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THE NEW STRUCTURAL UNEMPLOYMENT: STATE GOVERNMENT'S RESPONSE TO PLANT CLOSURES

by Amy Glasmeier

California, like other states, has experienced a dramatic increase in the number and frequency of major plant closures. In the 1982 legislative session, seven bills were passed to remedy some of the problems of displaced workers. This legislation signifies recognition on the part of state government that major structural changes occurring in the national economy will leave millions of Americans permanently separated from their previous employment. It also suggests that existing state programs to help the unemployed must be augmented. The bills described here represent the first in what is likely to be a series of assistance programs for displaced workers.

Changes in the Unemployment Insurance Code. The first set of bills (AB 1115--Senator Bill Greene; AB 11 and AB 213--Assemblyman Bill Lockyer), changed the unemployment code to allow the collection of unemployment insurance while in certified training programs. AB 11 allows displaced workers to collect a 26-week benefit extension when enrolled in year-long training programs (including dislocated workers who exhausted their benefits before the bill was passed). AB 213 sets a limit of \$9 million on the amount of the insurance fund that can be used for the extension.

While these changes in the code are important first steps, plant closure victims still have significant problems. Receiving UI benefits while in training will be helpful, but will not provide enough income for a family to live on, and will not permit workers with substantial financial responsibilities to take advantage of some training opportunities.

In addition, there is lack of flexibility in the process of certifying training programs. A program may be certified by the local EDD Job Service office only if it provides the worker with skills in a "demand occupation"; i.e., one in which there is a current or expected shortage of trained workers. But like the labor market and the economy, the demand for certain occupations changes over time. There is no guarantee that a worker who has completed retraining can easily find a job. Problems currently exist with training programs which are so narrow that the worker is effectively tied to a specific industry. If the industry is unstable due to the unpredictability of federal defense programs, for example, a worker may train for a job which is eliminated as a result of changes at the federal level. In order to be effective, training programs must take into account both short and long-term trends in the national economy.

Helping the State Respond to the Problems of the Unemployed. The second set of bills was designed to build the capacity of state agencies and their local offices to develop and implement labor market policies which focus on the problems of the new structurally unemployed. SB 1823 (Greene) established the California Economic Adjustment Team (CEAT). CEAT is responsible for developing linkages between different state agencies to provide fast and efficient training, reemployment, and counseling services to displaced workers.

SB 1109 (Greene) requires the Chancellor of the Community Colleges and the Directors of Adult Schools and Regional Occupation Programs to identify existing training programs that meet the needs of displaced workers. The consortium of educational institutions is encouraged but not required to involve employers in

the development of training programs. In addition, funds are available to employers for company-based training, with the condition that employers guarantee workers jobs at the end of training. The bill reallocates existing resources but does not provide major new funding for training programs. The program also falls short in the area of job development--a necessary component of reemployment efforts. Still, the creation of CEAT and the development of the training implementation plan represents the first major state government effort to address the problems of displaced blue collar workers.

Transportation and Re-employment Demonstration Projects. A third set of bills required the state to undertake transportation and reemployment demonstration projects in communities faced with plant closures and mass layoffs. SB 1116 (Greene) provides \$300,000 for short-term transportation programs to move workers from areas of declining employment to areas with greater job prospects. The program is administered by the Department of Transportation and the Employment Development Department. Recipients are entitled to subsidies and assistance for up to six months. The program is not intended as an overall solution to the lack of jobs, but rather as a stop-gap measure for areas of high seasonal and cyclical unemployment. Workers will have to absorb the costs of commuting after the six month benefit period ends; thus, the program may only promote short-term reemployment. The alternative option of moving exists, but the bill does not provide workers with relocation assistance, and in any case, moving may provide no guarantee of stable employment.

SB 1118 requires the state to develop regional employment, assessment, placement, and retraining programs around the state. The legislation encourages but does not mandate joint-funding of projects by employers, unions, local educational institutions and local governments. A primary function of the bill is to develop the capacity of local communities to manage future plant closure problems through the development of advanced warning systems, general economic development plans, and coordinated social service programs. However, much of the \$1.2 million in funding is already allocated for the operation of existing plant closure centers in areas of high unemployment. The increasing frequency of plant closures and the consequent need for community reemployment programs will quickly exhaust the remaining funds. Nonetheless, the program provides assistance which did not otherwise exist, and establishes the precedent for communities to lobby for additional support.

Conclusion. California's effort in the 1982 legislative session was the first attempt to deal with the effects of plant closures and the new structural unemployment problem. The success of the 1982 legislation is heavily dependent on the overall condition of the national economy. National recovery and the expansion of consumer demand are necessary conditions, but unfortunately are not sufficient conditions for the reemployment of workers currently being displaced.

The decline in employment in U.S. manufacturing industries will likely be a long-term trend leading to an absolute reduction in blue collar jobs. Thus, the state's programs are but a first step in what must be a nationwide program to provide meaningful retraining and reemployment for displaced workers.

-- Amy Glasmeier