

# *Offshoring & the US labor market: Comments*

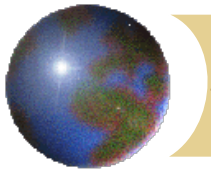
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- ✚ Two questions (to be treated separately):
  1. Nature, scope and significance of (services) offshoring
  2. Importance of offshoring in jobless recovery
  
- ✚ Two issues (also to be treated separately):
  1. Dislocation effects
  2. Efficiency gains





## MLS scope and limitations

MLS established to identify set of workers/events where there may be a need for assistance in overcoming job dislocation

MLS data provide information on job loss at companies employing at least 50 people or more (2003: 4.6 percent of establishments, 56.7 percent of employment) where a layoff of more than 30 days duration was identified because at least 50 workers filed for UI in a five-week period

No identification of layoffs of less than 50 at these establishments, nor measurement of layoffs at establishments employing fewer than 50 workers

It is beyond scope of MLS to measure employment implications where employers initiate or transfer work elsewhere and there is no job loss

MLS measures relatively large layoffs in relatively large establishments



- ✦ Of 239,361 workers separated in 2004:Q1, 56,478 (23.6%) were in events due to the end of seasonal work
- ✦ Overseas relocations accounted for the separations of 4,633 workers (2.5% of non-seasonal separations)
- ✦ Domestic relocations affected 9,985 workers (5.5% of non-seasonal separations)
- ✦ Job loss associated with movement of work was reported in 119 layoff events (14 percent of all events)
- ✦ 16,021 workers were associated with these events, 9 percent of all non-seasonal separations

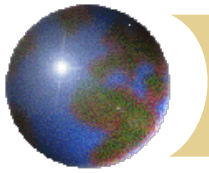


- Overseas relocations, by event and separations, are considerably more likely to involve a different company (not affiliates?) than are domestic relocations

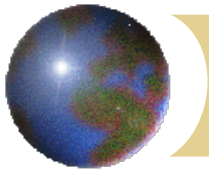
	<u>Overseas relocation</u>		<u>Domestic relocation</u>	
	Events	Separations	Events	Separations
Within company	21 (.62)	2976 (.64)	65 (.82)	8191 (.82)
Different company	13 (.38)	1657 (.36)	14 (.18)	1794 (.18)

Of the within company events, 24 percent were overseas

Of the different company events, 48 percent were overseas



- ✦ (Continued) dominance of manufacturing
- ✦ 65 percent of separations (68 percent of events) involving movement of work were from manufacturing



One problem:

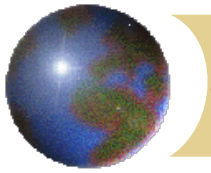
In this revised report, the employer interview was changed so that the economic reason for layoff was obtained and then special movement-of-work questions were asked when the separation reason was other than "seasonal work" or "vacation period"

Previously, overseas and domestic relocation were among the economic reasons for layoff

So, from January 2004 on, domestic and overseas relocations are not acceptable economic reasons for a layoff

And, the 2004 statistics on domestic and overseas relocation developed through the new MLS information on reasons for layoff are not comparable to the pre-2004 data





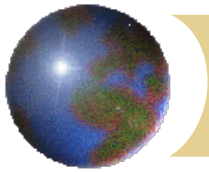
The employer is first asked

“What is the economic reason for the layoff?”

If the economic reason cited is other than “seasonal” or “vacation,” the following “movement of work” questions are asked:

- (1) “Did this layoff include your company moving work from this location(s) to a different geographic location(s) within your company?”
- (2) “Did this layoff include your company moving work that was performed in-house by your employees to a different company, through contractual arrangements?”

If “yes” to either question, then “Is the location inside or outside of the US?” and “How many of the layoffs were a result of this relocation?”



## Last thoughts

- ✦ Critical data needs
  - continue the Displaced Worker Surveys (occupational detail)
  - continue to support LEHD (tie firm offshore decisions to worker outcomes)
  
- ✦ Push the outsourcing/temp help link to the possible role of these agencies as offshore intermediaries
  
- ✦ Use what we learn to help strengthen adjustment programs
  - broaden TAA eligibility to services industry workers or broaden WIA services to the TAA level
  - expand wage insurance and health care premiums tax credit