

Onondaga Citizens League

Study Session #11 January 30, 2017

“How CNY Works: Examining the Diversity of Our Economic Base – Past, Present and Future”

Meeting topic: “The Economic Impact of Third Party Employment Services”

12-1:30 p.m., Oswego Metro Center

Panelists

Karen Knapik-Scalzo, Associate Economist and Labor Market Analyst, New York State Department of Labor

Tom Fletcher, CEO, C.R. Fletcher

Sue Wallace, Placement Director, AP Professionals

Katelin Arnold, Human Resources Professional and Member of the CNY Society for Human Resource Management

Co-chair Mel Menon welcomed attendees and introduced the panel.

Karen Knapik-Scalzo, of the New York State Department of Labor, said that “employment services,” in terms of Department of Labor research and data, includes four different areas:

- Employment placement agencies -- encompassing businesses that help place employees in a business. The employees are not employed by the agency.
- Executive search agencies -- These agencies place individuals in senior management positions, where they generally earn a high wage. The agency may help a company develop a search strategy. The individuals are not employed by the agency.
- Temporary help services -- In this case a temp agency helps a business fill a need. The individuals are employed by the agency.
- Professional employer organizations -- These are agencies that provide particular services for employers, for example workmen’s compensation coverage or payroll services.

According to the New York State Department of Labor, there are 86 “employment services” agencies in Onondaga County, all of which fall under one of the four categories listed above.

The average annual employment for employment services agencies in Onondaga County is 3,480, with total annual wages over \$93 million. These numbers represent individuals who work for the actual employment services agencies and individuals who are in a temporary work situation placed at a company, working for the agency.

There is a broad range of work being done by individuals working through temporary agencies. The top five jobs are: office and clerical work (7.2 percent), secretaries and administrative assistants (6.1 percent), laborers and freight, stock and material movers (5.8 percent), nursing assistants (4.5 percent), and personal care aides (4 percent).

Knapik-Scalzo said there has been an “uptick” in private temporary agencies. Between 2012 and 2015 there was an increase of 11 agencies in our area.

An attendee asked Knapik-Scalzo if the number of individuals turning to temporary agencies to find work indicates there is a lack of opportunity for full-time jobs. Knapik-Scalzo said she was not sure if that was the case, because there are a number of fields where there is a higher demand and not enough qualified workers.

To illustrate this point, Knapik-Scalzo said she was called recently by a representative of a firm (outside New York State) who asked how many accountants and financial analysts were available for work in our area. She pulled information from the five counties surrounding Syracuse. There are 68 accountants and 20 financial analysts (registered with the Department of Labor) looking for work. In contrast, there were 680 individuals (registered with the Department of Labor) looking for customer service work. There are opportunities for workers skilled in particular disciplines, such as finance. Knapik-Scalzo said the Department of Labor works with OCC, SUNY schools and high schools, sharing projections so that educational institutions can prepare students for careers where there will be jobs.

Tom Fletcher said C.R. Fletcher operates three different businesses. An executive search arm works with businesses to recruit potential employees for direct hire placement.

A second business places temporary employees in the areas of accounting, finance, marketing, human resources and administrative positions. SUNY Upstate is a key client in this area. He said, “Anybody who isn’t touching a patient, a lot of them are working for C.R. Fletcher Temps.” He attributed SUNY Upstate’s relying on Fletcher to the cost of health insurance for workers. C.R. Fletcher provides health insurance. The company vets the employees and does initial drug testing, as well as drug testing every six months.

A third business, C.R. Fletcher Industrial, connects workers with jobs in which they will need high workmen's compensation insurance.

Fletcher said the growth of business on the temporary side is, in part, a result of the Affordable Care Act. Company leaders may not feel they can afford to pay for the health insurance for the employees. He said companies are also afraid of the "unknown," and don't know the financial future of their business. It is easier to let go of a person hired through a temporary agency than a regular employee.

He said if a temporary employee is a good employee, shows up on time and does a good job, he/she has a good chance of being offered a job at the company. Fletcher said 40 percent of the temporary workers are offered full-time jobs.

Sue Wallace spoke about AP Professionals. The company has been operating in Syracuse for three years. It has operated in Rochester and Buffalo for 20 years. There are five employees locally.

AP Professionals focuses on placing individuals in "temp-to-hire" in accounting, finance and administrative positions. She noted that unemployment is low now (4.9 percent), which has made it more challenging to find qualified candidates for clients.

Fletcher explained the terms used in the industry. The "**client**" is the organization looking for employees, which pays the agency's fees. The "**candidate**" is the person coming to the agency and looking for employment.

Fletcher and Wallace both said that it is important for job seekers to use different avenues to find work. Job seekers can pursue work on their own, and also sign up with different employment agencies.

An attendee asked the panelists if a potential employee fails a drug test, if that is a "deal breaker," for clients. They answered "yes." They did add that not all clients require drug testing.

Fletcher said there is a shortage of candidates with good financial experience. There is also a shortage of people who are able to work in business intelligence – delving into large amounts of data, and helping companies understand data. He said that some of the people who could fill these jobs are liberal arts majors, who are able to "think outside the box."

Fifty percent of Fletcher's employees, working on temporary contracts, are minority. Fletcher said this was a big increase over the last four or five years.

An attendee asked if there was a demand for bilingual employees. Both Fletcher and Wallace reported it was not a common request, but occasionally companies request employees who can speak both Spanish and English for call centers.

Co-chair Mel Menon introduced Katelin Arnold, who is a human resources professional and Member of the CNY Society for Human Resource Management.

Arnold said employers find working with temporary agencies advantageous for several reasons. Employers can hand over the work of pre-screening to the agency. Employers can see how a worker performs after what she called “the honeymoon phase.” Employers who decide a worker is not performing well can terminate the arrangement, without being concerned about a legal issue. Agencies can also be useful for companies that have seasonal work. The company can avoid laying off employees in the off-season, and having to deal with unemployment.

Arnold pointed out there are advantages for the job seeker as well. The job search may require less effort if the agency is looking for an appropriate job for the job seeker. Working on a temporary basis allows an employee to “test” a company and see if he/she likes working there. Sometimes the pre-employment screening is less strict when going through an agency.

Arnold said that third party or temporary employment agencies can be helpful for individuals who receive some kind of public assistance, such as Disability. An individual can still receive public assistance, and work part-time earning up to a threshold amount. It can be a way for an individual to get back into the workforce.