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Read the report at www.policymattersohio.org/OccupationalShortages2008.htm

New Ohio occupational shortages report finds wage drops in some health care jobs, underenrollment in manufacturing apprenticeships

At a time of rapid economic change in Ohio, a new report from Policy Matters analyzes occupational shortages in Ohio and their likely causes. *Occupational Shortages in Health Care and Manufacturing* finds that, even in manufacturing jobs that are growing, enrollment in apprenticeship programs has declined significantly. In health care, the report finds that entry-level jobs have seen wage declines and that the much-discussed shortage of nurses stems in part from challenging working conditions in the field.

Occupational Shortages in Health Care and Manufacturing concludes that occupational shortages are rarely just straightforward matters of training program capacity. While employer concerns about skill deficits (particularly among entry-level workers) must be taken seriously, occupational shortages are inseparable from employer practices that influence recruitment, retention, and skill development. “As we launch the Ohio Skills Bank program, Ohio should focus on employers that are actively addressing job quality and help them develop a comprehensive, long-term human resource strategy that provides meaningful career opportunities for workers,” said report author Jon Honeck, a Senior Researcher in the Columbus office of Policy Matters Ohio.

The report found the strongest evidence for occupational shortages in the health care sector, where some occupations have seen both job growth and real median wage growth. The study identified ten health care occupations where wages grew and more than 400 positions were added statewide between 2004 and 2007. These occupations were: cardiovascular technologists and technicians; dental hygienists; medical and clinical laboratory technologists; occupational health and safety specialists; pharmacists; pharmacy technicians; physical therapists; radiologic technologists and technicians; registered nurses; and surgical technologists.

In a worrisome trend, some of the health care occupations that experienced the strongest growth also had declining real median wages. These jobs tended to be healthcare support positions that required little or no classroom training. The inflation-adjusted median wage for health care support occupations declined by 3.7 percent between 2004 and 2007. This trend was exemplified by the home health aide occupation, which grew by 56 percent in just three years by adding 17,100 jobs. The real median hourly wage in this occupation fell by 5.6 percent and stood at \$9.39 in 2007. The immediate public policy challenge for these low-skilled, low-paid positions is to address job quality to improve recruitment, retention, and employees’ motivation to learn new skills. The long-term

Policy Matters Ohio is a non-profit, non-partisan research institute with offices in Cleveland and Columbus.

challenge is to develop a credentialing system to support upward mobility, as acknowledged by a 2004 report from the Ohio Health Care Advisory Council.

Even higher-skilled positions in health care have problems with job quality as evidenced by many studies of the “nursing crisis.” The shortage of registered nurses has two sides: constraints on training program capacity, and retention of employed nurses. Training capacity shortfalls stem from faculty shortages, limited clinical sites, and high program costs. On the retention side, high turnover and vacancy rates at hospitals due to long hours and stressful working conditions can lead to burnout and premature exit from the profession. Employers have to work on both issues in order to fully address the nursing crisis.

In manufacturing, the report did not find clear labor market evidence of shortages in shopfloor production occupations. Twenty production occupations grew by at least 500 positions statewide, but only two small occupations, bindery workers and metal-refining furnace operators, experienced real wage gains. Median wage data were less useful in analyzing production jobs, however, because wage levels were undoubtedly influenced by retirements and buyouts among experienced, well-paid employees and the outright closure of large, unionized facilities.

In the context of many national, state, and local reports that find employers having difficulty in filling skilled production jobs, the best evidence for production occupation shortages in Ohio lies in a dramatic decline in participation in apprenticeships and public sector training programs. For example, the number of employed machinists grew by over 2,000 between 2004 and 2007 while the number enrolled in machinist apprenticeship programs fell by over half between 2002 and 2008, from 478 to 242. Other key occupations also experienced declines in apprenticeships. The report calls for more research into ways to rebuild apprenticeships and on how to reemploy laid-off manufacturing workers so they can utilize their existing skills.

“Building a 21st century manufacturing workforce requires a strong public-private partnership,” said Honeck. “Employers have to restore public confidence in the future of manufacturing, help the public understand what job opportunities exist and their skill requirements, and create career paths for upward mobility,” he said. “Government needs to work with employers to develop a responsive training system for new and existing employees that includes standardized, widely-recognized credentials,” he added.