AGC
THE CONSTRUCTION ASSOCIATION

Texas Building Branch

June 2026

Washington/AGC Update

Jeff Shoaf, AGC CEO

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AGC of America…
The other AGC

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June 2026

Construction Outlook:
What was in our forecast for ‘26?

Adapted by noneconomist Jeff Shoaf

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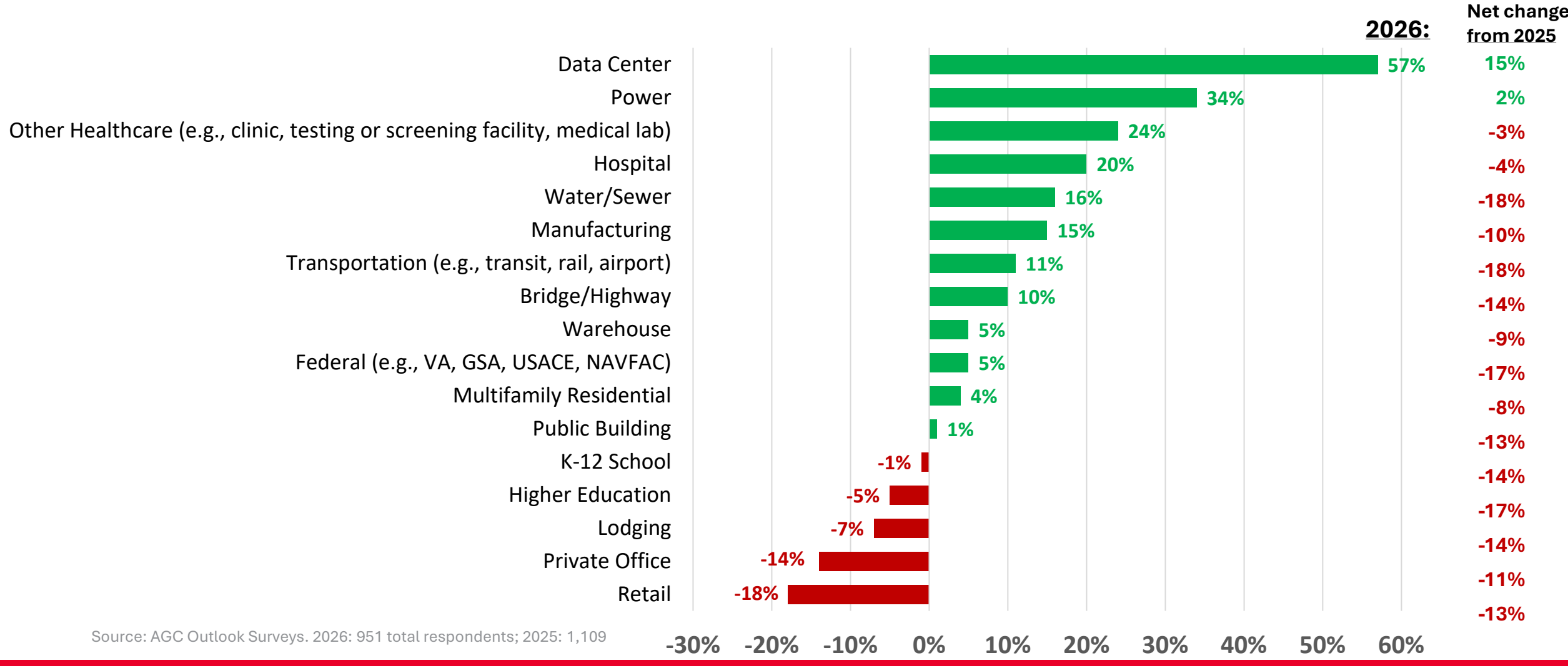
Contractors have generally lower expectations for 2026 than in 2025

Net % expecting **higher** value - % expecting **lower** value of available projects than in previous year



Source: AGC Outlook Surveys. 2026: 951 total respondents; 2025: 1,109

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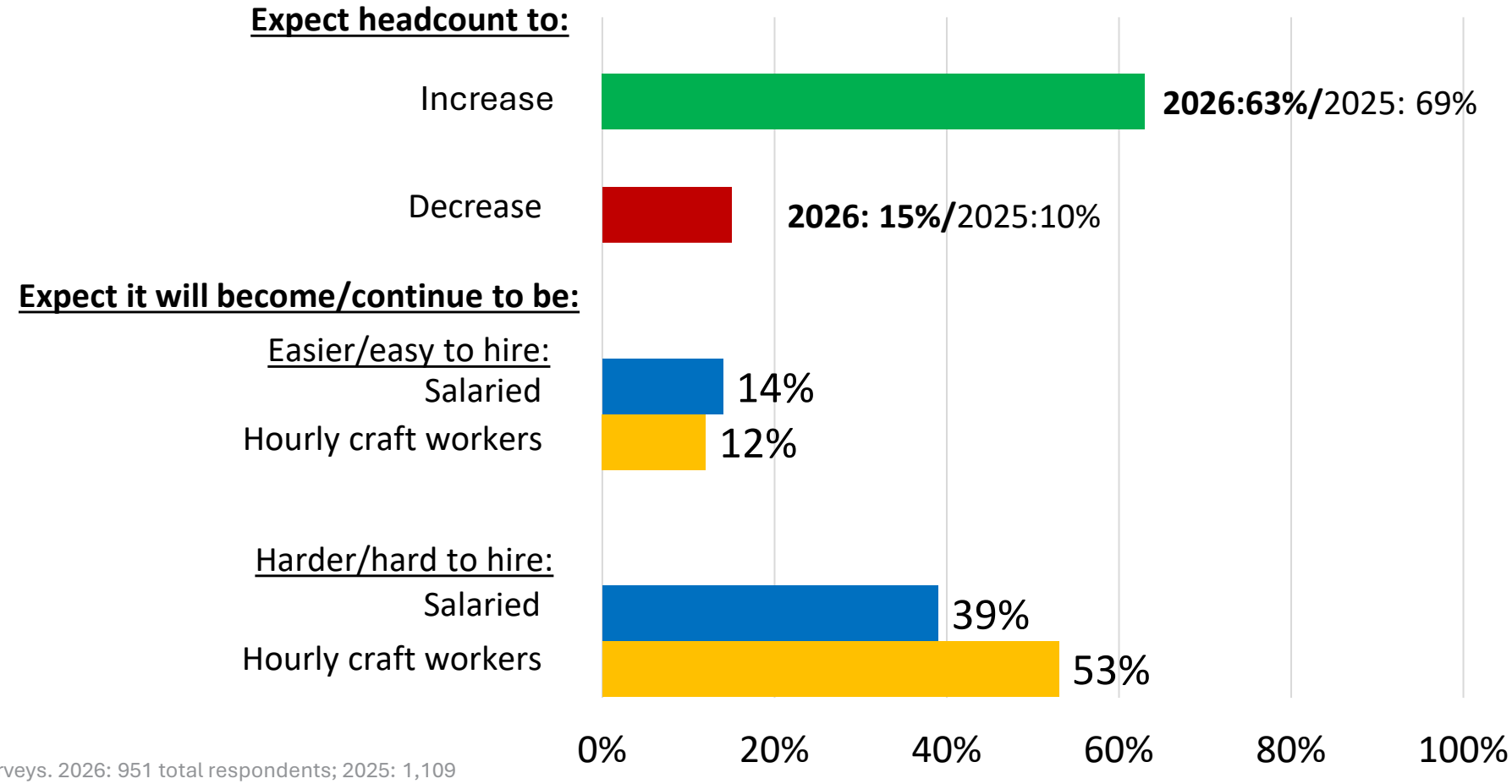
Fewer firms than a year ago expect to add employees

% of respondents who:



Source: AGC Outlook Surveys. 2026: 951 total respondents; 2025: 1,109

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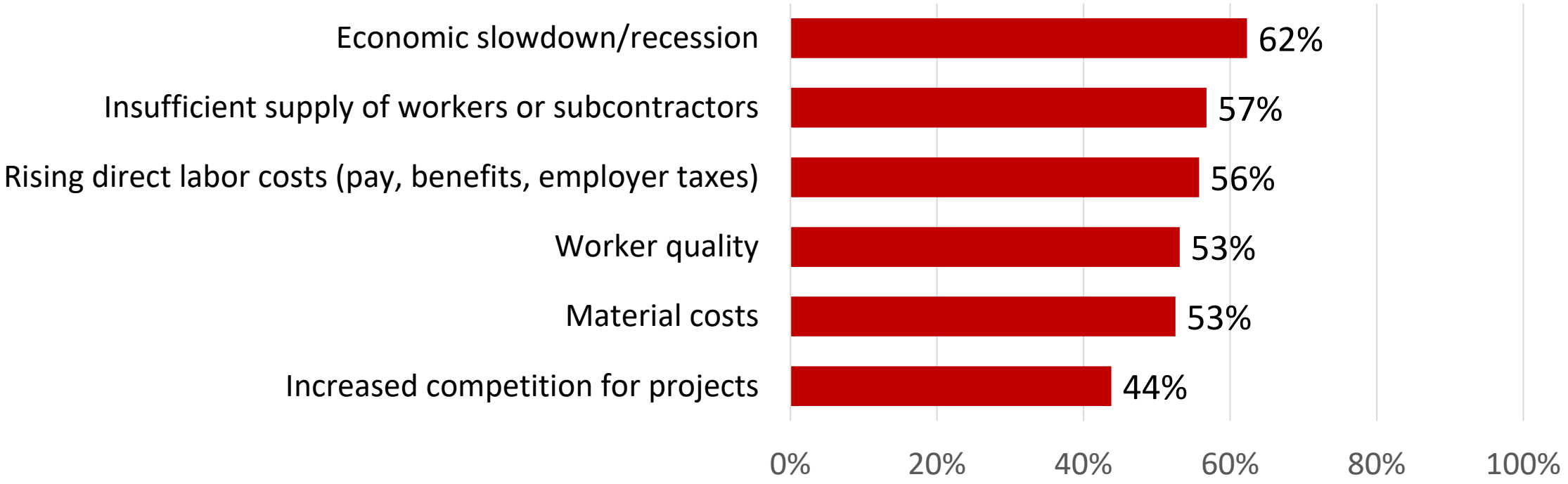
Firms' major concerns for 2026

% of respondents who listed as a major concern:



 Source: AGC 2026 Outlook Survey; 951 total respondents

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Data Centers Build More Than Technology

Data center development delivers immediate economic impact through construction activity, strengthens local supply chains, and cerates long-term workforce opportunities tied to high-paying construction careers.

Immediate Economic Impact

Data centers are one of the fastest-growing segments of nonresidential construction.

- Data center spending increased **34% year-over-year in March 2026**, reaching **$49.5 billion** (at a seasonally adjusted annual rate)
- Still represents a relatively small but growing share of private nonresidential construction (**6.8%**)

Strong Demand Outlook

- **57% of contractors** expect available dollar value of data center projects in 2026 to exceed 2025 *(AGC 2026 Outlook Survey)*
- Data centers continue to move forward despite higher interest rates, due to strong capital backing and AI-driven demand

Benefit to Local Suppliers and Businesses

Data center construction creates economic spillovers through the multiplier effect, extending impact beyond the job site

Direct effects: Activity at the project site: construction jobs, wages, materials, and equipment purchases.

Indirect effects: Demand for upstream suppliers: increased orders for inputs such as **transformers, electrical components, cooling systems, and building materials**; and services such as architectural, engineering, and trucking services

Induced effects: Local spending by workers and

Real World Examples

Project scale matters:

- Estimates vary widely depending on project size and scope. The Ohio study models a single mid-sized facility, while the Virginia analysis reflects larger-scale, multi-project development

Comparative Economic Impacts of Data Centers and Manufacturing Centers in Ohio (2025)

- **Jobs created/ supported:** Nearly 9,700 construction jobs during the build phase
- **Economic output:** $2.4 billion in total economic output per project
- **Contribution to state GDP**: $1 billion contribution to GDP
- **Job multiplier:** 2.27
- **Sales multiplier:** $0.81 per $1.00
- **Annual peak taxes & local tax revenues**: Around $84 million

Virginia JLARC Data Center Study (2024)

- **Jobs created/supported:** Nearly 74,000 jobs supported annually (construction and ripple effects)
- **Economic output:** $9.1 billion in annual economic contribution (GDP)

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Construction trades rely heavily on immigrants (35% vs. 18% for all workers); impact varies greatly by trade

Occupation	Foreign born	Occupation	Foreign born
Plasterers & Stucco Masons	57%	Carpenters	35%
Drywall Installers, Ceiling Tile Installers, & Tapers	57%	Pipelayers	28%
Roofers	53%	Plumbers, Pipefitters, & Steamfitters	18%
Painters & Paperhangers	53%	Solar Photovoltaic Installers	17%
Carpet, Floor, & Tile Installers and Finishers	51%	Sheet Metal Workers	17%
Construction Laborers	44%	Structural Iron & Steel Workers	16%
Brick, Block, & Stone Masons	39%	Glaziers	16%
Insulation Workers	38%	Electricians	16%
Cement Masons, Concrete Finishers, Terrazzo Workers	36%	Construction Equipment Operators	14%

 Source: Harvard Joint Center for Housing Studies from Census Bureau, 2024 American Community Survey 1-Year Ests.
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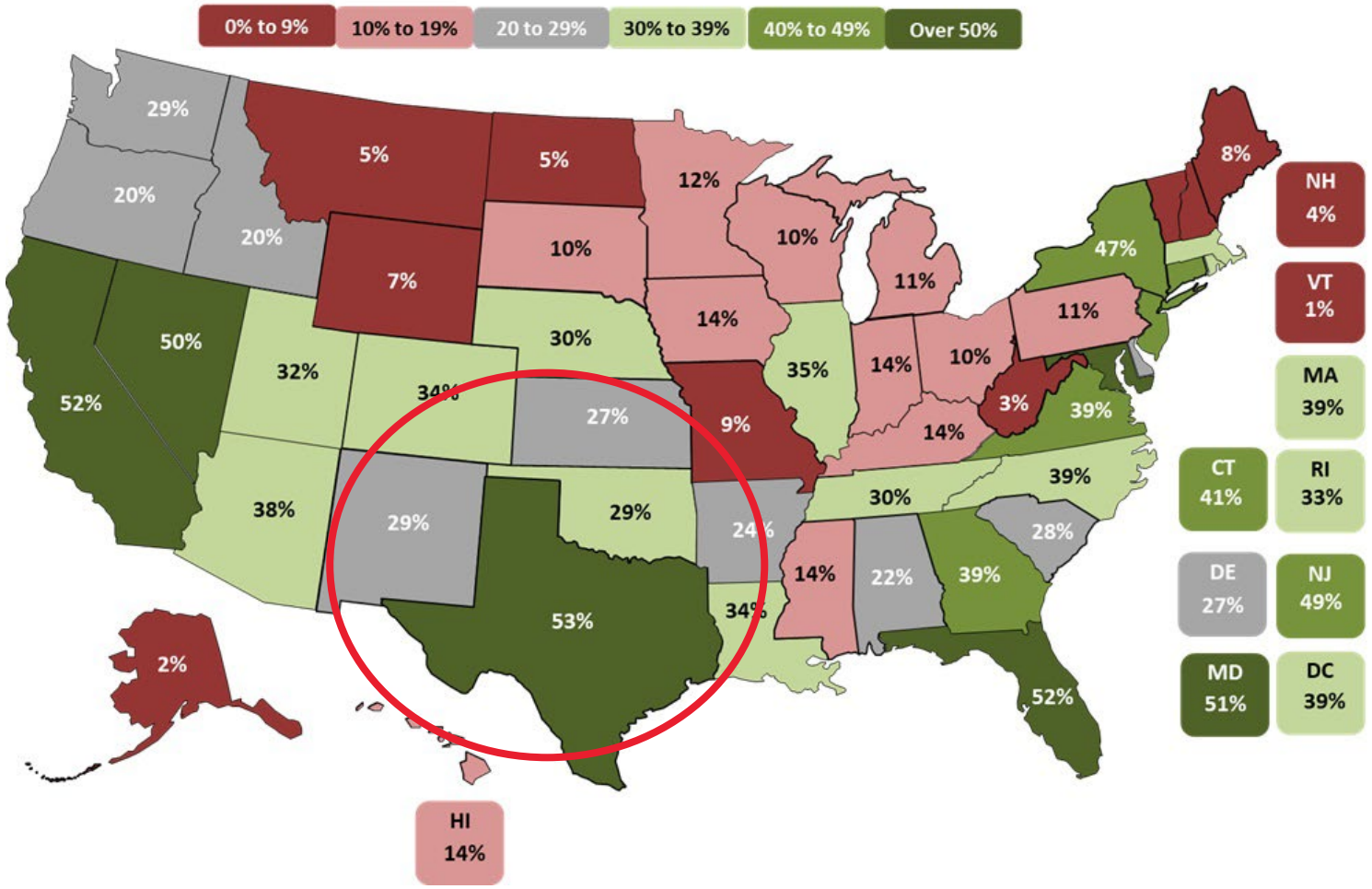
Foreign-born share of construction trades also varies greatly by state (1-53%)

Share of construction trade workers who are foreign born by state, 2024



Top 6

TX	53%
CA, FL	52%
MD	51%
NV	50%
NJ	49%

Bottom 6

VT	1%
AK	2%
WV	3%
NH	4%
MT, ND	5%

 Source: Harvard Joint Center for Housing Studies from Census Bureau, 2024 American Community Survey 1-Year Ests.

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Employment-Based Immigration Reform

Enforcement and security goals met, policy debate needs to shift to workforce needs

The Challenge

- Immigration system broken
- Work authorizations being rescinded
- Current visa system outdated and unresponsive
- No scalable, year-round solution for construction

AGC Priorities

- Establish a market-based visa program for construction
- Strengthen and expand the H-2B visa program
- Crate a legal work authorization pathway
- Secure the border while and modernizing the system

Legislative Focus

- **H.R.5494, Essential Workers for Economic Advancement Act**
  - Year-round workforce visa framework
- **H.R.4393, Dignity Act**
  - Security and legal workforce stabilization

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Essential Workers for Economic Advancement

(Smucker Bill/Guestworker Bill/H-2C visas, HR 5494)

Smucker, Lloyd (P-PA-11)

Davis, Donald G. [D-NC-1]*
Cuellar, Henry [D-TX-28]*

Salazar, Maria Elvira [R-FL-27]*
Ciscomani, Juan [R-AZ-6]*
Harris, Andy [R-MD-1]*
Kelly, Mike [R-PA-16]*
McCormick, Richard [R-GA-7]*
Amodei, Mark E. [R-NV-2]*
Kennedy, Mike [R-UT-3]

- Establishes H-2C visa that matches willing employers with temporary workers when jobs cannot be filled by native-born employees.
- If an employer is unable to hire a U.S. worker after extensive recruiting efforts, the employer is granted a permit to hire an H-2C visa holder for the position.
- The H-2C worker receives a visa under a separate process and may enter the country when hired by an employer through an online system.
- Employers must use E-Verify.

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The Dignity Act, HR 4393

(Salazar/Escobar, leading broadest and bipartisan proposal)

Escobar, Veronica [D-TX-16]*	Salazar, Maria (R-FL-27)
Auchincloss, Jake [D-MA-4]*	Bacon, Don [R-NE-2]*
Budzinski, Nikki [D-IL-13]*	Diaz-Balart, Mario [R-FL-26]*
Carbajal, Salud O. [D-CA-24]*	Evans, Gabe [R-CO-8]*
Espaillat, Adriano [D-NY-13]*	Fitzpatrick, Brian K. [R-PA-1]*
Gillen, Laura [D-NY-4]*	Kelly, Mike [R-PA-16]*
Gray, Adam [D-CA-13]*	Kim, Young [R-CA-40]*
Lee, Susie [D-NV-3]*	Lawler, Michael [R-NY-17]*
Levin, Mike [D-CA-49]*	Newhouse, Dan [R-WA-4]*
Scholten, Hillary J. [D-MI-3]*	Stutzman, Marlin A. [R-IN-3]*
Trahan, Lori [D-MA-3]*	Valadao, David G. [R-CA-22]*

- Provides for enhanced border security.
- Phases in use of the E-Verify program over two years.
- Establishes the Dignity Program to provide long-term undocumented immigrants (those working in the U.S. since at least Dec. 31, 2020) with an opportunity to earn legal status through work experience and/or military service, passing a background check, paying restitution and other requirements.
- Expands workforce training opportunities for U.S. workers.

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Invest in Workforce Education

Build the talent pipeline construction needs to grow and compete

The Challenge

- 92% of firms report difficulty finding qualified workers
- College-for-all and four-year degree bias limits career pathways
- Underinvestment in workforce education funding

AGC Priorities

- Increase Perkins FY2027 funding for career and technical education
- Expand apprenticeships and pre-apprenticeship opportunities
- Reauthorize and reform Workforce Innovation and Opportunity Act (WIOA)

Legislative Focus

- **FY2027 Labor-HHS funding bill**
- **H.R.8210, A Stronger Workforce for America Act**

✅ **Workforce Pell** (regulatory implementation from OBBBA)

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Addressing the Construction Workforce Shortage

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SHORT-TERM RELIEF

Address Immediate Labor Needs

- Modernize visa programs for construction
- Expand and protect legal work authorization pathways
- Strengthen and improve the H-2B program
- Secure the border while meeting labor needs

LONG-TERM SOLUTIONS

Build the Workforce Pipeline

- Invest in education, career and technical education funding
- Expand apprenticeships & pre-apprenticeships
- Grow career awareness & promote the trades
- Build industry & community partnerships

AGC Approach

- Measure Scope of Needs
- Share Proven Programs
- Advocate for Solutions

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U.S. Construction Outlook: What's in the Mix for the Rest of '26 (and Beyond)?

Slides by Ken Simonson

Chief Economist, AGC of America

Adapted by noneconomist Jeff Shoaf

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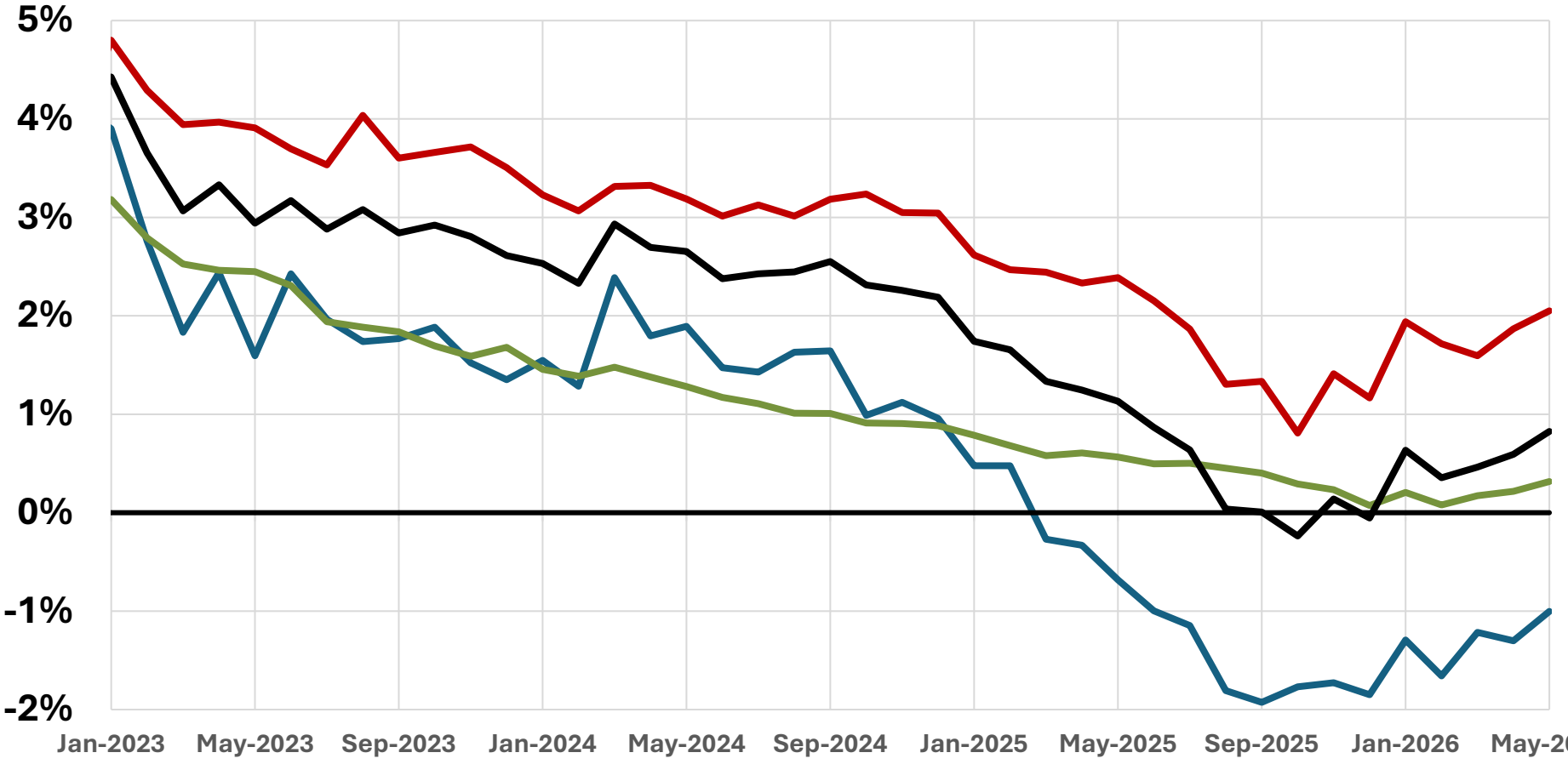
Nonresidential jobs are increasing; residential employment is falling

Year-over-year % change in employment, Jan. 2023-May 2026, seasonally adjusted



	% change since: Apr. 2026	May 2025
Nonresidential Construction	0.3%	2.1%
Total Construction	0.2%	0.8%
Total Nonfarm	0.1%	0.3%
Residential Construction	0.03%	-1.0%

Source: BLS current employment statistics, https://www.bls.gov/ces/

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Construction job growth is uneven across states

32 states & DC **up**, 15 states **down** & 3 states **unchanged** April 2025-April 2026 **(U.S.: up 0.6%)**

192 metros (53%) **up**, 117 (33%) **down**, 51 **unchanged**

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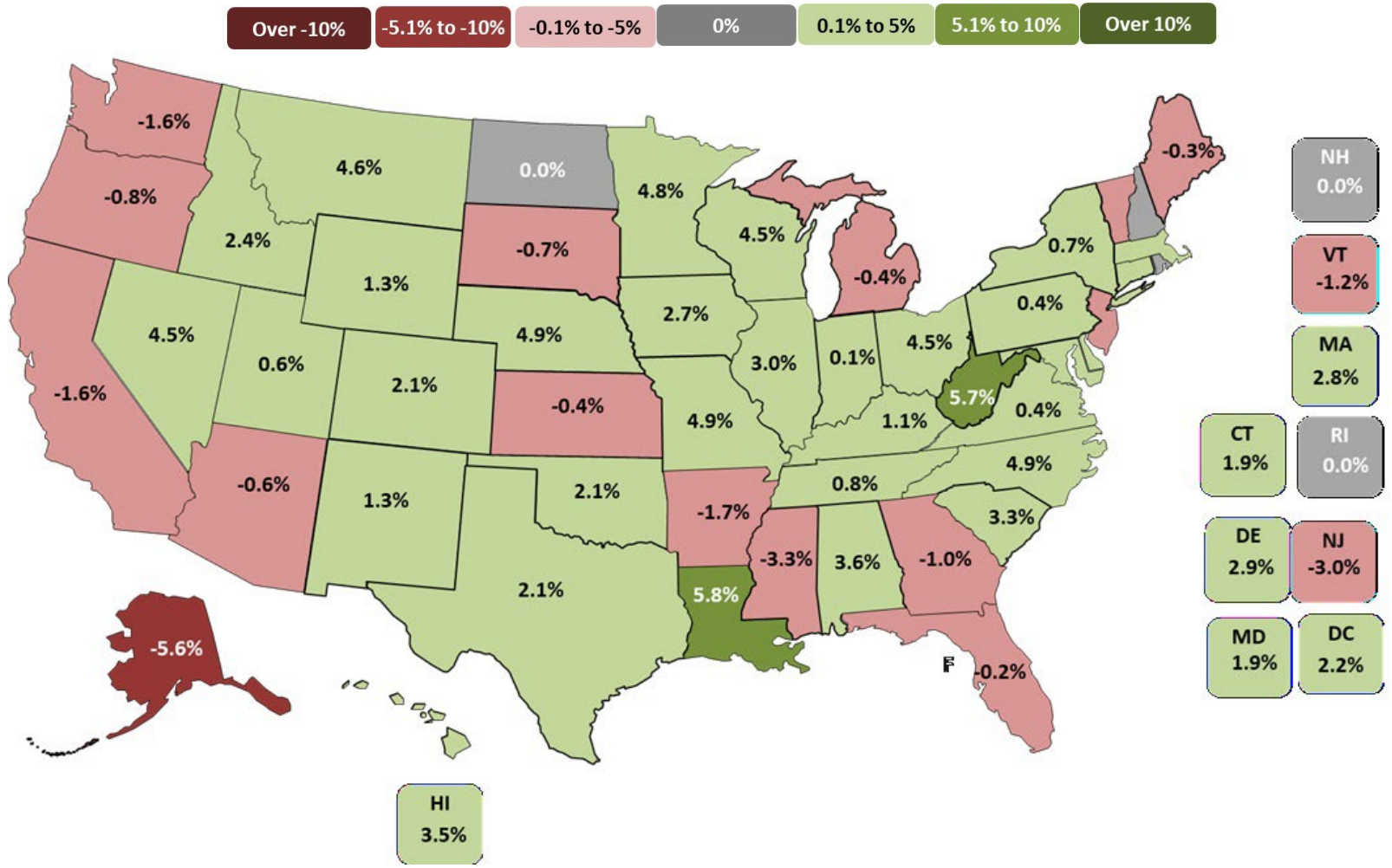
Top 5

LA	5.8%
WV	5.7%
NC	4.9%
NE	4.9%
MO	4.9%

Bottom 6

AK	-5.6%
MS	-3.3%
NJ	-3.0%
AR	-1.7%
CA, WA	-1.6%



 Source: Bureau of Labor Statistics, state and area employment, www.bls.gov/sae

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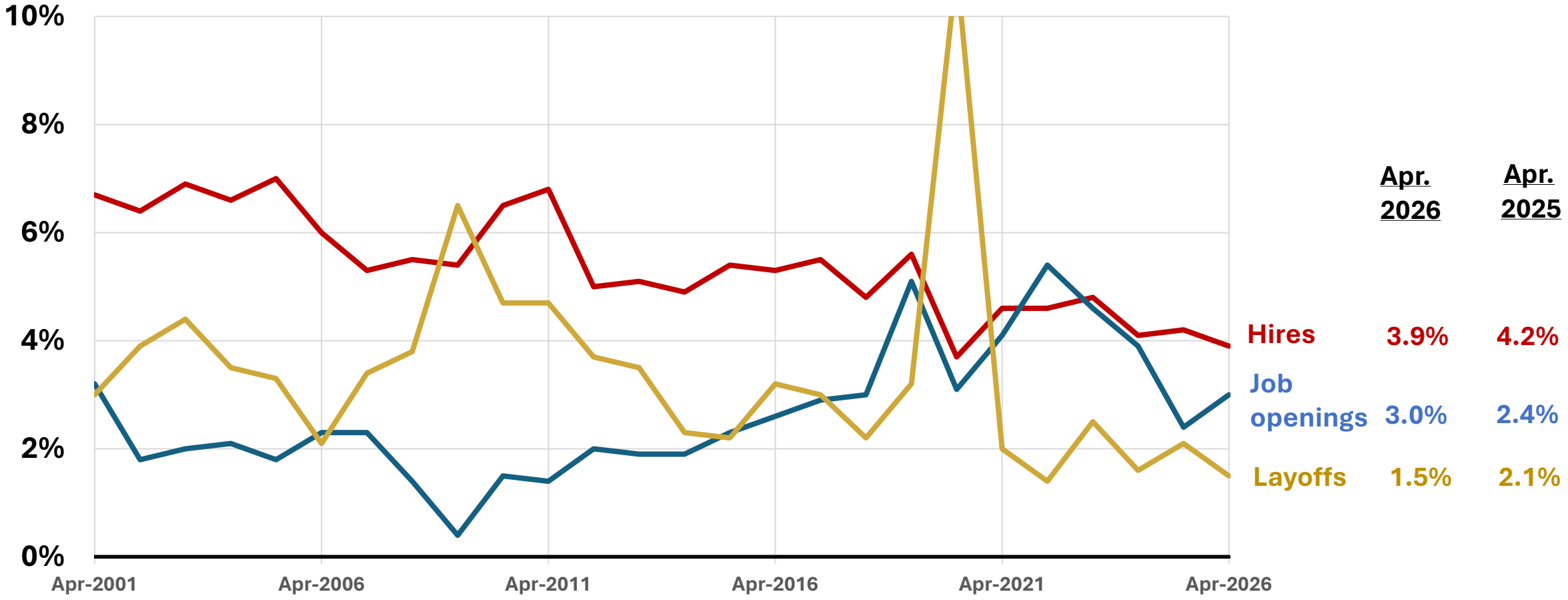
Low rates for hires and job openings but also layoffs ("low hire, low fire")

Construction hires, job openings, and layoffs as % of April employment, 2001-26



	Apr. 2026	Apr. 2025
Hires	3.9%	4.2%
Job openings	3.0%	2.4%
Layoffs	1.5%	2.1%

 Source: Bureau of Labor Statistics, www.bls.gov/jlt, Job Openings & Labor Turnover Survey (JOLTS)

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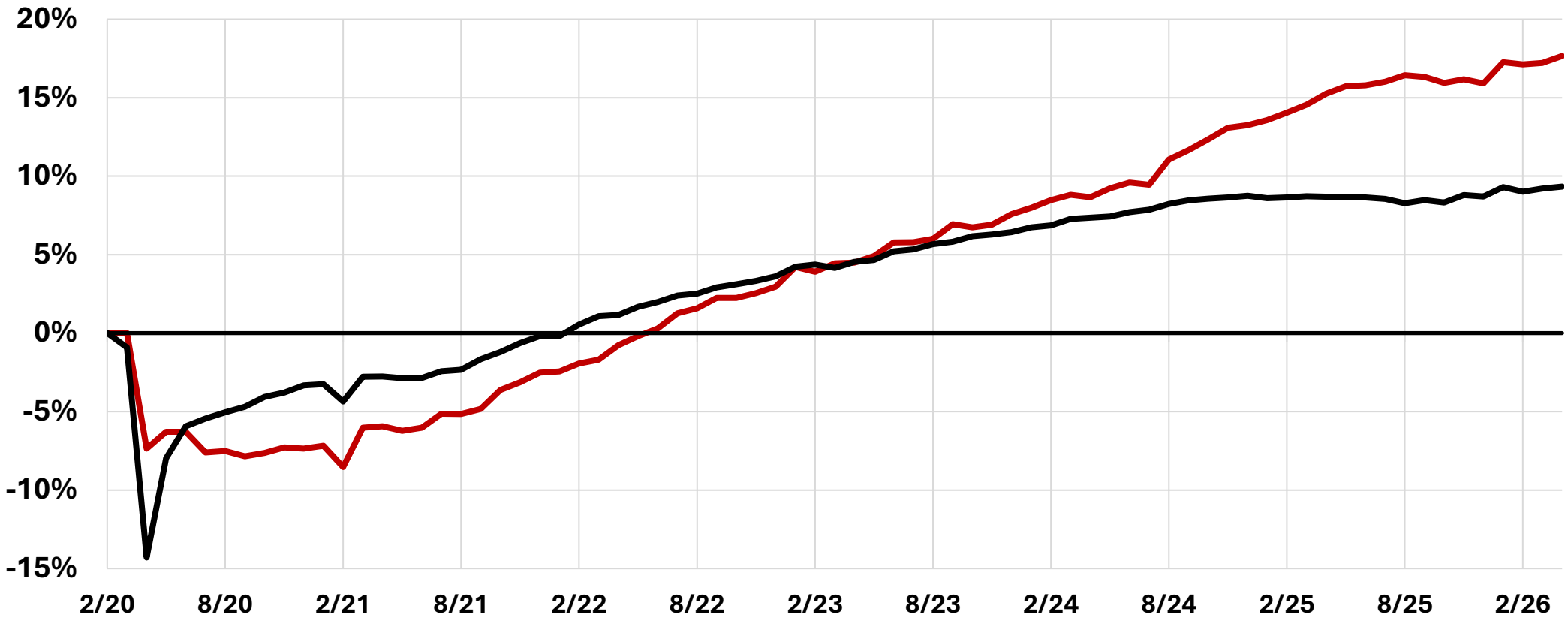
US & TX Construction Employment

Cumulative change, Feb. 2020- Apr. 2026, seasonally adjusted



	% change Feb. 2020- Apr. 2026:	% change Apr. 2025- Apr. 2026:
TX	18%	2.1%
US	9.3%	0.6%

Source: Bureau of Labor Statistics, www.bls.gov/sae.

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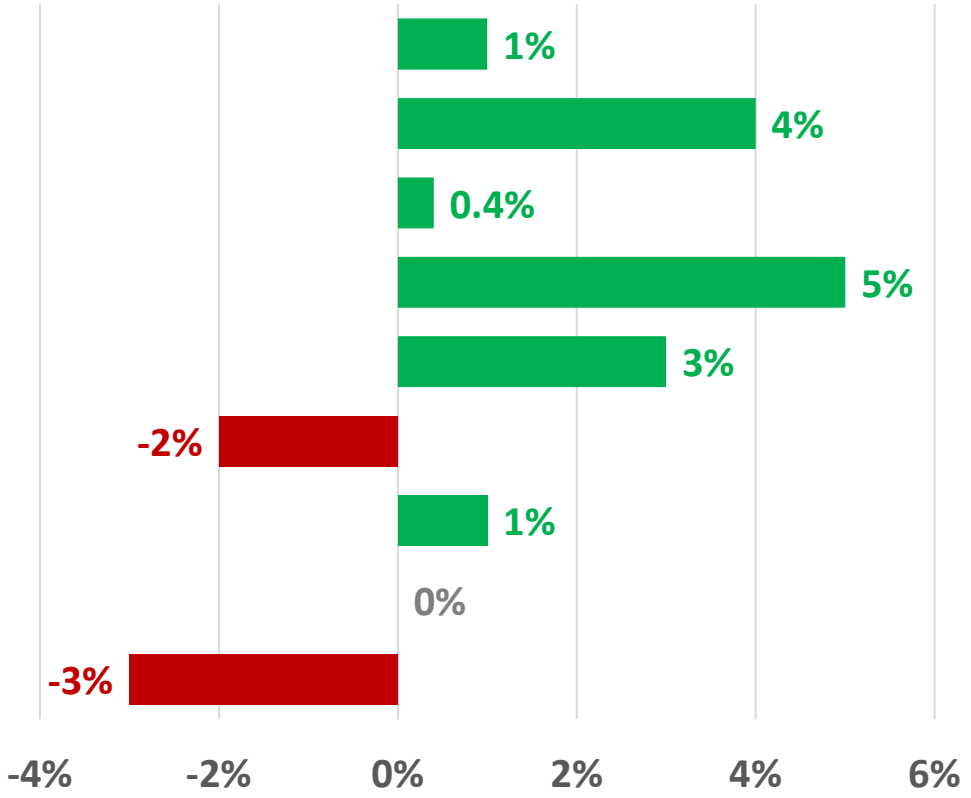
Texas Metro Construction Employment

Apr. 2025 – Apr. 2026, not seasonally adjusted

Metros:	Apr. 2026:
Dallas-Fort Worth-Arlington*	267,800
Houston-Pasadena-The Woodlands	262,800
Dallas-Plano-Irving Metro Division*	178,000
Austin-Round Rock-San Marcos*	96,500
Fort Worth-Arlington-Grapevine Metro Division*	89,800
San Antonio-New Braunfels	68,100
Midland*	44,000
Corpus Christi*	27,100
Beaumont-Port Arthur*	22,400

% change from Apr. 2025:



Source: Bureau of Labor Statistics, www.bls.gov/sae. *BLS reports employment combined with mining and logging for DE, HI, DC and metro areas in which mining and logging have few employers. AGC attributes all of the change in employment to construction.

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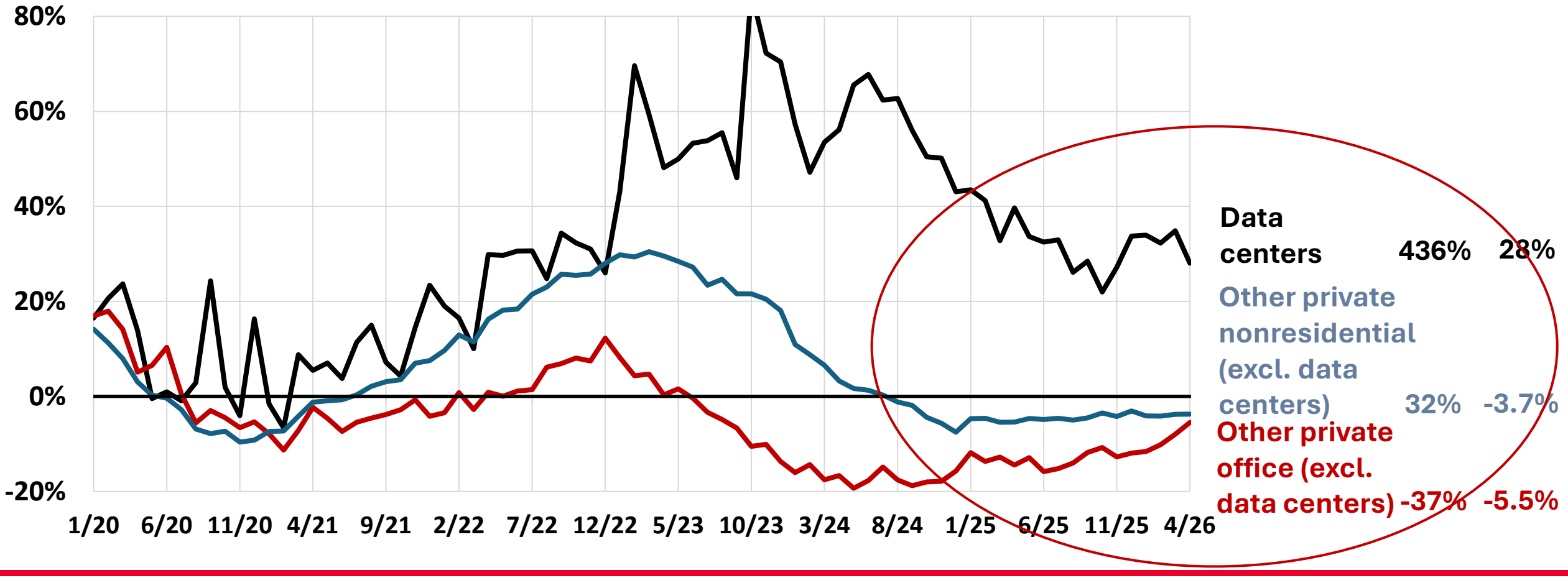
Data center, other private nonresidential, & other private office construction

Year-over-year change, Jan. 2020-April 2026, seasonally adjusted annual rate



 Source: US Census Bureau, Construction Spending

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Tariffs are pushing up costs of construction materials, equipment

producer price indexes (PPIs), changes through April 2026 (not seasonally adjusted)

	April 2026 change from: Mar. 2026 (1 month)	Apr. 2025 (12 months)	Feb. 2020 (74 months)
Overall input costs are rising again and have outpaced the CPI since 2020			
PPI for inputs to new nonresidential construction	1.7%	6.6%	49%
Consumer price index (CPI)	0.9%	3.8%	29%
...and domestic input prices for items competing with tariff-burdened imports soared			
Diesel fuel	14%	74%	158%
Steel mill products	3.8%	13%	84%
Aluminum mill shapes	4.2%	37%	95%
Copper and brass mill shapes	0.9%	21%	104%
Construction machinery and equipment	0.1%	4.0%	37%

 Source: Bureau of Labor Statistics, www.bls.gov/ppi

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Tariff Resource Center

- Tariff Legal Issues like IIEPA and Refunds
- Tariff Rates on Key Construction Inputs
- Potential Future Tariffs
- Information on State Impacts
- We Cover Price Escalation and have linked many tariff resources including relevant webinars

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Medium-term outlook: slow growth, risk of stalling, higher prices

- Economic growth is unbalanced and vulnerable to war shock; inflation risk is high, recession less so
- Single-family: gradual pickup if mortgage rates don't spike; multifamily close to bottoming out
- Warehouse, office: declines likely throughout 2026 given high costs, weak demand
- Best bets for growth: data centers, power, airports, specialty health care
- Mfg. construction: increases related to data centers, power, defense production
- Materials costs: up 3-5%, much more if Middle East war lasts
- Supply chain: few problems so far except electrical gear; problems will grow if war continues
- Labor costs: up 4-5%; ICE actions make availability a challenge

 Source: Author

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Texas Building Branch

June 2026

Legislative, Regulatory and Legal Advocacy

Jeff Shoaf, AGC CEO

AGC RULES OF THE ROAD TO WIN AT PUBLIC POLICY

- Insist on ***Legislative Guardrails***
- Fight Bad Policies on ***All Fronts***
- Anticipate What Will **Happen Next**
- Learn from ***Tactics*** Used Against You
- Take a ***Targeted*** Approach
- ***Re-strategize*** as Needed

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NEW LESSONS LEARNED

1. The pendulum swings wider each cycle
2. The GOP-labor realignments breaks old rules
3. Fragmented business community weakens traditional influence
4. Exec. Branch power small circle
5. Laws, regulation and precedent are guidelines meant to be tested.

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PFAS = Hazardous Material

Trump admin edges forward with Biden proposal

- EPA retains 2024 PFAS designation → exposes contractors to both **retroactive cleanup liability** and **drives up costs on current/future projects** — no clear path to compliance
- Warns cannot shield "passive receivers" → calls for **Congressional fix**
- AGC litigation ongoing
- Learn more

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OSHA HEAT NEP

- Revised National Emphasis Program (NEP) issued April 10

Largely unchanged from Biden Administration

Effective for 5 years

- Maintains target temp. of 80 deg.
- However, now directs compliance safety and health officers (CSHOs) to ask:

Do employees and supervisors understand the heat program?

Is the heat program properly implemented and managed by a designated heat safety representative?

- AGC is working to engage with OSHA on a new set of clarifying FAQs

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Resource Centers

- **CMMC**: *Navigating Cybersecurity Maturity Model Certification (CMMC) Requirements*
  - Government resources, FAQs, and AGC webinars (agc.org/cmmc)

- **PFAS**: *What Contractors Need to Know*
  - Questions, Considerations, Contract Language Examples, and more (agc.org/pfas)

- **Heat**: *Prepare for the Summer Heat*
  - Heat safety resources, OSHA enforcement policy, OSHA rulemaking efforts on heat (agc.org/heat)

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PRO Act → Targeted Labor Reforms (FLCA)

Policy debate shifted toward narrower, more politically viable reforms

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PRO Act

Broad labor law overhaul

- Card check elections
- Expanded strike activity
- Joint Employer expansion
- Secondary boycott changes
- Right-to-work repeal
- Civil penalties for employers and creates personal liability

Political Shift

From sweeping reforms to targeted bills

- PRO Act stalled politically
- Targeted reforms gaining traction
- “Worker-first” GOP interest
- 2026 elections could reshape outlook

Faster Labor Contracts Act

Government-imposed contract framework

- Compressed bargaining timeline
- Binding arbitration
- Arbitrators set wages, benefits, & work rules
- House passed this yesterday

AGC Response

Direct Lobbying | Grassroots | Coalition Advocacy | White Paper & Economic Study | Member Education

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Stopping Davis-Bacon Regulatory Expansion – WIN!

AGC-challenged provisions of Biden-era Davis-Bacon rule expected to be permanently vacated soon

AGC concluded settlement negotiations and filed an unopposed motion for a favorable final judgment 5/27/26. Judge expected to enter judgement any day.

Labor Department concedes the provisions exceeded statutory authority and were arbitrary and capricious.

Background: AGC filed narrowly tailored lawsuit in federal court in 2023, joined by AGC TX, member J. Lee Milligan, and Lubbuck Chamber of Commerce. Obtained preliminary injunction in 2024.

The challenged provisions:

- Narrow the exemption for material suppliers;
- Expand coverage of truck drivers; and
- Impose Davis-Bacon requirements even when contract omits reference to them.

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A Few Other Things AGC is Doing

Jeff Shoaf, AGC CEO

Mental Health & Suicide Prevention Course

- Self paced online course free for members, $49 nonmembers
  - Module 1: Introduction to Mental Health & Suicide Prevention in Construction
  - Module 2: Building a Psychologically Safe Work Culture
  - Module 3: Identifying & Approaching Employees in Need
  - Module 4: Leadership & Employee Engagement
  - Module 5: The Role of Human Resources in Mental Health & Suicide Prevention

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AI and Other Innovation

- 2 AI Resource Guides: One for Chapters and one for members
- Construction AI Manual for Small and medium sized firms
- Online Communities
- Building integrations with Chapter AMS platforms (2026)

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Developing Young Leaders at the CLC LDC

- Designed for leaders of Chapter CLCs, Young Contractors Forum (YCF), committees, and emerging leader programs across the country.
- Give your emerging leaders the tools, connections, and confidence to lead.
- Send future chapter leaders to learn from the best and bring back new ideas.
- **2026 Conference:** August 4-6, Minneapolis, MN

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Innovation at AGC TechCon 2026

- Designed for construction IT professionals, technology leaders, and innovation champions from contractors of all sizes.
- Gain practical insights on AI, BIM/VDC, cybersecurity, digital strategy, and field technology.
- Connect with peers, share solutions, and learn from real-world contractor case studies.
- **2026 Conference:** August 4-6, Minneapolis, MN

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BRAND NEW: Leadership for Project Executives Course (LPEC)

- Designed for project executives, senior project managers, and emerging construction leaders looking to strengthen their leadership and business management skills.
- Build practical expertise in team leadership, ethical decision-making, Lean project delivery, financial performance, and contract negotiation.
- Learn through interactive exercises, real-world case studies, and proven leadership frameworks that can be applied immediately on the job.
- **2026 Course:** October 5–6, Arlington, VA

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Questions?

Comments, discussion, and clever banter

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