	\$9.75
875023	Plumbers, pipefitters, steamfitters	5772	\$23.31
810053	Construction, extraction supervisors	5330	\$27.52
874023	Painters & paperhangers	4292	\$17.00
859323	Elevator installers & repairers	2676	\$32.83
873023	Brick masons	2352	\$21.81
983123	Helpers, carpenters	2211	\$10.74
859023	Heating, air conditioning, refrigeration mechanics	1977	\$16.57
891323	Sheet metal workers	1837	\$27.05
878993	Construction trades workers, n.e.c.	1491	\$21.94
983133	Helpers, electricians	1362	\$14.86
983153	Helpers, plumbers, pipefitters, steamfitters	1361	\$11.53
878033	Hazardous materials removal workers	1337	\$19.35
979563	Operating engineers	1330	\$28.19
878083	Roofers	1269	\$21.38
873113	Concrete & terrazzo finishers	1235	\$32.21
857023	Telephone & cable TV installers, repairers	1190	\$26.46
983113	Helpers, brick & stone masons	1165	\$10.57
790413	Laborers, landscapers/groundskeepers	1133	\$12.87
971053	Truck drivers, light	855	\$11.39
871083	Drywall installers	819	\$22.11
878143	Structural metal workers	801	\$34.77
851323	Maintenance repairers, general utility	725	\$14.21
	Subtotal	74,777	
	% of total 1998 OES Construction Employment	61.4%	

Source: 1998 OES data/NYS DOL

Fourteen of these top twenty-five occupations (and four of the top five) have median hourly wages over \$20.00/hour. The lowest paid occupations tend to fall into the “helper” categories, although it’s worth remembering that at least in the unionized segment of the industry helpers are usually apprentices early in their careers.

It’s also worth noting that more than 25,000 “non-trades” jobs exist in the construction industry. Some of these titles (project managers, engineers, executives) are highly specialized roles, but construction firms also hire for administrative positions like “general office clerk” (3,600 plus according to the 1998 OES), secretary (some 3,200), and bookkeeper (more than 2,700). Industry sources indicate that a skilled administrative staff person is always in demand in the construction industry.