

# Safety Risks in Commercial Construction Industry Exacerbated by Workforce Shortages

*Contractors Identify Strong Safety Programs as Means to Address Skilled Labor Scarcity and Substance Abuse*

WASHINGTON, D.C. – Sept. 6, 2018 – The Q3 2018 [USG Corporation + U.S. Chamber of Commerce Commercial Construction Index](#) (Index) released today indicates skilled labor shortages will have the greatest impact on commercial construction businesses over the next three years. The report revealed 88 percent of contractors expect to feel at least a moderate impact from the workforce shortages in the next three years with over half (57 percent) expecting the impact to be high/very high.

The skilled labor shortage has been consistently identified as a major issue facing the industry, but it is now reported by 80 percent of contractors to be impacting worker and jobsite safety. In fact, the Q3 report found that a lack of skilled workers was the number one factor impacting increased jobsite safety risks (58 percent).

“The commercial construction industry is growing but the labor shortage remains unresolved,” said Jennifer Scanlon, president and CEO of USG Corporation. “As contractors are forced to do more with less, a renewed emphasis on safety is imperative to the strength and health of the industry. It continues to be important for organizations to build strong and comprehensive safety programs.”

As contractors grapple with a scarcity of skilled workers, findings show a majority are working to improve the overall safety culture on the jobsite (63 percent) and at their firm’s offices (58 percent). However, the indicators that were reported to have the highest impact on improving safety culture and outcomes are those that engage employees throughout the organization. This includes developing training programs for all levels of workers (67 percent), ensuring accountability across the organization (53 percent), empowering and involving employees (48 percent). Other indicators reported include improving communication (46 percent), demonstrating management’s commitment to safety (46 percent), improving supervisory leadership (43 percent) and aligning and integrating safety as a value (42 percent).

In addition to the skilled labor shortage, the report found addiction and substance abuse issues are a factor in worker and jobsite safety. Nearly forty percent of contractors are highly concerned over the safety impacts of worker use/addiction to opioids, followed by alcohol (27 percent) and marijuana (22 percent). Notably, the report showed that while nearly two-thirds of contractors have strategies in place to reduce the safety risks presented by alcohol (62 percent) and marijuana (61 percent), only half have strategies to address their top substance of concern: opioids, which is a newer growing concern. The opioid epidemic cost our economy \$95 billion in 2016, and could account for approximately 20 percent of the observed decline in men’s labor force participation.

“The opioid crisis has both human and economic costs,” said Neil Bradley, chief policy officer of the U.S. Chamber. “The U.S. Chamber of Commerce remains committed to helping combat the opioid epidemic, which continues to devastate too many families, communities, and industries every day. While there is no one-size-fits-all answer, a multipronged legislative approach is a critical first step.”

Overall contractor sentiment saw a slight boost in optimism with an Index score of 75 in the third quarter – up two points from Q2 2018. The Index looks at the results of three leading indicators to gauge confidence in the commercial construction industry - backlog levels, new business opportunities and revenue forecasts – generating a composite index on the scale of 0 to 100 that serves as an indicator of health of the contractor segment on a quarterly basis.

The Q3 2018 results from the three key drivers were:

- Backlog: Optimal backlog rose from 73 to 81, the largest change in any of the three components of the CCI in the last six quarters. The average current backlog was 10.3 months, up from 9.3 last quarter.
- New Business: The level of overall confidence was 74, relatively steady quarter-over-quarter (75 in Q2 2018) but down two points since Q1 (76).
- Revenues: Expectations slipped from 72 to 69, the most notable change coming in a decrease in the percentage of contractors who now expect an increase in revenues, which dropped from 83 percent to 72 percent.

The research was developed with Dodge Data & Analytics (DD&A), the leading provider of insights and data for the construction industry, by surveying commercial and institutional contractors. On September 20, 2018 at 2:00 p.m. ET Dodge Data & Analytics will host a webinar to discuss the Index findings in detail. Information to register can be found [here](#).

#### About the Index

The USG Corporation + U.S. Chamber of Commerce Commercial Construction Index is a quarterly economic index designed to gauge the outlook for, and resulting confidence in, the commercial construction industry. USG Corporation and the U.S. Chamber produce this Index, along with Dodge Data & Analytics (DD&A). Each quarter, researchers from DD&A source responses from their Contractor Panel of more than 2,700 commercial construction decision-makers in order to better understand their levels of confidence in the industry and other key trends. This panel allows DD&A to provide findings that are representative of the entire U.S. construction industry by geography, size, and type of company.

Click [here](#) to see the full report, methodology, and graphics.

Please note the Commercial Construction Index report is intended for general informational purposes only. It is not intended to support an investment decision with respect to USG Corporation, nor is it intended to be used for marketing purposes to any existing or prospective investor of USG. This report is not a forecast of future results for USG and actual results of USG may differ materially from those of the commercial construction industry.

#### Where the Index is Available

Each quarterly Index published is available on the USG Corporation website at [www.usg.com/commercialconstructionindex](http://www.usg.com/commercialconstructionindex) as well as on the website [www.CommercialConstructionIndex.com](http://www.CommercialConstructionIndex.com)

#### About USG Corporation

USG Corporation is an industry-leading manufacturer of building products and innovative solutions. Headquartered in Chicago, USG serves construction markets around the world through its Gypsum, Performance Materials, Ceilings, and USG Boral divisions. Its wall, ceiling, flooring, sheathing and

roofing products provide the solutions that enable customers to build the outstanding spaces where people live, work and play. Its USG Boral Building Products joint venture is a leading plasterboard and ceilings producer across Asia, Australasia and the Middle East. For additional information, visit [www.usg.com](http://www.usg.com).

About the U.S. Chamber of Commerce

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors and regions, as well as state and local chambers and industry associations. For more information, visit [www.uschamber.com](http://www.uschamber.com).

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