

A new labor dynamic

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As the economy reopens and large-scale construction projects across the state ramp up, concern is growing over the lack of skilled tradespeople available to complete those development projects.

“What we think we see is that yes, it’s difficult to hire people right now, but it’s nothing compared to (where) we’re going to be in six to nine months from now,” said JB Henderson Construction Co. president John Stroud.

Currently, he said construction projects in Albuquerque have been operating at a normal level with companies working on the usual mix of projects ranging from government contracts to commercial projects to residential builds – but this is about to change.

He pointed to ongoing projects like the Facebook Data Center in Los Lunas and the Amazon facility on the West Side in addition to forthcoming projects like the

expansion of Netflix Studios and Intel's investment in Rio Rancho as projects that could stretch an already slim labor market even slimmer.

"Everyone that wants a job has the ability to be working right now, but once these projects hit we're going to be in a severe shortage," he said.

Stroud said that currently he is not having difficulty hiring the workers he needs, but it could be much more difficult when his hiring needs change from needing around 30 employees to needing several hundred.

The potential shortage of labor in the construction industry isn't limited to the Land of Enchantment either.

Skilled as well as unskilled shortages

University of New Mexico economist Michael "Mo" O'Donnell said that nationally there is a shortage of skilled and unskilled labor in the construction industry and the coronavirus has only exacerbated these concerns even as hiring levels start to return to pre-pandemic levels.

"Employers are having difficulty finding people in the skilled trades," he said.

He said there are a variety of reasons behind the shortage of labor including a large swath of the industry reaching retirement age, industry members changing professions, fewer people entering trades, and in New Mexico – lower wages than the national average.

"The pipeline of people to bring into those jobs isn't super robust and (with) the number of people that are leaving you don't have a one-for-one replacement at the moment," O'Donnell said about New Mexico's situation in particular.

The current shortage of labor likely stems from the Great Recession since many previous workers left the industry at that time, he said.

"New Mexico compared to the U.S. was already behind in terms of recovering those jobs and this is prior to the pandemic," O'Donnell said.

According to the Associated General Contractors of America, New Mexico employed 6.6% fewer construction workers in 2019 compared to its peak prior to the Great Recession in 2006.

State demographics, he said, also contribute to the shortage since New Mexico's population is older than other states which could mean that more potential employees are opting for retirement instead of looking for new jobs, and younger residents are more inclined to leave the state as well.

Huge upcoming labor demand in region

With the knowledge that a significant amount of labor will soon be needed for upcoming development projects while maintaining current development, some trade groups are having to find new ways to attract talent and promote the industry.

“Albuquerque has some big, high profile construction projects on the horizon and members have expressed concern about the availability of the skilled workforce to support these endeavors,” said Dana Aragon, Associated General Contractors New Mexico workforce development director.

She said the association is working to train and upskill workers to meet the coming demand.

Kelly Roepke-Orth, CEO of the Associated General Contractors New Mexico, said that the association has pushed for greater funding for career and technical education while working with the Public Education Department to offer OSHA training for career and technical education teachers.

Roepke-Orth said that if multiple large-scale projects break ground at the same time it could wind up being a cause for concern, which is why other proactive measures are being taken to prevent a shortage of workers.

She said the association recently developed a pre-apprenticeship program targeting young adults and state and industry partners issued a temporary journeyman certification program.

CNM strategies

As trade groups work to secure funding and promote their industry, educational institutions like Central New Mexico Community College are also working in tandem to attract students to their career and technical education programs.

CNM president Tracy Hartzler said the pandemic has altered the way the college has recruited, and trained individuals enrolled in its career technical education programs due to classroom capacity restrictions, but that there is a continued interest in those programs.

“We serve, certainly a number of recent high school graduates and we serve a number of adult working learners or individuals seeking to enter the workforce and we know that the pandemic has truly disrupted their lives in their work choices and their school choices,” she said.

Since many students aren't on a degree track or do not take classes uninterrupted, Hartzler said the school began developing programs that were designed to provide adequate training with sometimes just a single course.

"We've also changed a number of our training programs in some of the skilled trades to semester certificates or short term certificates, so again, it helps individuals learn some basic skills, basic safety, work with local employers to get them some workplace experience," she said.

Other programs, often developed in tandem with trade associations, seek to familiarize high schoolers with the careers available to them through entering a trade.

This amounts to 2,518 students enrolled in CNM's School of Applied Technologies.

According to enrollment data, the majority of students with declared majors in construction trades and manufacturing programs are focused on electrical trades and welding.

Demand may push wages higher

Despite the pandemic resulting in layoffs in the construction industry, Roepke-Orth said that most firms are reporting an increase in employment or have at least returned to pre-pandemic levels.

With most construction firms looking to add employees, continued joblessness from the pandemic could also benefit the construction industry, Roepke-Orth said.

"The new labor dynamic has created a unique opportunity for the industry to attract a significant portion of the newly unemployed into high-paying construction careers," she said.

According to the New Mexico Department of Workforce Solutions, the construction industry is anticipated to grow by 11.3% by 2028.

In the short term, the shortage of skilled labor in the face of large projects could be a benefit to employees, said Stroud of JB Henderson Construction.

"The good news is that that leads to a lot of opportunity, both from folks that may not be in a trade, but any young person looking for an opportunity to make good wages and good benefits," he said.

A 'bunch of good opportunities'

Stroud said the scale of the projects will provide work for years, rather than two to three months at a smaller project.

Plus, he said, this also provides an opportunity for those already in the trades since there will be more supervisory positions and opportunities to advance.

“There’s just a whole bunch of good opportunities that come with it so it’s definitely exciting, but getting qualified people, there’s definitely going to be a war for talent that’s going to be going on,” Stroud said.

He said he could see the demand for trades resulting in incentives like higher wages in order to bring talent from other states and keep talent here.

UNM economist O’Donnell also agreed.

“Any time you have a shortage ... one way to clear it or to help clear that shortage is to increase the price and in this case, the price is wage,” he said.

According to Stroud, labor rates in the industry range from \$10 to \$12 an hour for unskilled labor, \$15 to \$18 an hour for apprenticeship programs, and upwards of \$30 an hour for skilled employees.

“It’s very common for us to have people, you know, that make over \$100,000 a year,” he said. “Yes, they usually worked a whole bunch of hours, but if you’re industrious and don’t mind putting the hours in, you can make a pretty dang good living.”

Rosendo Najar, lead representative for the Southwest Regional Council of Carpenters, said he sees the shortage of labor and the upcoming large projects as a positive.

“We’re very eager and excited about the changes we foresee coming and the growth of the trades in general,” he said.