Chapter 5. Assistance Provided to Help Dislocated Workers

Published by

Surviving Job Loss: Papermakers in Maine and Minnesota.
W.E. Upjohn Institute, 2016.
Project MUSE. muse.jhu.edu/book/82035.

⇒ For additional information about this book
https://muse.jhu.edu/book/82035
5
Assistance Provided to Help Dislocated Workers

If a community, the families, and the individuals going through a major workplace adjustment are to make a healthy transition, they need the companies and unions to plan the programming and supports together. Families need to use their strengths and develop skills, including the ability to communicate and solve problems together. Individuals need to be able to ask for support, and to create a vision of a new future. The road through this transition has many potholes, blind corners, and crossroads, and sometimes the map seems faded, but a healthy transition means reaching that new place in your life, with the anger, fear, and discouragement worked through.

—Peggy Quinn (1999, p. 41)

According to the Center for Paper Business and Industry Studies (CPBIS 2014a), there were 163,000 employees in U.S. pulp and paper mills in January 1998. By May 2003 that number had dropped sharply to 111,000; it then dropped more slowly, to 83,000 in 2010. Pulp and paper mill employment in February 2014 in the United States was 76,000 workers, about 47 percent of the 1996 level (Figure 5.1).

Of course, displaced paper workers are only some of the U.S. workers that have become job losers. In December 2013, the U.S. unemployment rate (seasonally adjusted) was 6.7 percent, while the corresponding rate for Maine was 6.2 and for Minnesota was 4.6. One year earlier, the unemployment rate had been 7.2 percent in Maine and 5.4 in Minnesota. Maine’s unemployment rate of 6.2 percent translates to 45,100 individuals; Minnesota’s 4.6 percent rate to 139,987.

Even though the good news is that the Maine and Minnesota unemployment rates are lower than the national unemployment rate, the bad news is that thousands of recently employed workers are now without work or have found only part-time employment since displacement. Shaw and Barrett-Power (1997) maintain that displacement without
outplacement assistance is more severe for job losers than when assistance is provided. They point to several individual, work group, or organizational aids that could help:

- A work group developing a plan for addressing potential layoffs
- Implementing employee assistance programs, including retraining incentives, job search help, or outplacement counseling
- Encouraging organizational decision makers and group members to actively deal with the job loss problem
- Minimizing negative and unintended outcomes, particularly by reducing instances where positive outcomes for individuals are followed by negative actions
WORKER ADJUSTMENT AND RETRAINING NOTIFICATION

One of the major aids to U.S. employees confronting job loss is the Worker Adjustment and Retraining Notification (WARN) Act, which was introduced in the U.S. Senate in June 1988 and within a month had been passed by both houses of Congress. It was left unsigned by President Reagan and became law on August 4, 1988 (Wikipedia 2015c). WARN gives workers and their families time to adjust to and plan for anticipated employment loss, either 60 days’ notice prior to displacement or “pay in lieu of notice” for the 60-day period. WARN also requires that notice of closure or mass layoff be given to employees’ representatives, the local chief elected official, and the state dislocated worker unit. Perhaps as importantly to workers and their families, the WARN notice given to governmental agencies provides officials with a brief period to prepare for retraining programs or other supportive services that might be provided in the community.¹

WARN represented a tremendous advance in helping dislocated workers. Until then, a downsizing or closure could be announced and occur on the same day. While the WARN Act protects workers, their families, and their communities by requiring most employers with 100 or more employees to provide notification of plant closings and mass layoffs (USDOL 2015b), some loopholes exist. For example, WARN is not triggered when various thresholds are not met, including 1) when a plant closing or mass layoff results in fewer than 50 people losing their jobs at a single site and 2) when 50–499 workers lose their jobs but the number displaced is less than 33 percent of the employer’s total active workforce at a single site (Wikipedia 2015c).

While downsized Sartell workers were given 60 days’ notice, those in Bucksport were, for the most part, let go in October (and the balance displaced in November and December) without a WARN notice because 33 percent of the workforce was not affected. Essentially, Bucksport workers terminated in October had about one-and-a-half weeks between the time they learned of the impending downsizing and the actual termination. To reach the desired reduction in the number of workers at Bucksport of 125, the company and the unions agreed to offer early retirement for those volunteering to accept it; thereafter, they would issue involuntary layoffs to get to 125. In Maine, a worker
can take a voluntary layoff and still collect unemployment compensa-
tion as long as there is an announced number of layoffs. In the Buck-
sport downsizing, some 75 older workers within six months to a year of
retirement took the voluntary layoff, which allowed 75 younger work-
ers the opportunity to remain on the job. Even though some Bucksport
workers complained that they had to make major decisions too quickly
after the announced downsizing, two supportive elements are reflected
in the Bucksport approach: 1) the company and union worked together
to create and approve the early retirement program, and 2) the retire-
ment offer was sufficiently attractive to entice 75 workers to accept.

At Bucksport, there were 41 workers classified as temporary work-
ners; they were paid $12.50 per hour, did not have benefits, and did not
have union representation even though they paid union dues. Of these
temps, 13 were hired permanently by Verso after the recalls. Of the
remaining temporary workers, 18 are working elsewhere (4 at higher-
paying jobs and 14 at lower-paying jobs), and 10 are either not working
or have moved out of state.

Maine does not require a report when state services are provided at
a downsizing or closure. However, of those displaced at Bucksport, 65
workers signed up for the TRADE program; 46 attended résumé writ-
ing and interviewing skills workshops, 48 attended job search work-
shops, and 9 were involved in training programs.

In Minnesota, displaced Sartell workers who had secured employ-
ment used the term “scammers” to describe those who were “working
the system”—particularly in taking training only for the income pro-
vided, not for the skills that would provide them with new work. Scam-
mers turned down employment opportunities; however, the training did
provide some income, and it did provide for continuing interaction with
other displaced Verso workers. Training gave these displaced workers
a place to go, status, and allowed them to stay on the fringe of the labor
force. In short, participation in training provided them with legitimacy,
and from their perspective, no one would have to know that they did
not expect to accept a job following training. However, the Stearns-
Benton Employment and Training Council (SBETC) staff feared that
prospective employers would, after being turned down by scammers,
react negatively and disregard all displaced Verso personnel.

Maine’s mass layoff law says, “Whenever an employer lays off 100
or more employees at a covered establishment, the employer within
7 days of such a layoff shall report to the director the expected duration of the layoff and whether it is of indefinite or definite duration” (warnactlaw.com 2012). Minnesota, along with Maryland and Michigan, has a statute that asks employers to voluntarily provide advance notice to workers in the event of a mass layoff, but these three states do not require compliance (Wikipedia 2015c).

Assistance to Verso Mill Workers Terminated in the Shutdown

In Minnesota, the Verso-Sartell mill had already downsized 151 employees when the May 2012 explosion and fire led to the mill’s August shutdown and another 434 workers’ losing their jobs. The SBETC renewed its efforts to assist those terminated. An SBETC overview (Zavala 2013, p. 1) reported that “the Verso jobseeker profile reflected males, average age 44, who were union members in obsolete jobs, 50% of whom had been with Verso 30+ years, 80% with 25+ years or more. The wage for the majority was $24–$40/hour with benefits.” The SBETC provided dislocated worker assistance to former Sartell mill workers, while displaced Bucksport workers were provided assistance through one of 12 full-service Maine Career Centers.

Working Part-Time for Economic Reasons

In 2002, there were 58,300 Minnesotans who worked part-time for economic reasons, but by January 2011 that figure had nearly tripled, as 165,100 remained stuck in part-time work (Forster 2011). Comparative measures of labor underutilization for Maine, Minnesota, and the United States in 2003, 2009, 2011, and the second quarter of 2014 from the Bureau of Labor Statistics (BLS) are shown in Table 5.1. Kletzer’s (2000) earlier research supports the assertion that as the Chinese paper industry has grown considerably and Chinese imports have become more competitive, domestic industry displacement has increased.

The U-6 category in Table 5.1 includes total unemployed, plus all marginally attached workers, plus total employed part-time for economic reasons, as a percentage of the civilian labor force. In this category (and most others), the U.S. percentage is higher than that of both Maine and Minnesota, while Maine has a percentage equal to or higher than Minnesota’s.
NOTE: The state measures are based on the same definitions as those published for the United States (BLS 2011) and include the following:

- U-1: persons unemployed 15 weeks or longer, as a % of the civilian labor force
- U-2: job losers and persons who completed temporary jobs, as a % of the civilian labor force
- U-3: total unemployed, as a % of the civilian labor force
- U-4: total unemployed plus discouraged workers, as a % of the civilian labor force plus discouraged workers
- U-5: total unemployed plus discouraged workers, plus all other marginally attached workers, as a % of the civilian labor force plus all marginally attached workers
- U-6: total unemployed plus all marginally attached workers, plus total employed part-time for economic reasons, as a % of the civilian labor force plus all marginally attached workers

a2014 figures are for second quarter.


<table>
<thead>
<tr>
<th></th>
<th>U-1</th>
<th>U-2</th>
<th>U-3</th>
<th>U-4</th>
<th>U-5</th>
<th>U-6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maine</td>
<td>1.7</td>
<td>3.0</td>
<td>5.1</td>
<td>5.2</td>
<td>5.9</td>
<td>9.3</td>
</tr>
<tr>
<td>Minnesota</td>
<td>1.6</td>
<td>3.0</td>
<td>5.0</td>
<td>5.1</td>
<td>5.9</td>
<td>8.9</td>
</tr>
<tr>
<td>U.S.</td>
<td>2.3</td>
<td>3.3</td>
<td>6.0</td>
<td>6.3</td>
<td>7.0</td>
<td>10.1</td>
</tr>
<tr>
<td>Maine</td>
<td>4.0</td>
<td>4.9</td>
<td>8.1</td>
<td>8.5</td>
<td>9.5</td>
<td>14.7</td>
</tr>
<tr>
<td>Minnesota</td>
<td>3.5</td>
<td>5.0</td>
<td>7.8</td>
<td>8.1</td>
<td>8.9</td>
<td>14.2</td>
</tr>
<tr>
<td>U.S.</td>
<td>4.7</td>
<td>5.9</td>
<td>9.3</td>
<td>9.7</td>
<td>10.5</td>
<td>16.2</td>
</tr>
<tr>
<td>Maine</td>
<td>4.1</td>
<td>4.6</td>
<td>8.0</td>
<td>8.5</td>
<td>9.5</td>
<td>15.1</td>
</tr>
<tr>
<td>Minnesota</td>
<td>3.3</td>
<td>3.6</td>
<td>6.5</td>
<td>6.8</td>
<td>7.6</td>
<td>12.8</td>
</tr>
<tr>
<td>U.S.</td>
<td>5.3</td>
<td>5.3</td>
<td>8.9</td>
<td>9.5</td>
<td>10.4</td>
<td>15.9</td>
</tr>
<tr>
<td>Maine</td>
<td>2.6</td>
<td>3.3</td>
<td>6.1</td>
<td>6.4</td>
<td>7.2</td>
<td>12.8</td>
</tr>
<tr>
<td>Minnesota</td>
<td>1.9</td>
<td>2.5</td>
<td>4.6</td>
<td>4.9</td>
<td>5.6</td>
<td>10.0</td>
</tr>
<tr>
<td>U.S.</td>
<td>3.5</td>
<td>3.5</td>
<td>6.8</td>
<td>7.2</td>
<td>8.1</td>
<td>12.9</td>
</tr>
</tbody>
</table>
Workforce Development Approaches in Maine and Minnesota

According to the Maine State Workforce Investment Board, Maine has set a goal of developing a globally competitive workforce—i.e., building a cadre of appropriately trained and educated workers through industry partnerships (Mills 2013). The Minnesota approach appears to use job fairs, such as the Department of Employment and Economic Development’s (DEED) Twin Cities hiring and recruiting event “The Get Jobs Job Fair.” Workforce development is created through pre-career fair workshops in résumé writing, interviewing, networking, job search, self-motivation strategies, and overcoming employment obstacles such as the “Don’t call us, we’ll call you” employer response.

Within Maine’s 16 counties, pulp and paper mills numbered among the top 25 private employers in nine counties and among the top 3 employers in four counties. To rank in the top three, an employer had to have at least 500 employees. The Verso Bucksport mill ranked third in employment in Hancock County, behind a biotech research and development firm and the hospital (Maine.gov 2015b).

THE WORKFORCE INVESTMENT ACT OF 1998

The Workforce Investment Act of 1998 (WIA) replaced the Job Training Partnership Act (JTPA), tying together federal programs in employment, training, adult education, and vocational rehabilitation into a “one-stop” system. According to Wikipedia (2015d, p. 1), the goal of WIA was to “induce business to participate in the local delivery of Workforce Development Services.” The vehicle for business involvement was participation in Workforce Investment Boards, composed of area business and community representatives. Displaced workers benefited from WIA because as “customers,” they had a choice in deciding which training program best fit their needs. WIA also promoted a quick return to work through core services provided to laid-off workers, including labor market information, assessment of skill levels, and job search and placement assistance.
Implementing WIA in Maine

WIA created a “one-stop” system of workforce investment and education for adults, youth, and dislocated workers. In Maine, there are four regions of Local Workforce Investment Boards, composed of business, labor, public, and nonprofit organizations that collaborate with the Maine Department of Labor in establishing 12 Career Centers and 18 satellite offices to provide services to job seekers and employers.

Those seeking employment can obtain a range of services, including:

- an assessment of skill levels, aptitudes, abilities, and support service needs;
- workshops on networking, job search techniques, and resume writing;
- information on education and training service providers;
- help filing claims for unemployment insurance;
- career counseling and job search and placement assistance; and
- up-to-date labor market information about job vacancies and required skills for in-demand jobs (Mainecareercenter.com 2013).

Maine has two special programs for laid-off workers, the first of which is Trade Assistance Programs. These programs include Trade Adjustment Assistance (TAA), Alternative Trade Adjustment Assistance (ATAA), and Trade Readjustment Allowances (TRA). They help trade-affected workers who have lost jobs because production has left the United States or imports have increased. The U.S. Department of Labor determines eligibility for these programs. Certified workers may receive job search assistance, training, relocation allowances, and additional weeks of unemployment compensation. ATAA provides those eligible over the age of 50 with a wage subsidy if their new employment has lower wages than their previous job (Maine.gov 2015a).

A second Maine program is the Dislocated Worker Benefit Program, which provides up to 26 extra weeks of unemployment benefits to those in approved training programs; these persons are not required to look for work as long as they are attending school (Maine.gov 2015a).

The Maine Department of Labor has Internet postings of useful information on trade assistance programs, unemployment compensation for laid-off military, and dislocated worker benefits.
Sartell Programs to Help with the Transition

The SBETC established the following assistance programs:

- Those displaced after the fire, their spouses, and their families could join an employee assistance program, in which a counseling professional helped the group understand and work through grief and generate forward movement.

- A client assistance program provides terminated workers with financial counseling and personal needs counseling (mental health, family issues). Because of displaced workers’ high earnings, severance, and retirement accounts, health and investment service providers targeted them with marketing campaigns.

- Informational sessions on health care options were provided.

- Because the displaced workers had worked together in a closed community for so long, the city of Sartell provided a drop-in center where they could congregate—initially city hall; later the Veterans of Foreign Wars (VFW) building in Sauk Rapids.

Sartell Programs to Prepare Displaced Workers to Find New Work

- Adult Basic Education (ABE) provided on-site “Introduction to Computer” classes to assist the displaced workers in their job search. The computer information and skills carried over to UI claim applications and employment and training options.

- Area employers provided tours and made presentations in sessions titled “Career Trek Workforce U,” which helped job seekers connect and look forward. Employers involved in the program were able to talk with displaced workers and found them motivated to go to work. This helped dispel rumors that because of their high earnings, the displaced paper workers would only look at jobs with comparable wages.

Sartell Programs to Prepare Displaced Workers for School

- SBETC created cohorts of displaced workers who could begin training as a group in “off-semester start” classes.
SBETC and St. Cloud Technical and Community College (SCTCC) developed support groups and tutorial processes for students.

SBETC and SCTCC developed sessions to help nontraditional adult-learner students acclimate to school. SCTCC provided sessions on “Intro to Technology,” on TRIO Student Support Services, and on learning how to study, how to maneuver in the college computer system, and how to submit homework.

SBETC contracted with the Minnesota Resource Center (MRC) to design and implement refresher classes on math and writing, how to use the Internet, and practical computer applications. These classes built on the ABE classes provided earlier.\(^2\)

Unemployment insurance benefits are not standardized in the United States for either the weekly benefit amount or the number of weeks for which benefits are available. For example, Georgia allows benefits for only 18 weeks and Florida and North Carolina for 19 weeks, while most states and the District of Columbia cover 26 weeks. Only two states, Massachusetts and Montana, allow benefits for more than 26 weeks (USDOL 2015a). Weekly benefit allocations vary from a low of $221 in Louisiana to a high of $679 in Massachusetts (FileUnemployment.org 2015). Maine ranks fifteenth among all states with a weekly benefit of $378, while Minnesota, at $629 weekly, ranks third.

**Businesses Pledge to Consider the Long-Term Unemployed**

Schafer (2014) notes that some of the unemployed have said that it is necessary to lie to get a job—and have done so themselves. While that advice is difficult for career advisers to accept or understand, for some among the more than 2.5 million Americans out of work for at least one year, lying has been used successfully. Many long-term out-of-work Americans feel they can’t win. It is against this backdrop that President Obama has recruited some of the nation’s largest companies to revamp hiring practices and initiate procedures to employ those who have been out of work for long periods of time. Baker (2014) writes that the president has persuaded some 300 businesses to agree to new hiring policies, including more than 20 of the nation’s largest companies. In an effort to assist the nearly four million Americans who have been unem-
ployed 27 weeks or more, the companies have pledged four things: 1) to ensure that advertising doesn’t discriminate against the unemployed, 2) to review recruiting procedures, 3) to encourage all qualified candidates to apply, and 4) to share information about hiring the long-term unemployed within their companies.

The Minnesota Dislocated Worker Program

In the 2012 annual report for the Minnesota Dislocated Worker (DW) Program, the program’s director, Anthony Alongi, writes that the program, through its Workforce Development Fund, allows the state the flexibility to integrate TAA services for trade-affected workers or participate in federal pilot projects (Minnesota DEED 2012). Services provided by the state’s DW program include career planning and counseling, job search and placement services, job training, and financial support services that cover transportation costs, family care costs, health care costs, or other emergency aids to help displaced workers reach their employment goals.

According to this annual report (p. 5), “Minnesota is unusual in having its own, state-funded DW program. Most states only have a federally funded DW program, as established by the Workforce Investment Act (WIA) of 1998. Minnesota’s two DW programs work side by side and are virtually indistinguishable in the eyes of the customer. Our state DW program allows services to many more job seekers than what the federally funded DW program can provide alone.” The report says 19,741 people were helped in 2012—13,568 in the state DW program, another 7,868 in the WIA DW program, and 2,256 in other programs. Total expenses were nearly $32 million.

Whenever appropriate, the Minnesota DW program utilizes TAA if jobs have been lost because of foreign trade; it also relies on National Emergency Grants (NEGs), which temporarily expand service capacity when there is an economic event that causes significant job loss. All TAA-eligible customers are coenrolled in the Minnesota DW program. Table 5.2 compares TAA data for Maine and Minnesota.

Not everyone thought sufficient assistance was provided, as shown in the following unsolicited letter, which one of this book’s authors received in May 2014:
Ken:

It has been a long 2 years since the paper mill in Sartell shut down. What I have found out in these 2 years is that there really is nobody out there that will help people like me or others in my situation [displaced workers]. My mortgage company, the State of Minnesota, the surrounding counties, city of Sartell, or even Verso Paper. Everything that was written in the paper, or shown on tv, or on the radio, was really all bullshit, because nobody did anything to really help us. They did no more than they had to. The severance checks from Verso were taxed at around 48%, where in a case like this they could have taxed it a lot less and the State could have given us some tax breaks. They could have been a little more lenient on the unemployment payouts; as this was no fault of any worker at this mill.

I am in the process of filing for bankruptcy, but finding out that this is not an easy process either. I am trying to save my house as I built it myself. I will probably have to get a 2nd job to save my house and pay for the bankruptcy fees.

I have found out that if I go look for help, you will get calls and emails from a lot of people that want to scam you. I have had this happen to me twice. One was for my house payment; they told me they could save me $400–$500 a month, but it was a scam as I called Washington, D.C. and they confirmed this. My mortgage company said they could put me into a HAMP program, but 2 ½ months later they said after 6 months I would owe them a balloon payment to make up what I was saving on my monthly payment. So who do you really trust anymore? Nobody. I have really lost my trust in the American population.

But on the bright side I finally landed a good job on March 5, 2014 at Dezuriks [sic], across the river from Verso Paper. Everything is going good there, and I was able to join the union a short time ago. In around 3 years I will be making about the same as I did at Verso, wage-wise. I believe the benefits are better at Dezuriks. I do know that the working conditions are better! I know that the next 3 years are going to be real tough on me; just to get my finances straightened out.

I would be interested in the book that you are planning to have out this fall or winter. Let me know about it. Thanks for everything.

Max
National Emergency Grants

National Emergency Grants provide temporary funding to state and local workforce investment boards in response to large, unexpected economic events that cause significant job loss. The Oklahoma Employment Security Commission (2008) says such events typically involve company layoffs of 50 or more workers.

Minnesota has benefited from NEGs, having received four in 2011, one in 2012, and four in 2013. Elsewhere, the Center for Paper Business and Industry Studies reports that the U.S. Department of Labor provided a $1.8 million NEG to assist in training and case management services for those displaced from International Paper’s Courtland, Alabama, mill (McCarthy 2014).

Table 5.2 Trade Adjustment Assistance: 2010 State Profiles for Maine and Minnesota

<table>
<thead>
<tr>
<th></th>
<th>Maine</th>
<th>Minnesota</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of TAA petitions certified</td>
<td>26</td>
<td>52</td>
</tr>
<tr>
<td>Estimated workers covered by new certifications</td>
<td>1,546</td>
<td>4,057</td>
</tr>
<tr>
<td>Federal funding allocated to state to provide benefits and services</td>
<td>$7,099,605</td>
<td>$12,275,723</td>
</tr>
<tr>
<td>Top TAA certifications</td>
<td>Approx. 150 WestPoint Home Inc. workers</td>
<td>400 U.S. Steel Corp. workers</td>
</tr>
<tr>
<td></td>
<td>150 Formed Fiber Technologies workers</td>
<td>Approx. 300 Coloplast Mfg. workers</td>
</tr>
<tr>
<td></td>
<td>130 Bumble Bee Foods workers</td>
<td>200 Farley’s and Sathers Candy Co. workers</td>
</tr>
<tr>
<td></td>
<td>Approx. 100 Fraser Papers workers</td>
<td></td>
</tr>
<tr>
<td>Number of workers covered by 2009 expanded TAA program (statutory expansions have since expired)</td>
<td>914</td>
<td>4,325</td>
</tr>
</tbody>
</table>

SOURCE: Authors’ formulation from state profiles.
SUMMARY

The pulp and paper industry has continued to cut employment, often in large numbers, because of mill closures or reductions in the number of operating paper machines. The WARN Act has been an important asset to job losers, as it requires most large employers to provide either 60 days’ notice prior to displacement or 60 days’ pay. WARN also notifies state Dislocated Worker programs of large downsizings and sets in motion the creation of assistance options available to those confronted with job loss.

Although labor underutilization has declined since the recession, current figures do not indicate a full recovery. WIA attempts to involve both business and community leaders in programmatic planning by knitting together numerous programs related to employment, training, adult education, and vocational rehabilitation. The U.S. Department of Labor awards discretionary National Emergency Grants in response to significant dislocation events. Minnesota also has a state-supported WIA program and thus has additional monies with which to assist displaced workers.

Notes

1. Eder (2008) notes that some companies lay off large numbers of workers but fail to provide the required notice. In 2007, then-U.S. senators Sherrod Brown, Hillary Clinton, and Barack Obama introduced legislation to overhaul the law after the Toledo Blade’s 2007 series on WARN.
2. Information provided by Kathy Zavala in an e-mail message, dated July 3, 2014. MRC operates out of 34 sites in the Twin Cities metro area plus St. Cloud, seeking to help people achieve greater personal, social, and economic success. MRC assists laid-off workers and other segments of the population who are facing struggles.
3. The numbers of the separate programs sum to more than the total because some people enrolled in more than one program.