

ECONOMY

Economy Needs Workers, but Drug Tests Take a Toll

By NELSON D. SCHWARTZ JULY 24, 2017

YOUNGSTOWN, Ohio — Just a few miles from where President Trump will address his blue-collar base here Tuesday night, exactly the kind of middle-class factory jobs he has vowed to bring back from overseas are going begging.

It's not that local workers lack the skills for these positions, many of which do not even require a high school diploma but pay \$15 to \$25 an hour and offer full benefits. Rather, the problem is that too many applicants — nearly half, in some cases — fail a drug test.

The fallout is not limited to the workers or their immediate families. Each quarter, Columbiana Boiler, a local company, forgoes roughly \$200,000 worth of orders for its galvanized containers and kettles because of the manpower shortage, it says, with foreign rivals picking up the slack.

“Our main competitor in Germany can get things done more quickly because they have a better labor pool,” said Michael J. Sherwin, chief executive of the 123-year-old manufacturer. “We are always looking for people and have standard ads at all times, but at least 25 percent fail the drug tests.”

The economic impact of drug use on the work force is being felt across the country, and perhaps nowhere more than in this region, which is struggling to overcome decades of deindustrialization.

Indeed, the opioid epidemic and, to some extent, wider marijuana use are hitting businesses and the economy in ways that are beginning to be acknowledged by policy makers and other experts.

A federal study estimated that prescription opioid abuse cost the economy \$78.5 billion in 2013, but that does not capture the broader effect on businesses from factors like lost productivity, according to Curtis S. Florence, who led the research for the National Center for Injury Prevention and Control.

“That’s definitely a conservative estimate,” Mr. Florence said. “It’s very hard to measure how it affects employers, but if we could, it would be in addition to what we see here.”

The effect is seen not just in the applicants eliminated based on drug screening, but in those deterred from even applying. In congressional testimony this month, the Federal Reserve chairwoman, Janet L. Yellen, linked increased opioid abuse to declining participation in the labor force among prime-age workers.

The Fed’s regular Beige Book surveys of economic activity across the country in April, May and July all noted the inability of employers to find workers able to pass drug screenings.

“It’s not just a matter of labor participation; there is also a lot of collateral economic damage,” said Alan B. Krueger, a Princeton economist who wrote a widely discussed paper on the subject last year.

Were it not for the drug issue, said Mr. Krueger, who served as chairman of the Council of Economic Advisers under President Barack Obama, workers trapped in low-wage jobs might be able to secure better-paying, skilled blue-collar positions and a toehold in the middle class.

“This hasn’t gotten as much attention as the participation issue, but we could potentially match perhaps 10 percent of the population in better jobs,” he said. “That could have a positive, cascading effect on wages.”

Plants like Mr. Sherwin’s can help provide that ladder. But workplace considerations — not social conservatism or imposition of traditional mores — make

employee drug use an issue.

“The lightest product we make is 1,500 pounds, and they go up to 250,000 pounds,” Mr. Sherwin said as workers pulled a barrel-shaped steel container from a glowing forge amid a shower of sparks. “If something goes wrong, it won’t hurt our workers. It’ll kill them — and that’s why we can’t take any risks with drugs.”

Even as many states decriminalize recreational marijuana use, or allow access by prescription for medical use, “relaxing drug policies isn’t an option for manufacturers in terms of insurance and liability,” said Edmond C. O’Neal of Northeast Indiana Works, a nonprofit group that provides education and skills training.

“We are talking to employers every day, and they tell us they are having more and more trouble finding people who can pass a drug test,” he said. “I’ve heard kids say pot isn’t a drug. It may not be, but pot will prevent you from getting a job.”

At Warren Fabricating & Machining in Hubbard, Ohio, where at least four out of 10 applicants test positive for drug use, Regina Mitchell, a co-owner, has a workaround. She set up an apprentice program, enlarging her hiring pool by de-emphasizing experience or existing skills.

“It takes more time and money to train and evaluate someone, but I can have confidence the person is drug-free, comes to work on time and won’t call in sick,” Ms. Mitchell said.

For smaller businesses like hers, the financial cost of the opioid epidemic in particular goes well beyond the inability to fill open positions.

It has long been a point of pride for Ms. Mitchell that her company covers the cost of health insurance for its 150 workers and their families. But over the last three years, the company has paid for five dependents of employees to go through drug treatment, costing a quarter of a million dollars.

Last year, when a member of an employee’s family gave birth to a baby found to be addicted to opiates, the company paid \$300,000 for three months of treatment in a neonatal intensive-care unit.

“Imagine the money we could save or invest as a company if I were able to hire drug-free workers on the spot,” Ms. Mitchell said. “But that’s just not the environment we are in.”

Of the applicants who test positive at her company, Ms. Mitchell said, half fail because of marijuana use, with opiates and other harder drugs accounting for the remainder. Because tests for marijuana pick up the drug for up to a month after exposure, many local manufacturers are anxious about Ohio’s plan to permit medical marijuana use in the near future.

“I don’t know if you smoked it this weekend or this morning,” Ms. Mitchell said. “I can’t take that chance.”

The biggest employers face similar challenges in their search for suitable hires, especially with the national unemployment rate now at 4.4 percent, down from 8.2 percent five years ago.

“We’re definitely seeing an increase in the percentage of failures,” said Patrick Bass, chief executive of Thyssenkrupp North America. The company, whose regional headquarters are in Chicago, employs 15,000 people in the United States and makes elevators and construction equipment as well as specialized systems and materials for the automotive industry.

With 120 positions open for more than three months, Mr. Bass said, “it puts a strain on the organization,” including increased overtime costs and longer waits to fulfill orders from customers.

To fill jobs, Mr. Bass said, his company is relying more on outside placement agencies that prescreen applicants. “We are literally recruiting for production line jobs, which we didn’t have to do in the past,” he said.

Back in Youngstown, Chris Cruciger and his father, Bill, are taking a similar approach at their roofing firm, Roof Rite. But instead of reaching out to recruiters, they are working with a local nonprofit group, Flying High, which provides job training and drug treatment and sends candidates only if they have completed a screening process and four months of skills development.

“We could take on twice as many projects if we had more suitable workers,” Chris Cruciger said. “There are people who can barely read and write, but if they can do a good job as a roofer, they can earn \$20 an hour or more and have a career.”

It’s a slow process, Bill Cruciger said, but it beats having to interview dozens of otherwise promising applicants who clam up when a drug test is mentioned.

“You hit that moment of silence, and they just put their head down,” he said. “We leave the door open and tell them they are eligible to come back once they’re clean. But we’ve yet to have anybody return.”

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Economy Needs Workers, but Drug Tests Take a Toll. Employers say they are having trouble filling jobs because too many applicants can't pass screening, a factor depressing the labor participation rate. Employers say they are having trouble filling jobs because too many applicants can't pass screening, a factor depressing the labor participation rate. Looking forward to taking another step closer to a Drug-Free Workforce in Columbiana County! #DFWCI. See more. Drug testing restricts the job pool, and in the current tight labor market, that's having an impact on productivity and growth. In surveys done by the Federal Reserve last year, employers cited an inability by applicants to pass drug tests among reasons for difficulties in hiring. Failed tests reached an all-time high in 2017, according to data from Quest Diagnostics Inc. That's likely to get worse as more people partake in state-legalized cannabis. "The benefits of at least reconsidering the drug policy on behalf of an employer would be pretty high," said Jeremy Kidd, a professor at Mercer. The New York Times explains how drug tests can take a toll on the economies workers, stating that "The economic impact of drug use on the work force is being felt across the country, and perhaps nowhere more than in this region, which is struggling to overcome decades of deindustrialization" (nytimes). Economy Needs Workers, but Drug Tests Take a Toll - hiring.html (accessed Feb 20, 2018). TERM Fall '08. PROFESSOR BRANT.