

**MASS LAYOFF STATISTICS (MLS)
ANNUAL REPORT**

2002

Is a publication of

**Nebraska Workforce Development,
Department of Labor,
Labor Market Information Center**

550 South 16th Street
Lincoln, NE 68509-4600
Telephone: (402) 471-2600
Fax: (402) 471-9867

This publication is available on the Internet at:
www.NebraskaWorkforce.com

The Department of Labor accepts no liability for any actions taken or not taken as a result of the information contained in this report. Any information in this report may be quoted or reproduced, provided an accurate citation is made.

Published
July 2003

A sincere thank you goes to those Nebraska businesses that took the time to explain the layoff event. Without their generous help, this publication would not have been possible.

Mike Johanns, Governor

Fernando Lecuona III, Commissioner of Labor

Joan Modrell, Executive Director
Office of Workforce Services

Phillip Baker, Administrator
Labor Market Information Center
Office of Workforce Services

The Research Team

Floyd Colon
Research Supervisor

Lisa Sindelar
Research Analyst

Layout and Design

Dick Gamet
Public Information Office

Lara Wotruba
Public Information Office Intern

TABLE OF CONTENTS

Introduction	5
National Extended Mass Layoffs	6
Nebraska	
Nebraska Extended Mass Layoffs	7
Layoffs By Industry	8 – 9
Layoffs By Geography	10
Layoffs By Establishment Size	11
Employment Statistics	11
Layoffs By Recall Expectations	12
Layoffs By Primary Reason	13
Initial Claims Claimant Characteristics	14
Final Payments Claimant Characteristics	14
Appendix	
Industry Definitions	15
Definition of Regions	16
Glossary	17



INTRODUCTION

SCOPE

The Nebraska Mass Layoff Statistics (MLS) program is a Nation-wide program that identifies major job cutbacks in Nebraska. The MLS program is a cooperative program between the Bureau of Labor Statistics (BLS) and state agencies to identify, describe, and track the impact of major permanent job cutbacks. The program uses establishment information in conjunction with unemployment insurance claims data. Establishments are identified by industry classification and location. The unemployment insurance claimant information is extracted from Nebraska's unemployment insurance database that provides demographic data about the claimant, such as, race, ethnicity, gender, veteran status, age, and residence's address. The MLS program tracks unemployment insurance claimants through their entire duration of unemployment or until they exhaust their regular unemployment insurance benefits, whichever occurs first.

There are three types of layoffs identified by duration. A temporary layoff lasts less than thirty days. A permanent layoff lasts greater than thirty days. Employees can be recalled with temporary and permanent layoffs. A closure indicates that an establishment has closed or plans to close permanently. The Bureau of Labor Statistics is interested in extended mass layoffs (permanent layoffs and permanent closures) which the employer separated at least 50 workers for more than thirty days.

CRITERIA

The Mass Layoff Statistics (MLS) program is concerned with establishments with employment greater than or equal to twenty individuals. The state level for a mass layoff in Nebraska is twenty or more people who file an initial claim for unemployment insurance in a consecutive five-week period. A federal event occurs when there are fifty or more persons filing an initial claim for unemployment insurance in a consecutive five-week period. When a sufficient number of initial claims have been filed per establishment, the employer is contacted to confirm that there was an extended mass layoff.

SUPPLEMENTAL INFORMATION

Each week initial claims are analyzed creating a potential list of mass layoffs. Employer contacts are made in order to acquire additional information concerning the layoff event. When contacting the employer, information is obtained on how long the layoff will last in addition to the reason(s) for the layoff, expected recall, worksite status, pre-layoff employment, and the number of separations. Separations are the number of people who are affected by the layoff event. Employees who are separated can be recalled back to work or terminated. The information the employer provides is confidential and is provided on a voluntary basis.

The MLS program focuses primarily on the effects of a layoff on a company. The information provided by the program is useful to identify industry trends and displaced workers. The data provides a glimpse of Nebraska's economy.

NATIONAL EXTENDED MASS LAYOFFS

Nationally, the Bureau of Labor Statistics reported 7,163 extended mass layoff events in 2002, resulting in the separation of 1,493,065 workers. Initial Claims for Unemployment Insurance were filed by 83.6 percent of separated workers. These numbers are lower than in 2001, however the numbers are still high compared to previous years. By comparison in 2001, a record number of extended mass layoffs were reported. There were 8,350 mass layoffs affecting 1,751,527 workers. The average annual unemployment rate increased from 4.7 percent in 2001 to 5.8 percent in 2002.

occurred in computer and electronic products (78,350), food processing (77,630), and transportation equipment (57,944). Compared to 2001, the largest decline in separations occurred in computer and electronic devices (-53,257), transportation equipment (-28,459), and primary metals (-21,603). The largest over the year increase occurred in food manufacturing (+5,551).

The primary reason given by employers for layoffs was seasonality, which accounted for 32 percent of the events and 37 percent of the separations. During 2001, seasonality accounted for 27 percent of the layoffs and 28 percent of the separations.

Historical Mass Layoff Information National

Period	Layoff Events	Separations	Initial Claims
1996	5,697	1,184,355	957,745
1997	5,683	1,146,115	1,041,907
1998	5,851	1,227,573	1,232,384
1999	5,675	1,149,267	972,244
2000	5,620	1,170,427	1,018,700
2001	8,350	1,751,527	1,615,084
2002p	7,163	1,493,065	1,247,786

p = preliminary

Manufacturing is the largest of the goods producing industries employing an annual average of 16,716,000 workers during 2002. Manufacturing comprises approximately five percent of all establishments and approximately fourteen percent of the total employment covered by employment insurance. Separations in manufacturing comprised about 2.6 percent of the total employment for the industry as a whole.

During 2002, manufacturing accounted for the largest percentage of extended mass layoffs. Thirty-four percent of the layoffs and 31 percent of the separations occurred in the manufacturing industry. There were a total of 2,316 extended mass layoffs and 435,105 people were separated from their jobs for greater than 30 days. Further breakdown of the manufacturing industry indicates that a majority of the separations

Source: Extended Mass Layoffs in the Fourth Quarter of 2002 and Annual Averages for 2002

NEBRASKA EXTENDED MASS LAYOFFS

During 2002, the Mass Layoff Statistics (MLS) program for Nebraska collected data on a total of fifty-four state extended mass layoffs and thirty-four Bureau of Labor Statistics (BLS) extended mass layoffs that met either the state or BLS criteria. An extended mass layoff for a state event is a layoff in which twenty or more employees are separated for greater than thirty days. A federal event occurs when fifty or more employees are separated from their jobs for greater than thirty days. State and BLS events are combined in this report.

Statewide, there were fourteen permanent closures and seventy-four permanent layoffs. Half of the closures occurred in Professional and Business Services industries followed by Manufacturing (35.7%). Last year in 2001, there were only three permanent closures and twenty-one permanent layoffs.

region and the Lincoln Metropolitan Statistical Area (MSA). Both the Omaha Metropolitan Statistical Area (MSA) and the Lincoln Metropolitan Statistical Area (MSA) average annual unemployment rates increased from 2001 to 2002. The Omaha MSA increased by 0.6 percentage points from 3.2% in 2001 to 3.8% in 2002, while the Lincoln MSA increased from 2.8% in 2001 to 3.3% in 2002. Statewide, the average annual unemployment rate increased from 3.1% in 2001 to 3.6% in 2002.

There is a difference between the number of people who are separated and the number of people filing initial claims for unemployment insurance, because not everyone separated will file an initial claim. Some people are not aware that they are eligible to receive unemployment insurance benefits, or simply do not file.

Historical Mass Layoff Information Nebraska			
Period	Layoff Events	Separations	Initial Claims
1996	3	309	575
1997	6	978	682
1998	10	1,892	1,208
1999	**	**	**
2000	13	1,558	987
2001	24	1,802	1,420
2002p	88	8,571	5,795

p - preliminary
** data is non-disclosable

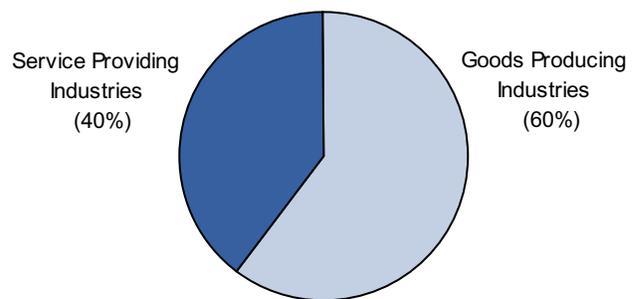
In 2002, a total of 8,571 employees were separated from their jobs as a result of eighty-eight layoff events. Nearly one percent (0.9%) of total employment was affected due to separations. This percentage was slightly lower than the national percent (1.1%). Of all the separated workers, 67.7 percent filed initial claims for Unemployment Insurance during the calendar year. Fifty percent of the initial claims filed in Nebraska for unemployment insurance were filed in the Omaha

LAYOFFS BY INDUSTRY

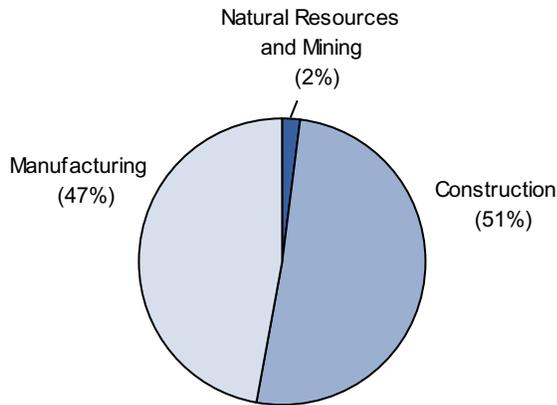
Separations and Initial Claims 2002		
Industry	Separations	Initial Claims
Goods Producing Industries	5,332	3,822
Natural Resources and Mining	100	81
Construction	2,252	1,250
Manufacturing	2,980	2,491
Service Providing Industries	2,806	1,609
Trade, Transportation, and Utilities	433	364
Information	190	75
Financial Activities	160	35
Professional and Business Services	1,388	1,140
Leisure and Hospitality	60	60
Other Services	45	27
Public Administration	963	272

Greater than half (60.2%) of the extended mass layoffs occurred in the goods producing industries. An analysis of the goods producing industries indicates that 51.9 percent of the events occurred in the Construction industry. The Construction industry accounted for twenty-seven of the eighty-eight layoff events. A total of 2,252 people were separated from their jobs for greater than thirty days. Seasonality accounted for 92.6 percent of the total events in construction. The Construction industry is heavily influenced by weather conditions. A large number of establishments lay off workers in the fall/winter than recall their employees when weather conditions improve.

Percentage of Extended Mass Layoffs by Industry, 2002

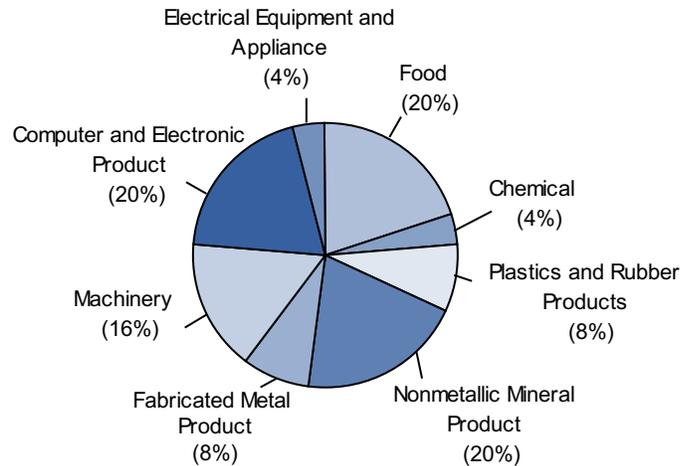


Goods Producing Industries, 2002



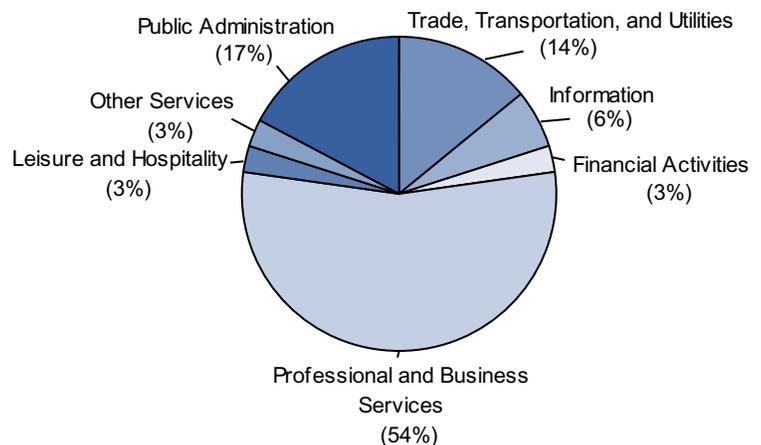
Manufacturing is another industry that experienced a large number of extended mass layoffs in 2002. There were twenty-five extended mass layoffs in the Manufacturing industry in which 2,980 people were separated from their jobs for greater than thirty days. This is a large increase compared to the previous year. In 2001, there were a total of thirteen confirmed mass layoffs and 1,039 workers were separated from their jobs for greater than thirty days. An in-depth look at the Manufacturing industry, indicates that a majority of the separations occurred in computer and electronic manufacturing (1,019), machinery manufacturing (557), nonmetallic mineral product manufacturing (506), and food manufacturing (494). The chart, Analysis of Manufacturing Industries illustrates that a majority of the layoffs occurred in Food (20.0%), Nonmetallic Mineral Product (20.0%), and Computer and Electronic Product (20.0%) Manufacturing.

Analysis of Manufacturing Industries



The service providing industries experienced fewer extended mass layoffs (39.8%) than the goods producing industries. A closer look at the service providing industries shows that a majority of the separations occurred in Professional and Business Services (1,388) and Public Administration (963). The following chart shows the industry where the mass layoffs are occurring. A majority of the mass layoffs occurred in Professional and Business Services (54.3%); followed by, Public Administration (17.1%), and Trade, Transportation, and Utilities (14.3%).

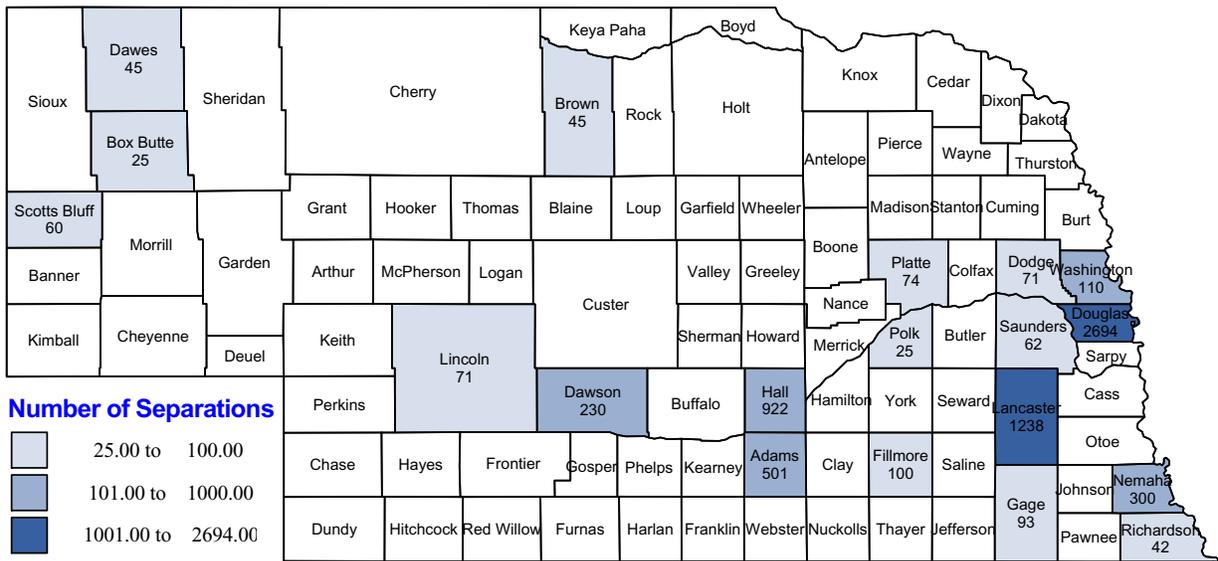
Service Providing Industries, 2002



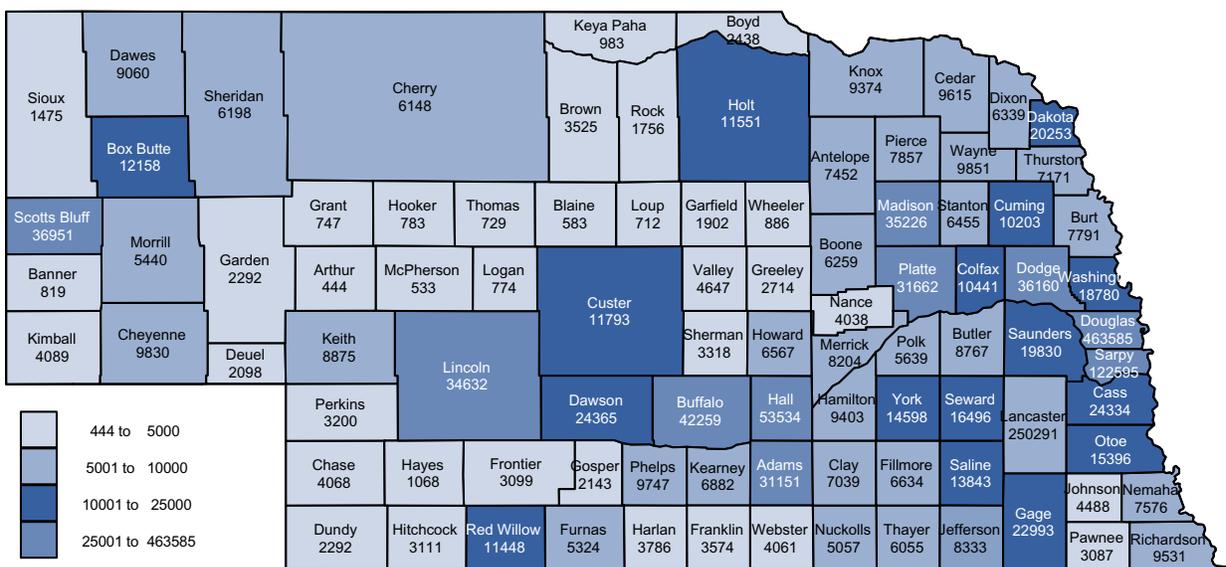
LAYOFFS BY GEOGRAPHY

Separations due to mass layoffs from establishments affected nineteen counties in Nebraska. Geographically, a majority of the separation activity was located along Interstate 80. The highest numbers of separations occurred in and near the Omaha region and the Lincoln Metropolitan Statistical Area (MSA). According to the 2000 Census, a majority of Nebraska's population is concentrate in these areas. Greater than fifty percent (55.1%) of the establishments covered by employment insurance with a size-class greater than twenty are located in the Omaha region and Lincoln MSA. These same businesses employ 64.4 percent on workforce.

Separations By County



2000 Population By County



Source: Census Bureau www.census.gov

LAYOFFS BY ESTABLISHMENT SIZE

For the year 2002, an establishment's employment size was not a deciding factor whether or not an establishment would have a layoff event. The largest percentage (31.4%) of layoff events occurred with a business size of 0-99. A vast majority (97.4%) of businesses located in Nebraska are of the size class 0-99. When an event happens it is most likely to occur in the business size 0-99. However, a majority of the initial claims occur with the larger establishments, because these establishments employ more people and when an event happens more people are affected. Information was not available on thirty-seven events.

Layoffs by Establishment Size Year 2002

Establishment Size	Events	Separations	Initial Claims
0-99	31.2%	NA	20.3%
100-249	21.6%	NA	20.9%
250-499	21.6%	NA	18.8%
500-999	17.6%	NA	33.6%
Over 999	7.8%	NA	6.5%

EMPLOYMENT STATISTICS

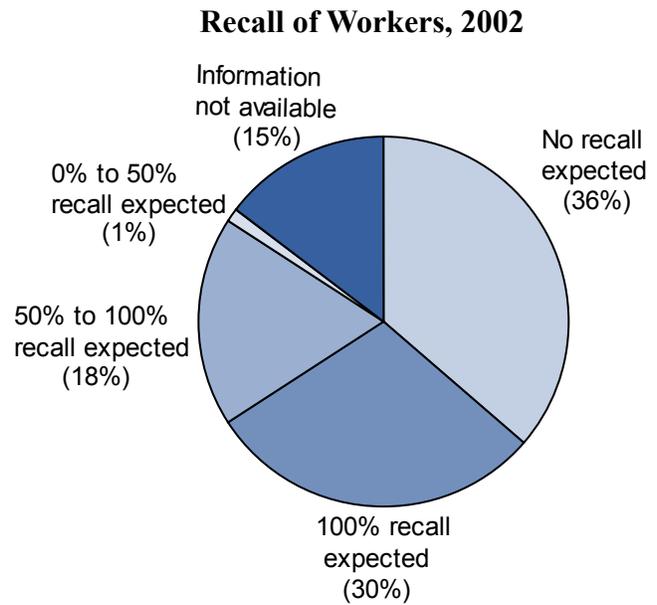
The Mass Layoff Statistics Program only collects data on those establishments with employment levels of twenty or more. In Nebraska, in 2002, there were 6,267 establishments reporting employment of 20 or more. This number represents only 15.5 percent of the total covered employment in the state and yet establishments with 20 or more employees account for three fourths (75.9%) of the total covered employment statewide.

Nebraska Covered Employment By Size Class - 2nd Quarter 2002

Size Class	Number of Firms	Total Employment	Percent of Employment
0-19	40,415	211,595	24.1%
20-99	6,428	258,391	29.4%
100-249	883	131,570	15.0%
250-499	212	72,184	8.2%
500-999	101	67,418	7.7%
Over 999	59	136,735	15.6%

LAYOFFS BY RECALL OF WORKERS

When contacting the employers concerning the layoff, almost fifteen percent did not know whether or not they would recall employees separated by a mass layoff event. Of the employers reporting, thirty-six percent did not expect a recall. Thirty percent of the employers expected to recall 100 percent of employees. Eighteen percent of the employers expected to recall 50 percent to 100 percent of employees. Only a very small percentage, one percent expected a recall between 0 to 50 percent of separated workers.



PRIMARY REASON FOR THE LAYOFF

Layoffs due to seasonality accounted for 44 (50.0%) of the extended layoff events resulting in the separation of 2,176 (25.4%) workers. The Construction industry had the largest number seasonal layoffs. Twenty-seven of the eight-eight events occurred in the Construction industry. The Construction industry is heavily influenced by weather conditions. A large number of construction companies layoff of their employees during the fall/winter than recall workers back in the spring when weather conditions improve.

Slack work, defined as, a non-seasonal lack of demand for an employer's product and/or service was the second most reported reason given by Nebraska employers. Employers will layoff employees if employers do not have enough work to keep their employees busy. Almost ten percent (9.1%) of the layoffs were due to slack work.

Events By Reason 2002

Reason	Events	Initial Claims	Separations
Bankruptcy	3	484	264
Business Ownership Change	1	21	40
Contract Cancellation	1	50	24
Contract Completed	4	606	169
Domestic Relocation	2	192	62
Financial Difficulty	5	310	182
Model Changeover	1	425	204
Product Line Discontinued	1	125	105
Reorganization within the Company	5	537	611
Seasonal	44	3,836	2,176
Slack Work	8	1,199	1,269
Other	7	466	382
Data Not Provided (Does Not Know)	6	320	311

INITIAL CLAIMS CLAIMANT CHARACTERISTICS

Initial claims for unemployment insurance were filed by 5,524 employees in eighty-seven Nebraska Counties. Initial Claims included only those claims associated with an extended mass layoff. A large percentage of claimants occurred in Douglas (27.2%) and Lancaster (14.9%) county. According to the 2000 Census, 41.7 percent of Nebraska's population lives in these two counties. As expected a great deal of the initial claims occur where the population is centered.

Two hundred and sixty nine of the total initial claims for unemployment insurance were either commuter claimants or Nebraska liable claimants. A commuter claimant resides in a county bordering the state of Nebraska and commuted to Nebraska to work, while a Nebraska liable claimant lives in another state whose county does not border the state of Nebraska but worked in Nebraska.

FINAL PAYMENT CLAIMANT CHARACTERISTICS

During 2002, a total of 5,799 people filed initial claims for unemployment insurance and of that only 19 (0.3%) received final payments. This is a very low number meaning that people were recalled back to work or they found employment before exhausting the Unemployment Insurance Benefits. There is the possibility of some people still drawing Unemployment Insurance in year 2003 for extended mass layoffs that occurred at the end of year 2002

INDUSTRY DEFINITIONS

Goods Producing

- Natural Resources & Mining
 - Agriculture, Forestry, Fishing and Hunting
 - Mining
- Construction
 - Construction
- Manufacturing
 - Manufacturing

Service Providing

- Trade, Transportation, & Utilities
 - Wholesale Trade
 - Retail Trade
 - Transportation & Warehousing
 - Utilities
- Information
 - Information
- Financial Activities
 - Finance & Insurance
 - Real Estate & Rental & Leasing
- Professional and Business Services
 - Professional, Scientific, and Technical Services
 - Management of Companies and Enterprises
 - Administrative & Support & Waste Management & Remediation Services
- Education and Health Services
 - Education Services
 - Health Care and Social Assistance
- Leisure & Hospitality
 - Arts, Entertainment, & Recreation
 - Accommodation & Food Services
- Other Services
 - Other services, except Public Administration
- Public Administration
 - Public Administration
- Unclassified
 - Unclassified

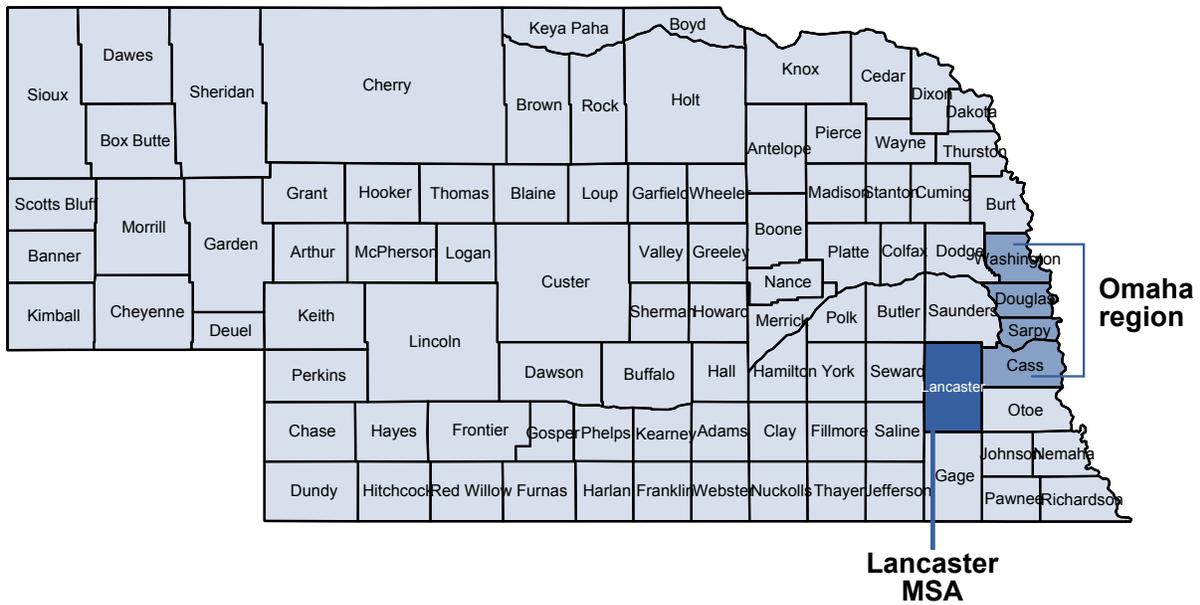
REGIONS

Omaha region
 Cass
 Douglas
 Sarpy
 Washington

Lincoln Metropolitan Statistical Area (MSA)
 Lancaster

Balance of State
 (Omaha region – Lincoln MSA)

Omaha Metropolitan Statistical Area (MSA)
 Cass
 Douglas
 Sarpy
 Washington
 Pottawatomie County, IA



GLOSSARY

Continued Claim

A claim filed for unemployment insurance for one or more weeks of unemployment.

Commuter Claim

The claimant resides in a county bordering the state of Nebraska and commutes to Nebraska to work.

Disclosure–Suppression

Assures the confidentiality of individual of firms' data. Data for an industry with fewer than three reporting units are not disclosable. In addition, if there are more than three reporting units, data are not disclosable if one of the units accounts for 80% or more of the employment in that industry.

Establishment

An establishment is defined as a single physical location where predominantly one type of economic activity is conducted.

Exhaustee

An exhaustee is a person who has used up all regular unemployment insurance benefits within one year.

Extended Mass Layoff

A state layoff occurs when twenty or more people have been separated from their jobs for greater than thirty days. A federal layoff occurs when at least fifty workers have been separated from their jobs for greater than thirty days.

Final Payment

see exhaustee

Initial Claimant

The claimant's first notice of unemployment filed to request (1) a determination of entitlement to and eligibility for compensation, or (2) a subsequent period of unemployment within a benefit year or period of eligibility.

Mass Layoff Statistics (MLS) Program

A Federal-State cooperative statistical program, which uses a standardized, automatic approach to identify, describe, and track major job cutbacks.

Nebraska Liable Claimant

A claimant that lives in another state whose county does not border the state of Nebraska, but worked in Nebraska.

Permanent Layoff

see extended mass layoff

Separations

The number of people affected by the layoff.

Temporary Layoff

A temporary layoff lasts less than thirty days.

