

DROBINSON@BIZJOURNALS.COM

David Robinson covers health care

518-640-6818

@ALBBIZDAVID

THE LABOR MARKET

# Report: low wages equal unstable economy



DONNA ABBOTT VLAHOS

A ake a look at the health care jobs transition during the past decade to grasp the potential impact of a less-educated and low-wage workforce.

Instead of adding middle-class and high-paying jobs, the industry is increasingly built upon entry-level jobs (see "By the Numbers" at right). For Albany - and most other upstate New York communities - that is a big deal because health care remains the largest source of private-sector jobs.

Analysts at Brookings Institution described the troubling trend in health care as the latest example of the nation's increasingly unstable economy. They contend inequality in wages is key as fewer people make enough money to sustain significant economic growth.

Joseph Twardy, president and CEO of Visiting Nurse Service in Schenectady, countered that the shift is also part of recovering from the financial crises of 2008, when employers shed jobs and banks froze lending.

As part of the turnaround, people are getting training and developing new skills, especially in health care. The unemployed are finally finding more jobs, including at the Schenectady-based nursing company with 220 workers. Twardy said hiring has steadily increased in recent years, along with the company's annual revenue. It has reached about \$15 million, compared to \$11 million in 2012.

The next step involves adding more pathways from these entry-level jobs into the middle class and beyond.

### **▶ BY THE NUMBERS**

Portion of the Albany area's health care workforce that has less than a four-year degree. That's out of 19,000 health care workers. Yet Albany still fared better than many other communities. In a ranking that focused on the share of less-educated health care workers in 100 metros, Albany finished 64th. Compare that to Syracuse, which had the 12th largest share of less-educated health care workers, at 56 percent. Buffalo ranked 26th, with nearly 54 percent.

National increase of health care workers with an associate degree or less since 2000. Similarly educated workers in other occupations saw just 3 percent growth during the same

SOURCE: BROOKINGS INSTITUTION

"What you're doing is focusing on the training and getting individuals ready around this kind of work," Twardy said. "The community is pooling its resources ... and we've got examples of people on career ladders."

The effort is unfolding at Schenectady County Community College, which received \$11 million tied to the federal Affordable Care Act to start a health care jobs program in 2011. The classes

focus on preparing people for jobs that requires less than a bachelor's degree, a segment that Brookings analysts reported has grown nearly 50 percent since 2000.

Tiziana Rota, who oversees the college's project, said those jobs are an important step for many people. Nearly 95 percent of the program's more than 1,000 enrollees found work, she said.

"That's unheard of for a welfare-towork program," Rota said of transitioning people from government assistance to the workforce.

Still, the most active hiring in recent years has been solely in low-wage health care jobs. Personal aides lead the way and require the least training. They primarily assist elderly people with everyday tasks to keep them out of nursing homes and hospitals as long as possible. Their pay on average is \$21,000 per year, or about \$6,000 more than federal minimum wage.

More than 400,000 personal aides were added to the job market nationally during the past 13 years, the Brookings report shows.

Joanne Cunningham, president of the Home Care Association of New York State, an Albany trade group, agreed with Twardy's comments about creating more upward mobility in health care.

"We've heard several stories about home health aides who enter the health care profession, distinguish themselves in their work on behalf of patients, and then move on to mentorship roles of their own," she said.

#### **► OVERHEARD**



'That is a very big positive step for the state to attract and keep manufacturing here.'

JOE DeVIVO, president and CEO, AngioDynamics

DeVivo was talking about tax benefits for manufacturers in the state's 2014-15 budget. AngioDynamics, the Lathambased medical device maker, has about 900 employees. The state budget eliminated corporate income tax for manufacturers, in some cases. It also featured a 20 percent real property tax credit for manufacturers who own or lease property. DeVivo made the comment while addressing his company's turnaround since 2012, having more than doubled revenue. An earnings report last week showed the homegrown public company also recorded an annual net income of \$3.1 million for fiscal year 2014. That's compared to a loss of \$600,000, or 2 cents per share, in 2013.

#### **▶ DEALBOOK**



## ORTHOPEDIC DEAL A SIGN OF THE TIMES

Alan Okun, CEO of OrthoNY, says the days of a doctor hanging out a shingle and starting a business are long gone.

"What you're seeing is all these physicians are flocking to the hospitals," he

For an example, just look at OrthoNY's story. The company was formed last year by a merger that made it one of the region's largest independent physician groups. While competing with hospitals for doctors. OrthoNY also wisely forged partnerships with them. More importantly, the company recently managed to keep pace by adding more physicians to its roster.

On July 1, OrthoNY acquired Schenectady Regional Orthopedic Associates and hired 59 of its 79 total workers, including all of the doctors at the Schenectady-based practices. OrthoNY, which already had about 200 workers, paid in the low six figures for the operation, Okun said.

With the addition of the Schenectadybased company, OrthoNY now has 11 locations in a 60-mile span, from Glens Falls south to the Albany suburb of Delmar.