

Friday, June 6, 2008

Temp agencies feel pinch as employers cut back

Demand still appears high for skilled workers

by Kevin James Shay | Staff Writer

This year's economic downturn is affecting even temporary agencies, as staffing employment nationally declined slightly in the first quarter of 2008 from the same period a year ago, according to a new report from the American Staffing Association.

Temporary agencies employed an average of 2.8 million workers per day from January through March, a decline of 1.7 percent from a year earlier, the Alexandria, Va., trade organization reported recently. That was the second consecutive quarter of year-to-year declines and marked only the fourth time since the second quarter of 2002 that quarterly employment in the industry fell from the previous year.

However, payroll at temporary and contract staffing agencies was up by 1.5 percent to \$17.7 billion in the first quarter from a year ago, the association reported. That suggests that temp employees were paid more, and demand for highly skilled employees was still strong, said Michelle Snyder, an association spokeswoman.

Maryland statistics for the recent quarter were not available. But Wanda L. Smith, president of Symphony Placements in Timonium and president of the Maryland Staffing Association, said that based on what she has heard, the national trend holds true for Maryland.

"Companies are freezing jobs more and letting positions go unfilled until they see how the economy is doing," Smith said. "Small businesses are especially hurt by increased costs for utilities and other areas."

Still, jobs are being added in the state. Total nonfarm employment for Maryland in April was up 1 percent from a year ago to 2.9 million, according to statistics released this week by the U.S. Department of Labor. That was higher than the 0.2 percent state job growth rate from April 2006 to April 2007. It was also higher than the national rise of 0.3 percent in April from a year ago.

However, more people have entered the labor force, forcing Maryland's unemployment rate to inch up to 3.7 percent in April from 3.5 percent a year ago. The unemployment rate in April 2006 was 3.7 percent.

Symphony Placements places temps in health care, legal, accounting and administrative fields, Smith said. Demand is heavy locally in allied health care and nursing, she said.

Many companies find it is less costly to hire temps and grant them a trial period, rather than go through the hiring process that includes checking references and interviewing, Smith said. “We’re seeing a lot of our people go on to permanent employment,” she said.

About 58,000 temporary and contract employees in Maryland gained permanent jobs in 2005, the latest year such statistics are available.

Casa to open fifth day-labor center

Meanwhile, Casa of Maryland, a nonprofit that operates temporary day-labor centers in Maryland, is seeing enough demand to justify expansion. The organization plans to open a fifth center in Langley Park by the end of the year.

In its first year, the group’s Rockville center, which opened in April 2007, placed workers in some 6,240 day and temporary jobs, and 49 people transferred to permanent full-time jobs, Casa executives said. The center worked with 946 employers, with more than 2,000 visits from returning employers.

Maryland temps

Maryland staffing companies employed an average of 39,518 people per day for temporary or contract work in 2005, the latest year for which state figures are available. That was up from 38,000 temp workers per day in 2004 and 34,365 in 2003.

Annual payroll for temporary employees in Maryland was \$1.1 billion in 2005, the same as in 2004 but an increase from \$740 million in 2003.

About 58,000 temporary and contract employees in Maryland gained permanent jobs in 2005.

Source: Maryland Staffing Association