



# **Mass Layoff Statistics and Domestic and Overseas Relocation**

Sharon P. Brown, Chief  
Local Area Unemployment Statistics  
Bureau of Labor Statistics  
Brookings Institution Data Workshop on Offshoring  
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## **Mass layoff statistics and domestic and overseas relocations**

- Program description and reliability
- MLS and movement of work
- First report on job loss associated with domestic and out-of-country relocations



## The BLS MLS Program: Description and Reliability

- MLS identifies plant closings and mass layoffs in establishments with 50 or more workers, where at least 50 initial claims were filed in a 5-week period
- Administrative data on covered establishments and unemployment insurance claimants that meet program specifications define the economic event
- Employer interview provides information on the nature of the layoff
  - More than 30 days, reason for separation, total separated workers, open or closed, recall expectations
- Extended mass layoffs require that the layoff last more than 30 days
  - ▶ MLS measures relatively large layoffs in relatively large establishments



## Impact of specifications on MLS universe

Congress established the mass layoff program to identify workers who may be in need of assistance in overcoming job dislocation.

- MLS establishment size: 50 or more
  - 2003: 4.6 percent of establishments, 56.7 percent of employment
- Layoff size: 50 or more initial claims
- MLS extended layoff event: 31 days or more
  - Less than 40 percent of all mass layoff events, but about 68 percent of mass layoff initial claimants



## MLS Reliability

- Employers are not given a questionnaire with response options in advance of the telephone interview
- MLS employer interview is conducted by trained State analysts
- Telephone interviewing is used
- Interviewers code responses provided by employer
- Employer interview statistics
  - For first quarter 2004, 7.2 percent of employers (87 out of 1,204) refused to participate when initially contacted
  - Item nonresponse is not significant, but does occur for certain items: pre-layoff employment, total separations, recall expectations



## What does MLS program data tell us about large permanent layoffs and closings?

- Mass layoff activity peaked in 2001: 8,349 layoff events, affecting nearly 1.8 million workers
- In 2003, 7,346 events, affecting more than 1.4 million workers
  - 13 percent were closures
    - Most numerous in manufacturing
  - Seasonal work was most cited reason for all events
  - Recall was expected in 47 percent of events



## MLS and movement of work

- The MLS employer interview provided the vehicle for a more direct and timely collection of data on domestic and overseas relocation.
- With 2004, the employer interview was changed so that the economic reason for layoff was obtained and special movement-of-work questions were asked.
- From January 2004 on, domestic and overseas relocation were not accepted as an economic reason for a layoff.
- Thus, the 2004 statistics on domestic and overseas relocation developed through the new MLS questions are not comparable to the more limited pre-2004 data by reason.



## MLS and movement of work

To obtain job loss associated with movement of work, a two-step procedure is followed. 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 information was requested on the geographic area to which work was moved, within the U.S. and/or outside of the U.S.





## MLS and movement of work

- The MLS data on movement of work provides information on job loss at companies employing at least 50 people where a layoff of more than 30 days duration was identified because at least 50 workers filed for UI in a five-week period.
  - MLS does not identify layoffs of less than 50 at these establishments, nor does it measure layoffs at establishments employing fewer than 50 workers.
  - Situations where employers initiate or transfer work elsewhere and there is no job loss are also out of scope.
- ▶ MLS provides a piece of the offshoring picture, by identifying situations of job loss where work is being moved out of the country.
- ▶ MLS provides a piece of the outsourcing picture, by identifying situations of job loss where work is being moved from one company to another under contractual arrangements



## First quarter 2004 information on movement of work in the MLS program

- Movement of work associated with a job loss that meets MLS program specifications occurred in 119 layoff events, resulting in the separation of 16,021 workers

Action	Layoff events	Separations
Total, private nonfarm sector	1,204	239,361
Total, excluding seasonal and vacation events	869	182,456
Total with movement of work	119	16,021
Overseas relocations	34	4,633
Within company	21	2,976
Different company	13	1,657
Domestic relocations	79	9,985
Within company	65	8,191
Different company	14	1,794



## First quarter 2004 information on movement of work in the MLS program

- Overseas relocations accounted for the separations of 4,633 workers, 2.5 percent of all separations where the reason for separation was other than seasonal or vacation.
- Domestic relocations affected 9,985 workers, with 82 percent related to movement of work within the company.
- Overall, job loss associated with movement of work was reported in 119 layoff events, almost 14 percent of all events, excluding seasonal and vacation, identified in the quarter.
- 16,021 workers were associated with these events, 9 percent of all separations where the reason for layoff was other than seasonal or vacation.



## First quarter 2004 information on movement of work in the MLS program

- Layoff events involving movement of work were more likely to be permanent closures than mass layoffs.
- Manufacturing industries accounted for 68 percent of layoff events with movement of work, and 65 percent of separated workers.
- The average size of layoffs associated with movement of work was 135 workers, compared to the average of 199 for all establishments with extended layoffs in the first quarter.
- When work was relocated out of the country, Mexico was cited most often.
- Movement of work events associated with job loss were most prevalent in the Midwest.



## First quarter 2004 information on movement of work in the MLS program: reliability

- BLS quality assurance actions:
  - State Status Reports on the questions and data collection
  - Interim 12-State submittal for micro-review of events
- No employer refused to respond to the movement of work questions
  - Six employers reported instances of movement of work, but could not provide the geography
  - None of the employers with movement of work refused to provide reason for layoff



## For more information on the MLS program

- Movement of work data will be included in the quarterly MLS extended mass layoff releases
- *Extended Mass Layoffs Associated with Domestic and Overseas Relocations, First Quarter 2004*  
<http://www.bls.gov/news.release/pdf/reloc.pdf>
- Access to MLS data by the research community
  - Researchers can access MLS microdata through the Bureau's researcher access program  
<http://www.bls.gov/blsresda.htm>
- For information on the MLS program
  - BLS Website: <http://www.bls.gov/mls/home.htm>
  - [Brown.Sharon@BLS.gov](mailto:Brown.Sharon@BLS.gov)