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## **EXTENDED MASS LAYOFFS ASSOCIATED WITH DOMESTIC AND OVERSEAS RELOCATIONS, FIRST QUARTER 2004**

Questions on job loss related to the movement of work were added to the Mass Layoff Statistics program in January 2004 by the Bureau of Labor Statistics of the U.S. Department of Labor. Data for the first quarter of 2004 are included in the release. In the future, these data will be included in the regular quarterly news release on Extended Mass Layoffs.

Extended mass layoffs and separations associated with the movement of work, domestically or overseas, reflect job loss at companies employing at least 50 workers where at least 50 people filed for unemployment insurance during a five-week period and the layoff lasted more than 30 days. The extended mass layoff statistics and movement of work measures, therefore, do not reflect layoffs of less than 50 at these companies, nor do they capture layoffs occurring at establishments with less than 50 workers. (About one-third of all private nonfarm mass layoff events extend for more than 30 days.) Similarly, these data do not cover situations in which firms initiate or transfer work to new locations when there are no layoffs involved. (See the Technical Note for additional information.)

Of the 239,361 private sector nonfarm workers who were separated from their jobs for at least 31 days in the first quarter of 2004, the separations of 4,633 workers were associated with the movement of work outside of the country, according to preliminary data. Domestic relocation of work—both within the company and to other companies—affected 9,985 workers. (See table A.)

From January to March 2004, job loss associated with the relocation of work was reported in 119 layoff events, resulting in the separation of 16,021 workers. (See table B.) Events associated with movement of work accounted for about 14 percent of all layoff events and 9 percent of separations where the reason for the layoff was other than seasonal or vacation. Three out of four events (90 out of 119) associated with movement of work occurred among establishments within the same company. In more than 7 out of 10 cases, the work activities were reassigned to places elsewhere in the U.S. In the 29 events in which work activities were reassigned to another company under contractual arrangements, half of the instances involved relocation of work outside the U.S. and half to companies within the U.S.

Among the 119 events with reported relocation of work, 51 percent were permanent closures of worksites, which affected 10,019 workers. In comparison, for the 1,204 total layoff events reported in the first quarter of 2004, only 17 percent involved permanent closure of worksites.

**Table A. Extended mass layoff events and separations by selected employer action, first quarter 2004**

Action	Layoff events	Separations
Total, private nonfarm sector .....	1,204	239,361
Total, excluding seasonal and vacation events <sup>1</sup> .....	869	182,456
Total with movement of work <sup>2</sup> .....	119	16,021
Overseas relocations .....	34	4,633
Within company .....	21	2,976
Different company .....	13	1,657
Domestic relocations .....	79	9,985
Within company .....	65	8,191
Different company .....	14	1,794

<sup>1</sup> The questions on movement of work were not asked of employers when the reason for layoff was either seasonal work or vacation period.

<sup>2</sup> Detail does not add to group total due to incomplete information.

In establishments that had layoffs related to the movement of work, the average size of a layoff was 135 workers. This compares with an average of 199 for all establishments that had extended mass layoffs in the first quarter of 2004.

Sixty-eight percent of the layoff events involving the movement of work and 65 percent of the laid-off workers were from manufacturing industries during the first quarter of 2004. Among all private nonfarm extended layoffs, manufacturing accounted for 32 percent of the events and 24 percent of the separations. (See table 1.)

Internal company restructuring (bankruptcy, business ownership change, financial difficulty, and reorganization) accounted for 70 percent of layoff events associated with work relocation and resulted in 11,600 separations during the first quarter. (See table 2.) Most of these were due to reorganization within the company. In contrast, only 25 percent of the mass layoff events in the total private nonfarm economy were because of internal company restructuring.

The Midwest accounted for the largest proportion of workers in extended mass layoff events associated with the movement of work (34 percent) in the first quarter of 2004, followed by the South (31 percent), the West (27 percent), and the Northeast (8 percent). (See table 3.) For all extended mass layoff events, separations were concentrated in the West (43 percent), followed by the Midwest (29 percent), the South (16 percent), and the Northeast (12 percent).

**Table B. Extended mass layoff events and separations by movement of work, first quarter 2004**

Type of movement	Layoff events	Separations
Total, private nonfarm sector .....	1,204	239,361
Total, excluding seasonal and vacation events <sup>1</sup> .....	869	182,456
Total with movement of work <sup>1</sup> .....	119	16,021
Within company <sup>2</sup> .....	90	11,917
Domestic .....	65	8,191
Out of country .....	21	2,976
Different company <sup>2</sup> .....	29	4,104
Domestic .....	14	1,794
Out of country .....	13	1,657

<sup>1</sup> The questions on movement of work were not asked of employers when the reason for layoff was either seasonal work or vacation period.

<sup>2</sup> Detail does not add to group total due to incomplete information.

# Technical Note

The Mass Layoff Statistics (MLS) program is a federal-state program which identifies, describes, and tracks the effects of major job cutbacks, using data from each state's unemployment insurance database. Establishments which have at least 50 initial claims filed against them during a consecutive 5-week period are contacted by the state agency to determine whether these separations are of at least 31 days duration, and, if so, information is obtained on the total number of persons separated and the reasons for these separations. Establishments are identified according to industry classification and location. Because of the employer contact component, the BLS decided to use the MLS program as a vehicle for collecting additional information on offshoring and outsourcing associated with job loss, by adding questions that address movement of work.

## Definitions

*Establishment.* A unit at a single physical location at which predominantly one type of economic activity is conducted.

*Extended layoff event.* Fifty or more initial claims for unemployment insurance benefits from an establishment during a 5-week period, with at least 50 workers separated for more than 30 days.

*Layoff.* The separation of persons from an employer as part of a mass layoff event. (See below.) Such layoffs involve both persons subject to recall and those who are terminated by the establishment.

*Mass layoff.* Fifty or more initial claims for unemployment insurance benefits from an establishment beginning in a given month, regardless of duration.

*Worksite closure.* The complete closure of either multi-unit or single-unit establishments or the partial closure of a multi-unit establishment where entire worksites affected by layoffs are closed or planned to be closed.

## Movement of work concepts and questions

The term "moving work" means that the company experiencing the layoff has reassigned work activities that were performed at a worksite by the company's employees (1) to another worksite within the company; (2) to another company under formal arrangements at the same worksite; or (3) to another company under formal arrangements at another worksite. The type of work activities subject to movement can include accounting, customer service, cleaning, warehousing, etc.

"Overseas relocation" is the movement of work from within the U.S. to locations outside of the U.S. "Overseas relocation" can occur within the same company and involve movement of work to a different location of that company outside of the U.S., or to a different company altogether.

"Domestic relocation" is the movement of work to other locations inside the U.S., either within the same company or to a different company.

"Overseas relocation" and "domestic relocation" are no longer used in the same way as they were in earlier extended mass layoff news releases. Therefore, the data presented in

this news release are not comparable to those that were presented in earlier news releases.

Questions on movement of work and location are asked for all identified layoff events when the reason for separation is other than "seasonal work" or "vacation period." Seasonal and vacation layoff events were excluded because movement of work appears unlikely.

Questions on movement of work are asked after the analyst verifies that a layoff in fact occurred and lasted more than 30 days, and obtained the total number of workers separated from jobs, the date the layoff began, and the economic reason for the layoff. If the reason for layoff is other than seasonal or vacation, the employer was asked the following:

(1) "Did this layoff include your company moving work from this location(s) to a different geographic location(s) within your company?"

(2) "Did this layoff include your company moving work that was performed in-house by your employees to a different company, through contractual arrangements?"

A "yes" response to either question is followed by:

"Is the location inside or outside of the U.S.?" and "How many of the layoffs were a result of this relocation?"

Layoff actions are classified as "overseas relocation" if the employer responds "yes" to questions 1 and/or 2, and indicates that the location(s) was outside of the U.S. Domestic relocation is determined if the employer responds "yes" to questions 1 and/or 2 and indicates that the location(s) was within the U.S.

After asking the movement of work questions, the employer contact continues and responses are obtained for questions on recall expectations and open/closed status of the worksite.

## Reliability of the data

The identification of establishments and layoff events in the MLS program and associated characteristics of claimants is based on administrative data on covered establishments and unemployment insurance claims, and, therefore, is not subject to issues associated with sampling error. Nonsampling errors such as typographical errors may occur but are not likely to be significant. While the MLS establishments and layoff events are not subject to sampling error, and all such employers are asked the employer contact questions, the employer responses are subject to nonsampling error. Nonsampling error can occur for many reasons, including the inability to obtain information for all respondents, inability or unwillingness of respondents to provide correct information, and errors made in the collection or processing of the data. For the first quarter of 2004, outright refusal to participate in the employer contact accounted for 7.2 percent of all private nonfarm events.

## Other information

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: 202-691-5200; TDD message referral phone: 1-800-877-8339.

**Table 1. Industry distribution: Extended mass layoff events and separations associated with the movement of work, first quarter 2004**

Industry	Layoff events		Separations	
	Total	Associated with the movement of work	Total	Associated with the movement of work
Total, private nonfarm .....	1,204	108	239,361	16,021
Mining.....	14	—	1,421	—
Utilities.....	5	( <sup>1</sup> )	557	( <sup>1</sup> )
Construction.....	229	—	24,549	—
Manufacturing.....	386	73	57,616	10,438
Food.....	70	7	11,005	1,308
Beverage and tobacco products.....	10	( <sup>1</sup> )	1,694	( <sup>1</sup> )
Textile mills.....	14	3	2,022	554
Textile product mills.....	7	( <sup>1</sup> )	1,045	( <sup>1</sup> )
Apparel.....	16	5	2,251	1,189
Leather and allied products.....	4	( <sup>1</sup> )	653	( <sup>1</sup> )
Wood products.....	14	( <sup>1</sup> )	1,661	( <sup>1</sup> )
Paper.....	11	4	1,599	227
Printing and related support activities.....	13	3	1,732	122
Petroleum and coal products.....	5	—	392	—
Chemicals.....	14	4	2,055	634
Plastics and rubber products.....	18	5	2,452	857
Nonmetallic mineral products.....	21	—	2,686	—
Primary metal.....	13	—	2,215	—
Fabricated metal products.....	20	3	2,158	340
Machinery.....	20	6	2,135	870
Computer and electronic products.....	32	7	3,912	785
Electrical equipment and appliance.....	13	6	2,312	1,027
Transportation equipment.....	39	7	8,874	985
Furniture and related products.....	19	4	2,965	497
Miscellaneous manufacturing.....	13	4	1,798	470
Wholesale trade.....	28	4	3,579	915
Retail trade.....	132	4	86,884	362
Transportation and warehousing.....	34	4	6,189	1,075
Information.....	44	7	7,837	1,449
Finance and insurance.....	46	5	7,207	637
Real estate and rental and leasing.....	( <sup>1</sup> )	—	( <sup>1</sup> )	—
Professional and technical services.....	31	( <sup>1</sup> )	3,363	( <sup>1</sup> )
Management of companies and enterprises.....	5	( <sup>1</sup> )	492	( <sup>1</sup> )
Administrative and waste services.....	131	4	21,067	597
Educational services.....	( <sup>1</sup> )	—	( <sup>1</sup> )	—
Health care and social assistance.....	29	( <sup>1</sup> )	4,175	( <sup>1</sup> )
Arts, entertainment, and recreation.....	14	—	1,238	—
Accommodation and food services.....	53	—	9,110	—
Other services, except public administration.....	15	( <sup>1</sup> )	2,955	( <sup>1</sup> )
Unknown .....	2	—	229	—

<sup>1</sup> Data do not meet BLS or state agency disclosure standards.

NOTE: Dash represents zero. All data in this table are preliminary.

**Table 2. Reason for layoff: Extended mass layoff events and separations associated with the movement of work, first quarter 2004**

Industry	Layoff events		Separations	
	Total	Associated with the movement of work	Total	Associated with the movement of work
Total, private nonfarm .....	1,204	108	239,361	16,021
Automation .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Bankruptcy .....	28	-	8,422	-
Business ownership change .....	31	5	4,217	512
Contract cancellation .....	29	( <sup>1</sup> )	4,238	( <sup>1</sup> )
Contract completed .....	170	( <sup>1</sup> )	51,795	( <sup>1</sup> )
Environment-related .....	-	-	-	-
Financial difficulty .....	84	12	15,755	2,394
Import competition .....	14	3	1,182	219
Labor dispute .....	4	-	21,293	-
Material shortage .....	( <sup>1</sup> )	-	( <sup>1</sup> )	-
Model changeover .....	( <sup>1</sup> )	-	( <sup>1</sup> )	-
Natural disaster .....	-	-	-	-
Plant or machine repair .....	( <sup>1</sup> )	-	( <sup>1</sup> )	-
Product line discontinued .....	8	( <sup>1</sup> )	1,675	( <sup>1</sup> )
Reorganization within company .....	162	59	26,982	8,736
Seasonal work .....	332	( <sup>2</sup> )	56,478	( <sup>2</sup> )
Slack work .....	146	4	16,999	291
Vacation period .....	3	( <sup>2</sup> )	427	( <sup>2</sup> )
Weather-related .....	15	-	1,382	-
Other .....	56	21	11,004	3,410
Not reported .....	115	-	15,656	-

<sup>1</sup> Data do not meet BLS or state agency disclosure standards.

<sup>2</sup> The questions on movement of work were not asked of employers when the reason for layoff was either seasonal work or vacation period.

NOTE: Dash represents zero. All data in this table are preliminary.

**Table 3. Census region and division: Extended mass layoff events and separations associated with the movement of work, first quarter 2004**

Industry	Layoff events		Separations	
	Total	Associated with the movement of work	Total	Associated with the movement of work
United States .....	1,204	108	239,361	16,021
Northeast .....	215	11	28,978	1,327
New England .....	56	( <sup>1</sup> )	7,355	( <sup>1</sup> )
Middle Atlantic .....	159	( <sup>1</sup> )	21,623	( <sup>1</sup> )
South .....	246	30	38,832	5,011
South Atlantic .....	155	17	25,267	2,355
East South Central .....	28	5	3,889	956
West South Central .....	63	8	9,676	1,700
Midwest .....	430	38	68,214	5,403
East North Central .....	359	32	57,697	4,216
West North Central .....	71	6	10,517	1,187
West .....	313	29	103,337	4,280
Mountain .....	33	( <sup>1</sup> )	5,694	( <sup>1</sup> )
Pacific .....	280	( <sup>1</sup> )	97,643	( <sup>1</sup> )

<sup>1</sup> Data do not meet BLS or state agency disclosure standards.

NOTE: The States (including the District of Columbia) that comprise the census divisions are: New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont; Middle Atlantic: New Jersey, New York, and Pennsylvania; South Atlantic: Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, and West Virginia; East South Central: Alabama,

Kentucky, Mississippi, and Tennessee; West South Central: Arkansas, Louisiana, Oklahoma, and Texas; East North Central: Illinois, Indiana, Michigan, Ohio, and Wisconsin; West North Central: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota; Mountain: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming; and Pacific: Alaska, California, Hawaii, Oregon, and Washington. All data in this table are preliminary.