

Issues Affecting the Construction Industry

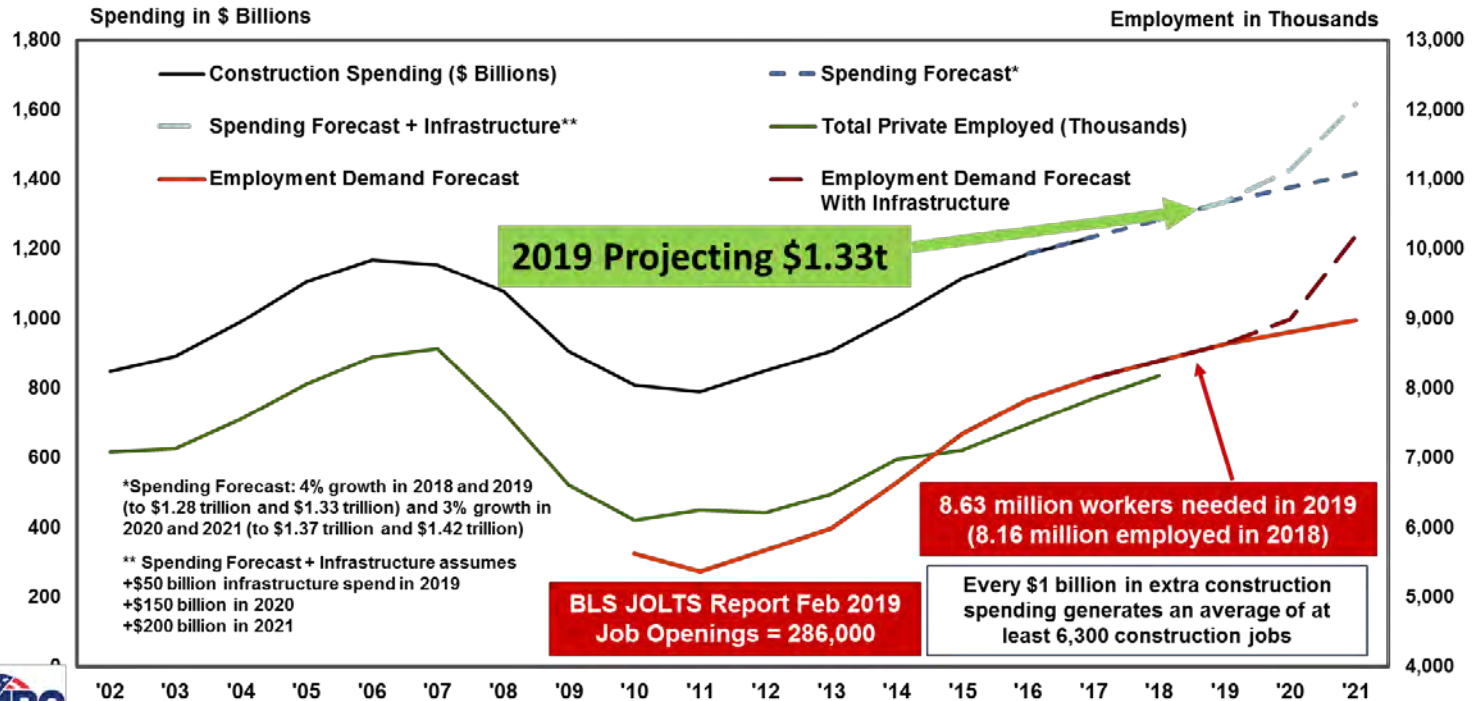
- Current Economic Conditions
- Construction Industry Fragmentation
- Driving Productivity in a Supply Constrained Market
- Policy and Legislation

Construction industry spending is at an all-time-high,
allowing some companies to catch up,
but most are still in need of skilled workers.

CURRENT ECONOMIC CONDITIONS

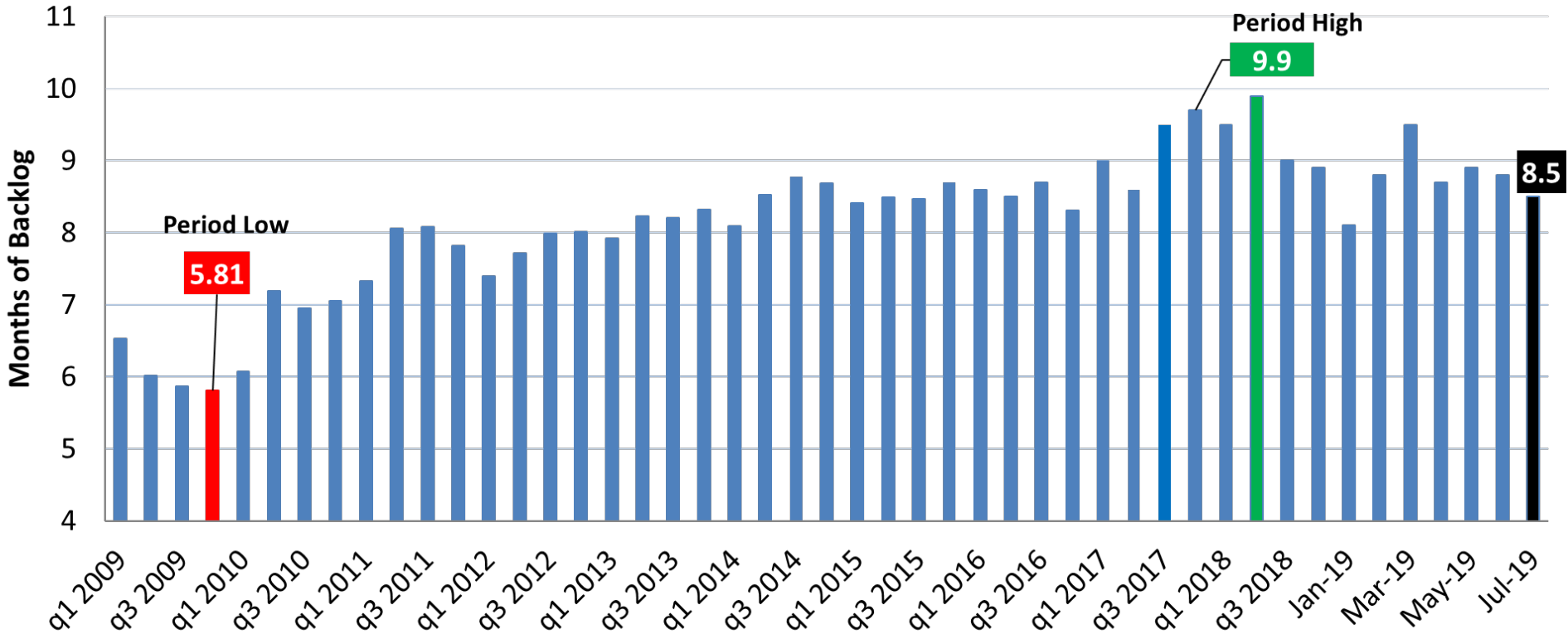
Construction Spending and Employment History and Forecast

(Excludes Self-employed Workers)

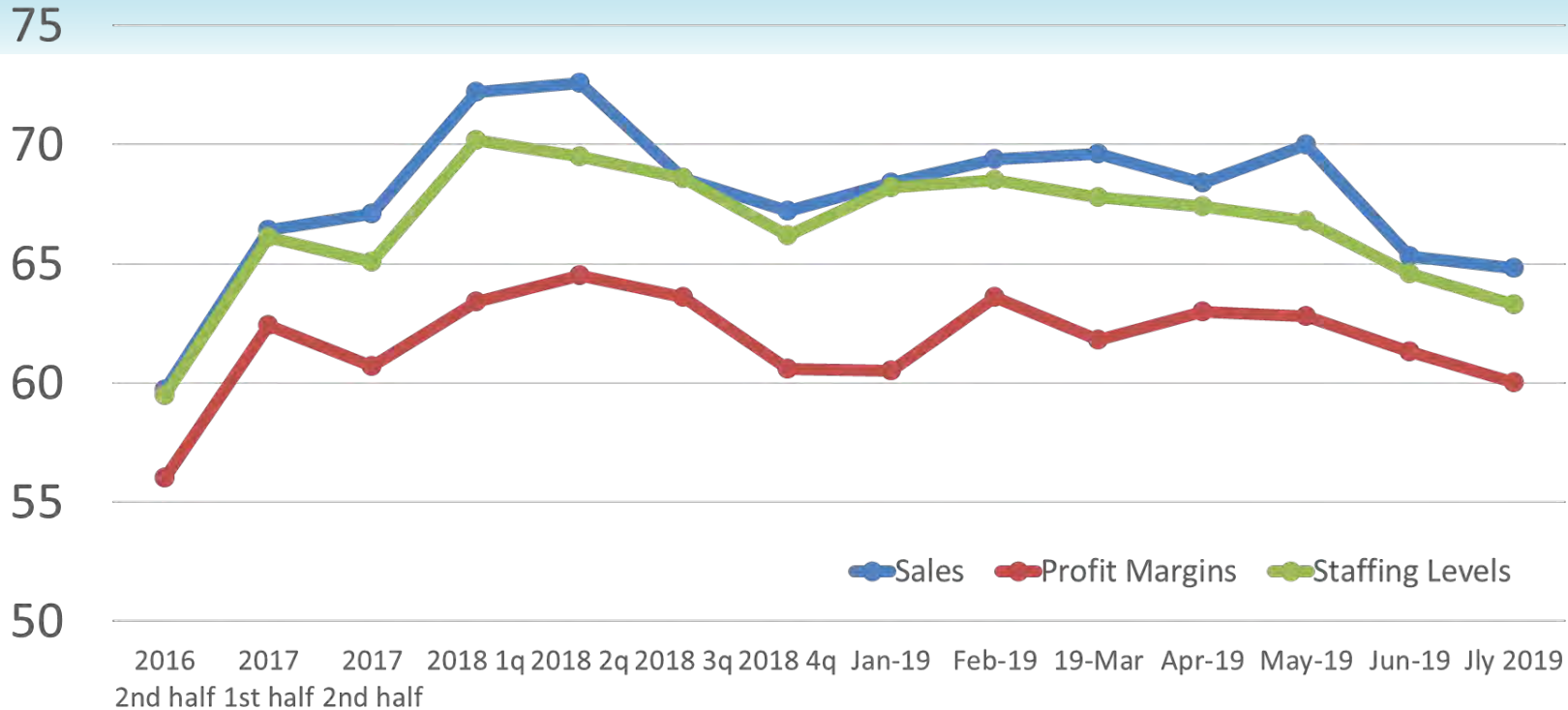


Source: History – U.S. Census Bureau and Bureau of Labor Statistics (BLS); Employment Demand and Forecast – Markstein Advisors

ABC Construction Backlog Indicator



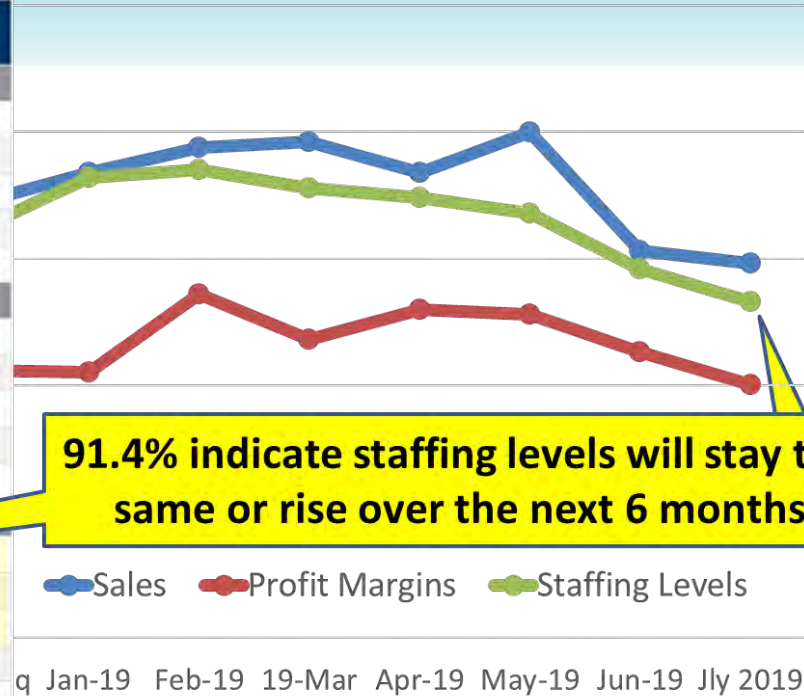
ABC Construction Confidence Index



Notes:
 Index greater than 50 is deemed confidence in growth over the next 6 months
 Sales – How confident are you in your sales increasing over the next 6 months?
 Profit Margins – How confident are you in your profit margins increasing over the next 6 months?
 Staffing Levels – How confident are you in your staffing levels increasing over the next 6 months?

ABC Construction Confidence Index

Construction Confidence Index			
Response	July 2019 Expectations	June 2019 Expectations	Percentage Point Change
Sales Expectations			
Up Big	12.5%	10.5%	2.0
Up Small	50.1%	56.4%	-6.3
No Change	23.6%	18.5%	5.1
Down Small	11.4%	13.1%	-1.7
Down Big	2.3%	1.5%	0.8
Profit Margins			
Up Big	6.0%	4.1%	1.9
Up Small	46.7%	50.0%	-3.3
No Change	31.1%	34.1%	-3.0
Down Small	14.0%	10.8%	3.2
Down Big	2.3%	1.0%	1.3
Staffing Levels			
Up Big	6.6%	7.7%	-1.1
Up Small	49.6%	51.7%	-2.1
No Change	35.3%	32.6%	2.7
Down Small	7.7%	7.9%	-0.2
Down Big	0.9%	0.0%	0.9



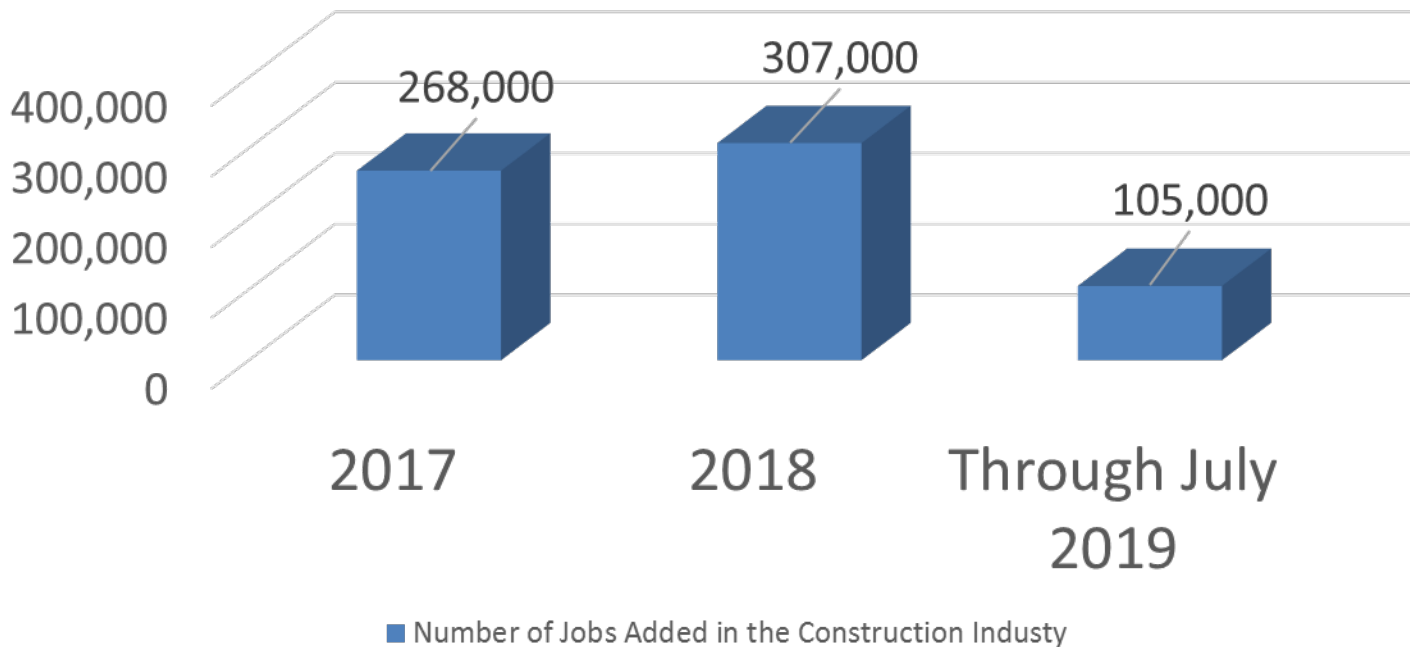
91.4% indicate staffing levels will stay the same or rise over the next 6 months

● Sales ● Profit Margins ● Staffing Levels

© Associated Builders and Contractors, Construction Confidence Index

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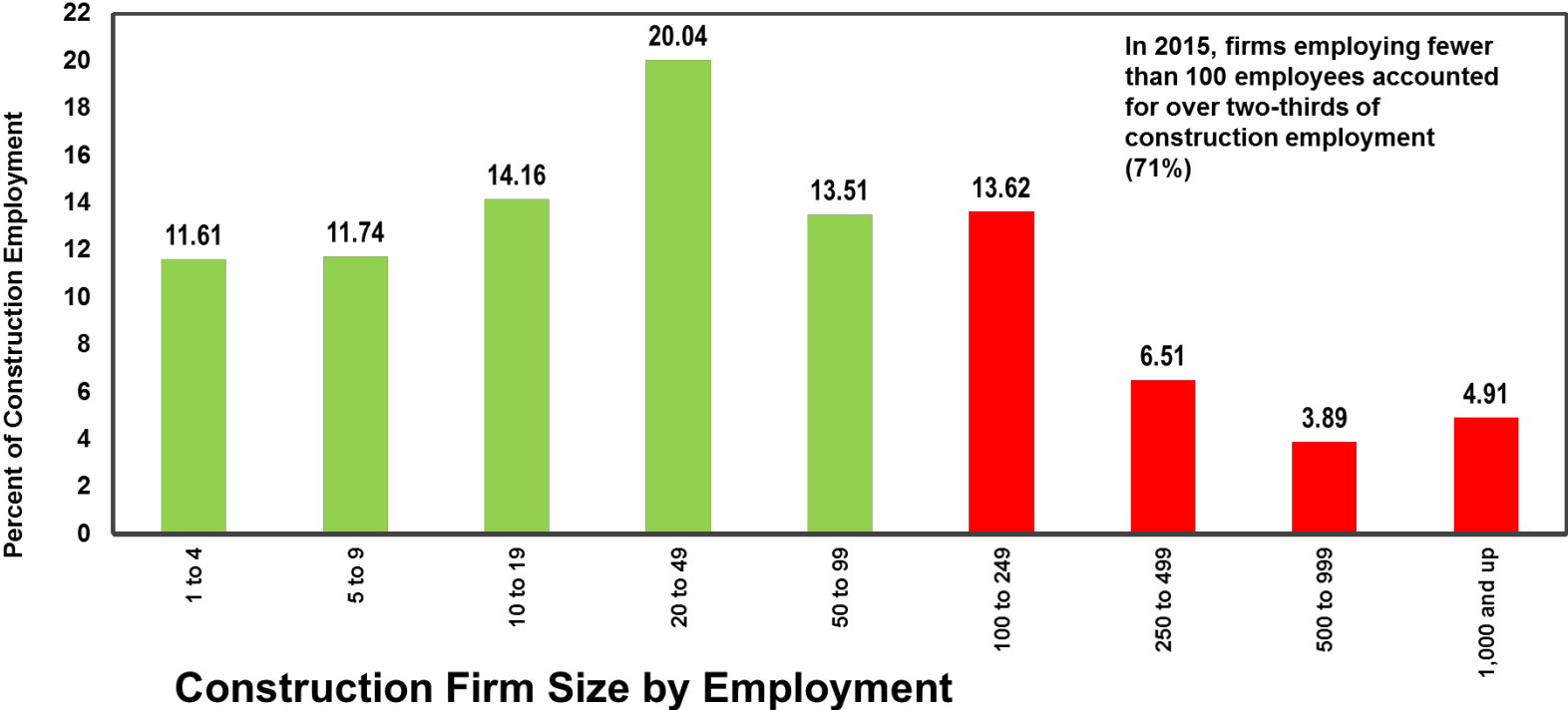
Number of Jobs Added in the Construction Industry Since Jan 2017



CONSTRUCTION INDUSTRY FRAGMENTATION

Companies that employ
100 people or fewer are key to
creating and filling jobs

Construction Companies that Employ <100 Construction Professionals Account for 71% of Construction Employment

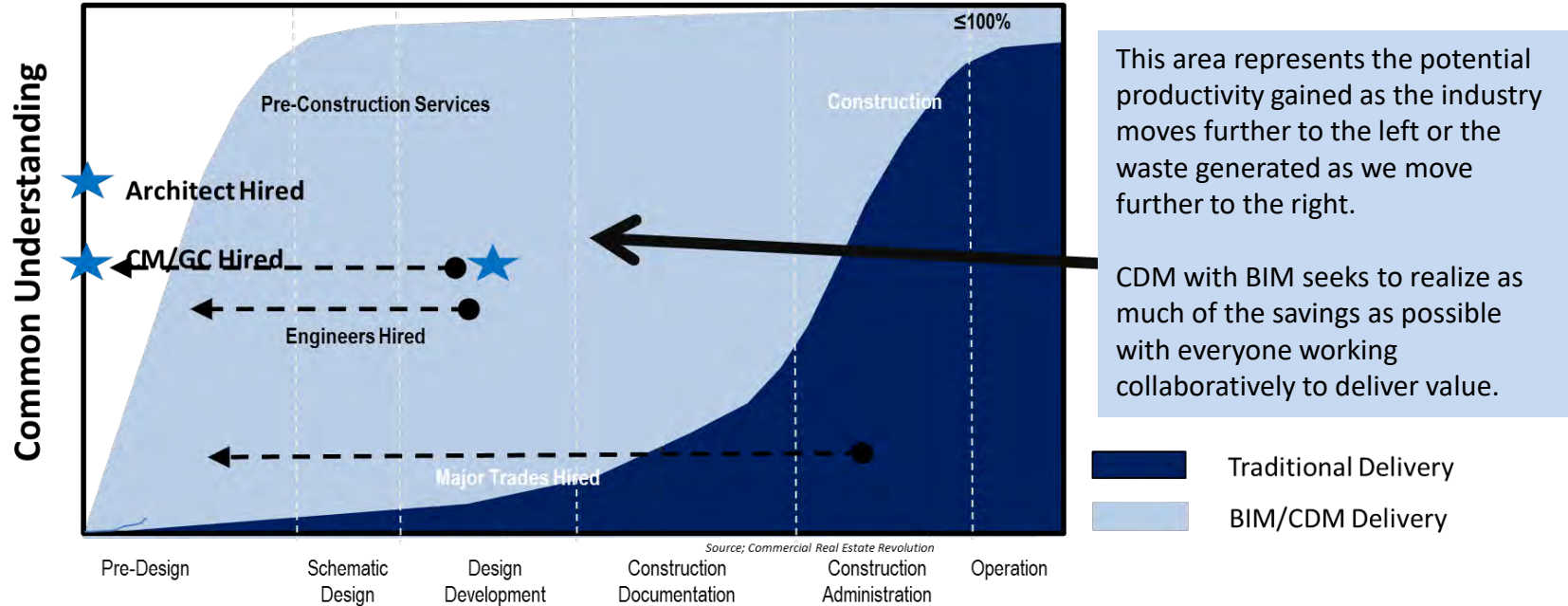


DRIVING PRODUCTIVITY IN A SUPPLY- CONSTRAINED MARKET

Leveraging Input Factors Critical
to Delivering Record Demand

LEADERSHIP – Collaborative Delivery Methods

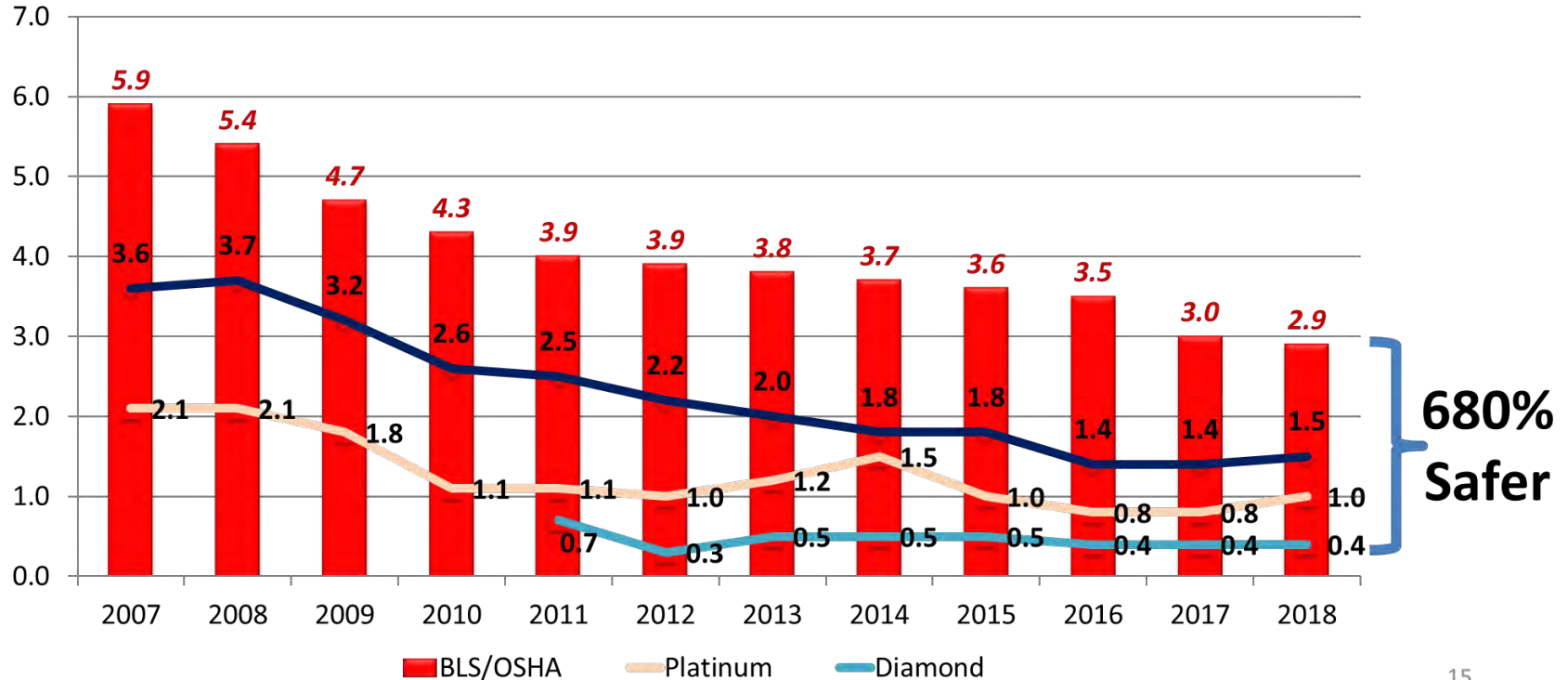
BIM/Collaborative Delivery Methods (CDM): Driving the waste out by increasing the level of understanding and collaboration earlier in the process



This Strategic Direction has the opportunity to create the conditions for proper planning, virtual coordination, collaboration, building trust, innovative thinking, standardization, prefabrication and elimination of variation and rework.
It does not necessarily address the Workforce Conditions and Production at the workplace, but should.

LEADERSHIP IN SAFETY

TRIR Benchmark Graph 2007-2018 STEP Levels and BLS



PEOPLE – Cause and Effect of Substance Abuse – Best in Class Policy Deployed vs. All Other

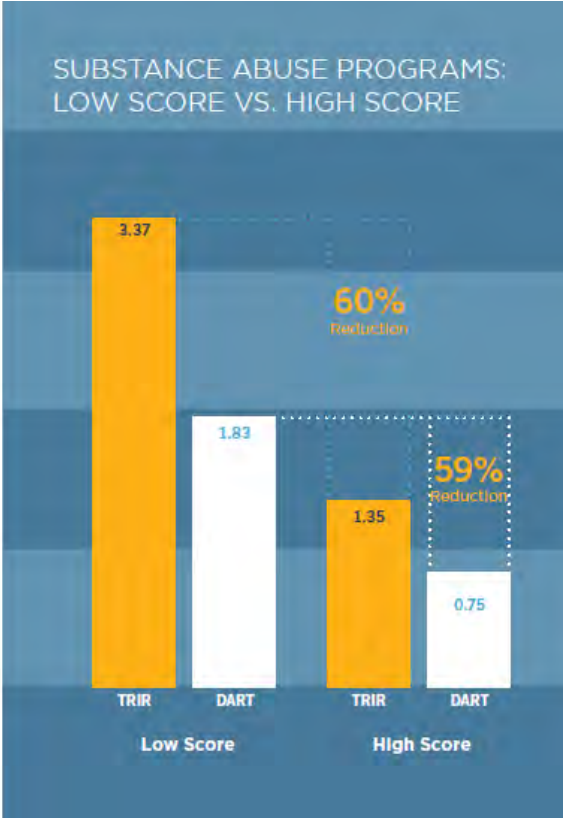


2 CORE LEADING INDICATORS Substance Abuse Programs

One-third of all incidents on construction jobsites are drug- or alcohol-related. Companies with substance abuse programs/policies with provisions for drug and alcohol testing where permitted are 60 percent safer than those without a program. Plus, substance abuse testing can be an effective method of incident prevention if used properly.



ABC is an active member of the Construction Coalition for a Drug- and Alcohol-free Workplace. Take the pledge at drugfreeconstruction.org.



A photograph of three construction workers sitting on a yellow pipe. They are wearing high-visibility safety vests and hard hats. The worker on the left is holding his head with both hands, the middle worker is covering his face with his hands, and the worker on the right is looking away with a distressed expression. The background is a dense green wall of foliage.

**991 Construction Worker
Fatalities in 2016
10.1/100,000 rate**

**Estimated 5,229 Construction Worker
Suicides in 2016
53.3/100,000 rate**

People



*Pledge to
American
Workers*

Provide career
opportunities
and education
that will help
Americans thrive
in the
construction
industry

Workforce Development Framework Fundamentals :

- 1. Get Americans In-** Identify, create, and promote the diversity of entry points into the Construction Industry for those who choose construction as a career
- 2. Get Americans Educated-** Create and provide career advancement educational opportunities that add value to the employer and the employee
- 3. Give Americans a Dream-** Create and promote a construction career development ecosystem that aligns the employer needs with the employee dreams



MEANS AND METHODS

Prefabrication, Multi-Discipline Pre-Fab, and Modular Construction are workflow solutions now and in the future



TOOLS AND TECHNOLOGY

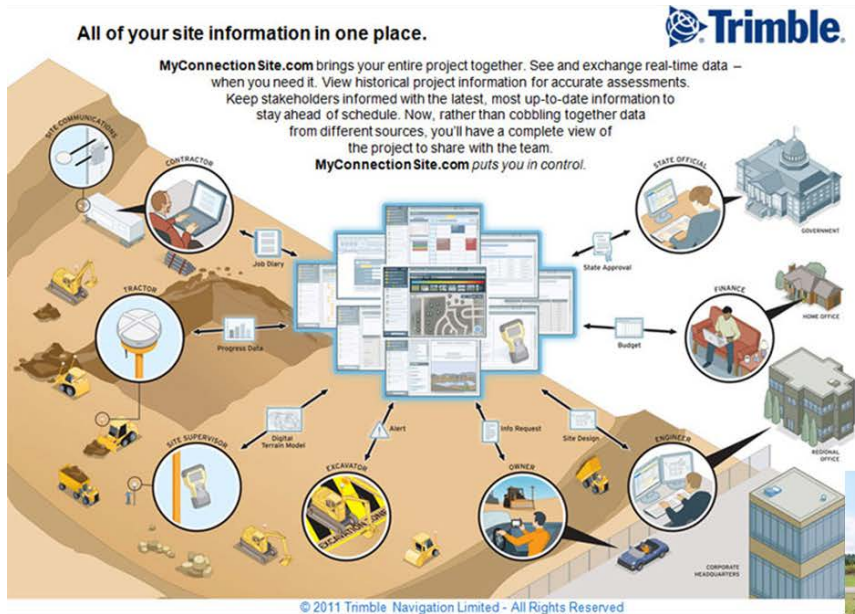
Additive Manufacturing (3D printing), Un-manned Vehicle Technology, IoT Sensors, Telematics, and Robotics are disruptive technologies adopted due to workforce crisis



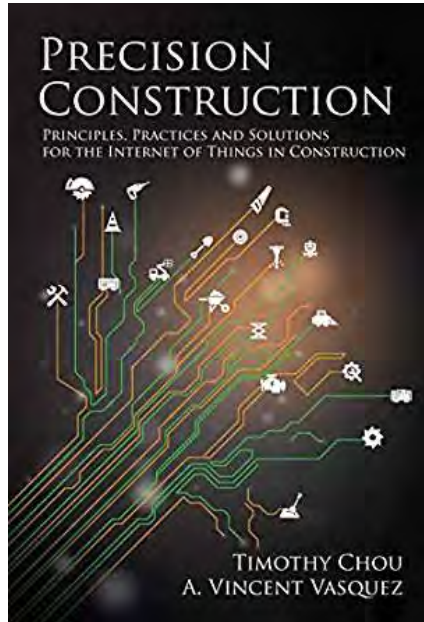


MATERIALS MANAGEMENT

IoT, Barcoding, RFID, Super Wi-Fi will enable materials to be manufactured, delivered, unloaded, erected into place and accounted for during the warranty and miniatous period autonomously



Internet of Things



Do

Learn

Collect

Connect

Things

Cyber Security



Elections have consequences

POLICY AND LEGISLATION

Policy and Legislation Affecting Construction Industry

What has been done?

- Tax Cut and Jobs Act
- Expanding Apprenticeships EO
- Perkins Act
- Streamlining the Permit Process EO
- WOTUS Reg Rewrite
- First Step Act
- Tariffs and Trade
- Buy America EO
- OSHA Transparency in Reporting and Retaliation
- Deregulation

Policy Issues Affecting the Construction Industry

What more can or may be done workforce?

- Provide financial support to education sponsors and students in apprenticeships = to what is provided to colleges and their students
- Tax Incentives to stimulate growth, jobs, education, safety,...etc.
 - Expand 529s so they can be used for apprenticeship training
- All the above training certifications (competency based multi-skilling and time based)
 - Portable certifications and credentials
- Substance Abuse – Employer Rights to a best in class policy
- Fair and Open Competition Procurement Laws
- Immigration – TPS and H2B processes must be addressed

Policy Issues Affecting the Construction Industry

What more can or may be done?

- Reform (or eliminate) prevailing wage laws
- Collaborative delivery methods welcoming innovation
- Cyber Security
- Streamlined permitting and inspection processes
 - Entertain alliance partnerships and self-certified inspections
- Safety Partnerships – VPP
- Author regulations, which welcome innovation and disruptive technologies
- Partner with business to help design most effective and efficient regulatory environment
- Tax Incentives to stimulate growth, jobs, education, safety,...etc
- Infrastructure – Mix of private and public funding to upgrade infrastructure safety and invest in projects that create the best value for the taxpayer

25 States Ensure Fair and Open Competition

