

BUILD A BETTER SOUTH

CONSTRUCTION WORKING CONDITIONS IN THE SOUTHERN U.S.

A COLLABORATION BY THE
WORKERS DEFENSE PROJECT,
PARTNERSHIP FOR WORKING FAMILIES,
& THE UNIVERSITY OF ILLINOIS AT CHICAGO

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EXECUTIVE SUMMARY

Build a Better South examines the working conditions of 1,435 construction workers in six major cities in the southern U.S.:

- Atlanta, Georgia
- Charlotte, North Carolina
- Dallas, Texas
- Houston, Texas
- Miami, Florida
- Nashville, Tennessee

These cities are the engines of growth in the South and are home to some of the largest and most important construction markets in the U.S. Nearly 1 million construction workers were employed in these six cities in 2013, accounting for 43% of all construction workers employed in the five states.¹ Furthermore, more than one in four construction workers who are employed in the South are located in one of these six cities, and nationally one in ten workers labor these six southern cities.^a This research provides information about the employment experiences of the people most imperative to the industry's success: the men and women who work on construction sites each day.

Construction activity in the southern United States is booming. In Texas and Tennessee, construction now generates more dollars annually than it did before the Great Recession, and in Florida, Georgia, and North Carolina construction spending is rapidly approaching pre-recession levels.² In these five states alone, construction spending topped \$175 billion in 2015, accounting for about one in four dollars generated by the industry nationally.² The increased demand for construction has led to higher sales volumes for all construction sectors, and higher profit margins for the residential building sector of the industry.³

^a The South is defined according the U.S. Census Bureau, which is a region comprised of 17 states: Alabama, Arkansas, Delaware, the District of Columbia, Florida, Georgia, Louisiana, Kentucky, Maryland, Mississippi, Oklahoma, North Carolina, South Carolina, Tennessee, Texas, Virginia, and West Virginia. Calculations based on 2013 Bureau of Economic Analysis data on full-time and part-time employment in construction (NAICS code 23).

Unfortunately economic hardships, few or no opportunities for career advancement, unstable work, injuries and even death on the job are commonplace for construction workers in the South. Health and safety on the job is of particular concern, as the industry has seen the number of injuries and deaths rise with industry growth. According to the Bureau of Labor Statistics, the number of fatalities in the construction industry in 2015 was the highest since 2008.⁴ More than 900 construction workers were killed on the job in the U.S. in 2015, equating to the death of a construction worker every nine hours.⁴

few construction workers earn wages high enough to live in the homes and apartments they build.

As the construction industry continues to grow in the South, now is the time for policymakers and industry leaders to ensure that all construction jobs offer family-supporting wages, benefits, and safe working conditions to the essential labor the industry receives. *Build a Better South* seeks to document the most critical issues facing construction workers in major construction markets and provide information to guide possible solutions.

METHODOLOGY

Build a Better South researchers surveyed 1,435 construction workers in the six cities, with 200-300 workers surveyed in each city. Participants were recruited on randomly selected commercial building, residential building, and heavy construction sites. We also conducted in-depth interviews with construction workers and employers to further understand the challenges and opportunities in the southern construction market.

Our research findings are presented in the following sections to describe southern construction workers' working conditions: their wages, hours, and benefits; employment rights violations such as wage theft and employee misclassification; and health and safety issues, including workplace injuries and heat stress. After regional findings are presented, research findings for each city are presented in greater detail, focusing on topics that emerged as key issues for

each city. The last section offers recommendations for creating good construction jobs for the southern region.

Violations of basic labor rights are widespread in the South.

SUMMARY OF FINDINGS

Workplace injuries are common, and are an economic burden to workers and their communities.

One in seven workers have been injured during their construction career, and more than one in three of these workers has suffered an injury in the past 12 months. Just 5% of workers who were injured in the past 12 months had workers' compensation insurance to cover their medical expenses. Non-fatal injuries among construction workers in the six cities cost an estimated **\$1.47 billion annually** in medical expenses, lost wages, lost productivity, lawsuits, and the cost of caring for injured workers while they recover. Workers may not even receive the most basic safety protections like rest breaks or access to drinking water. One-third of workers do not have drinking water provided on their worksite, a basic necessity that employers are required to provide under federal law.

Few construction workers have access to basic employment benefits.

Less than half (43%) of construction workers are offered medical insurance by their employer. The problem of access to medical insurance is exacerbated by the fact that only 45% have an employer that has workers' compensation insurance. Approximately three out of four workers lack paid personal time (73%) or paid sick time (78%), which means that workers lose wages if they become ill or have to take time off work to deal with family needs. Eight out of ten workers lack a retirement or pension plan.

Economic hardships are experienced by many construction workers despite working long hours.

More than half (57%) of workers surveyed earn less than \$15 per hour despite high average levels of experience in the industry. Thirty-six percent of workers struggle to pay for basic necessities such as rent or food even though 82% of workers reported working overtime with their current employer.

More than one in ten (11%) workers have experienced wage theft at some point in their construction career.

Among workers who have not been paid for their labor in the past year, the median amount of wages stolen was \$800 (57 hours of labor for the average construction worker). Only 23% of workers have managed to recover their lost wages. The estimated amount of money lost to wage theft in the six cities is \$29.8 million annually. One in three (32%) workers is misclassified as an independent contractor, denying their rights to minimum wage and overtime payments and burdening working families with the employer's share of payroll taxes.

The estimated amount of money lost to wage theft in the six cities is **\$29.8 MILLION** annually.

SUMMARY OF RECOMMENDATIONS

Based on the findings from *Build a Better South*, few construction workers have a good job in the industry. A good construction job should ensure that workers (1) are paid at least \$15 per hour, (2) receive at least 10 hours of OSHA safety training, and (3) are covered by either medical insurance or workers' compensation insurance policies.

Yet, even by these minimal standards, four out of five construction workers in the South do not have a good job. Policymakers and employers can do more to ensure that the men and women who build our cities can support their families and come home safely at the end of each workday.

Policymakers should focus on the following areas to ensure good job creation:

- **Guarantee safe working conditions**

Employers and policymakers must do more to address the disproportionately high fatality and injury rates in the construction industry.

Policymakers should enact legislation guaranteeing rest breaks, workers' compensation, safety training, and medical care for construction workers.

- **Ensure honest pay for honest work**

Wage theft, payroll tax fraud, and low wages threaten the construction industry by hurting

working families and undercutting construction businesses that play by the rules. In addition to strong enforcement of existing wage and hour laws, policymakers can take important steps to reward good business practices. Investigative agencies should enforce employment laws governing wages and the payment of payroll taxes, as well as provide protection from retaliation for workers who report violations.

- **Create good jobs with a career pathway**

Most construction jobs lack employment benefits or opportunities for advancement, and today, few young people see the industry as desirable place to seek employment. A basic benefits package should be offered to the vast majority of construction workers rather than to a small minority.

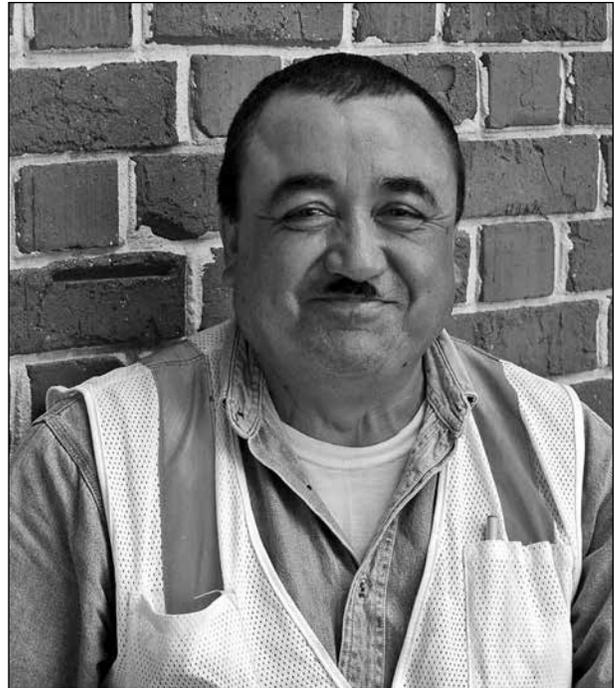
- **Improve enforcement of existing policies**

Most of the employment rights issues, as well as the health and safety issues faced by construction workers are already addressed by existing laws, but enforcement is often weak or non-existent. State and federal policymakers should increase funding and improve the efficiency of local agencies to enforce laws that protect workers from wage theft, employee misclassification, hazardous conditions, and retaliation for raising concerns about workplace issues. Local municipalities should have the ability to raise standards above federal or state requirements to improve the lives of residents and to respond to regional needs. Policymakers should also partner with community organizations to improve the efficiency and effectiveness of existing enforcement efforts.

Business leaders in the construction industry have the opportunity to create good construction jobs by ensuring safe and fair working conditions for the workforce, often in partnership with public entities:

- **Prioritize safety**

Employers should provide at least OSHA 10-hour safety training for all employees and provide ongoing health and safety training throughout the year. Contractors must also ensure that all workers receive proper safety equipment, rest breaks, and workers' compensation. Workers should also have anonymous system



to address safety concerns with their direct employer, or with the general contractor and developer, without fear of retaliation.

- **Invest in training**

Employers must see training as a necessary investment that helps ensure workers are able to produce a quality finished product, prevent accidents, and provide opportunities to advance in the industry. Collaborations and partnerships among construction employers and associations, education providers, and local governments can help create training pipelines where jobseekers learn the skills they need to fill labor shortages in the industry. Formal training can play a key role in improving the quality of construction jobs, and help offset the severe construction labor shortages experienced by construction employers throughout the South.

- **Subcontract for quality**

Developers and general contractors should take into account working conditions, including worksite safety, rest breaks, wages, training, and benefits when hiring subcontractors. Rather than simply considering price, developers should give preferential status to bidders that demonstrate a track record in providing fair pay and benefits along with a strong safety program.