

Detroit News: McTevia Comments on Michigan's Future

Health is replacing autos as job leader

Sofia Kosmetatos / The Detroit News

In Oakland County, the day isn't far away when Beaumont Hospitals will overtake General Motors Corp. as the largest employer.

While Beaumont expands, the automaker is cutting or relocating workers, such as GM's recently announced plans to move 3,600 jobs from Pontiac to Warren by 2008.

Through August, GM employed 16,400 in Oakland County, compared to 12,000 for Beaumont.

"We anticipate within two years, Beaumont will overtake GM as the largest employer," said Maureen Krauss, deputy director of Oakland County Economic Development and Community Affairs.

The idea that Beaumont would surpass GM as Oakland County's No. 1 employer would have been hard to imagine 20 years ago and illustrates the diverging paths the two industries are on in Metro Detroit.

From 2000 to 2005, the health care work force in Oakland, Wayne, Macomb and Livingston counties grew by 17,314 jobs, or 8.4 percent, according to the Michigan Department of Labor and Economic Growth. By contrast, the automotive manufacturing industry lost 55,955 jobs, a decline of more than 30 percent.

While Detroit's auto industry shrinks, the health care sector is dealing with a different kind of problem: It can't find enough qualified workers to fill jobs as the population ages and demand for medical care increases.

While far from a panacea for the economic problems buffeting Michigan, opportunities in health care offer options for workers willing to get training.

The health care industry is already the largest private-sector employer in the state, providing about 478,000 direct jobs and 258,000 indirect jobs that pump \$31.6 billion annually into the economy, according to the Michigan Health & Hospital Association.

And the health care industry in Michigan and around the country is expected to grow more rapidly than the rest of the economy, said Charles Ballard, a professor in the Department of Economics at Michigan

State University.

"We're at a point where the baby boomers are demanding more and more services," said Bob Hoban, senior vice president of strategy and business development for St. John Health System. In Oakland County, a hub for automotive research and development, announcements of hundreds of new jobs no longer come from the auto industry, Krauss said. "Now, it's pretty much all health care jobs."

After a report in 2004 projected a shortage of more than 100,000 professional and technical health care jobs in Michigan, the state, universities and health systems all pushed to accelerate training for health care jobs.

At the state level, those efforts included awarding more than \$17 million in grants in 2005 to schools partnered with health care institutions to accelerate training for nurses and other health professionals, such as respiratory therapists and pharmacy technicians.

Today, hospitals and schools are exploring developing programs that specifically target unemployed autoworkers.

Hospital giants expanding

More health care jobs growth is assured as the region's hospital giants pour millions into expansions and new facilities to keep up with demand. Some examples:

In the next two years, St. John Health System will add about 1,000 jobs when it opens a \$224 million, 200-bed hospital in Novi in the summer of 2008, adding on to the system's Providence Park facility.

Henry Ford Health System will add about 1,600 jobs in West Bloomfield when it opens an upscale \$310 million hospital around the same time.

Oakwood Healthcare System is working with Wayne's State Medical School's University Physician Group to build a \$66 million outpatient surgery and physician office complex in Troy. The facility should open by July 2008 with about 200 employees.

Pay gap closing

Though definitely a growth industry and one the state is banking on to make up for some of the huge job losses in the auto sector, many health care jobs don't pay as well as the best auto factory jobs.

According to data provided by the Michigan Department of Labor and Economic Growth, hospitals paid an average weekly wage of \$839 in 2005, compared to \$1,480 for automotive manufacturing jobs.

A registered nurse in Michigan makes an average of \$55,380 a year. An autoworker making \$1,480 a week brings in \$76,960.

But that gap is closing as domestic auto companies seek to cut wages and benefits so they can compete in the global marketplace. For example, the United Auto Workers has agreed to a two-tier wage contract that allows several automotive suppliers to offer lower pay and less generous benefits for new blue-collar workers.

At Delphi Corp., new production workers hired under the new two-tier wage contract start at \$14 per hour, compared with about \$27 per hour under a previous agreement. After benefits are added, the total compensation of second-tier workers is less than half of the pay of current workers at the company.

Health care jobs typically include comprehensive benefits packages, career advancement opportunities and the job security that comes with constant industry growth, said Gerald Fitzgerald, president and CEO of Dearborn-based Oakwood Healthcare Inc.

Retraining autoworkers

Health care jobs likely won't replace all of the 33,000 additional auto industry jobs that will be lost in the next two years, according to University of Michigan economists' forecasts.

But efforts to retrain autoworkers are under way. Facing shortages of nurses and other health care providers that are expected to worsen as many workers reach retirement age, health systems see an untapped work force in displaced autoworkers who aren't old enough to retire.

Some health systems in southeast Michigan have been working with human resource professionals, deans of nursing schools and others to develop training programs for displaced autoworkers.

Beaumont Hospitals is one of the health systems touting a partnership with Michigan State University to train displaced workers in an accelerated, one-year degree program in nursing.

"It's great for us, it's great for the auto folks," said Ron Lilek, corporate director of human resources for Beaumont Hospitals.

Ford Motor Co. offered a four-year college tuition assistance as one option when it offered buyouts to its entire North American hourly work force this year. Health care training is expected to be a popular choice among those who took the buyout option.

What's unclear is whether the growth in the health care industry will eventually be stunted by Michigan's diminishing horizons.

Jim McTevia, a Bingham Farms-based management consultant who advises companies in transition,

expects displaced autoworkers, young and old, to take buyouts and flee to less expensive regions of the country where dollars can stretch farther, leaving fewer people for health care providers to treat.

"There's going to be a mass exodus from the state of Michigan," said McTevia, who adds young people getting educated in Michigan universities don't stick around, because there is better paying work elsewhere.

"I do not see a generation that is going to grow old in the state of Michigan," he said. "I see a generation that is going to grow old somewhere else."