



CBI Methodology

[Associated Builders and Contractors](#)' monthly [Construction Backlog Indicator](#) is a forward-looking national economic indicator that reflects the amount of work already under contract but not yet performed by commercial, industrial and heavy highway/infrastructure contractors. A natural leading indicator, ABC's economic dataset incorporates more than a decade of responses from contractors located throughout the United States. It is the only leading indicator of its type that offers such an acute level of specificity regarding the future level of activity among construction firms.

What is Backlog?

Backlog is the amount of work, measured in dollars, that construction companies are already contracted to perform but have not yet completed. This figure is then converted to years/months based on the annual pace of construction sales. The greater the duration of backlog, the more comfortable contractors can be with respect to their near-term economic circumstances. Likewise, the smaller the value of backlog as a share of annual revenues, the less comfortable contractors are as they steadily work off that backlog. Backlog will tend to decline during periods of economic stress as contractors continue to deliver services yet enter into fewer new contracts.

Methodology

This national assessment of construction backlog is based upon a confidential monthly survey sent to ABC member companies active in various nonresidential construction segments located throughout the United States. Each surveyed firm reports its respective revenues for the previous year along with its current level of backlog. Results are disaggregated by firm size, geography and construction segment. The formula ABC's chief economist utilizes to convert backlog measured in dollars into months of available work is:

$$(\text{Current month's level of backlog/prior fiscal year revenues}) \times 12 = \text{total months of forward-looking work under contract}$$

In order to maximize comparability of results from one month to the next, ABC has striven to encourage consistent reporting by individual member firms. This effort is supported in large measure by longstanding relationships between ABC and its members as well as by carefully crafted and timed communications with those responsible for responding to monthly surveys.