

How often do workers receive advance notice of layoffs?

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SHARON P. BROWN

Advance notice to workers about to be laid off is of increasing interest to policymakers and others looking for ways to avoid or reduce the period of dislocation between jobs. A number of States have passed laws requiring or offering incentives for providing advance notice. In September 1986, the Bureau of Labor Statistics surveyed establishments in seven States which participated in the Bureau's mass layoff reporting system.¹

The reporting system covers layoff events of 30 days or more in which at least 50 initial claims for unemployment compensation were filed in a 3-week period by separated workers against their former employer. This system, which will soon be nationwide, provides detailed information on plants and workers affected by closings and layoffs. Establishments reporting layoffs in the last half of 1985 in Alabama, Arizona, Arkansas, Massachusetts, Texas, Washington, and Wisconsin were recontacted by employment security agency staff in each of these States and asked to provide additional information on activities leading to the layoff. A total of 248 establishments responded to the survey, accounting for 271 layoffs and the separation of 67,800 workers, 49,327 of whom filed claims for unemployment compensation. While the survey findings are not representative of the Nation as a whole (because State selection was not based on socioeconomic or demographic factors, or

statistical techniques), the study does present information on worker dislocation.

Survey results. About 2 of 3 layoffs occurred in the surveyed States without workers receiving advance general notice. (See table 1.) Advance general notice was defined as the notification of individual workers that a layoff was expected to occur, without specifying the exact date of termination. When advance general notice was provided, workers were usually given an average of 46 days of notice.

In slightly more than half of the layoffs, establishments provided specific notice of more than 1 day to employees, usually averaging 18 days of notice. Specific notice was defined as the notification of individual employees that they will be laid off on a specific date. If general notice was provided, it was always in advance of the specific notice.

Industry. Among the surveyed firms in the seven States, the incidence of advance general notice was much higher in manufacturing than nonmanufacturing industries (43 percent of layoffs versus 19 percent). (See table 1.) However, the average days of notice in manufacturing establishments was somewhat less than for nonmanufacturing industries—45 days compared to 54. Specific notice of more than 1 day was provided in 57 percent of reported manufacturing layoffs and 40 percent of nonmanufacturing layoffs. Average days of specific notice of more than 1 day were the same for each, 18 days.

Sharon P. Brown is Chief of the Division of Local Area Unemployment Statistics, Bureau of Labor Statistics.

Within manufacturing, nondurable goods industries reported a higher incidence of general and specific notice to employees than durable goods firms. Durable goods firms that gave notice provided a much longer period of notice—54 versus 25 days. The greater length of general notice in the nonmanufacturing sector was affected by the responses of wholesale and retail trade establishments, which experience normal seasonal layoffs of more than 30 days' duration.

Union status. The probability of providing both advance general and specific notice was about equal among unionized and nonunionized establishments in the six States reporting information on union status. (See table 2.) (Establishments in Alabama were not asked the question on union status.) However, when giving notice, unionized firms gave a longer period of advance general notice than in nonunion situations—an average of 51 versus 42 days. In contrast, nonunionized employers averaged 24 days of specific notice of more than 1 day—almost twice that of union situations, which averaged 13 days.

The provision of longer advance general notice to unionized workers and longer specific notice to nonunion workers within an industry group was especially evident in the durable goods industries. When notice was given, an average of 63 days of general notice was provided by unionized durable goods firms, versus 53 days in nonunionized situations, while 26 days of specific notice were provided to nonunionized workers compared to 14 days for unionized workers. Unionized establishments accounted for about half of all respondents to this question.

Corporate status. When the establishment was part of a larger corporate entity, there was a higher probability that advance general notice would be provided, although the length of notice was not significantly different from firms without the corporate association. (See table 3.) General

notice was provided in 43 percent of layoffs reported by establishments which were part of a larger organization, with an average of 47 days of notice given. Among establishments not associated with a larger corporate entity, general notice was provided in one-quarter of the reported layoffs, with 45 days of notice given.

Establishments which were part of a larger corporate entity also had a higher likelihood of providing specific notice of more than 1 day—58 versus 44 percent—with the length of notice almost double—21 days compared to 12 days.

Notice to others. In addition to employee notification, 85 establishments provided advance general and specific notice to State and local government officials, union officials, the news media, and community groups. (See table 4.) More than 3 of 4 of these establishments provided advance general notice to State or local government officials averaging 22 days. Union officials received advance general notice from 42 establishments, with 38 days of notice provided. Members of the press and other news media received general notice averaging 44 days from 27 firms.

Twenty-eight firms providing specific notice of more than 1 day to employees also informed State or local government officials of the layoff—an average of 18 days of notice was provided. Twenty-six firms provided such information to union officials, although the average notice was only 9 days.

Reemployment services. About one-third of the establishments provided some type of reemployment services to employees. (See table 5.) Nineteen set up formal labor-management committees, while 58 provided outplacement services within the company's structure. Among establishments with formal labor-management committees, the most frequent services provided were an examination of the characteristics and skills of the workers as part of developing reemployment strategies, arrangements for prelayoff regis-

Table 1. Mass layoff events by selected industries and type and length of separation notice, July–December 1985

Industry	Number of establishments	Total ¹	With advance general notice		With specific notice of more than 1 day		No notice given
			Number	Average days of notice ²	Number	Average days of notice ²	
Total, all industries	248	271	97	46	142	18	129
Agriculture	8	8	—	—	3	40	5
Nonagriculture	240	263	97	46	139	18	94
Manufacturing	181	200	85	45	114	18	86
Durable goods	126	143	59	54	76	19	67
Nondurable goods	55	57	26	25	38	15	19
Nonmanufacturing	59	63	12	54	25	18	38
Wholesale and retail trade	8	8	3	84	3	18	5
Services	12	13	3	23	6	19	7
Other nonmanufacturing	39	42	6	54	16	18	26

¹ Data on layoffs were reported by employers in Alabama, Arizona, Arkansas, Massachusetts, Texas, Washington, and Wisconsin. Data for Wisconsin are for October–December 1985.

² Average days of notice are calculated based on those events in which notice was provided.

Table 2. Mass layoff events by selected industries, union status of employees, and type and length of separation notice, July–December 1985

Industry and union status of employees	Number of establishments	Total ¹	With advance general notice		With specific notice of more than 1 day		No notice given
			Number	Average days of notice ²	Number	Average days of notice ²	
Total, all industries	196	217	82	46	112	18	105
Union ³	96	106	40	51	56	13	50
Nonunion	100	111	42	42	56	24	55
Agriculture	8	8	–	–	(3)	40	5
Union ³	–	–	–	–	–	–	–
Nonunion	8	8	–	–	(3)	40	5
Nonagriculture	188	209	82	46	109	18	100
Union ³	96	106	40	51	56	13	50
Nonunion	92	103	42	43	53	23	50
Manufacturing	139	157	72	46	91	17	66
Union ³	73	82	36	50	49	13	33
Nonunion	66	75	36	43	42	22	33
Durable goods	99	115	50	57	65	19	50
Union ³	52	60	23	63	36	14	24
Nonunion	47	55	27	53	29	26	26
Nondurable goods	40	42	22	21	26	12	16
Union ³	21	22	13	27	13	11	9
Nonunion	19	20	9	13	13	12	7
Nonmanufacturing	49	52	10	50	18	21	34
Union ³	23	24	4	59	7	10	17
Nonunion	26	28	6	43	11	27	17

¹ Data on union status of employers involved in layoffs were reported by employers in Arizona, Arkansas, Massachusetts, Texas, Washington, and Wisconsin. Data for Wisconsin are for October–December 1985. In Alabama, employers were not asked the union status question.

² Average days of notice are calculated based on those events in which notice was provided.

³ Data refer to members of a labor union or an employee association similar to a union, or workers whose jobs are covered by a union or an employee contract.

NOTE: Dash represents zero or rounds to zero.

Table 3. Mass layoff events by selected industries, corporate status of reporting establishments, and type and length of separation notice, July–December 1985

Industry and corporate status of establishment	Number of establishments	Total ¹	With advance general notice		With specific notice of more than 1 day		No notice given
			Number	Average days of notice ²	Number	Average days of notice ²	
Total, all industries	248	271	97	46	142	18	129
Part of larger corporate entity	149	165	71	47	95	21	70
Not part of larger corporate entity	99	106	26	45	47	12	59
Agriculture	8	8	–	–	(3)	40	5
Part of larger corporate entity	3	3	–	–	(3)	(3)	(3)
Not part of larger corporate entity	5	5	–	–	(3)	(3)	(3)
Nonagriculture	240	263	97	46	139	18	124
Part of larger corporate entity	146	162	71	47	93	21	69
Not part of larger corporate entity	94	101	26	45	46	12	55
Manufacturing	181	200	85	46	114	18	86
Part of larger corporate entity	118	132	61	48	78	21	54
Not part of larger corporate entity	63	68	24	39	36	11	32
Durable goods	126	143	59	54	76	19	67
Part of larger corporate entity	86	99	44	56	55	22	44
Not part of larger corporate entity	40	44	15	50	21	10	23
Nondurable goods	55	57	26	25	38	15	19
Part of larger corporate entity	32	33	17	27	23	17	10
Not part of larger corporate entity	23	24	9	20	15	13	9
Nonmanufacturing	59	63	12	54	25	18	38
Part of larger corporate entity	28	30	10	41	15	22	15
Not part of larger corporate entity	31	33	2	16	10	12	23

¹ Data on layoffs were reported by employers in Alabama, Arizona, Arkansas, Massachusetts, Texas, Washington, and Wisconsin. Data for Wisconsin are for October–December 1985.

² Average days of notice are calculated based on those events in which notice was provided.

³ Data do not meet BLS or State agency disclosure standards.

NOTE: Dash represents zero or rounds to zero.

tration by the State employment service, and preparation for training in job search skills.

Among establishments providing out-placement services, the most frequently cited service was canvassing other employers for job openings, followed by employee skill surveys and prelayoff employment service registration.

Comparison with other findings

In addition to the Bureau's study, the General Accounting Office (GAO) has released results from a nationwide survey of layoffs, including information on advance general and specific notice.² Before examining the BLS and GAO findings, one should consider the differences in the surveys and approaches.

BLS examined layoffs of 50 workers or more, while GAO surveyed layoffs of 100 or more. The BLS survey was limited to all such layoffs in seven States, while GAO's results were from a random sample of establishments throughout the United States. In the BLS study, a layoff event was identified if at least 50 claims for unemployment insurance were filed in a 3-week period. In the GAO study, there was no constraint on the timing or size of each week's layoffs, but rather on the total number of laid off workers. With regard to timing, BLS surveyed layoffs that occurred between August and December 1985, while GAO studied layoffs which occurred in 1983 and 1984. In the BLS study, firms were contacted no more than 1 year after the layoff, while GAO's information was obtained 1 to 3 years after the event.

In addition to the differences in the establishments surveyed and the methods used, perhaps the most important distinction was the definition of notice used in each study. In the BLS study, a *general notice* "informs individual employees that they will be laid off," while in the GAO study, it was defined as "an event in which groups of workers are notified that some or all of the workers may be laid off." *Specific notice*, in the BLS study, "informs individual employees that they will be laid off on a specific date." In the GAO study, it was described as "an event in which individual

Table 5. Mass layoff events by type of reemployment services provided by reporting establishments and selected industries, July-December 1985

Type of reemployment services	Number of establishments	Industry				
		Non-agriculture	Manufacturing			Non-manufacturing
			Total	Durable goods	Non-durable goods	
Total, all industries ¹	248	240	181	126	55	59
With labor-management committees	19	19	15	12	3	4
Surveying skills of employees	17	17	14	11	3	3
Arranging for employment service registration	15	15	13	10	3	2
Arranging for training in job search skills	14	14	13	10	3	1
Canvassing other employers for job openings	10	10	8	5	3	2
Inviting other firms to conduct interviews	7	7	6	4	2	1
Providing other services	3	3	2	2	-	1
With outplacement services	58	58	46	36	10	12
Surveying skills of employees	28	28	23	21	2	5
Arranging for employment service registration	27	27	23	17	6	4
Arranging for training in job search skills	22	-	22	20	2	-
Canvassing other employers for job openings	30	30	26	20	6	4
Inviting other firms to conduct interviews	9	9	8	6	2	1
Providing other services	14	14	10	7	3	4

¹ Data on layoffs were reported by employers in Alabama, Arizona, Arkansas, Massachusetts, Texas, Washington, and Wisconsin. Data for Wisconsin are for October-December 1985.

NOTE: Dash represents zero or rounds to zero.

Table 4. Establishments providing layoff notification to organizations, by type and length of separation notice, July-December 1985

Organization	Advance general notice		Advance specific notice of more than 1 day	
	Number of establishments	Average days of notice ¹	Number of establishments	Average days of notice ¹
Total, all establishments ²	85	-	85	-
Unions	42	38	26	9
State and local government officials	65	22	28	18
Press and other news media	27	44	8	34
Community groups	12	50	4	5

¹ Average days of notice are calculated based on those events in which notice was provided.

² Data on layoffs were reported by employers in Alabama, Arizona, Massachusetts, Texas, Washington, and Wisconsin. Data for Wisconsin are for October-December 1985.

employees are notified that on a specific date they will no longer be employed at the establishment." The BLS definition of advance general notice was much more restrictive than the GAO's insofar as it required that individual employees be informed of an impending layoff. The definitions used for specific notice in both studies were comparable.

The Bureau's study dealt with establishments employing 50 workers or more. The survey was limited to seven States and covered layoffs which occurred in late 1985, lasting at least 30 days.

The GAO study covered a nationwide random sample of larger firms—those employing 100 workers or more—having layoffs in 1983 and 1984.

Considering the results from the two surveys, the GAO study estimated that 76 percent of the surveyed establishments provided advance general notice. (See table 6.) In the BLS study, only 36 percent of layoffs occurred with advance general notice given to employees. The difference in the extent of advance general notice provided in each survey stems from the definition used.

In terms of specific notice, the GAO study found that 34 percent of establishments provided no specific notice to employees, while the BLS study found this to occur in only 5 percent of layoffs. However, in the BLS survey, establishments responded that, in 115 layoffs, 1 day or less of specific notice to employees was given. Often, hours of

notice were reported, with the notation made that this was in accordance with union agreements. Treating the "1 day or less of notice" as no notice increases the proportion of layoffs without specific notice provided to 48 percent. Regardless of the treatment of "1 day or less," both studies found that specific notice was provided in the majority of situations and that such specific notice was typically short—2 weeks or less.

Future data and analysis

The establishments surveyed regarding advance notice to workers were identified through the Bureau's Permanent Mass Layoff and Plant Closing program. This is a Federal-State cooperative endeavor which uses a standardized, automated approach to identifying, describing, and tracking the effect of major job cutbacks, using data from each State's Unemployment Insurance (UI) data base. Establishments which have at least 50 initial claims filed against them during a 3-week period are targeted for contact by the State agency to determine whether these separations are permanent or temporary, the total number of persons separated, as well as the reasons for these separations. Establishments are identified by industry and location and detailed socioeconomic characteristics of UI claimants, such as age, race, sex, ethnic group, and place of residence are noted. The Permanent Mass Layoff and Plant Closing program yields information on an individual's entire spell of insured unemployment, to the point where his or her regular UI benefits are exhausted.

Currently, 47 States and the District of Columbia are participating in the program. Data on establishments and

Table 6. Percent distribution of advance notice provided¹ in layoffs by length of layoff

Length of notice	General notice		Specific notice	
	BLS	GAO	BLS	GAO
Total	100	100	100	100
No notice	64	24	5	31
1 to 14 days	16	25	78	34
15 to 30 days	6	17	9	15
31 to 90 days	10	17	8	15
91 days and over	4	17	(2)	5

¹ In the BLS study, information on advance notice relates to layoff events. Multiple unrelated layoffs in a single establishment are treated as separate events. In the GAO study, information on advance notice relates to establishments.

² Less than 0.5 percent.

workers involved in permanent mass layoffs and plant closings will be released in the first annual report to Congress this summer. The report will be limited to those States for which 1986 data are available. The 1987 report is scheduled for publication in the spring of 1988 and will contain data for virtually every State. □

————FOOTNOTES————

¹ The survey was undertaken at the request of Secretary of Labor William E. Brock's Task Force on Economic Adjustment and Worker Dislocation, and conducted by the State employment security agency staff in Alabama, Arizona, Arkansas, Massachusetts, Texas, Washington, and Wisconsin, in cooperation with the Bureau of Labor Statistics.

² See "GAO's Preliminary Analysis of U.S. Business Closures and Permanent Layoffs During 1983 and 1984, Apr. 30, 1986" (U.S. General Accounting Office). Also see, *Plant Closings: Information on Advance Notice and Assistance to Dislocated Workers* (U.S. General Accounting Office, Apr. 17, 1987), GAO-HRD 87-86BR.