

**Idaho AGC**  
A PROUD CHAPTER OF AGC OF AMERICA



**TESTIMONY OF**

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**BEFORE THE  
ECONOMIC OUTLOOK AND REVENUE ASSESSMENT COMMITTEE  
IDAHO STATE LEGISLATURE**

**JANUARY 7, 2016**

Chairman Gibbs, Chairman Johnson, and members of the Committee, thank you for the opportunity to spend a few minutes with you this afternoon to discuss Idaho's commercial construction industry, the outlook for our sector of the economy, and its impact on our great state.

My name is Joe Jackson and I am the Vice President of Operations at ESI in Meridian. ESI is an Idaho success story. We started here in 1973 and are currently licensed in 42 states. Over the past 43 years, our privately owned construction company has grown to be one of the largest contractors in the intermountain northwest and is regularly included in the *Engineering News-Record's* annual list of the top 400 construction firms. It is my honor to serve as the 2016 President of the Idaho Associated General Contractors, or as it is better known, the Idaho AGC.

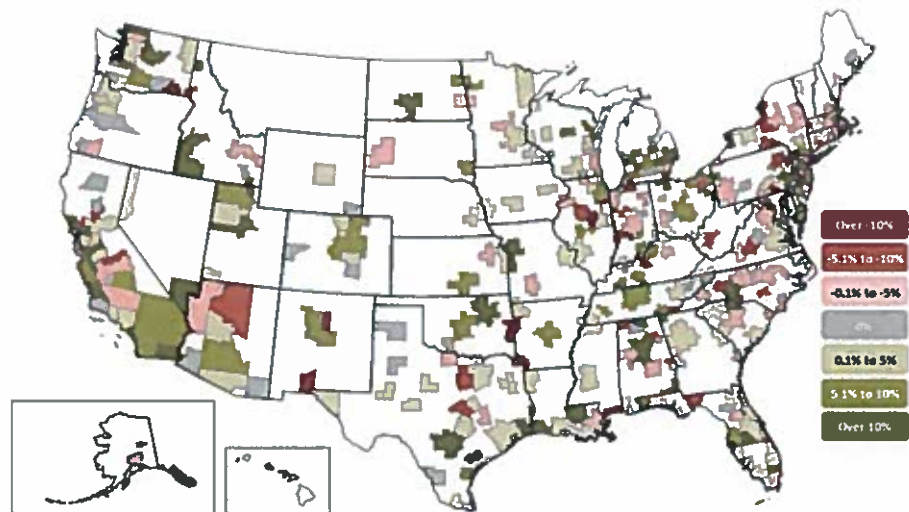
The Idaho AGC is the state's only state-wide, full-service trade association representing all aspects of the commercial construction industry here in Idaho. Our 600 member firms build everything from roads and bridges to power lines as well as schools, hospitals, and

multi-family housing. Every day, hundreds of thousands of Idahoans go to work in an office building, manufacturing facility, or other structure built by members of the Idaho AGC. Even more travel the roads and highways built and maintained by the hard working employees of our member firms.

As the handout from the AGC of America attached to my testimony indicated, construction is a \$3 billion industry in Idaho and makes up over four percent of the state's GDP. Almost half of that figure, approximately \$1.3 billion, is made up of wages earned by Idaho's construction workers. You see these dedicated professionals all across Idaho. Some wear overalls and carry a wrench, while others wear ties and pack a tablet or clipboard, but each is attracted to work that is immensely satisfying and rewarding. The average wage for a construction worker in Idaho is just over \$39,000 – a figure three percent higher than all private sector employees in the state.

Employment in construction continues to rise across the nation and especially here in Idaho. Reaching a peak in June of 2006, Idaho's construction industry shed thousands of jobs during the recession and remains 26 percent lower even today. This is despite the fact that Idaho has been amongst the leading states this past year when it comes to growth in construction

employment. After being the fastest growing state for much of the year, Idaho ranks fifth nationwide in terms of year-over-year growth for 2015. This translates to an 11.4 percent increase in



construction employment here in Idaho, a rate that is almost three times the 4.2 percent growth across the nation. In fact, last month the Boise metro area was ranked second and the Coeur d'Alene metro area was ranked third among 358 cities across the nation in terms

of employment gain in construction. And it's not just the state's large metro areas that are seeing growth. An article in Monday's *Post Register* led with the headline "Commercial Construction Picks up in St. Anthony" and detailed how both new facilities and the expansion of existing businesses is driving a boom in a city of just over 3,000 people.

So what does this mean for you? I am pleased to report that the construction industry is a significant and growing part of the state's economy. We anticipate continued growth in the year to come. Both privately and publicly funded work, including the road projects made possible by the Legislature's approval of increased funding for infrastructure during last year's session, are anticipated to keep Idaho's construction firms busy in the months to come.

Of course none of this is by accident. Wise decisions made by our state leaders, many of whom serve on this committee, during the rough years have set the stage for what we believe will be continued economic growth for years to come. Idaho is uniquely positioned to benefit from the opportunities for growth now appearing on the horizon.

If there is one challenge that could derail our progress it is the limited availability of talent. With construction employment rising so sharply, companies across Idaho report challenges in finding qualified workers in a number of trades. All of us – including private industry, government, our secondary and post-secondary schools, and others – must be dedicated to



reaching the next generation of Idahoans and encouraging them to learn a skill that will provide them and their families with meaningful and rewarding work here in Idaho. We must invest in high school shop courses, community colleges, and professional training programs both public and private across the state if we expect sustained growth. Attracting the next generation of commercial construction

workers is a problem too large for any single employer or institution to tackle on their own. That is why the members of the Idaho AGC banded together this past year to launch WeBuildIdaho.org, an internet launching pad that helps those considering a job in construction to connect with training programs, scholarships and employers looking to hire here in Idaho today. We will continue to do our part and ask that you support public investment in professional-technical education and other skill training programs.

Thank you for allowing me to spend this time with you. I would be happy to attempt to answer any questions you might have.



## The Economic Impact of Construction in the United States and Idaho

### Economic Impact of Construction:

- In 2014, U.S. gross domestic product (GDP)—the value of all goods and services produced in the country—totaled \$17.3 trillion; construction contributed \$653 billion (3.8%).
- In Idaho, construction contributed \$3 billion (4.1%) of the state's GDP of \$64 billion. Thus, construction's contribution to GDP in the state was more than the industry's 3.8% share of U.S. GDP.
- Construction wages and salaries in 2014 totaled \$353 billion in the United States, including \$1.4 billion in Idaho.

### Nonresidential Construction Spending:

- Nonresidential spending in the U.S. in 2014 totaled \$618 billion (\$348 billion private, \$271 billion public).
- Private nonresidential spending in Idaho totaled \$572 million in 2014. (Public spending is not available by state.)
- Nonresidential starts in Idaho totaled \$1.3 billion in 2014 and \$1.3 billion in 2013, according to CMD.

### Construction Employment (Seasonally Adjusted):

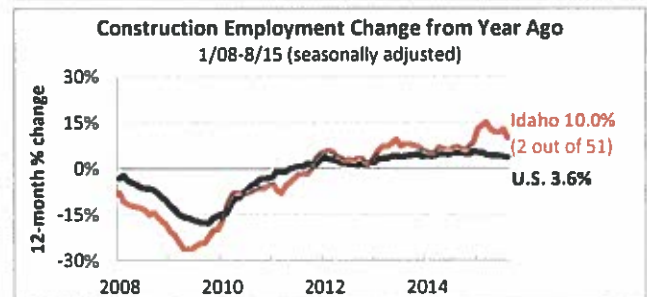
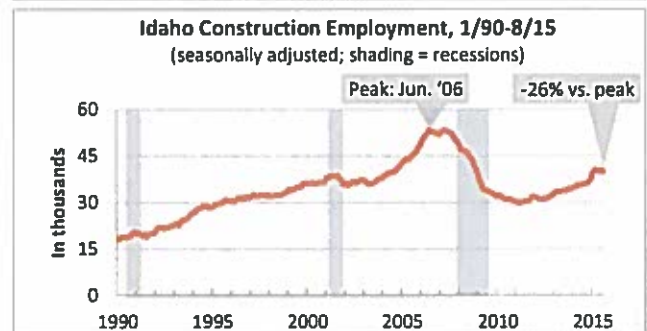
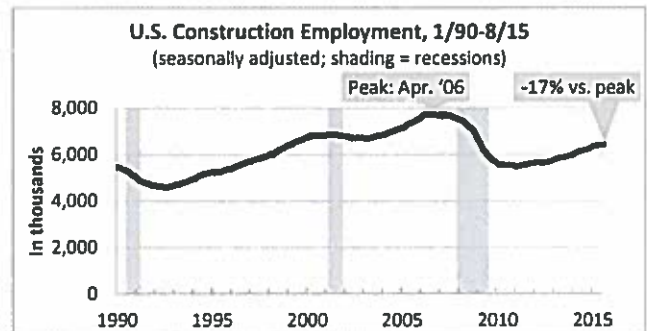
- Construction (residential + nonresidential) employed 6.4 million workers in August 2015, an increase of 219,000 (3.6%) from August 2014 and a decrease of 1.3 million (17%) from April 2006, when U.S. construction employment peaked.
- Construction employment in Idaho in August 2015 totaled 39,700, an increase of 10.0% from August 2014 and a 26% decrease from the state's peak in June 2006.

### Construction Industry Pay:

- In 2014, annual pay of all construction workers in the United States averaged \$55,000, 7% more than the average for all private sector employees.
- Construction workers' pay in Idaho averaged \$39,300, 3% more than all private sector employees in the state.

### Small Business:

- The United States had 658,500 construction firms in 2013, of which 92% employed fewer than 20 workers.
- Idaho had 5,800 construction firms in 2013, of which 95% were small (<20 employees).



Empl. Change by Metro (not seasonally adjusted)		Rank
Metro area or division	8/14-8/15	(out of 358)
Statewide (construction)	10%	
Statewide (Const/mining/logging)*	9%	
Boise City*	15%	5
Coeur d'Alene	9%	36
Idaho Falls*	-9%	333
Lewiston, ID-WA	-8%	318
Pocatello*	-7%	312
Logan, UT-ID*	8%	46

\*The Bureau of Labor Statistics reports employment for construction, mining and logging combined for metro areas in which mining and logging have few employers. To allow comparisons between states and their metros, the table shows combined employment change for these metros. Not seasonally adjusted statewide data is shown for both construction-only and combined employment change.