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WORKER DISLOCATION IN MINNESOTA

Selected Characteristics and Policy Implications

Minnesota Department of Jobs and Training
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WORKER DISLOCATION IN MINNESOTA

SELECTED CHARACTERISTICS AND POLICY IMPLICATIONS

Minnesota Department of Jobs and Training

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February 1989

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EXECUTIVE SUMMARY

This report details the findings of a statewide random telephone survey of workers dislocated over the 5 year period of 1984-1988 (inclusive). Among the findings are:

* Despite several years of job growth and economic expansion, large numbers of Minnesota workers continue to be permanently dislocated from their jobs every year through no fault of their own. Approximately 24,000 workers were dislocated over a 12 month period between July 1, 1987 and June 30, 1988.

* Overall, the workers surveyed had been employed at their jobs an average of 8 years prior to becoming dislocated.

* At the time of the survey the unemployment rate among dislocated workers was 31 percent.

* Among the 69 percent of dislocated workers who were able to obtain new employment, average wages declined by about 25 percent. Average wages for male dislocated workers were \$22,880 prior to dislocation; wages dropped to \$15,600 in their new jobs. Females experienced a decrease from \$15,600 to \$12,000 annually.

* Before dislocation, 91 percent of the workers were employed in full-time jobs. Of the 69 percent of workers who were able to obtain new jobs, only 75 percent were able to find full-time work. Among all dislocated workers, only 9 percent responded that they wanted to work part-time.

* Approximately one third of the workers who had medical benefits before being dislocated lost these benefits in their new jobs.

* Slightly over half of the unemployed dislocated workers reported wanting assistance to obtain employment and 41 percent of those who had found new jobs reported wanting assistance to obtain better jobs.

* A disproportionate share of dislocation occurred in Greater Minnesota. For every region except the Twin Cities and the Central Region, the share of dislocation exceeded the employment share.

I INTRODUCTION

Background.

In many respects, the rate of job growth in Minnesota's recent history has been remarkable. Department of Jobs and Training statistics show an approximate 21 percent net increase in the number of jobs in Minnesota since 1983 -- a total of 340,000 new jobs. Additionally, statistics from the Federal Reserve Bank of Minneapolis indicate that over the last 25 years, Minnesota's job creation and income growth have at least matched, and sometimes have exceeded national averages.

Unfortunately these statistics tend to mask the upheaval occurring in other parts of our economy that is resulting in the radical alteration or elimination of important segments of our employment base. Economic upheaval in itself is not an unusual phenomenon; rather, it has been a fact of life. What distinguishes the current changes from those that have occurred in the past is the pace with which they are taking place. The internationalization of the economy has been partially responsible for changing our collective notion of "long-term trend", and has allowed industrial restructuring, technological development, mergers and acquisitions, foreign competition, shifts in demand and demographic changes to all have the ability

to very quickly and extensively alter the nature and the distribution of Minnesota employment.

Economist Joseph Schumpeter has termed this process "creative destruction", in which old economic structures and organizations are incessantly destroyed through natural processes, and new structures and organizations are created. It is an essential, inevitable and historical fact of capitalism.

However, economic reality is that the burden of such "creative destruction" is generally borne by the workers unlucky enough to be employed by the industries in which the change is occurring. In recent years plant closings and mass layoffs have become a common news event in Minnesota -- the January 1989 announcements of 250 job cutbacks at Unisys and 780 cutbacks at Sears are two recent examples. Such dislocations have also been a severe problem nationally. One estimate is that 6 percent of the U.S. labor force has been dislocated since 1980 (Levy). Many of these workers have endured significant wage and benefit reductions. Consequently, the hardships experienced by such workers and their communities have attracted the attention of policy makers.

Until now, our knowledge about Minnesota dislocated workers has been limited to information extrapolated from national studies such as the Bureau of Labor Statistics Dislocated Worker Studies, related state data such as UI exhaustee data, and from

information gleaned through the State's experience since 1984 operating the JTPA Title III Dislocated Worker program. Unfortunately none of these sources could answer with much specificity, questions directly related to the prevalence of worker dislocation in Minnesota, or to their demographic economic or geographic characteristics.

In the spring of 1988 the Department of Jobs and Training decided to correct this problem by conducting a random statewide telephone survey to determine the prevalence and characteristics of Minnesota dislocated workers. Through a Request For Proposal process EMS/McGraw-Hill, an Eden Prairie firm, was selected to design and conduct the survey. This process was implemented in late 1988 and in February of 1989 the survey results were published.

This report draws heavily from the survey data to describe the extent of worker dislocation in Minnesota, describe their characteristics, analyze this information within a Minnesota labor market framework and offer some conclusions regarding the policy implications that can be derived from the information.

Survey Methodology.

The survey relied on a random sample of residential telephone numbers. Because the actual number of Minnesota residential

telephone numbers is very large (1,314,490), a randomly selected sample of 100,033 was drawn, and the numbers were randomly arranged by computer. This allowed a state-wide estimate of dislocated workers as well as a regional estimate by the six employment projection regions utilized by the Department's Research and Statistics Office.

An inverse sampling plan with a target of 500 dislocated worker contacts was used; a total of 9,367 calls were made to reach an actual number of 522 respondents who qualified as dislocated workers under the survey guidelines, and who completed the survey form. More detailed technical information regarding the methodology can be obtained in the EMS/McGraw-Hill report.

The actual survey questions were developed in consultation with an ad hoc advisory committee comprised of staff representatives from the Department of Jobs and Training (Policy Development Office, Research and Statistics Office and State Job Training Office), State Planning Agency, Minnesota AFL-CIO, Minnesota business community, Minneapolis Urban Coalition and the University of Minnesota. A copy of the survey questionnaire is located in Appendix A.

Much discussion in the advisory group centered on the issue of defining "dislocated worker", a question that has historically raised thorny political and policy issues in Minnesota. On the

federal level "dislocated worker" is defined rather broadly for purposes of its readjustment program, but defined more narrowly for data collection purposes. On the state level, issues such as whether farmers and self-employed people should be included in the definition have persistently polarized the debate over appropriate state policy. The objective of the telephone survey was not to finalize a definition of "dislocated worker" or to become stalled in the debate over which groups of people should be included in the definition, but rather to collect as much information about dislocated workers as possible. Consequently, the definition includes farmers and self-employed people, but allows for the disaggregation of these groups from the overall statistics so that the data are usable by those who do not wish to include them in their analysis.

For purposes of this study a dislocated worker is defined as a person between the ages of 18-64 who remained unemployed for at least six months, 1) after being laid-off as a result of job obsolescence, job or shift abolishment, regional decline or industry slowdown, who is unlikely to return to work for the previous employer and who has limited opportunities for re-employment in the same or similar occupation in the same labor market; or, 2) is a farmer or self-employed person who was self-supporting but who has lost their primary means of support.

The only element of this definition that is particularly unique is the six month unemployment criteria. The purpose of this criteria is to distinguish between those workers who are unemployed due to the factors in (1), but have opportunities for relatively prompt re-employment in the same or similar occupation or labor market, and those who are truly dislocated in the sense that they have limited opportunities for re-employment. For example, a waiter in a Twin Cities restaurant that has closed would not be included in the count of dislocated workers since opportunities for re-employment within the same occupation and labor market are reasonably good. The assumption is that such a person would probably find another job within six months since a relatively high demand exists for waiters in the Twin Cities. Correspondingly, since unemployment benefits cease after six months, the incentive to find work before that time would be high.

Sources of Bias.

The inclusion of the six month element, while necessary from the standpoint of focusing the survey on those who are truly dislocated as opposed to merely unemployed, puts a certain constraint on the definition which might lead to an artificially low estimate of overall prevalence. For example, dislocated workers at Amhoist who had pressing financial obligations and were forced to quickly obtain low-wage, temporary or part-time

jobs would not be counted as dislocated, although other Amhoist workers who did not obtain employment within the six month period would be counted as dislocated. Each set of workers can arguably be considered dislocated from a policy standpoint, but the first set would not be counted as dislocated as part of the survey estimate.

Another possible source of undercounting is the inevitable exclusion of those households without telephones from the sample. Because dislocated workers are by definition people who have lost their jobs and hence their earned incomes, there is reason to believe that worker dislocation may be highly correlated with lack of phone service. Consequently, the very people toward whom the survey was directed may be at disproportionate risk of being excluded from the sample.

The remedy utilized in the survey analysis was to make two projections, one based on the 1,314,490 telephones in residences in Minnesota, and the other based on the actual 1,684,661 number of households in Minnesota. While both numbers are reported in the EMS/McGraw-Hill report, the estimate based on the total number of households in Minnesota (in other words, the higher number), is the most useful and accurate estimate in terms of designing an adequate state policy response.

Finally, on the advice of statisticians from the University of Minnesota and the U.S. Bureau of Labor Statistics, the prevalence of worker dislocation is reported on a 12 month basis, rather than on the five year period on which the analysis of the characteristics is based. This is because the longer the length of time over which a respondent is asked to report, the less reliable is the information. Additionally, a certain portion of the workers dislocated over a five year period will relocate out of the state, and thus be unavailable for the survey. Consequently, the distribution of worker dislocation over time is biased toward a lower incidence in the early years than in the later years. The proper method for correcting this problem is to estimate the number of workers likely to be dislocated in a given year based upon the most recent year of data.

Other Considerations

Another point regarding survey methodology should be kept in mind. The term "unemployment" technically refers to people who are not institutionalized and do not have jobs but are available for work, and either engaged in job seeking activity, are waiting to be recalled after a temporary layoff, would have been looking for a job except for temporary illness, or are waiting to report to a new job within thirty days. This technical definition was not read to the survey respondents when they were asked the question "Are you currently unemployed?". Instead, it was

assumed that people generally understand the term "unemployed" to mean someone who does not have a job and is not retired. Therefore, the number of "unemployed" may also reflect discouraged workers who are not ordinarily counted in official unemployment estimates.

Finally, while this survey estimated the prevalence and characteristics of Minnesota dislocated workers, it cannot possibly estimate the number of workers who were "silently dislocated" in the sense that the plant closings and mass layoffs from relatively good jobs without an equal number of such jobs being created, has the net affect of fewer good jobs currently available for new labor force entrants. This constrains opportunities for an incalculable number of workers to obtain the jobs that pay good wages. Dislocated workers may be among the most visible victims of Schumpeter's "creative destruction", but they are by no means the only ones.

II FINDINGS

The EMS/McGraw-Hill report contains an exhaustive set of findings regarding the prevalence and characteristics of dislocated workers; it is not necessary to repeat all of those findings here. Additionally, the original data contain numerous other possibilities for analysis that have not yet been attempted. This section contains a review of some of the most important

findings to date, and sets them in an appropriate context. The data that are among those with the clearest and most immediate policy implications were selected for discussion.

Prevalence of Minnesota Worker Dislocation 1984-1988

One purpose of the telephone survey was to determine the prevalence of worker dislocation in Minnesota. The time period used to make this estimate was July 1, 1987 through June 30, 1988. This period of time represents a very recent 12 month period, plus several extra months as precaution to ensure that people not meeting the six month requirement in the definition of dislocated worker are not inadvertently included in the estimate.

Based on the total Minnesota household projection, the best estimate of the number of people dislocated during this period is 24,236, as indicated in Table 1. Note that this estimate is represented in the table as a range of possibilities between 15,633 on the lower limit to 28,169 on the upper limit, with 24,234 representing the best estimate from the total household population.

TABLE 1

Minnesota Workers Dislocated Between
June 30, 1987 and July 1, 1988

Sample Base	Lower Limit	Best Estimate	Upper Limit
	(95% Confidence Interval)		
Telephone Population	15,633	18,911	21,980
Household Population	20,036	24,236	28,169

Selected Characteristics of Dislocated Workers: 1984-1988.

Equally important as the question of prevalence of worker dislocation are questions related to their characteristics. Many of these characteristics are not entirely unexpected. For example, as indicated in Table 2, 60 percent were male, and 40 percent were female. While this distribution is slightly different than the 45 percent workers overall who are female, the difference is probably accounted for in the distribution of dislocation among Minnesota industries, illustrated in Table 3.

TABLE 2

Minnesota Workers By Gender

<u>Gender</u>	<u>% Dislocated Worker</u>	<u>% All workers, including non- dislocated workers*</u>
Male	60.2	55.1
Female	<u>39.8</u>	<u>44.9</u>
Total	100.0	100.0

*Source: U.S. BLS Geographic Profile of Employment and
Unemployment, 1988

TABLE 3

Distribution of Workers By Industrial Classification

Industry	Male %	Female %	Total %	Dislocation Rate* %
Agriculture	8.7%	1.5%	6.0%	N/A
Mining	2.9%	0.5%	2.0%	6.4%
Construction	7.1%	0.0%	4.4%	1.4%
Manufacturing	27.8%	26.7%	27.7%	1.8%
Transportation/Communi- cations/Public Utilities	9.4%	4.6%	7.6%	1.9%
Wholesale Trade	3.2%	1.0%	2.4%	0.5%
Retail Trade	8.7%	14.4%	11.0%	0.8%
Finance/Insurance/ Real Estate	2.3%	5.1%	3.4%	0.7%
Business & Repair Services	18.4%	5.6%	13.6%	1.9%
Personal Services	1.3%	2.1%	1.6%	
Entertainment & Recreational Services	0.3%	1.5%	0.8%	
Professional & Related Services	8.1%	36.4%	19.2%	
Public Administration	0.3%	0.0%	0.2%	0.02%
Total	100.0%	100.0%	100.0%	

*Source: U.S. Current Employment Survey Data, 1984-1987.

Table 3 demonstrates the distribution of workers by industrial category, and shows that while certain categories are more heavily represented, this distribution changes markedly depending on the respondent's gender. For example, while one fifth of the respondents were dislocated from jobs in the Professional and Related Services category (a category that includes medical offices, schools, and nursing care facilities), 36 percent of these workers were female.

Table 3 also demonstrates that workers' propensity to become dislocated changes depending on the industry in which they are employed. The dislocation rate is a measurement that is similar to the unemployment and the poverty rate in that it is useful for purposes of comparing dislocation between groups of people, regions, industries and occupations. The overall annualized average rate at which workers are being dislocated in Minnesota is 1.2 percent. However, for certain industries, the rate is significantly higher: 6.4 percent for mining, 1.9 percent for Transportation/Communications/Public Utilities and 1.8 percent for manufacturing. Consequently, workers in these industries are comparatively more likely to experience dislocation than are their counterparts in industries experiencing less upheaval.

Another factor that may affect a worker's propensity to become dislocated is the region in which the worker's job is located. Every region in Greater Minnesota, with the exception of the Central Region, experienced a larger share of dislocated workers than their employment share. In contrast, the distribution of dislocation in the Twin Cities area was smaller than what would have been expected given its employment share, as demonstrated in Table 4.

TABLE 4

Regional Distribution of Overall Employment and Dislocation

<u>Region</u>	<u>Overall Employment</u>	<u>Dislocation</u>
Northwest	7.2%	10.2%
Northeast	5.5%	8.4%
Central	7.9%	7.6%
Southwest	6.8%	11.5%
Southeast	8.6%	9.8%
<u>Twin Cities</u>	<u>63.9%</u>	<u>52.5%</u>
Total	100.0%	100.0%

In general, the workers were dislocated from jobs that they held for about eight years. Table 5 illustrates that these were full-time jobs: an average of 91 percent worked full-time. The 8 percent that worked part-time worked an average of 24 hours per week. Not unexpectedly, while 96 percent of the males worked full time, only 85 percent of the females worked full-time.

TABLE 5

Pre-dislocation Hours Worked

All Dislocated Workers			Distribution By Gender			
Category	Freq.	Percent	Male		Female	
			Freq.	Percent	Freq.	Percent
Full-Time	465	91.5%	292	96.1%	173	84.8%
Part-Time	43	8.5%	12	3.9%	31	15.2%

Hours Worked by Currently Employed Dislocated Workers

All Dislocated Workers			Distribution By Gender			
Category	Freq.	Percent	Male		Female	
			Freq.	Percent	Freq.	Percent
Full-Time	268	75.5%	183	81.7	85	64.9%
Part-Time	87	24.5%	41	18.3	46	35.1%

Surprisingly, of the 69 percent of dislocated workers who were able to obtain new jobs, only 75 percent of them were able to find full-time jobs. Females had an especially difficult time finding full-time work: only 65 percent of those who found jobs were able to do so, compared with 82 percent of their male counterparts.

Overall, the structure of the new jobs obtained after dislocation is quite different than the jobs from which the workers were dislocated as demonstrated in Table 6: only 40 percent of the workers were able to obtain full-time replacement jobs, although 82 percent indicated that it was their preference to do so. Similarly, 30 percent reported working part-time and 21 percent indicated working at temporary jobs, although only 9 percent and 2 percent, respectively, indicated that this was their preference.

TABLE 6

Worker Activity Since Dislocation: Overall

<u>Activity</u>	<u>Since Dislocation</u>		<u>Future Preference</u>	
	<u>Freq.</u>	<u>%</u>	<u>Freq.</u>	<u>%</u>
Work Full-Time	211	40.4%	427	81.8%
Work Part-Time	155	29.7%	45	8.6%
Work at Temporary Jobs	110	21.1%	9	1.7%
Care for Dependents (Full-Time)	54	10.3%	18	3.4%
Attend School or Training	80	15.3%	98	18.8%
Retired	8	1.5%	19	3.6%
Other	86	16.5%	39	7.5%

Worker Activity Since Dislocation: By Gender

Activity	<u>Since Dislocation</u>				<u>Future Preference</u>			
	Male		Female		Male		Female	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Work Full-Time	147	46.8%	65	31.2%	266	84.7%	162	77.9%
Work Part-Time	81	25.8%	75	36.1%	18	5.7%	27	13.0%
Work at Temporary Jobs	69	22.0%	41	19.7%	5	1.6%	4	1.9%
Care for Dependents (Full-Time)	10	3.2%	44	21.2%	4	1.3%	14	6.7%
Attend School or Training	43	13.7%	37	17.8%	54	17.2%	44	21.2%
Retired	5	1.6%	3	1.4%	12	3.8%	7	3.4%
Other	50	15.9%	36	17.3%	25	8.0%	14	6.7%

Note: Column percentages will not sum to 100 because the worker could select more than one response.

In part perhaps because of the obvious dissatisfaction with their new job options, 15 percent reported attending school or training since dislocation and an additional 19 percent reported wanting to do so in the future. Table 7 illustrates the funding and training sources since dislocation: the largest proportion reported attending the Minnesota Technical Institute System, and paying for the training themselves. However, these results are not easily comparable because respondents could (and did) answer affirmatively in more than one category.

TABLE 7

Source of Education, Training, Tuition Funds

<u>Source of Education/ Training</u>	<u>Freq.</u>	<u>Percent¹</u>	<u>Source of Funds</u>	<u>Freq.</u>	<u>Percent²</u>
Former Employer	3	0.6%	Self	68	59.6%
On-The-Job	10	1.9%	Parents	2	1.8%
Minnesota Technical Institute System	35	6.7%	Grant	23	20.2%
Private Trade School	5	1.0%	Loan	16	14.0%
Community College	14	2.7%	Employer	22	19.3%
State University	13	2.5%	Other	15	13.2%
University of Minn.	8	1.5%			
Private College/Univ.	6	1.1%			
Other	22	4.2%			

1) Percentage of total sample of dislocated workers.

2) Percentages will not sum to 100% since workers could select more than one response. Percentages are based on the number of workers who reported receiving training.

Three additional sets of findings are important for purposes of this report: Table 8 demonstrates the overall decline in income experienced by those dislocated workers who have become re-employed. It shows that overall earnings have declined by approximately 25 percent. From another perspective it shows that before being dislocated slightly over half (51 percent) of the workers earned less than \$20,000. Upon re-employment in their post-dislocation jobs about 77 percent earned less than \$20,000.

TABLE 8

WORKERS' YEARLY WAGES--BEFORE AND AFTER DISLOCATION

OVERALL Wages	<u>Before Dislocation</u>		<u>After Dislocation</u>	
	Frequency	Percentage	Frequency	Percentage
\$10,000 or less	48	10.3%	85	27.0%
\$10,001-\$20,000	190	40.7%	158	50.1%
\$20,001-\$30,000	152	32.5%	57	18.1%
\$30,001-\$40,000	47	10.1%	10	3.2%
\$40,001-\$50,000	17	3.6%	4	1.3%
Over \$50,000	13	2.8%	1	0.3%
Total	467	100.0%	315	100.0%
Mean	\$22,271		\$15,430	
Median	\$20,000		\$14,560	

BY GENDER Wages	<u>Before Dislocation</u>				<u>Upon Re-employment</u>			
	Male		Female		Male		Female	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
\$10,000 or less	20	7.1%	28	15.1%	38	19.0%	47	40.9%
\$10,001-\$20,000	85	30.2%	105	56.5%	102	51.0%	56	48.7%
\$20,001-\$30,000	109	38.8%	43	23.1%	49	24.5%	8	7.0%
\$30,001-\$40,000	39	13.9%	8	4.3%	7	3.5%	3	2.6%
\$40,0001-\$50,000	17	6.0%	0	0.0%	4	2.0%	0	0.0%
\$40,0001-\$50,000	11	3.9%	2	1.1%	0	0.0%	1	0.9%
Total	281	100.0%	186	100.0%	200	100.0%	115	100.0%
Mean	\$25,747		\$17,019		\$16,835		\$12,987	
Median	\$22,880		\$15,600		\$15,600		\$12,000	

It is not clear from the survey what portion of this decline is related to the decline in the number of hours worked, but from a policy perspective the distinction is not important. What is important is that even after becoming re-employed, Minnesota dislocated workers have considerably less income than they had prior to becoming dislocated. While both males and females experienced a decline, male income decreased proportionately more, probably because females earned less than males in their previous jobs and thus had comparatively less to lose.

Exacerbating the income loss is the loss of benefits experienced by many dislocated worker. As Table 9 shows, approximately 63 percent of the respondents had medical benefits before their dislocations, while only 49 percent had them in their new jobs. The decline was at least as large for other types of employee benefits.

TABLE 9

FRINGE BENEFITS

Benefit	Before Dislocation		After Dislocation	
	Frequency	Percentage*	Frequency	Percentage*
Medical	327	62.6%	176	49.0%
Life Insurance	251	48.1%	109	30.4%
Dental	210	40.2%	84	23.4%
Vacation	326	62.5%	173	48.2%
Holiday	311	59.6%	157	43.7%
Pension	234	44.8%	88	24.5%
Other	49	9.4%	23	6.4%

*Percentages across items will not add to 100 because workers could select more than one response. Percentages in the "After Dislocation" column are based upon the number of workers who were re-employed at the time of the interview.

Benefit	Before Dislocation				After Dislocation			
	Male		Female		Male		Female	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Medical	197	62.7%	131	63.0%	112	49.6%	64	48.1%
Life Insurance	148	47.1%	104	50.0%	72	31.9%	37	27.8%
Dental	122	38.9%	89	42.8%	53	23.5%	31	23.3%
Vacation	193	61.5%	134	64.4%	102	45.1%	71	53.4%
Holiday	180	57.3%	131	63.0%	92	40.7%	65	48.9%
Pension	143	45.5%	92	44.2%	53	23.5%	35	26.3%
Other	29	9.2%	20	9.6%	11	4.9%	12	9.0%

*Percentages based on the 226 male and 133 female respondents who were re-employed at the time of the interview.

Equally disturbing as the finding regarding income and benefit loss in re-employed dislocated workers is the finding that approximately 31 percent of all respondents reported that they have been unable to obtain any new employment since their dislocation, as demonstrated in Table 10. This means that the income and benefit losses illustrated in Tables 8 and 9 do not describe the full extent of the decrease in the economic viability of dislocated workers. The fact that employment and income are perceived to be problems for the respondents is further confirmed by the findings that 52 percent of the unemployed workers report wanting assistance to find employment and 40 percent of the employed workers report wanting assistance to obtain better employment.

TABLE 10

Employment Status of Dislocated Workers

<u>Employment Status</u>	Overall Distribution		Distribution by Gender			
	Freq.	%	Male		Female	
	Freq.	%	Freq.	%	Freq.	%
Currently Unemployed	163	31.2%	88	28.0%	75	36.1%
Currently Employed	359	68.8%	226	72.0%	133	63.9%

Employment Status	Overall Distribution		Distribution by Gender			
	Freq.	%	Male		Female	
	Freq.	%	Freq.	%	Freq.	%
If <u>unemployed</u> , does the worker want assistance to obtain employment?						
Yes	79	52.3%	46	54.8%	34	50.0%
No	72	47.7%	38	45.2%	34	50.0%
If <u>employed</u> , does the worker want assistance to obtain better employment?						
Yes	133	40.9%	86	41.7%	47	39.5%
No	192	59.1%	120	58.3%	72	60.5%

Finally, although the extent of economic hardship experienced by the workers who were re-employed is great, the true extent of their losses in terms of the period of their unemployment was not measured by the survey. Thus, the 25 percent loss in income and the substantial benefit reduction understates the true loss experienced by these workers. Obviously, for those 31 percent of workers who have remained unemployed, the economic losses are substantially greater.

III POLICY IMPLICATIONS

In order to analyze the policy implications of the survey, it is first necessary to set the existing policy in proper context. The first U.S. dislocated worker program was the Manpower Development Training Act (MDTA). This program was established in

response to the powerful recession of 1958 which, although it only lasted for one year caused 10.6 percent unemployment rates in the primary employment sector -- manufacturing. Even though the recession was brief, it caused the dislocation of a large number of manufacturing workers, particularly in certain segments and geographic locations. Eligibility for MDTA participation was initially limited to male heads of household with substantial work history. Participants were given living stipends and other assistance to support their retraining efforts.

The focus of the MDTA quickly shifted so as to primarily serve people who were at the margins of the labor force and had no work history. Thus, the dislocated worker portion of the program was supplanted by an array of programs targeted at a much different population, and the people for whom the program was established were eliminated as a priority.

It was not until the enactment of the federal Job Training Partnership Act (JTPA) of 1983 that dislocated workers were once again targeted for special services. Using Title III of JTPA, Minnesota has been able to provide the resources to community task forces to respond to some of the state's major plant closings and mass layoffs. Although the program has been very successful given its limited resources, the survey data indicate that many dislocated workers are falling through the cracks and are not receiving the assistance that they say they want, and

that the data indicate they need in order to recover from their dislocations.

In 1988 Congress enacted a new program that supplants Title III -- the Economic Dislocation Worker Adjustment Assistance Act (EDWAA), which Minnesota is currently in the process of implementing. Under EDWAA, the state will receive slightly less federal money than it did under Title III, and has acquired some important new administrative and technical responsibilities. Additionally, the program has been restructured so that significantly less money is available to respond quickly to mass layoffs and plant closings.

Dislocated workers essentially face two problems. The first and most obvious problem is becoming re-employed. The finding of a 31 percent unemployment rate among Minnesota dislocated workers over a five year period of time is sobering. Clearly, state policy needs to be targeted first and foremost to helping workers become re-employed as quickly as possible.

The second, just as serious problem is loss of earnings in their new jobs. As the data indicate, workers are having an extraordinarily difficult time finding employment that replaces the earnings in their old jobs. There is evidence that the structure of the labor market has shifted such that opportunities for re-employment at similar wages and benefits is difficult. In

designing state policy, it is important to realize that these structural changes have been profoundly burdensome for certain members of the labor force. Consequently, state policy must focus not just on unemployment but also on the equally troubling problem of under-employment.

Finally, the fact that so many workers are currently experiencing dislocation, and that so many are having a difficult time recovering underscores the reality that dislocation is a phenomenon that occurs in both good and bad economic times. Thus, the fact that the state has experienced such impressive employment growth, or that our unemployment rate is relatively low should not lull policy makers into the false sense that people are not experiencing dislocation or that if they are they are able to readily obtain new and adequately paying jobs. Likewise, the fact that the survey shows 24,000 dislocations in the last year should not lead us to believe that "only" this number are affected. The same forces that cause economic dislocation and make it difficult for workers to find new jobs also make it difficult for other workers to gain entry into the labor market at all. Clearly, the effects of worker dislocation are not limited to those who are the most obviously dislocated.

IV CONCLUSIONS

Despite impressive job growth, worker dislocation continues to be

a problem for many Minnesotans. A surprising number of people have been dislocated from their jobs, and many of them have had a very difficult time regaining the income that they lost. Additionally, many other workers are squeezed out of the good wages and benefits.

The state needs to be concerned about worker dislocation because it is inequitable for workers to suffer the consequences of economic upheaval that is entirely out of their control. Additionally, it is in the interest of the state to ensure that our valuable human capital resources are not wasted. We invest an enormous amount in building these resources and need to take efforts to protect them from the erosion associated with their underutilization.

Second, economic development has been a prominent state goal for several years and large resources have been invested in various economic development endeavors. Development of physical capital is integrally linked with the development and maintenance of our human capital resources; the first is not possible without the second.

Finally, the inverse of the adage "a rising tide lifts all boats", that "a stormy tide swamps all boats" is also true. Economic vitality is not something that exists in a vacuum, caused by, and enjoyed by a few people. In fact, we are all part

of a broader economic community, and what affects some of us ultimately affects us all. This telephone survey has provided policy makers with information about dislocated workers that was previously unavailable. The challenge before us lies in developing a vision that, rather than disassociating, links dislocated workers and their families to this broader community.

INTRODUCTORY STATEMENT:

MY NAME IS _____ AND I AM DOING A STUDY FOR THE MINNESOTA DEPARTMENT OF JOBS AND TRAINING. COULD I TAKE A FEW MINUTES OF YOUR TIME TO ASK SOME QUESTIONS? ANY INFORMATION YOU PROVIDE WILL BE USED TO DEVELOP PROGRAMS FOR PEOPLE WHO DON'T HAVE JOBS. ANY INFORMATION YOU PROVIDE WILL BE KEPT COMPLETELY CONFIDENTIAL. NO GOVERNMENT AGENCY OR PRIVATE COMPANY WILL HAVE ACCESS TO IT.

Household No. _____ Worker's No. _____ Telephone No. (_____) _____

Person's Name	Address	Zip
_____	_____	_____

RECORD NAME AND ADDRESS ON THE QUESTIONNAIRE, ONLY IF IT IS COMPLETED. OTHERWISE, LEAVE THIS BLANK.

- 1) Number of times dialed: Morning _____ Afternoon _____ Evening _____
- 2) Is this a residence? Yes ___ No ___ (If "no," go to next call.)
- 3) How many adults ages 18-64 are in your household? _____
(If no adults in this age range, go to the next call.)
- 4) Have any of these adults been laid off of work, received notice of layoff in the past five years?
Yes ___ No ___ If "yes," how many? _____
- 5) Are any of these adults (farmers/self-employed/homemakers) who have lost their primary means of support in the last five years? Yes ___ No ___ How many? _____ (IF "NO," GO TO NEXT CALL.)
Laid off worker ___ Farmer ___ Self-employed ___ *Full-time homemaker ___

*(Must be full-time homemaker whose primary means of support was decreased because of permanent disability of spouse, separation, divorce, spouse died, or spouse dislocated.)

INTERVIEWER: VERIFY THAT NONE OF THE JOBS LOST WERE SEASONAL.

(If any numbers are recorded for Item 5, answer the appropriate questions on the following page.)
(If no numbers are recorded, go to the next call.)

Farmer

- 1) Will you definitely return to the farm within the next six months as a primary means of support?
Yes____ No____
- 2) (If "yes"): Will your income be about the same as it was before?
Yes____ No____

(If they answer "yes" to Items 1 and 2, thank them for their time and go to the next call.)
(If the answers to Items 1 and/or 2 was "no," proceed to the items in the questionnaire.)

Self-Employed

- 1) Will you definitely return to the business within the next six months as a primary means of support?
Yes____ No____
- 2) (If "yes"): Will your income be about the same as it was before?
Yes____ No____

(If their answer to Items 1 and 2 was "yes," thank them for their time and go to the next call.)
(If the answer to Items 1 and/or 2 was "no," proceed to the items in the questionnaire.)

Laid Off Worker

- 1) Was the layoff:
 - a) ____ An actual layoff (no longer working)
 - b) ____ A notice of a layoff
 - c) ____ Wasn't really laid off, but was fired or quit

(If they check "c," thank them for their time and go to the next call.
(If they check "a" or "b," proceed with Item 2 below.)

- 2) Was/is the layoff temporary?
Yes____ No____ (If yes, how many months laid off?_____)

Did you find a similar job at the same rate of pay within 6 months? Yes____ No____

- 3) Will you be likely to find another similar job at the same rate of pay within 6 months?
Yes____ No____

(If they answered "yes" to Items 2 and/or 3, thank them for their time and go to the next call.)
(If they answered "no" to Items 2 and/or 3, proceed with the items on the questionnaire.)

Full-time Homemaker

- 1) Are you/were you a full-time homemaker? Yes____ No____
- 2) Have you lost at least 80% of your income due to:
 - ____ Permanent disability of your spouse
 - ____ Separation
 - ____ Divorce
 - ____ Spouse died
 - ____ Spouse dislocated
 - ____ None of the above
 - ____ Other _____

- 3) Has this decrease in income forced you to seek/obtain employment? Yes____ No____

(Go to next call no matter how the homemaker responded to Items 1, 2, and 3.)

SURVEY OF DISLOCATED WORKERS

Household No. _____ Worker No. _____ Telephone No. (____) _____

I. QUESTIONS SPECIFIC TO THE JOB LOST BY THE WORKER

1. In which month and year did layoff/dislocation occur? (IF BEFORE 1983, THANK THEM FOR THEIR TIME AND GO TO THE NEXT CALL.)

Month _____ Year _____

2. How many years did you (or your spouse, if homemaker) hold the job from which you/he/she were laid-off (or no longer serves as your primary means of support if a farmer or self-employed)? (Enter the number of years in the appropriate space below.)

Laid off _____ Farmer _____ Self-employed _____ Homemaker _____

3. The following questions pertain to the job from which the worker was dislocated:

Industrial Code _____

- a. Firm Name _____
- b. What type of business or industry was this? _____
- c. Number of employees at that location?
 Less than 20 _____ 21-40 _____ 31-60 _____ 61-80 _____ 81-100 _____ 100+ _____
 (Check appropriate response.)
- d. City or County _____
- e. Job Title _____
- f. Job Duties _____
- g. Was this a union job? Yes _____ No _____
- h. Was the job: Full-Time _____ Part-Time _____ If part-time, how many hours per week? _____
- i. Did the entire plant shut down, or was the layoff a partial one? (Check correct answer.)
 Entire plant shut down _____ Partial plant shut down _____

4. Information on the worker who lost a job:

(Refers to spouse's job if the person you are interviewing is spouse of a dislocated worker.)

a. Was the reason for loss of job primarily due to: (Check appropriate responses.)

- | | |
|--|---|
| <input type="checkbox"/> Job or shift (no longer needed/continued) | <input type="checkbox"/> Decrease in business/demand for job skills |
| <input type="checkbox"/> Plant shutdown by firm or company | <input type="checkbox"/> Farm loss |
| <input type="checkbox"/> Economic decline in your area | <input type="checkbox"/> Self-owned business loss |
| <input type="checkbox"/> Industry slowdown | <input type="checkbox"/> Drought |
| <input type="checkbox"/> Plant moved to different location | <input type="checkbox"/> Competition |
| <input type="checkbox"/> Firm was taken over by another company | <input type="checkbox"/> Other _____ |

b. What were the worker's wages? (Complete the appropriate item with the dollar amount.)

\$ Hourly _____ \$ Monthly _____ \$ Yearly _____

c. What benefits were available at former job and no longer available?

Medical _____ Life Insurance _____ Dental _____
 Vacation _____ Holiday _____ Pension _____ Other _____

d. Did worker collect unemployment insurance after being laid off? Yes _____ No _____

e. Have you moved from the area as a result of loss of job/primary support? Yes _____ No _____

f. What has the worker done since loss of job/income or wants to do in the future? (Check appropriate responses.)
 (PHONER MUST READ THE ITEMS TO THE RESPONDENT.)

Done Since Loss Of Job/Income	Wants To Do In Future
___	___ Work full-time
___	___ Work part-time
___	___ Work at temporary jobs
___	___ Care for dependents (Full-time)
___	___ Attend school or training
___	___ Retired
___	___ Other _____

g. Do any of the following apply to your situation? (Check appropriate responses.)

- ___ Permanently disabled - not work related
- ___ Permanently disabled - work related
- ___ Partially disabled
- ___ Received workers compensation (must be related to the job they lost)
- ___ None of the above

h. How many jobs have you had since being laid off (becoming dislocated)? _____

i. Have you received training or education since your layoff? Yes ___ No ___

If yes:

1. Source:

- ___ From former employer _____
- ___ On the job _____
- ___ Public Area Vocational/Technical School (Where?) _____
- ___ Private trade school (Where?) _____
- ___ Community college (Where?) _____
- ___ State university (Where?) _____
- ___ University of Minnesota (Which campus?) _____
- ___ Private college/university (Where?) _____
- ___ Other _____

2. How long was the training? _____

3. Who paid for the training? Self ___ Parents ___ Grant ___
 Loan ___ Employer ___ Other _____

4. Did the training result in a job specifically related to the training?
 Yes ___ No ___

5. Is the worker currently unemployed? Yes ___ No ___ (IF "NO," GO TO ITEM NO 6.)

a. Are you looking for work? Yes ___ No ___
 If "no," is it because you believe you will not find a job? Yes ___ No ___

b. How long have you been unemployed? _____
 (Convert their answer to months.)

c. What other sources for support?

- | | |
|------------------------|----------------------------|
| ___ AFDC | ___ Unemployment insurance |
| ___ Savings | ___ Retirement/pension |
| ___ Loans | ___ Grant |
| ___ Relatives | ___ Social Security |
| ___ Other adult income | ___ Other _____ |

- d. Does the worker want assistance to obtain employment? Yes___ No___
If "yes," what kind? (Resume Writing, Job Search Assistance, Classroom Training, Other)

GO TO PART II WHEN ITEM NO. 5 IS COMPLETED

6. Is the worker currently employed? Yes___ No___ (DO NOT ASK THE QUESTIONS BELOW IF THE PERSON RESPONDING COMPLETED ITEM NO. 5 ABOVE.)

- a. How many months did it take to find a job after being laid off? _____

INTERVIEWER: VERIFY THAT THIS IS NOT THE SAME JOB AS WAS LISTED IN ITEM 3 ON THE PREVIOUS PAGE.)

- b. Is the current job full-time or part-time? Full-Time___ Part-Time___
If part-time, how many hours per week? _____
- c. Are you looking for a different job because you are not satisfied with this job? Yes___ No___
- d. What is the worker's salary? (Complete the appropriate item.)
\$ Hourly_____ \$ Monthly_____ \$ Yearly_____
- e. What benefits does the worker currently have?
Medical___ Life Insurance___ Dental___
Vacation___ Holiday___ Pension___ Other_____
- f. Does the worker want assistance to obtain better employment? Yes___ No___
If "yes," what kind? (Resume Writing, Job Search Assistance, Classroom Training, Other)

Go to Part II

II. PERSONAL INFORMATION

1. Name _____
(Last) (First) (Middle)
2. Present Address _____
(Street or Rural Route)

(City) (State) (Zip)
3. Home Phone (_____) _____
4. Ethnic group of the worker? White___ Black___ Southeast Asian___ Asian___
American Indian___ Pacific Islander___ Other_____
5. Sex of the worker: Male___ Female___
6. Highest grade or degree attained: Elem-Sec Less than 6___ 7___ 8___ 9___ 10___ 11___ 12___ HS Grad___
Post-Sec 1___ 2___ AA (2-yr. degree)___ 3___ 4___ BS/BA (4-yr. degree)___
Graduate 1___ 2___ MA___ Beyond MA___ Dr___
Vocational training? Years_____ Months_____
7. Single parent head of household? Yes___ No___

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