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HEARINGS ON PLANT CLOSING PROBLEMS

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GOVERNMENT

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JOINT HEARING

BEFORE THE

SUBCOMMITTEE ON LABOR-MANAGEMENT RELATIONS

AND THE

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

OF THE

COMMITTEE ON EDUCATION AND LABOR HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

ON

H.R. 5040

TO REQUIRE BUSINESS CONCERNS WHICH UNDERTAKE CHANGES OF OPERATIONS TO GIVE NOTICE TO THE SECRETARY OF LABOR, AND TO AFFECTED LABOR ORGANIZATIONS, EMPLOYEES, AND LOCAL GOVERNMENTS; TO REQUIRE BUSINESS CONCERNS TO PROVIDE ASSISTANCE TO EMPLOYEES WHO SUFFER AN EMPLOYMENT LOSS CAUSED BY CHANGES OF OPERATIONS; TO AUTHORIZE THE SECRETARY OF LABOR TO PROVIDE ASSISTANCE TO SUCH BUSINESS CONCERNS, AND TO SUCH AFFECTED EMPLOYEES AND LOCAL GOVERNMENTS; AND FOR OTHER PURPOSES

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HEARING HELD IN MARTINEZ, CALIF., ON OCTOBER 15, 1980

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HEARINGS ON PLANT CLOSING PROBLEMS

WEDNESDAY, OCTOBER 15, 1980

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON LABOR-
MANAGEMENT RELATIONS, JOINTLY WITH THE SUBCOM-
MITTEE ON EMPLOYMENT OPPORTUNITIES, COMMITTEE ON
EDUCATION AND LABOR,

Martinez, Calif.

The hearing convened, pursuant to notice, at 9:30 a.m., in the board of supervisors chambers, 651 Pine Street, Martinez, Calif., Hon. William Clay (acting chairman of the Subcommittee on Labor-Management Relations) presiding.

Members present: Representatives Clay, Hawkins, Miller, and Weiss.

Staff present: Fred Feinstein, counsel, Subcommittee on Labor-Management Relations; Susan Grayson, staff director, Subcommittee on Employment Opportunities; Carole Schanzer, clerk and administrative assistant, Subcommittee on Employment Opportunities; Clemon Williams, legislative associate, Subcommittee on Employment Opportunities; and Jim Stephens, minority counsel, Education and Labor Committee.

[The text and summary of H.R. 5040 follows:]

96TH CONGRESS
1ST SESSION

H. R. 5040

To require business concerns which undertake changes of operations to give notice to the Secretary of Labor, and to affected labor organizations, employees, and local governments; to require business concerns to provide assistance to employees who suffer an employment loss caused by changes of operations; to authorize the Secretary of Labor to provide assistance to such business concerns, and to such affected employees and local governments; and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 31, 1979

Mr. FORD of Michigan (for himself, Mr. CONYERS, Mr. WOLPE, Mr. CARR, Mr. KILDEE, Mr. TRAXLER, Mr. BONIOR of Michigan, Mr. DIGGS, Mr. NEDZI, Mr. DINGELL, Mr. BRODHEAD, Mr. BLANCHARD, Mr. PERKINS, Mr. HAWKINS, Mr. THOMPSON, Mr. CLAY, Mr. GAYDOS, Mr. BRADEMAS, Mr. PHILIP BURTON, Mr. SIMON, Mr. REUSS, Mr. VENTO, Mr. ROE, Mr. BAILEY, Mr. OBERSTAR, Mr. PRICE, Mr. MOAKLEY, Mr. JOHN L. BURTON, Mr. SABO, Mr. RAHALL, Mr. MURPHY of Pennsylvania, Mr. BROWN of California, Mr. STARK, Mr. FLOOD, Mr. RODINO, Mr. MILLER of California, Mr. STOKES, Mr. DODD, Mr. PATTEN, Mr. EDWARDS of California, Mr. DOWNEY, Mr. DASCHLE, Mr. MURPHY of Illinois, Mr. LEDERER, Mr. GRAY, Mr. SOLARZ, Mr. MAGUIRE, and Mr. ZABLOCKI) introduced the following bill; which was referred jointly to the Committees on Education and Labor and Banking, Finance and Urban Affairs

NOVEMBER 28, 1979

Additional sponsors: Mr. FORD of Tennessee, Mr. MITCHELL of Maryland, Mr. RANGEL, Mr. FAUNTROY, Mrs. CHISHOLM, Mrs. COLLINS of Illinois, Mr. LELAND, Mr. DELLUMS, Mr. DIXON, Mr. STEWART, and Mr. BENJAMIN
Delete sponsor: Mr. DASCHLE (November 1, 1979)

JANUARY 23, 1980

Additional sponsors: Mr. GUARINI and Mr. MAVROULES

- Sec. 22. Priority for providing assistance.
- Sec. 23. Liability for loss of revenue.
- Sec. 24. Criminal violations and penalties.
- Sec. 25. Civil violations and penalties.
- Sec. 26. Violations of employees' rights.
- Sec. 27. Recovery of overpayments.
- Sec. 28. Reserves; recording requirements relating to loans.
- Sec. 29. Congressional disapproval of rules.
- Sec. 30. Reports; legislative proposals.
- Sec. 31. General powers of Secretary.
- Sec. 32. Implementation of employment policies through National Employment Priorities Administration.
- Sec. 33. National Employment Priorities Administration.
- Sec. 34. National Employment Priorities Advisory Council.
- Sec. 35. Amendments to other laws.
- Sec. 36. Authorization of appropriations.

1

FINDINGS AND PURPOSE

2

SEC. 2. (a) The Congress finds that—

3

(1) unemployment is a major economic and social problem which causes great loss to individuals, communities, and the Nation,

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(2) irresponsible and unnecessary changes of operations at establishments of business concerns disrupt commerce and cause unemployment to increase drastically in local areas, and

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(3) economic planning is needed to avert the dislocation of employment opportunities, and new mechanisms of public control are needed to ensure that private investment decisions conform more closely to employee and community needs.

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(b) It is the purpose of this Act to prevent or minimize the harmful economic and social effects of unemployment on employees and on local governments caused when business concerns undertake changes of operations.

1

DEFINITIONS

2

SEC. 3. For purposes of this Act:

3

(1) The term "Administration" means the National Employment Priorities Administration established in section 33(a).

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5

6

(2) The term "Administrator" means the Administrator of the National Employment Priorities Administration.

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(3) The term "beneficiary" shall have the meaning given it in section 3(8) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(8)).

12

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16

(4) The term "business concern" means any person who directly or indirectly owns a controlling interest in, or controls, a commercial enterprise which has an annual gross volume of sales made or business done of not less than \$250,000.

17

18

19

(5) The term "change of operations" means the transfer of any operation from an establishment or the termination of any operation.

20

21

22

(6) The term "Council" means the National Employment Priorities Advisory Council established in section 34(a).

23

24

(7) The term "defined benefit plan" shall have the meaning given it in section 3(35) of the Employee Re-

1 retirement Income Security Act of 1974 (29 U.S.C.
2 1002(35)).

3 (8) The term "employee benefit plan" shall have
4 the meaning given it in section 3(3) of the Employee
5 Retirement Income Security Act of 1974 (29 U.S.C.
6 1002(3)).

7 (9) The term "employee pension benefit plan"
8 shall have the meaning given it in section 3(2) of the
9 Employee Retirement Income Security Act of 1974
10 (29 U.S.C. 1002(2)) but shall not include a multiem-
11 ployer plan.

12 (10) The term "employee welfare benefit plan"
13 shall have the meaning given it in section 3(1) of the
14 Employee Retirement Income Security Act of 1974
15 (29 U.S.C. 1002(1)) but shall not include a multiem-
16 ployer plan.

17 (11) The term "employment loss" means with re-
18 spect to an employee—

19 (A) the failure of such employee to receive
20 for each week in any 26-week period from any
21 business concern which employs him, wages that
22 equal or exceed 85 percent of the average of the
23 wages paid by such business concern to such em-
24 ployee for the 26-week period immediately pre-
25 ceding the first such week, or

1 (B) the suspension or termination of the em-
2 ployment of such employee by such business con-
3 cern, which is in effect 26 consecutive weeks,
4 if such failure, suspension, or termination is caused by
5 such business concern when such business concern un-
6 dertakes a change of operations ordinarily performed at
7 the establishment where such employee is employed.

8 (12) The term "establishment" means—

9 (A) any factory, plant, mine, business office,
10 facility, or other single working place, or

11 (B) the functional equivalent of such working
12 place,

13 at which the average of the number of employees em-
14 ployed on the last working day of each month in the
15 calendar year immediately preceding the date the
16 change of operations involved is undertaken exceeds
17 50.

18 (13) The term "executive agency" shall have the
19 meaning given it in section 105 of title 5, United
20 States Code.

21 (14) The term "individual account plan" shall
22 have the meaning given it in section 3(34) of the Em-
23 ployee Retirement Income Security Act of 1974 (29
24 U.S.C. 1002(34)).

1 (15) The term "multiemployer plan" shall have
2 the meaning given it in section 3(37) of the Employee
3 Retirement Income Security Act of 1974 (29 U.S.C.
4 1002(37)).

5 (16) The term "nonforfeitable" shall have the
6 meaning given it in section 3(19) of the Employee Re-
7 tirement Income Security Act of 1974 (29 U.S.C.
8 1002(19)).

9 (17) The term "normal retirement age" shall have
10 the meaning given it in section 3(24) of the Employee
11 Retirement Income Security Act of 1974 (29 U.S.C.
12 1002(24)).

13 (18) The term "normal retirement benefit" shall
14 have the meaning given it in section 3(22) of the Em-
15 ployee Retirement Income Security Act of 1974 (29
16 U.S.C. 1002(22)).

17 (19) The term "Secretary" means the Secretary
18 of Labor.

19 (20) The term "State" means the several States,
20 the District of Columbia, and any territory or posses-
21 sion of the United States.

22 (21) The term "taxable year" shall have the
23 meaning given it in section 7701(a)(23) of the Internal
24 Revenue Code of 1954 (defining taxable year).

1 NOTICE OF INTENT TO CHANGE OPERATIONS

2 SEC. 4. (a) Whenever a business concern intends to un-
3 dertake a change of operations at an establishment and such
4 business concern determines, or reasonably should have de-
5 termined, that the number of employees at such establish-
6 ment who will suffer an employment loss in any 18-month
7 period, as a result of such change of operations, equals or
8 exceeds the lesser of 100 employees or 15 percent of the
9 employees at such establishment, then such business concern
10 shall give written notice, in accordance with subsection (b), of
11 such intended change of operations.

12 (b)(1) The notice required in subsection (a) shall include
13 a statement of—

14 (A) the nature of the establishment at which the
15 change of operations described in subsection (a) is to be
16 undertaken,

17 (B) the reasons for undertaking such change of
18 operations at such establishment,

19 (C) any alternative to undertaking such change of
20 operations,

21 (D) any request made by such business concern
22 for assistance under section 16 with respect to such
23 establishment,

24 (E) the estimated extent of the employment loss
25 which will result from such change of operations,

1 (F) any plan to minimize the effects of such
2 change of operations on employees at such establish-
3 ment and on any unit of general local government hav-
4 ing jurisdiction of the geographical area in which such
5 establishment is located,

6 (G) the economic circumstances of such establish-
7 ment, including the level of profitability of operations
8 at such establishment, and any plans for future invest-
9 ment, employment, and production at such establish-
10 ment,

11 (H) the economic circumstances of such business
12 concern and the feasibility of transferring employees
13 affected by such change of operations to other estab-
14 lishments of such business concern, and

15 (I) the names and addresses of all employees who
16 will suffer an employment loss as a result of such
17 change of operations.

18 (2) The notice required in subsection (a) shall be given
19 to the Secretary of Labor, to the employees and any repre-
20 sentative of any affected labor organization at such establish-
21 ment, and to such units of general local government as the
22 Secretary may require by rule.

23 (3)(A) Except as provided in subparagraph (B) and sub-
24 paragraph (C), the notice required in subsection (a) shall be
25 given before the business concern involved takes any action,

1 in connection with any intended change of operations, to re-
2 duce the weekly wage, or to suspend or terminate the em-
3 ployment, of any employee and—

4 (i) not later than 2 years before taking such ac-
5 tion, if 500 or more employees at such establishment
6 will suffer an employment loss resulting from such
7 change of operations,

8 (ii) not later than 18 calendar months before tak-
9 ing such action, if the number of employees who will
10 suffer such employment loss equals or exceeds 100, but
11 is less than 500, or

12 (iii) not later than 6 calendar months before tak-
13 ing such action, if the number of employees who will
14 suffer such employment loss is less than 100.

15 (B) Upon the request of such business concern, the Sec-
16 retary may allow such business concern to give the notice
17 required in subsection (a) at a time later than the time re-
18 quired in subparagraph (A), but only if the Secretary finds
19 that an increase in the number of employees at such estab-
20 lishment within the applicable time period required in such
21 subparagraph makes it impossible for such business concern
22 to comply with the requirements of such subparagraph.

23 (C) If in the 2-year period beginning on the date of the
24 enactment of this Act sufficient time does not elapse to per-
25 mit a business concern required to give notice under subsec-

1 tion (a) to comply with the applicable requirement in subpara-
2 graph (A), then such business concern shall give such no-
3 tice—

4 (i) not later than 30 days after such change of op-
5 erations begins if such change of operations begins in
6 the 60-day period beginning on the date of the enact-
7 ment of this Act, or

8 (ii) not later than 30 days after the date of the
9 enactment of this Act if such change of operations be-
10 gins after the expiration of such 60-day period.

11 (c) Not later than 30 days after the Secretary receives
12 the notice required in subsection (a), the Secretary shall in-
13 form each employee at the establishment with respect to
14 which such notice is given, of—

15 (1) all rights such employee may have to receive
16 assistance under section 9 from the business concern
17 involved, and

18 (2) the protection, services, and assistance availa-
19 ble to such employee under this Act.

20 INVESTIGATION OF INTENDED CHANGE OF OPERATIONS

21 SEC. 5. (a) In the case of any change of operations at an
22 establishment with respect to which notice is required in sec-
23 tion 4(a)—

24 (1) the Secretary shall conduct an investigation
25 into, and shall hold public hearings on, the matters de-

1 scribed in subsection (b) if the Secretary receives, not
2 later than 60 days after such notice is given, a written
3 request for such investigation from any authorized rep-
4 resentative of any affected labor organization, or from
5 not less than 10 percent of the employees, at such es-
6 tablishment, and

7 (2) the Secretary may conduct an investigation
8 into, and may hold hearings closed to the public on,
9 the matters described in subsection (b), without regard
10 to whether such notice is given, if—

11 (A) the Secretary determines that such in-
12 vestigation would serve the purpose of this Act,
13 or

14 (B) the Secretary receives a request for such
15 investigation from not less than 50 percent of the
16 employees at such establishment.

17 (b) An investigation conducted by the Secretary under
18 subsection (a) shall be directed to the following matters:

19 (1) The economic reasons for the intended change
20 of operations at the establishment of the business con-
21 cern which is the subject of such investigation.

22 (2) The estimated extent of any economic or so-
23 cial loss to the employees affected by such change of
24 operations, including the number of employees who

1 will suffer an employment loss as a result of such
2 change of operations.

3 (3) The estimated extent of any economic or so-
4 cial loss to any affected unit of general local govern-
5 ment and to any affected person in the geographical
6 area in which such establishment is located.

7 (4) The recommendations of any authorized repre-
8 sentative of any affected labor organization at such es-
9 tablishment, any representative of any affected unit of
10 general local government, and any other interested
11 person.

12 (5) The feasibility of preventing or minimizing
13 such employment loss by the modification of product
14 lines and production techniques at such establishment.

15 (c)(1) For the purpose of conducting any investigation
16 under subsection (a), the Secretary may issue subpoenas re-
17 quiring the attendance and testimony of witnesses and requir-
18 ing the production of any evidence. The attendance of such
19 witnesses and the production of such evidence may be re-
20 quired from any place in any State at any designated place of
21 hearing in any State. The Secretary and any administrative
22 law judge designated by the Secretary under subsection (d)
23 may administer oaths and affirmations, examine witnesses,
24 and receive evidence. Witnesses summoned before the Secre-
25 tary or such administrative law judge shall be paid the same

1 fees and mileage as are paid witnesses in the courts of the
2 United States. Witnesses whose depositions are taken by the
3 Secretary or by any person designated by the Secretary, and
4 any person so designated who takes such depositions, shall be
5 paid the same fees as are paid for like services in the courts
6 of the United States.

7 (2) In case of contumacy or refusal to obey a subpoena
8 issued to any person under paragraph (1), any district court
9 of the United States for any judicial district in which such
10 investigation is conducted or in which such person guilty of
11 contumacy or refusal to obey resides, is found, or transacts
12 business, upon application by the Secretary shall have juris-
13 diction to issue an order requiring such person to appear be-
14 fore the Secretary, or before any administrative law judge
15 designated by the Secretary under subsection (d), to produce
16 evidence, give testimony, or both, regarding any matter
17 under investigation. Any failure to obey such order issued by
18 such court may be punished as a contempt of such court.

19 (3) Any subpoena issued by the Secretary may be served
20 upon any witness in person, by registered or certified mail,
21 by telegraph, or by leaving such subpoena at the residence or
22 at the principal office or place of business of the person re-
23 quired to be served. The verified return by the individual
24 serving such subpoena, setting forth the manner of such serv-
25 ice, shall be proof of service of such subpoena, and the return

1 post office receipt or telegraph receipt for any subpoena served
2 by mail or by telegraph, as the case may be, shall be proof of
3 service of such subpoena.

4 (4) All process of any court to which application may be
5 made under paragraph (2) may be served in the judicial dis-
6 trict in which the person required to be served resides or may
7 be found.

8 (d) The Secretary may designate any administrative law
9 judge within the Department of Labor to conduct any admin-
10 istrative proceeding in connection with any investigation con-
11 ducted under subsection (a).

12

REPORT OF INVESTIGATION

13 SEC. 6. (a) After any investigation conducted under sec-
14 tion 5(a) is concluded, the Secretary shall prepare and publish
15 a report containing his findings with respect to the matters
16 described in section 5(b) and, subject to subsection (b), his
17 recommendations regarding actions required to be taken in
18 order to prevent or minimize the harmful economic and social
19 effects which will result from the change of operations at the
20 establishment with respect to which such investigation is
21 conducted. Such recommendations shall include a description
22 of the nature and extent of the assistance authorized under
23 this Act which would be required to prevent or minimize such
24 effects.

1 (b) No recommendations shall be completed by the Sec-
 2 retary for inclusion in any report required under subsection
 3 (a) unless the Secretary has consulted with the business con-
 4 cern undertaking such change of operations, any authorized
 5 representative of any affected labor organization at the estab-
 6 lishment involved, and any representative of any affected unit
 7 of general local government.

8 INELIGIBILITY OF CERTAIN EMPLOYEES FOR ASSISTANCE

9 SEC. 7. An individual who becomes an employee of a
 10 business concern required to give notice under section 4(a)—

11 (1) by accepting employment at an establishment
 12 with respect to which such notice is required, after
 13 such notice is given, and

14 (2) with knowledge that such notice has been
 15 given,

16 shall be deemed not to be an employee at such establishment
 17 for purposes of sections 9, 11, 12, 13, and 14.

18 STATEMENT OF EMPLOYMENT STATUS

19 SEC. 8. (a) Whenever a business concern required to
 20 give notice under section 4(a)—

21 (1) reduces the wages paid for any week to an
 22 employee to an amount less than 85 percent of the
 23 average of the wages paid in all weeks to such em-
 24 ployee by such business concern during the 26-week
 25 period immediately preceding such week, or

1 (2) suspends or terminates the employment of
2 such employee,
3 at an establishment with respect to which such notice is re-
4 quired, such business concern shall give such employee, not
5 later than 7 days after the week for which such wages are so
6 reduced or such employment is suspended or terminated, a
7 written statement of employment status.

8 (b) If a business concern which gives a statement of
9 employment status in accordance with subsection (a) to an
10 employee fails to include in such statement an assurance that
11 such business concern will increase the wages of or reinstate
12 such employee, as the case may be, to prevent such employee
13 from suffering an employment loss, then such employee shall
14 be deemed to suffer an employment loss immediately preced-
15 ing the week for which such business concern reduces the
16 wages, or suspends or terminates the employment, of such
17 employee as described in such subsection.

18 (c) If a business concern which gives a statement of em-
19 ployment status in accordance with subsection (a) to an em-
20 ployee includes in such statement an assurance that such
21 business concern will increase the wages of or reinstate such
22 employee, as the case may be, to prevent such employee
23 from suffering an employment loss and if such business con-
24 cern fails to prevent such employment loss, then such busi-
25 ness concern shall pay such employee, in addition to any

1 other payment required in this Act, a lump sum equal to the
2 product of 26 and the amount described in section
3 9(a)(1)(A)(i).

4 (d) An employee with respect to whom a business con-
5 cern required to give notice under section 4(a) fails to comply
6 with subsection (a) shall be deemed to suffer an employment
7 loss immediately preceding the week for which such business
8 concern reduces the wages, or suspends or terminates the
9 employment, of such employee as described in such
10 subsection.

11 TRANSITIONAL ASSISTANCE BY BUSINESS CONCERNS

12 SEC. 9. (a)(1) Subject to subsection (c), any business
13 concern required to give notice under section 4(a) regarding a
14 change of operations at an establishment shall—

15 (A) pay to each employee who suffers an employ-
16 ment loss at such establishment as a result of such
17 change of operations a weekly income maintenance
18 payment—

19 (i) equal to 85 percent of the product of the
20 weekly equivalent and the rate of pay, measured
21 at the equivalent of an hourly rate of pay, in ef-
22 fect on the date such employment loss occurs for
23 the position having the highest rate of pay so
24 measured which such employee held at any estab-
25 lishment of such business concern at any time in

1 the 2-year period immediately preceding such
2 date, or

3 (ii) equal to 100 percent of such product if
4 such employee is participating, during the week
5 for which such income maintenance payment is
6 required, in any training program provided or re-
7 quired by the Secretary under section 13(a)(1) or
8 section 14, and

9 (B) make payments with respect to such employee
10 as if such employee had not suffered such employment
11 loss, to any employee benefit plan in effect at such es-
12 tablishment to which such business concern is obligated
13 to contribute with respect to such employee for the
14 week immediately preceding the 26-week period end-
15 ing on the date such employment loss occurs,
16 for the 52-week period beginning on the date such employ-
17 ment loss occurs.

18 (2)(A) A payment payable under paragraph (1)(A) to an
19 employee who receives for the week with respect to which
20 such payment is required wages from—

21 (i) such business concern, or

22 (ii) an employer other than such business concern
23 for employment accepted with such employer after
24 such employment loss occurs,

25 shall be reduced by an amount described in subparagraph (B).

1 (B) The amount by which such payment shall be re-
2 duced under subparagraph (A) shall be equal to the difference
3 between—

4 (i) the sum of such wages and such payment pay-
5 able without regard to this paragraph, and

6 (ii) the product of the weekly equivalent and the
7 rate of pay, measured at the equivalent of an hourly
8 rate of pay, in effect on the date such employment loss
9 occurs for the position having the highest rate of pay
10 so measured which such employee held at any estab-
11 lishment of such business concern at any time in the 2-
12 year period immediately preceding such date.

13 (3) For purposes of paragraph (1)(A)(i) and paragraph
14 (2)(B)(ii), the term “weekly equivalent” means the greater of
15 the average number of hours per week such employee
16 worked during—

17 (A) the 26-week period immediately preceding the
18 date by which such business concern is required to give
19 notice under section 4(a), or

20 (B) the 26-week period immediately preceding any
21 reduction of wages, or any suspension or termination of
22 the employment, of such employee resulting in such
23 employment loss.

24 (4) A payment payable under paragraph (1)(A) to an
25 employee who receives—

1 (A) compensation under any unemployment com-
2 pensation law of any State or of the United States, or

3 (B) a trade readjustment allowance under part I
4 of subchapter B of chapter 2 of title I of the Trade Act
5 of 1974 (19 U.S.C. 2291-2294),

6 for the week with respect to which such payment is required
7 shall be reduced by an amount equal to the sum of such com-
8 pensation and such allowance.

9 (5) A payment made by a business concern under para-
10 graph (1)(A) to an employee shall be deemed—

11 (A) not to be wages for the purpose of determin-
12 ing the eligibility of such employee to receive any pay-
13 ment under any unemployment compensation law of
14 any State or of the United States, and

15 (B) to be wages for all other purposes, including
16 the determination of any contribution to be made to,
17 and any credit to be received and any benefit to accrue
18 under, any employee benefit plan to which any pay-
19 ment is required in paragraph (1)(B).

20 (6) No business concern shall be required to make total
21 payments under paragraph (1)(A) exceeding \$25,000 for any
22 52-week period to each employee who suffers an employment
23 loss.

24 (7) No business concern shall be required to make a pay-
25 ment under paragraph (1) with respect to an employee for

1 any week beginning after such employee begins any employ-
2 ment offered under section 11(a) to such employee.

3 (8) No business concern shall be required to make a pay-
4 ment under paragraph (1) with respect to an employee for
5 any week beginning after such employee refuses to accept
6 employment offered by such business concern or by any em-
7 ployer other than such business concern, located within a
8 reasonable commuting distance of the regular place of resi-
9 dence of such employee, if such employment—

10 (A) provides—

11 (i) wages that equal or exceed the wages,
12 and

13 (ii) benefits (including benefits under any em-
14 ployee benefit plan) substantially equivalent to the
15 benefits,

16 for the position having the highest rate of pay, meas-
17 ured at the equivalent of an hourly rate of pay, which
18 such employee held at any establishment of such busi-
19 ness concern at any time in the 2-year period preced-
20 ing the date the employment loss of such employee oc-
21 curs, and

22 (B)(i) is substantially similar in kind to such posi-
23 tion, or

1 (ii) utilizes skills acquired by such employee as a
2 result of any previous employment or participation in
3 any training program.

4 (9) No business concern shall be required to make a pay-
5 ment under paragraph (1) with respect to an employee for
6 any week during which such employee refuses to participate,
7 or fails to make satisfactory progress, without good cause, in
8 any training or placement program made available to such
9 employee under section 13(a)(1) or section 14.

10 (10) No business concern shall be required to make a
11 payment under paragraph (1) with respect to an employee for
12 any week for which such employee receives a retirement
13 benefit under any employee pension benefit plan to which
14 such business concern made any payment with respect to
15 such employee before such week.

16 (b) If an employee suffers an employment loss arising
17 from the suspension or termination of his employment by a
18 business concern required to give notice under section 4(a)
19 and if such employee accepts employment offered by such
20 business concern not later than 3 years after the date such
21 employment loss occurs, then such business concern shall pay
22 any reasonable expenses incurred by such employee in con-
23 nection with moving to a new residence for the purpose of
24 beginning such employment.

1 (c)(1) Notwithstanding the expiration of the 52-week pe-
2 riod for which a business concern is required to make pay-
3 ments with respect to an employee under subsection (a)(1),
4 such business concern shall continue to make, with respect to
5 each employee who on the expiration of such 52-week period
6 has attained 53 years of age and has not yet attained 61
7 years of age, the payments described in such subsection dur-
8 ing the number of years specified in paragraph (2) if such
9 payments would be required under such subsection with re-
10 spect to such employee but for the expiration of such 52-
11 week period.

12 (2) A business concern shall make the payments re-
13 quired in paragraph (1) with respect to such employee during
14 the number of years equal to the number by which 5 exceeds
15 the absolute value of the quantity 57 less the number of years
16 of age such employee attains before the expiration of such
17 52-week period.

18 (3) The Secretary shall reimburse such business concern
19 for any payment made in accordance with this subsection to
20 an employee.

21 (d) Whenever a business concern fails to make any pay-
22 ment required in this section—

23 (1) the amount of such payment, other than a
24 payment required in subsection (c), shall be deemed to
25 be a debt owed to the United States by such business

1 concern and shall bear simple interest at 9 percent per
2 annum, and

3 (2) the Secretary shall make such payment with
4 respect to the employee involved at the request of such
5 employee or of any agent of such employee.

6 SECONDARY LIABILITY

7 SEC. 10. (a) A business concern which transfers, by sale
8 or otherwise, ownership or control of an establishment for the
9 purpose of avoiding any liability under section 9 with respect
10 to an employment loss suffered by any employee at such es-
11 tablishment after such ownership or control is transferred
12 shall be liable to the United States in accordance with sub-
13 section (b) for an amount based on the amount of assistance
14 required to be provided under section 9, to the extent that
15 the business concern which owns or controls such establish-
16 ment at the time such employment loss occurs fails to provide
17 such assistance.

18 (b) The amount of assistance required to be provided
19 under section 9 with respect to an establishment by any busi-
20 ness concern which is liable under subsection (a) shall be an
21 amount equal to the difference between—

22 (1) the amount of assistance required to be pro-
23 vided under section 9 by the business concern which
24 owns or controls such establishment at the time an em-
25 ployment loss occurs, and

1 any collective bargaining agreement in effect with respect to
2 such employment, such establishment, or such business con-
3 cern.

4 (2) Such employment shall provide—

5 (A) wages that equal or exceed the wages, and

6 (B) benefits (including benefits under any employ-
7 ee benefit plan) substantially equivalent to the benefits,
8 for the position having the highest rate of pay, measured at
9 the equivalent of an hourly rate of pay, which such employee
10 held at any establishment of such business concern at any
11 time in the 2-year period preceding the date the employment
12 loss of such employee occurs notwithstanding the terms and
13 conditions otherwise applicable with respect to such employ-
14 ment.

15 (b) Any employee who is aggrieved by any failure of a
16 business concern to comply with subsection (a) may seek re-
17 lief in accordance with section 26.

18 **EMPLOYEE BENEFIT PLANS**

19 **SEC. 12.** (a) An employee who participates in any em-
20 ployee benefit plan at an establishment with respect to which
21 notice is required in section 4(a) and with respect to whom
22 payments to such plan are required under section 9(a)(1)(B)
23 shall be eligible to participate in such plan during any period
24 for which such payments are required.

1 (b) If an employee participates under subsection (a) in
2 any employee pension benefit plan, then such employee
3 shall—

4 (1) receive credit for the purpose of the vesting of
5 any rights in such plan, and

6 (2)(A) accrue benefits to the extent that such plan
7 is a defined benefit plan, and

8 (B) receive credit to the account of such employee
9 to the extent that such plan is an individual account
10 plan,

11 for each period for which a payment is made under section
12 9(a)(1)(B). For purposes of determining credits to be received
13 and benefits to be accrued under the preceding sentence, any
14 week for which a payment is required under section
15 9(a)(1)(A) with respect to such employee shall be deemed to
16 be a week during which such employee is employed.

17 (c)(1) If an employee suffers an employment loss at an
18 establishment with respect to which notice is required in sec-
19 tion 4(a) and if such employee is credited before such employ-
20 ment loss occurs with at least 5 years of vesting service in an
21 employee pension benefit plan with respect to which subsec-
22 tion (a) applies in the case of such employee, then the rights
23 of such employee in such plan shall vest completely and non-
24 forfeitably for all purposes on the date such employment loss
25 occurs. For purposes of the preceding sentence, any period

1 during which any suspension or termination of the employ-
2 ment of such employee is in effect shall not be considered to
3 be a break in service if such suspension or termination of
4 employment results in such employment loss.

5 (2) A business concern required to make payments
6 under section 9(a)(1)(B) to any employee benefit plan with
7 respect to an employee shall be liable to such plan for any
8 unfunded liability of such plan resulting from the operation of
9 paragraph (1).

10 (d) Any employee who suffers an employment loss at an
11 establishment with respect to which notice is required in sec-
12 tion 4(a) and who attains 55 years of age before such employ-
13 ment loss occurs shall be eligible to retire and to receive any
14 retirement benefit under any employee pension benefit plan
15 with respect to which subsection (a) applies in the case of
16 such employee, beginning on the date such employee attains
17 62 years of age, if the normal retirement age under such plan
18 is any age greater than 62 years of age. The amount of such
19 benefit payable in accordance with this subsection shall be an
20 amount equal to the actuarial equivalent of the normal retire-
21 ment benefit payable to such employee under such plan.

22 (e) Any violation of this section shall be deemed to be a
23 violation of title I of the Employee Retirement Income Secu-
24 rity Act of 1974 (29 U.S.C. 1001-1144) for which a civil
25 action may be brought under paragraph (3) or paragraph (5)

1 of section 502(a) of the Employee Retirement Income Secu-
2 rity Act of 1974 (29 U.S.C. 1132(a)).

3 FEDERAL ASSISTANCE TO EMPLOYEES

4 SEC. 13. (a) The Secretary, in consultation with the Na-
5 tional Employment Priorities Advisory Council, shall imple-
6 ment a comprehensive program in accordance with subsec-
7 tion (b) to provide assistance to employees who suffer or may
8 suffer an employment loss at an establishment with respect to
9 which notice is required under section 4(a). Such program
10 shall include—

11 (1) training programs,

12 (2) job placement services,

13 (3) payments for reasonable expenses, not to ex-
14 ceed \$600 for each employee, incurred by such em-
15 ployees in connection with searching for new employ-
16 ment if such employees cannot reasonably be expected
17 to find such employment in the geographical area in
18 which such establishment is located, and

19 (4) payments for reasonable expenses incurred by
20 such employees in connection with moving to a new
21 residence for the purpose of beginning employment, if
22 the payment of such expenses is not required in section
23 9(b).

24 (b)(1) To the extent practicable, the Secretary shall pro-
25 vide assistance under subsection (a) to employees who may

1 suffer an employment loss, before such employment loss oc-
2 curs.

3 (2) To the extent practicable, the Secretary shall pro-
4 vide assistance under subsection (a) through existing pro-
5 grams established by law before the date of the enactment of
6 this Act. To the extent that such assistance cannot be pro-
7 vided through any existing program, the Secretary may pro-
8 vide such assistance through new programs established by
9 the Secretary for the purpose of furnishing such assistance,
10 including programs to be carried out by grants to, or con-
11 tracts with, private organizations.

12 (c)(1) Before the Secretary implements any program
13 under subsection (a) to retrain employees who suffer or may
14 suffer an employment loss at an establishment, the Secretary
15 shall, to the extent practicable, consult with the business con-
16 cern involved, and with any authorized representative of any
17 affected labor organization at such establishment, for the pur-
18 pose of developing a retraining plan which will meet the
19 manpower needs of such business concern.

20 (2) Any employee who receives testing, counseling,
21 training, or placement assistance under subsection (a) shall be
22 paid allowances by the Secretary for reasonable and neces-
23 sary expenses incurred for travel and subsistence when such
24 testing, counseling, training, or placement assistance is pro-
25 vided at facilities which are not within a reasonable commut-

1 ing distance of the regular place of residence of such employ-
2 ee. The Secretary shall prescribe by rule the amount of such
3 allowances applicable with respect to the different geographi-
4 cal regions of the United States, taking into account regional
5 variations in the general levels of such expenses.

6 RELATED RETRAINING ASSISTANCE TO EMPLOYEES

7 SEC. 14. (a) The Secretary may develop and implement,
8 in cooperation with representatives of the business concern
9 involved and with representatives of the employees at the
10 establishment with respect to which assistance under section
11 16 is requested, a program to retrain employees to perform
12 new employment tasks required in connection with imple-
13 menting a proposal submitted by such business concern under
14 section 15(b)(2).

15 (b)(1) Any program developed under subsection (a) may
16 be implemented at such time as the Secretary deems to be
17 appropriate.

18 (2) The Secretary may require as a condition to receiv-
19 ing assistance under section 16 that a business concern re-
20 questing such assistance implement, or assist the Secretary
21 to implement, any program developed under subsection (a).

22 ELIGIBILITY OF BUSINESS CONCERNS FOR ASSISTANCE

23 SEC. 15. (a) A business concern required to give notice
24 under section 4(a) which requests in accordance with subsec-
25 tion (b) assistance under section 16 shall be eligible to receive

1 such assistance with respect to a change of operations at any
2 establishment if the Secretary determines that—

3 (1) such business concern intends to undertake a
4 change of operations at such establishment, and such
5 change of operations will cause a substantial number of
6 employees to suffer an employment loss,

7 (2) such business concern will make all reasonable
8 efforts to prevent the occurrence of such employment
9 loss, and such efforts and the resources of such busi-
10 ness concern will be inadequate to prevent such em-
11 ployment loss unless assistance is provided by the Sec-
12 retary under section 16,

13 (3) such assistance, if provided, will with reason-
14 able certainty enable such business concern to operate
15 such establishment on an improved economic basis
16 within a reasonable period of time and without under-
17 taking such change of operations, and

18 (4) such business concern has complied with the
19 requirements of section 4(a).

20 (b)(1) To request any assistance under section 16 with
21 respect to an establishment, a business concern shall submit
22 an application in such form, and containing such assurances
23 and information in addition to the information required in
24 paragraph (2), as the Secretary may require by rule.

1 the assumption by the Secretary of any outstanding debt of
2 such business concern.

3 (2) The assumption of any outstanding debt of a busi-
4 ness concern by the Secretary under paragraph (1), with or
5 without recourse, shall be considered to be a loan made to
6 such business concern.

7 (3) A loan or loan guarantee shall be made by the Sec-
8 retary under paragraph (1) only if the Secretary determines
9 that the interest rate payable under the terms of such loan or
10 the loan guaranteed, as the case may be, is reasonable.

11 (4) No financial assistance shall be provided under para-
12 graph (1) unless the Secretary determines that substantially
13 equivalent financial assistance is unavailable to such business
14 concern with respect to such establishment from any conven-
15 tional source other than the United States, and that there is a
16 reasonable likelihood that such business concern will repay
17 the Secretary the amount of any financial assistance provided
18 under such paragraph.

19 (b) The Secretary may provide to a business concern
20 which is eligible under section 15 such technical assistance,
21 on such terms and conditions as the Secretary deems to be
22 appropriate, as will substantially contribute to the economic
23 viability of the establishment with respect to which such as-
24 sistance is requested. Such technical assistance may include
25 grants and contracts for research and development in connec-

1 tion with new production or marketing techniques which will
2 create new employment opportunities at such establishment.

3 TARGETED FEDERAL PROCUREMENT

4 SEC. 17. (a) If the Secretary finds that a business con-
5 cern which complies with the requirements of section 4(a)
6 will offer additional employment opportunities if such busi-
7 ness concern enters into any agreement with the head of any
8 executive agency for the procurement of products or services
9 for the United States, then the Secretary shall issue a certifi-
10 cate of procurement credit to such business concern to be
11 valid for such period as the Secretary deems to be
12 appropriate.

13 (b) For the purpose of selecting any person from whom
14 products or services will be purchased or will be acquired by
15 contract for the United States, the head of any executive
16 agency making such purchase or contract shall treat the
17 amount stated in any bid submitted by a business concern
18 which holds a valid certificate of procurement credit issued
19 by the Secretary under subsection (a) as if such amount were
20 equal to 95 percent of the amount stated in such bid.

21 ELIGIBILITY OF LOCAL GOVERNMENTS FOR ASSISTANCE

22 SEC. 18. (a) Any unit of general local government of a
23 State shall be eligible to receive assistance under section 19
24 with respect to a change of operations undertaken by a busi-
25 ness concern at an establishment (without regard to whether

1 such establishment is within the jurisdiction of such unit of
2 general local government), if the chief executive officer of the
3 State involved certifies to the Secretary, and the Secretary
4 determines, that such unit of general local government has
5 suffered, or will suffer, as a result of such change of
6 operations—

7 (1) a substantial decrease in income resulting from
8 a decrease in the amount of revenue paid to such unit
9 of general local government by such business concern
10 or by the employees of such establishment,

11 (2) a substantial increase in the demand for, or
12 utilization of, social services provided by such unit of
13 general local government, or

14 (3) a substantial increase in the number of unem-
15 ployed individuals who reside within the jurisdiction of
16 such unit of general local government.

17 (b)(1) The Secretary shall make a determination regard-
18 ing the eligibility of a unit of general local government under
19 subsection (a) not later than 60 days after the Secretary
20 receives the certification required in such subsection.

21 (2) If the Secretary determines that a unit of general
22 local government is eligible under subsection (a) to receive
23 assistance under section 19, the Secretary shall develop, in
24 consultation with such unit of general local government, a
25 program to provide assistance under such section.

1 ASSISTANCE TO LOCAL GOVERNMENTS

2 SEC. 19. (a) The Secretary may provide, on such terms
3 and conditions as the Secretary deems to be appropriate, to a
4 unit of general local government which is eligible under sec-
5 tion 18 grants, loans, and loan guarantees, for purposes of—

6 (1) providing additional, or increasing the avail-
7 ability of, social services needed to satisfy the in-
8 creased demand for such services referred to in section
9 18(a)(2), and

10 (2) implementing any plan for a public works proj-
11 ect submitted to the Secretary by such unit of general
12 local government and approved by the Secretary under
13 subsection (b)(2).

14 (b)(1) The assistance authorized to be provided in sub-
15 section (a)(2) may be provided to implement a plan for a pub-
16 lic works project only if—

17 (A) the unit of general local government request-
18 ing such assistance submits to the Secretary a plan for
19 such project which includes a detailed statement of the
20 purpose, budget, and construction schedule of such
21 project, and the number and skills of the employees
22 needed to implement such plan, and

23 (B) the Secretary approves such plan.

24 (2) The Secretary may approve any such plan which
25 satisfies the requirements of paragraph (1)(A).

1 (3) For the purpose of determining whether to provide
2 assistance under subsection (a)(2), the Secretary shall give pri-
3 ority to public works projects which will—

4 (A) be constructed in geographical areas in which
5 the rate of unemployment is high,

6 (B) make such geographical areas more attractive
7 for commercial investment,

8 (C) cause a long-term increase in employment op-
9 portunities in such geographical areas,

10 (D) provide an efficient means to increase the
11 level of employment, and

12 (E) further other national goals, such as improv-
13 ing the quality of the environment and increasing the
14 development and conservation of energy.

15 ELIGIBILITY OF CERTAIN EMPLOYERS AND OF
16 COOPERATIVE ASSOCIATIONS OF EMPLOYEES FOR
17 ASSISTANCE

18 SEC. 20. (a) Any employer (other than a business con-
19 cern required to give notice under section 4(a)) or cooperative
20 association of employees which requests in accordance with
21 subsection (b) assistance under section 21 shall be eligible to
22 receive such assistance if the Secretary determines that—

23 (1) such employer or cooperative association of
24 employees will create or expand employment opportu-

1 nities and will provide continuous employment over a
2 substantial period of time, and

3 (2) substantially equivalent assistance is not rea-
4 sonably available to such employer or cooperative asso-
5 ciation from any other source.

6 (b) For the purpose of requesting any assistance for
7 which an employer or cooperative association may be eligible
8 under subsection (a), such employer or cooperative associ-
9 ation shall submit to the Secretary an application which pro-
10 vides such information and such assurances as the Secretary
11 may require by rule.

12 ASSISTANCE TO CERTAIN EMPLOYERS AND TO
13 COOPERATIVE ASSOCIATIONS OF EMPLOYEES

14 SEC. 21. The Secretary may provide, on such terms and
15 conditions as the Secretary deems to be appropriate, to any
16 employer or cooperative association of employees which is
17 eligible under section 20, loans, loan guarantees, and techni-
18 cal assistance for the purpose of—

19 (1) expanding operations at, or acquiring owner-
20 ship of, an establishment with respect to which notice
21 is required under section 4(a),

22 (2) constructing new establishments, or

23 (3) undertaking research and development projects
24 designed to identify new markets and additional em-

1 ployment opportunities related to entry into such mar-
2 kets, and new production and marketing techniques.

3 PRIORITY FOR PROVIDING ASSISTANCE

4 SEC. 22. The Secretary, in providing assistance under
5 sections 16, 19, and 21, shall give priority to developing and
6 implementing plans to enable employees at an establishment
7 with respect to which notice is required under section 4(a) to
8 continue to perform operations at such establishment if there
9 is a reasonable likelihood that such operations will provide
10 continuous employment over a substantial period of time.

11 LIABILITY FOR LOSS OF REVENUE

12 SEC. 23. (a)(1) If, after a hearing on the record, the
13 Secretary finds that a business concern is required to give
14 notice under section 4(a), then such business concern shall be
15 liable as provided in paragraph (2) to each unit of general
16 local government to which such business concern was liable
17 for any revenue payable with respect to real or personal
18 property at the establishment involved, in any of the 3 fiscal
19 years of such unit of general local government preceding the
20 first fiscal year of such unit of general local government in
21 which such business concern undertakes the change of oper-
22 ations with respect to which such finding is made.

23 (2) The amount for which such business concern shall be
24 liable under paragraph (1) to such unit of general local gov-

1 ernment shall be an amount equal to 85 percent of the differ-
2 ence between—

3 (A) the average of the amounts of such revenue
4 for which such business concern was liable to such unit
5 of general local government for the taxable years end-
6 ing in such 3 fiscal years, and

7 (B) the amount of such revenue for which such
8 business concern is liable to such unit of general local
9 government for the first complete taxable year of such
10 business concern occurring after the end of the period
11 with respect to which such finding is made,

12 to the extent that such difference is directly related to such
13 change of operations.

14 (b) Whenever a business concern fails to pay to any unit
15 of general local government any amount for which such busi-
16 ness concern is liable under subsection (a)—

17 (1) such amount shall be deemed to be a debt
18 owed to the United States by such business concern
19 and shall bear simple interest at 9 percent per annum,
20 and

21 (2) the Secretary shall pay such amount to such
22 unit of general local government at the request of such
23 unit of general local government.

24 (c)(1) If, after a hearing on the record, the Secretary
25 finds that a business concern is required to give notice under

1 section 4(a) with respect to an establishment located in the
2 United States and such business concern undertook a change
3 of operations which involved the transfer of such operations
4 from such establishment to an establishment outside the
5 United States when an economically viable alternative to
6 such transfer existed, then such business concern shall be
7 liable to the United States as provided in paragraph (2).

8 (2) The amount for which such business concern shall be
9 liable under paragraph (1) shall be an amount equal to 300
10 percent of the difference between—

11 (A) the average of the amounts of revenue allocable
12 to such establishment for which such business concern
13 was liable to the United States for the 3 taxable
14 years of such business concern preceding the first or
15 only taxable year in which such business concern
16 transfers the operations with respect to which such
17 finding is made, and

18 (B) the amount of revenue allocable to such estab-
19 lishment for which such business concern is liable to
20 the United States payable for the first complete taxable
21 year of such business concern occurring after the end
22 of the period with respect to which such finding is
23 made.

1 CRIMINAL VIOLATIONS AND PENALTIES

2 SEC. 24. (a)(1) Whoever knowingly makes any false
3 statement of any material fact or knowingly fails to disclose
4 any material fact, for the purpose of obtaining for any person
5 or any unit of general local government any payment or
6 other assistance under this Act shall be fined not more than
7 \$1,000, imprisoned for not more than 1 year, or both.

8 (2) Any person—

9 (A) who is convicted of violating paragraph (1),
10 and

11 (B) who receives any payment under this Act as a
12 result of the conduct prohibited in such paragraph,
13 shall pay to the United States an amount equal to the
14 amount so received.

15 (b) Any person who gives notice required in section 4(a)
16 and who knowingly makes any false statement of any materi-
17 al fact or knowingly fails to disclose any material fact re-
18 quired to be disclosed under such section shall be fined not
19 more than \$10,000, imprisoned for not more than 5 years, or
20 both.

21 CIVIL VIOLATIONS AND PENALTIES

22 SEC. 25. (a) It shall be unlawful for any business con-
23 cern to fail—

24 (1) to give notice required in section 4(a),

1 (2) to provide assistance with respect to employ-
2 ees under section 9, or

3 (3) to pay any debt owed to the United States
4 under section 9(d)(1) or section 23(b)(1) before the ex-
5 piration of the 180-day period beginning on the date
6 such debt is incurred.

7 (b) The Secretary may hold a hearing on the record to
8 determine whether a business concern has violated subsection
9 (a).

10 (c) If, after a hearing under subsection (b), the Secretary
11 finds that a business concern has violated subsection (a), then
12 the Secretary shall assess against such business concern a
13 civil penalty not to exceed an amount equal to the sum of—

14 (1) an amount equal to any allowable credit
15 claimed by such business concern under section 38 of
16 the Internal Revenue Code of 1954 (relating to invest-
17 ment in certain depreciable property) with respect to
18 any equipment transferred, disposed of, or abandoned
19 as a result of the change of operations which is the
20 subject of such violation,

21 (2) an amount equal to any allowable deduction
22 for depreciation claimed by such business concern
23 under section 167 of the Internal Revenue Code of
24 1954 (relating to depreciation) or section 611 of the
25 Internal Revenue Code of 1954 (relating to allowance

1 of deduction for depletion) with respect to any property
2 transferred, disposed of, or abandoned as a result of
3 such change of operations,

4 (3) an amount equal to any allowable deduction
5 for ordinary and necessary expenses claimed by such
6 business concern under section 162 of the Internal
7 Revenue Code of 1954 (relating to trade or business
8 expenses), to the extent such expenses are directly re-
9 lated to such change of operations,

10 (4) an amount equal to one-half of the value of
11 any economic benefit given by any government of a
12 foreign country to such business concern in the 2-year
13 period beginning on the date such business concern
14 concludes the change of operations with respect to
15 which such violation is found, as an inducement to un-
16 dertake such change of operations, and

17 (5) an amount equal to the amount by which the
18 sum of the aggregate wages and the aggregate taxes
19 imposed by chapter 23 of the Internal Revenue Code
20 of 1954 (relating to the Federal Unemployment Tax
21 Act) payable by such business concern for the taxable
22 year—

23 (A) preceding the date which occurs 1 year
24 before such change of operations is to begin, in
25 the case of a business concern required to give

1 notice within the time required in section
2 4(b)(3)(A)(i), or

3 (B) preceding the date which occurs 6 calen-
4 dar months before such change of operations is to
5 begin, in the case of a business concern required
6 to give notice within the time required in clause
7 (ii) or clause (iii) of section 4(b)(3)(A),
8 exceeds one-half of the sum of the aggregate wages
9 and the aggregate taxes imposed by chapter 23 of the
10 Internal Revenue Code of 1954 (relating to the Feder-
11 al Unemployment Tax Act) payable by such business
12 concern for the period of 2 taxable years beginning
13 after the date such business concern concludes such
14 change of operations, to the extent that any amount
15 calculated in accordance with this paragraph is directly
16 related to such change of operations.

17 VIOLATIONS OF EMPLOYEES' RIGHTS

18 SEC. 26. (a) It shall be unlawful for any business con-
19 cern required to give notice under section 4(a) to fail to com-
20 ply with section 11(a) in the case of any employee who suf-
21 fers an employment loss at any establishment with respect to
22 which such notice is required.

23 (b) It shall be unlawful for any business concern to dis-
24 criminate against any employee because such employee par-

1 ticipated in, assisted in any manner, or requested any investi-
2 gation, hearing, or other proceeding under this Act.

3 (c)(1) If any employee of a business concern believes
4 that any violation of subsection (a) or subsection (b) has been
5 committed with respect to him, then such employee may file
6 a complaint with the Secretary, not later than 180 days after
7 the commission of such violation.

8 (2)(A) The Secretary may hold a hearing on the record
9 with respect to any act, or failure to act, described in such
10 complaint to determine whether such act, or failure to act,
11 occurred and is in violation of subsection (a) or subsection (b).

12 (B) Not later than 180 days after such complaint is filed
13 with the Secretary, the Secretary shall notify such employee
14 whether a hearing under subparagraph (A) will be held.

15 (3)(A) If the Secretary finds in accordance with para-
16 graph (2)(A) that a violation of subsection (a) or subsection (b)
17 has occurred, then the business concern which committed
18 such violation shall take such action with respect to such
19 employee as the Secretary finds equitable and orders, includ-
20 ing the transfer or reinstatement of such employee.

21 (B) Whenever the Secretary orders a business concern
22 to transfer or reinstate an employee under subparagraph (A),
23 such business concern shall pay such employee an amount
24 equal to 300 percent of the amount of the wages such em-
25 ployee would have received from such business concern if

1 such employee had been offered and had accepted the em-
2 ployment with respect to which a violation of subsection (a) is
3 found or if such employer had not discriminated against such
4 employee in violation of subsection (b), as the case may be.

5 (d) Subsection (a) and subsection (b) shall not be con-
6 strued to authorize any private right of action with respect to
7 any act or failure to act which may violate subsection (a) or
8 subsection (b).

9 RECOVERY OF OVERPAYMENTS

10 SEC. 27. (a) If the Secretary has reasonable cause to
11 believe that any recipient of assistance under section 13 has
12 knowingly made, or has caused another person to knowingly
13 make, any false statement of any material fact or has know-
14 ingly failed, or caused another person to fail, to disclose any
15 material fact, and as a result of such action has received any
16 payment of assistance under such section, then the Secretary
17 shall—

18 (1) refuse to make any additional payment of as-
19 sistance to such recipient if such recipient is ineligible
20 to receive such assistance, or

21 (2) reduce the amount of such payment of assist-
22 ance paid to such recipient if such recipient is eligible
23 to receive a reduced amount, but shall deduct from any
24 such payment an amount equal to the amount of any

1 overpayment received by the recipient which is not re-
2 paid to the Secretary by such recipient.

3 (b) Any amount repaid to, or deducted by, the Secretary
4 under subsection (a)(2) shall be returned to the Treasury and
5 credited to the current applicable appropriation, fund, or ac-
6 count from which such payment was made.

7 RESERVES; RECORDING REQUIREMENTS RELATING TO
8 LOANS

9 SEC. 28. (a) The Secretary shall maintain operating re-
10 serves with respect to anticipated claims under loan guaran-
11 tees made under sections 16, 19, and 21. Such reserves shall
12 be considered to constitute obligations of the United States
13 for purposes of section 1311 of the Supplemental Appropri-
14 ation Act, 1955 (31 U.S.C. 200).

15 (b) Any mortgage acquired by the Secretary as security
16 for any loan made under section 16, 19, or 21 shall be re-
17 corded by the Secretary in accordance with applicable State
18 law.

19 CONGRESSIONAL DISAPPROVAL OF RULES

20 SEC. 29. (a) Except as provided in subsection (b), no
21 rule promulgated by the Secretary for the purpose of carrying
22 out the provisions of this Act shall take effect unless the
23 Secretary submits such rule to the Congress and until the
24 expiration of a 30-day period beginning on the date such rule
25 is submitted, during which the Congress is in session and

1 does not adopt a concurrent resolution disapproving such
2 rule.

3 (b) Any rule promulgated by the Secretary when the
4 Congress is not in session may take effect and may remain in
5 effect unless the Congress adopts a concurrent resolution dis-
6 approving such rule before the expiration of a 30-day period
7 beginning on the date the Congress reconvenes.

8 (c) For purposes of this section, the Congress shall be
9 deemed to be in session except during any period when either
10 House is in adjournment sine die, in adjournment subject to
11 call of the Chair, or in adjournment to a day certain for a
12 period exceeding 4 consecutive days.

13 REPORTS; LEGISLATIVE PROPOSALS

14 SEC. 30. (a) After any program implemented by the
15 Secretary under section 13, 14, 16, 19, or 21 has been in
16 operation for a period of 3 years, the Secretary shall evaluate
17 the effectiveness of such program and shall prepare a report
18 describing the results of such evaluation. Such report shall be
19 submitted not later than 1 year after such period to each
20 House of the Congress and shall be referred to the appropri-
21 ate authorizing committees of each House of the Congress.

22 (b) The Secretary shall prepare proposals for legislation
23 designed—

24 (1) to provide such assistance as the Secretary
25 deems to be appropriate to units of general local gov-

1 ernment adversely affected by changes of operations at
2 establishments, and

3 (2) to require business concerns to report on a
4 continuing basis available employment opportunities to
5 the Secretary for inclusion in any nationwide comput-
6 erized job bank and matching program established
7 under section 312(f) of the Comprehensive Employ-
8 ment and Training Act (29 U.S.C. 880(f)).

9 Such proposals shall be submitted, not later than 1 year after
10 the date of the enactment of this Act, to each House of the
11 Congress and shall be referred to the appropriate authorizing
12 committees of each House of the Congress.

13 GENERAL POWERS OF SECRETARY

14 SEC. 31. For purposes of carrying out the provisions of
15 this Act, the Secretary may—

16 (1) hold any hearings and take any testimony at
17 such times and places as the Secretary deems to be ap-
18 propriate,

19 (2) request directly from any executive agency
20 any information, suggestions, estimates, and statistics
21 which the Secretary deems to be necessary to carry
22 out the provisions of this Act, and each executive
23 agency is hereby authorized to furnish such informa-
24 tion, suggestions, estimates, and statistics directly to
25 the Secretary,

1 (3) under rules promulgated by the Secretary, as-
2 sign or sell at public or private sale, or otherwise dis-
3 pose of for cash or credit, in his discretion and upon
4 such terms and conditions as he determines to be rea-
5 sonable, any evidence of debt, contract, claim, personal
6 property, or security assigned to or held by the Secre-
7 tary in connection with loans made by the Secretary
8 under sections 16, 19, and 21,

9 (4) extend the maturity of or renew any loan
10 made by the Secretary under section 16, 19, or 21 be-
11 yond the period stated in such loan for additional peri-
12 ods not to exceed a total of 10 years, if such extension
13 or such renewal will aid in the orderly liquidation of
14 such loan,

15 (5) accept and utilize the services of voluntary
16 and noncompensated personnel and reimburse such
17 personnel for travel expenses, including a per diem al-
18 lowance in lieu of subsistence, in the same manner as
19 persons employed intermittently in Government service
20 are allowed expenses under section 5703 of title 5,
21 United States Code,

22 (6) enter into contracts, grants, or other arrange-
23 ments under this Act without entering into perform-
24 ance or other bonds, and without regard to section
25 3709 of the Revised Statutes (41 U.S.C. 5), and

1 (7) make advances, progress payments, and other
2 payments which the Secretary deems to be necessary
3 under this Act, without regard to the provisions of sec-
4 tion 3648 of the Revised Statutes (31 U.S.C. 529).

5 IMPLEMENTATION OF EMPLOYMENT POLICIES THROUGH
6 NATIONAL EMPLOYMENT PRIORITIES ADMINISTRATION

7 SEC. 32. The Secretary shall carry out the provisions of
8 this Act through the National Employment Priorities Admin-
9 istration and may delegate to the Administrator of the Na-
10 tional Employment Priorities Administration any of the func-
11 tions, powers, and duties vested in the Secretary in this Act.

12 NATIONAL EMPLOYMENT PRIORITIES ADMINISTRATION

13 SEC. 33. (a) There is hereby established in the Depart-
14 ment of Labor the National Employment Priorities Adminis-
15 tration.

16 (b)(1) There shall be an Administrator of the Adminis-
17 tration who shall be appointed by the President by and with
18 the advice and consent of the Senate. The Administrator
19 shall perform the duties vested in the Administrator in sub-
20 section (c) and such other functions, powers, and duties as
21 the Secretary may delegate to the Administrator under sec-
22 tion 32.

23 (2) There shall be a Deputy Administrator of the Ad-
24 ministration who shall be appointed by the President by and
25 with the advice and consent of the Senate. The Deputy Ad-

1 administrator shall perform such duties under this Act as the
2 Administrator may delegate to the Deputy Administrator.

3 (c) In addition to performing any functions, powers, and
4 duties delegated to the Administrator under section 32, the
5 Administrator—

6 (1) may conduct research projects relating to any
7 relationship between unemployment and changes of op-
8 erations at establishments by business concerns, and

9 (2) shall, to the extent practicable, identify serv-
10 ices and products which may profitably be provided by
11 a business concern required to give notice under sec-
12 tion 4(a) if such business concern receives assistance
13 under section 16.

14 (d) The Administrator shall establish regional offices of
15 the Administration at such places as the Administrator deems
16 to be appropriate, for the purpose of carrying out the func-
17 tions, powers, and duties of the Administrator under this Act.

18 NATIONAL EMPLOYMENT PRIORITIES ADVISORY COUNCIL

19 SEC. 34. (a) There is hereby established in the executive
20 branch a National Employment Priorities Advisory Council.

21 (b) The duties of the Council shall be—

22 (1) to advise and assist the Secretary with respect
23 to carrying out the provisions of this Act,

24 (2) to review and evaluate the effectiveness of
25 specific programs carried out under this Act,

1 (3) to conduct studies and prepare reports which
2 will identify areas of future economic activity in which
3 the United States is expected to engage at a competi-
4 tive disadvantage with other countries, and identify in-
5 dustries in which a substantial number of business con-
6 cerns may undertake a change of operations during
7 such future economic activity, and

8 (4) to conduct research and prepare proposals de-
9 signed to provide new programs for assisting employ-
10 ees and units of general local government affected by
11 changes of operations at establishments and for assist-
12 ing business concerns to create or expand employment
13 opportunities in geographical areas in the jurisdiction
14 of such units of general local government.

15 (c)(1) The Council shall be composed of 15 members as
16 follows:

17 (A) the Secretary,

18 (B) the Administrator of the Environmental Pro-
19 tection Agency,

20 (C) the Director of the National Commission for
21 Employment Policy,

22 (D) the Secretary of Commerce,

23 (E) the Secretary of Health, Education, and
24 Welfare,

1 (F) four representative members of the general
2 public,

3 (G) three representative members of labor organi-
4 zations, and

5 (H) three representative members of business
6 concerns.

7 (2)(A) The members of the Council described in subpara-
8 graphs (F), (G), and (H) of paragraph (1) shall be appointed
9 by the President for a term of 3 years, by and with the advice
10 and consent of the Senate.

11 (B) A vacancy on the Council shall be filled in the man-
12 ner in which the original appointment was made. Any mem-
13 ber of the Council described in subparagraph (F), (G), or (H)
14 of paragraph (1) who is appointed to fill a vacancy occurring
15 before the expiration of the term for which the predecessor of
16 such member was appointed shall be appointed only for the
17 remainder of such term.

18 (d) The chairman of the Council shall be the Secretary.

19 (e) The Council shall meet at least 4 times each year at
20 the call of the chairman or of a majority of the members.

21 (f) Ten members of the Council shall constitute a quo-
22 rum but 8 members shall constitute a quorum for the purpose
23 of holding hearings under subsection (g).

24 (g) For purposes of carrying out subsection (b), the
25 Council may hold any hearings and may gather any evidence

1 at such times and places as the Council deems to be
2 appropriate.

3 (h) Each member of the Council who is not an officer or
4 employee of the United States shall receive—

5 (1) compensation at a rate not to exceed the daily
6 rate payable from time to time for grade GS-18 of the
7 General Schedule under section 5332 of title 5, United
8 States Code, for each day such member is engaged in
9 the performance of duties as a member of the Council,
10 and

11 (2) travel expenses, including a per diem allow-
12 ance in lieu of subsistence, in the same manner as per-
13 sons employed intermittently in Government service
14 are allowed expenses under section 5703 of title 5,
15 United States Code.

16 (i)(1) Subject to such rules as the Council may promul-
17 gate and, except as provided in paragraph (2), to the provi-
18 sions of title 5, United States Code, governing appointments
19 in the competitive service, the chairman of the Council may
20 appoint such personnel as the chairman deems to be appro-
21 priate. Such personnel shall be paid in accordance with the
22 provisions of chapter 51 and subchapter III of chapter 53 of
23 such title, relating to classification and General Schedule pay
24 rates.

1 (2) Subject to such rules as the Council may promul-
2 gate, the chairman may—

3 (A) appoint and fix the pay of 20 percent of the
4 number of regular, full-time technical and professional
5 employees, and

6 (B) appoint for terms not to exceed 3 years and
7 fix the pay of technical and professional employees in
8 addition to the employees appointed under subpara-
9 graph (A) as the chairman deems to be appropriate,
10 without regard to the provisions of title 5, United States
11 Code, relating to appointments in the competitive service,
12 and without regard to the provisions of chapter 51 and sub-
13 chapter III of chapter 53 of such title, relating to classifica-
14 tion and General Schedule pay rates.

15 (3) Upon the request of the Council, the head of any
16 executive agency is authorized to detail, on a reimbursable
17 basis, any personnel of such agency to the Council to assist
18 the Council in carrying out the duties of the Council under
19 subsection (b).

20 (j) The Administrator of General Services shall provide
21 to the Council, on a reimbursable basis, such administrative
22 support services as the Council may request.

23 (k) Not later than January 31 of each year, the Council
24 shall submit to each House of the Congress a report describ-

1 ing the activities of the Council and summarizing the results
2 of such activities during the previous calendar year.

3 (l) Section 14(a)(2) of the Advisory Committee Act (5
4 U.S.C. app.) shall not apply with respect to the Council.

5 AMENDMENTS TO OTHER LAWS

6 SEC. 35. (a)(1) Section 5314 of title 5, United States
7 Code, is amended by adding at the end thereof the following
8 new paragraph:

9 “(70) Administrator, National Employment Prior-
10 ities Administration.”.

11 (2) Section 5315 of title 5, United States Code, is
12 amended by adding at the end thereof the following new
13 paragraph:

14 “(125) Deputy Administrator, National Employ-
15 ment Priorities Administration.”.

16 (b) Section 523 of title 11, United States Code, is
17 amended—

18 (1) by striking out “or” the last place it appears
19 in paragraph (8),

20 (2) by striking out the period in paragraph (9) and
21 inserting in lieu thereof “; or”, and

22 (3) by adding at the end thereof the following new
23 paragraph:

1 “(10) to the United States under section 9(d)(1) or
2 section 23(b)(1) of the National Employment Priorities
3 Act of 1979.”.

4 AUTHORIZATION OF APPROPRIATIONS

5 SEC. 36. There are authorized to be appropriated such
6 sums as may be necessary to carry out the provisions of this
7 Act. Sums appropriated pursuant to this section shall remain
8 available until expended.

H.R. 5040

SUMMARY OF THE MAJOR PROVISIONS OF THE NATIONAL EMPLOYMENT PRIORITIES ACT OF 1979

A. Requires prenotification to affected employees and communities of dislocation of business concerns.

B. Provides assistance (including retraining) to:

- (1) employees who suffer employment loss through the dislocation of business concerns;
- (2) business concerns threatened with dislocation; and
- (3) affected communities.

BRIEF SECTION-BY-SECTION ANALYSIS

SECTION 1. *Short title.*—Provides that the act may be cited as the "National Employment Priorities Act of 1979" (NEPA).

SEC. 2. *Findings and purpose.*—The Congress declares that:

(1) unemployment is a major economic and social problem which causes great loss to individuals, communities, and the Nation;

(2) irresponsible and unnecessary changes of operations at establishments of business concerns disrupt commerce and cause unemployment to increase drastically in local areas; and

(3) economic planning is needed to avert the dislocation of employment opportunities, and new mechanisms of public control are needed to insure that private investment decisions conform more closely to employee and community needs.

It is the purpose of this Act to prevent or minimize the harmful economic and social effects of unemployment on employees and on local governments caused when business concerns undertake changes of operations.

SEC. 3. *Definitions.*

SEC. 4. *Notice of intent to change operations.*—Provides that if 15 percent of the employees of the establishment will suffer an employment loss as a result of the transfer or closing, an agent of the establishment must furnish the Secretary of Labor, the affected employees and the local government written notice of its intent not less than 2 years in advance of closing or transfer where the number of employees suffering an employment loss is greater than 500; 18 months where the number is between 100 and 500; and 6 months where the number is less than 100.

SEC. 5. *Investigation of intended closing or transfer.*—Provides that, if within 60 days after the receipt of notice of intent to close an establishment, a labor organization or 10 percent of the employees of such establishment requests an investigation of a proposed closing; or if before receipt of notice 50 percent of the employees at an establishment request such an investigation; or if the Secretary determines it would serve the purposes of this Act, the Secretary shall conduct a thorough investigation, including public hearings. The Secretary has subpoena power.

SEC. 6. *Report of investigation.*—Provides that at the conclusion of the investigation of a proposed closing or transfer, the Secretary shall prepare and publish a report containing findings with respect to:

- (1) the economic reasons for the intended change of operations,
- (2) the estimated extent of any economic or social loss to the employees affected,
- (3) the estimated economic or social loss to any affected unit of general local government and to local businesses,
- (4) the recommendations of affected labor organizations, local governments, and other interested persons,
- (5) the feasibility of preventing or minimizing such employment loss by the modification of product lines and production techniques, and
- (6) the Secretary's recommendations regarding actions to be taken in order to prevent or minimize the harmful effects which will result from the closing or transfer.

SEC. 7. *Ineligibility of certain employees for assistance.*—Individuals hired after notice of an intended change of operations is given, with knowledge of such notice, shall be ineligible for the assistance provided under the Act.

SEC. 8. *Notice of employment status.*—When a business concern closes an establishment or transfers an operation and lays off or reduces the wages of its employees it shall give the affected employees a written statement of employment status. If the statement does not assure that the employee will have his wages or employment restored within 26 weeks, the business concern shall begin making income maintenance payments immediately. If the statement contains such assurances and the business concern fails to prevent the employee's employment loss, it shall pay the employee a penalty equal to 26 weeks of income maintenance payments.

SEC. 9. *Transitional assistance by business concerns.*—

(a) Any business concern required to give notice shall pay its employees who suffer an employment loss 85 percent of their average wage, reduced by earned income, unemployment compensation and trade adjustment assistance, for a period of 52 weeks. No business concern shall be required to make total payments to an employee in excess of \$25,000. No business concern shall be required to make payments to an employee who refuses a job providing wages as high as those in his old job, substantially equivalent benefits, and which utilizes substantially similar skills. No business concern shall be required to make payments to an employee who refuses to participate in or make good progress in a training or placement program provided under this Act.

(b) A business concern required to give notice shall pay the relocation expenses of any employee who accepts a transfer to an establishment of the business concern which is beyond reasonable commuting distance.

(c) Older workers shall be entitled to extended benefit payments, for which the business concern shall be reimbursed by the Secretary.

(d) When a business concern fails to make a payment required by this section, the amount becomes a debt to the United States and the Secretary shall make the payment at the employee's request.

SEC. 10. *Secondary liability.*—Provides that a business concern which transfers ownership of an establishment to avoid liability under this Act shall be liable to the United States to the extent the new owners of the establishment fail to make any payment required under this Act.

SEC. 11. *Transfer of employees.*—Any business concern required to give notice shall offer to each employee suffering an employment loss employment that becomes available at any establishment of such business concern for a period of 3 years. The employment shall offer wages as high as and benefits substantially equivalent to those received at the employee's old job.

SEC. 12. *Employee benefit plans.*—(a) Whenever a business concern is required to pay weekly benefits to an employee it shall also continue to provide and make contributions to any employee benefit plan with respect to such employee.

(b) Employees shall accrue credits for any week in which they receive income maintenance payments.

(c) If an employee suffers an employment loss at an establishment required to give notice and has at least 5 years of vesting service in a pension plan, his rights in such plan shall vest completely and nonforfeitably.

(d) Any employee who attains 55 years of age before suffering an employment loss shall be eligible to receive retirement benefits at age 62 if the normal retirement age under his plan is greater than 62.

SEC. 13. *Federal assistance to employees.*—(a) Directs the Secretary to implement a comprehensive program of assistance to employees who suffer or may suffer an employment loss, including: training programs, job placement services, job search expenses and relocation expenses.

(b) To the extent practicable, the assistance shall be made available before the employment loss and shall be made available through existing programs.

(c) The Secretary shall consult with the affected business concern and labor organizations before devising any retraining plan.

SEC. 14. *Related retraining assistance to employees.*—The Secretary may develop a special program to retrain employees for new jobs created at their establishment pursuant to an alternative production plan developed under section 15 (b) (2) of this Act.

SEC. 15. *Eligibility of business concerns for assistance.*—A business concern required to give notice shall be eligible for assistance if: a substantial number of employees will suffer an employment loss; the business concern will make every reasonable effort to avoid such employment loss; and assistance will enable the business concern to operate without closing or transferring its operations from the establishment.

SEC. 16. *Assistance to business concerns.*—(a) The Secretary may provide financial assistance to eligible business concerns including loans, loan guarantees, interest subsidies and the assumption of outstanding debt.

(b) The Secretary may provide technical assistance, including grants and contracts for research and development in connection with new production and marketing techniques which will create new employment opportunities at the affected establishment.

SEC. 17. *Targeted Federal procurement.*—Provides that the Secretary may issue to eligible concerns a credit requiring Federal contracting agencies to treat the business concern's contract bid as if it were 95 percent of the amount stated in the bid.

SEC. 18. *Eligibility of local governments for assistance.*—Local governments are eligible for assistance if the chief executive officer of the State certifies that such government has or will suffer as a result of a closing or transfer of operations: (1) a substantial decrease in tax revenues; (2) a substantial increase in demand for social services; or (3) a substantial increase in the number of unemployed individuals residing within the local government's jurisdiction.

SEC. 19. *Assistance to local governments.*—Eligible units of local government may receive grants, loans and loan guarantees to: (1) provide additional social services; or (2) implement a public works project. Priority for funding shall be given to projects that will provide an

efficient means to increase employment opportunities over the long term and will further other national goals.

SEC. 20. *Eligibility of employers and employee cooperative associations for assistance.*—Eligibility shall be determined on the basis of an employer or employee cooperative's ability to create or expand lasting employment opportunities and the unavailability of equivalent assistance from any other source.

SEC. 21. *Assistance to employers and employee cooperative associations.*—The Secretary may provide loans, loan guarantees and technical assistance for the purpose of: (1) expanding operations at or acquiring ownership of an establishment; (2) constructing new establishments; or (3) undertaking research and development projects to identify new markets and employment opportunities.

SEC. 22. *Priority for providing assistance.*—Priority in providing assistance under sections 16, 19 and 21 shall be given where such assistance will enable employees at an affected establishment to continue to perform operations at such establishments.

SEC. 23. *Liability for loss of revenue.*—(a) A business concern shall pay to each unit of local government to which it was liable for taxes with respect to an establishment which it closes or from which it transfers operations, an amount equal to 85 percent of 1 year's tax revenues lost as a result of such transfer or closing.

(b) If a business concern fails to make such payment the Secretary shall pay it and such amount shall be a debt owed by the business concern to the United States.

(c) If a business concern transfers operations to an establishment located outside the United States when an economically viable alternative exists, it shall be liable to the United States for a sum equal to 300 percent of any tax revenues lost to the United States as a result of the transfer.

SEC. 24. *Criminal violations and penalties.*—(a) Provides a maximum \$1,000 fine and 1-year prison term for knowingly making false statements or failing to disclose material facts for the purpose of obtaining payments or assistance under this Act.

(b) Provides a maximum \$10,000 fine and 5-year imprisonment for making false statements or failing to disclose material facts required to be disclosed under section 4.

SEC. 25. *Civil violations and penalties.*—Provides that it shall be unlawful for a business concern to fail to give the notice required in section 4; to provide assistance required in section 9; or to pay debts owed to the United States under this Act within 180 days. The Secretary shall assess penalties for such violations not to exceed the sum of: (1) any depreciation claimed for equipment transferred, disposed of or abandoned as a result of the closing or transfer; (2) any investment tax credit claimed for such equipment; (3) any business expense deduction directly related to such transfer or closing; (4) any economic benefit paid by a foreign government to induce the business concern to relocate outside the United States; and (5) 1 year's savings to the business concern in wages and unemployment taxes as a result of transferring its operation outside the United States.

SEC. 26. *Violations of employees' rights.*—It shall be unlawful for any business concern: (a) to fail to offer an employee a transfer as provided in section 11 (a); or (b) to discriminate against an employee because she sought to vindicate a right guaranteed by this Act; (c) provides a remedy for violations of this section.

SEC. 27. *Recovery of overpayments.*

SEC. 28. *Reserves; recording requirements relating to loans.*

SEC. 29. *Congressional disapproval of rules.*—Provides a two-house veto of any rule promulgated by the Secretary for purposes of carrying out this Act.

SEC. 30. *Reports; legislative proposals.*—(a) After any program initiated by the Secretary under this Act has been in operation for 3 years, the Secretary shall evaluate its effectiveness and issue a report to Congress.

(b) The Secretary shall propose legislation: (1) to provide appropriate assistance to eligible units of local government; and (2) to require business concerns to report employment opportunities for inclusion in the nationwide computerized job bank created by CETA.

SEC. 31. *General powers of Secretary.*

SEC. 32. *Implementation of employment policies through National Employment Priorities Administration.*

SEC. 33. *National Employment Priorities Administration.*—Provides for the establishment of an administration within the Department of Labor, headed by an administrator appointed by the President and approved by the Senate. In addition to performing any powers and functions delegated by the Secretary, the Administrator:

(1) may conduct research projects relating to any relationship between unemployment and closings or transfers of establishments; and

(2) shall identify alternative services and products which a business concern required to give notice could profitably provide if given assistance under section 16.

The Administrator shall establish appropriate regional offices of the Administration.

SEC. 34. *National Employment Priorities Advisory Council.*—Establishes a council composed of 15 members, including the Secretary of Labor, the Administrator of the Environmental Protection Agency, the Director of the National Commission for Employment Policy, the Secretary of Commerce, the Secretary of H.E.W., four representatives of the general public, three representatives of labor organizations and three representatives of business.

The duties of the council shall be:

(1) to advise and assist the Secretary with respect to this Act,

(2) to review and evaluate the effectiveness of programs carried out under this Act,

(3) to study and report on areas of economic activity where the United States may in the future operate at a competitive disadvantage with other countries and where large economic dislocations may occur, and

(4) to research and prepare new programs to assist employees and communities affected by closings and transfers and to assist business concerns to expand or create new employment opportunities.

SEC. 35. *Amendments to other laws.*

SEC. 36. *Authorization of appropriations.*—There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

Mr. CLAY. The committee will come to order.

This hearing is being held jointly by the Subcommittee on Labor-Management Relations and the Subcommittee on Employment Opportunities.

Congressman Gus Hawkins is chairman of the Subcommittee on Employment Opportunities, and I am acting chairman of the Subcommittee on Labor-Management Relations.

We have come to Martinez today at the urging of our colleague George Miller to learn more about plant closings, a problem that is rapidly reaching epidemic proportions throughout the country. Within the past year there have been congressional hearings both in Washington, D.C., and in several States where we have heard people tell of the devastating impact of plant closings. The conclusion that is becoming inescapable is that we do indeed have an epidemic on our hands that is affecting all regions of the country and all kinds of industries. Plants close with little or no warning and leave in their wake shellshocked communities, unemployed workers, impoverished local governments, and devastated small businessmen who suffer from the ripple effects of a plant closure. The stability of an entire local economy is often severely jolted.

While difficult to measure, the cost of a plant closing to workers and communities is extremely high. It seems that these very real costs are not being considered when a corporation decides to close a plant.

My fear is increasing that today's economic environment creates distorted short-term incentives for corporations to close plants that are directly contrary to the interests of workers, communities, and long-term economic stability. Needless to say, such a distortion in the economy is serious. We cannot long tolerate a situation which allows the narrow, immediate interest of a few to win out over the long-term concerns of an entire community. I am afraid that the plant-closing epidemic might be a reflection of just such a situation.

Through the course of these hearings we are attempting to better understand the actual cost of plant closings, why they happen, who they affect, and how they are felt. The more we have heard, the more I have become convinced of the need for legislation like H.R. 5040. This bill offers practical and realistic ways of discouraging and dealing with plant closures. I hope that these hearings will begin to move us toward the enactment of this type of legislation. We can hardly afford to wait much longer.

Mr. Hawkins, have you an opening statement?

Mr. HAWKINS. Just a brief one.

The Subcommittee on Employment Opportunities is pleased to be in Martinez today with the Subcommittee on Labor-Management Relations to continue our joint consideration of H.R. 5040, the plant closing legislation.

We are here today largely through the persistent efforts of Congressman George Miller. The Congressman persuaded the subcommittees to travel here today to learn firsthand about the impact of plant closings on affected workers and local communities.

Through this hearing and others which we plan to conduct around the country we hope to develop legislation that will lessen the devastating economic blows associated with plant closures, pro-

vide for alternative employment, and assure ample notice for the affected workers and communities.

I would simply like to add that time for talking is long overdue. I think we have a right to demand action. I would hope these hearings would not only deal with H.R. 5040 but many other legislative changes which could take place in the immediate future. I would hope this would be before the elections and not after the elections. I disagree with the idea of delaying decisions until after the election, then 2 or 3 months after the election spending months drafting bills that will be heard in April or May. If we started now it would be almost June before anything could be funded.

I think administrative changes have to be made. I think it should be recommended to the sitting administration to back up all the rhetoric being expressed and alleviate the human suffering we have seen all around us.

I would think the misdirected economic policies that produce a real crisis, causing 10 million to be unofficially unemployed, is a national disgrace. This hearing today can dramatize the situation in this particular part of the Bay area. I think it is a good investment of time for the Subcommittee on Labor-Management Relations and the Subcommittee on Employment Opportunities to continue these hearings.

Mr. CLAY. Thank you.

Mr. Miller?

Mr. MILLER. I want to express my appreciation and the appreciation of those who will testify here today, for your bringing your subcommittee here and Mr. Hawkins for bringing his subcommittee here.

You will hear testimony here that will shine light on the problem.

While the plant closings are not on the scale of Youngstown, Ohio, the loss of revenue to the community and loss to the Federal Government is in the millions of dollars. You will see that some of the tragic stories this subcommittee has heard on this subject will be repeated here. I think the human side of the story as to what happens to workers, the uncertainties in which they are cast, the fact that a lack of notice and a failure to fully understand what would happen, has caused a great deal of consternation in their lives.

I think also we will be able to show you there are a multitude of reasons why some of these plant closures have taken place. In some instances it may be well beyond the ability of management to decide in any other fashion.

But at the same time, I think we have to make those determinations which minimize the Federal exposure in the event of plant closings because as we have seen, when those decisions have been made, the costs to the Federal Treasury are traumatic.

But I think we have to ask the question: To what extent will the corporate entities take responsibility for the lives of people cast out of work? I think we will present a little different picture to this committee than perhaps they have seen in hearings on this subject in other regions of the country.

I certainly want to thank both of you for taking your time, especially at this critical time of year when we are all out in the fields harvesting, to come all the way to Contra Costa County.

I understand Congressman Weiss of New York will be joining us shortly. I appreciate his effort, too.

With that we can call the first witness, Mr. Chairman.

Mr. CLAY. We will hear from a panel of affected workers: Ron Palmer and Don Weaver, paperworkers; Frank King, Rene Martinez, and Rick Jeters, steelworkers; and Larry Berger, autoworker.

If any of you have prepared statements, without objection we will include them in the record in their entirety.

You may proceed as you like.

STATEMENTS OF RON PALMER AND DON WEAVER, PAPERWORKERS; FRANK KING, RENE MARTINEZ, AND TOM ZIGANTO, STEELWORKERS; AND LARRY BERGER, AUTOWORKER

STATEMENT OF RON PALMER, PAPERWORKER

Mr. PALMER. I am Ron Palmer. I have worked for Crown Zellerbach in Antioch. I have been there for 17½ years, and am due to be displaced in the next couple of weeks.

As for any job placement program, I do not think I am qualified for that, because from what I understand, you have to be out of employment a certain amount of time before you can have any kind of training. The only thing I am trained for right now is warehouseman. I really do not know anything about my future, what is going to happen.

Mr. MILLER. Each of you can make statements that you would like about the conditions under which you are working now or how the shutdown came about.

STATEMENT OF FRANK KING, STEELWORKER

Mr. KING. I am working at a rod mill in Pittsburg.

Mr. CLAY. Your name, sir?

Mr. KING. Frank King, and I am from Antioch.

I have been laid off approximately 2 months. I only have 4½ years of service there. I do know there have been a lot of cases where we were notified, I would say approximately a year ago, that that plant was going to close down. We have been held at bay, you might say, as to what is going to happen, whether it was going to close or not, for the past year. The problems with placement now are up to such a point that everything has almost gone to a level of chaos there because nobody knows anything about where they are going. I do not believe management knows, because there are a lot of people working who have less time than we do. I have written letters to some Congressmen. I wrote one to George Miller about the purchase of the rod mill for the Department of Commerce. I received some letters from the Department of Commerce and they said for us to be eligible for any kind of trade adjustment help, there was a quota that had to be passed that the Federal Government set up.

Well, I can tell you that in the rod mill, where I work, it takes approximately between 200 and 250 guys to run the rod mill. Now

you have approximately 25 or less running the rod mill. I would have to say that this program does not seem to be good enough to help us out in the problems of job development and some type of financial and technical aid.

Mr. CLAY. Next witness.

STATEMENT OF RENE MARTINEZ, STEELWORKER

Mr. MARTINEZ. I am Rene Martinez. I am a steelworker in Pittsburg. I have had 6 years at the plant and have also been laid off.

I plan to get married about a year from now. I do not think I will be able to afford living on \$176 unemployment. With my house payments and other necessities, I do not think I can live on that. I hope I can go back to work as soon as possible. That is all I have to say.

Mr. CLAY. Thank you.
Next witness.

STATEMENT OF TOM ZIGANTO, STEELWORKER

Mr. ZIGANTO. I am Tom Ziganto, also work at the rod mill, married, two children, homeowner, I am still working, but that is only because I am the grievance man. But I have been moved down to a laborer's job, about \$200 every 2 weeks cut. Now with my expenditures, I am paying on bills and trying to raise a family, it is very difficult. There is nothing that can be done about it. I am forced to sell my house and seek employment in another city.

Mr. CLAY. Will you pass the microphone to the next witness.

STATEMENT OF DON WEAVER, PAPERWORKER

Mr. WEAVER. I am Don Weaver, Crown Zellerbach, 14 years, papermaker, no job, no place where I can find one. I do have a warehouseman's experience, but there is nobody who wants to hire us. I have been hunting all over God's creation in Antioch. I am moving to Minnesota. I paid \$25,000 down on a house right after we came off strike. I had to sell it 3 months ago. I had to take a third mortgage, which I will have to eat, I got \$15,000 out cash and that is it. I will have to eat \$17,000. I do not know what I am going to do. I went to CETA. They said I am not qualified. I have written to the State of California for jobs through them, such as laborer. Cal-Tran had a paper up on the board at the unemployment office for laborers. I filled out an application, sent it in to them, they said I was not qualified, they said a forklift is not qualification enough to run their machines. What kind of qualifications do I need to use a damn shovel? Plus I bet you \$5 I can drive anything any of you guys can. I have driven every machine Crown has, but they say I am not qualified, and I would like to know why. The only thing I have so far gotten answers on is as a janitor, which I did before I came to work for Crown Zellerbach, but that has been 4 months ago when I put an application in. They sent me a letter about a week ago that they had set up an appointment to see if I am qualified to be a janitor at \$700 a month, where I am used to making pretty close to \$2,000 a month, and to go down to \$700 a month? That is going to be kind of hard.

That is all I have to say.

Mr. CLAY. Mr. Miller?

Mr. MILLER. The gentleman just testifying, when you are told you are not qualified, why do you think that is? You obviously believe you are qualified. Do you think it is because of your age, of the fact that you have been laid off? I guess what I am asking, do you think coming from a plant closure or from a massive layoff attaches a stigma to you?

Mr. WEAVER. Right here is the paper. Here is what they had put up on the board. Here is my application sent back and the two letters along with it [indicating].

Mr. MILLER. I would like to see it. What I am concerned about is that you have talked to these people and have mentioned jobs where it would appear the qualifications are somewhat minimal, yet you are told for some reason that you are not qualified. What is your feeling about that?

Mr. WEAVER. I am pretty well perturbed at the State of California. I was born and raised here. I was raised in Sacramento.

Mr. MILLER. You think the State should make a special effort as to the cases of layoffs, to try to provide priorities?

Mr. WEAVER. Well, why take 4 months to tell me I am not qualified?

Mr. MILLER. This is Cal-Tran?

Mr. WEAVER. Yes.

Mr. MILLER. How did you make the decision to move to Minnesota?

Mr. WEAVER. My wife is from Minnesota, born and raised there. With that \$15,000, I can probably buy a house and about 7 acres. I cannot even buy a lot in Antioch unless I have \$33,000, approximately. That is a bare lot. My old house I sold was 60-some-odd years old. I repaired it like mad, had it for 6 years, repaired the heck out of it. I ended up selling it for \$48,500 and the guy who bought it is repairing it.

Mr. MILLER. If I can ask the other witnesses to comment. During the period of time where you had wages reduced either because of reduction in working time or because you had been laid off, to what extent have you been required to go into savings or to take a loan on your home, or as this gentleman pointed out, you had to make the decision to sell your home? I wonder if others are in the same position. What do you perceive the economic impact to be? How have you been able to plan for this with your families?

Mr. MARTINEZ. I had opened up three savings accounts. I just figured out how much my payments are with the car insurance, house insurance, and loans. I am paying at least \$2,000 a month. My house payment is \$632, house insurance about \$190, and car insurance and other loans that I have, and like I say, I cannot afford living on \$104 a week.

Mr. KING. We had a program at the mill for severance pay. But seeing as the other businesses back East have been having big layoffs, they have knocked that off for workers with less than 20 years. We would get \$120 from unemployment and our severance pay would be approximately \$119. It was hard enough then, but now it is like we are working twice as hard. We have to run as fast as we possibly can to stay in one spot.

Mr. MILLER. Are you saying under your bargaining agreement you were entitled to severance pay, but because of layoffs nationwide that was curtailed?

Mr. KING. Yes. After 2 years you would be entitled to severance pay, but now it is 20 years.

Mr. MILLER. So if you are laid off now, what benefits flow to you?

Mr. KING. Just what we get from unemployment. They used it all up back East. They knew the rod mill was going to be down. The rod mill is down, the pipe mill is down, and the nail mill went down. When the rod mill goes down—the nail mill went down first. We have a wire mill; I do not know what they are going to do. They say they are making it bigger. But I cannot see how they can afford to run it when the transportation costs will put them under.

Mr. MILLER. Anybody else?

Mr. PALMER. I am still working at the present through my seniority out at the mill. But in about 3 more weeks the warehouse will be cleared out and I will be laid off. As far as savings, we had a strike for about 7 months, so, that takes care of that.

Mr. CLAY. Do you have 20 years with the plant?

Mr. PALMER. 19½.

Mr. CLAY. You will qualify for severance pay?

Mr. PALMER. As far as I understand, I should.

Mr. WEAVER. He will, because I just got my severance pay.

Mr. MILLER. How much?

Mr. WEAVER. Twenty hours for every year worked. My blue-slip rate was \$10.77 an hour, at 20 per year, it came out to \$2,997.40.

Mr. MILLER. After how many years?

Mr. WEAVER. Fourteen years.

Mr. MILLER. In the case of the rod mill discussion, whether the mill was going to be sold, whether somebody was going to come in and contract it out or whether it was going to be closed, to what extent are employees notified of this? Are you a participant in any extent in the negotiations as to what is going to happen? I wonder to what extent if at all, and I know Danny is here and can testify to this a little later, but to what extent are you told there might be a possibility of participating in this, or are you out of the picture?

Mr. ZIGANTO. Management has kept all employees in the dark. They would have rumors going around that they will stay out of one crew operation then a couple of weeks later, they will go down completely. Yesterday, there were buyers there from Egypt. I was told they were going to put a picket fence around the rod mill, will grease everything up and box it so when it is sold it will be sold as a running operation.

Mr. MILLER. In this location?

Mr. ZIGANTO. Yes. I just heard this yesterday from management. Then again next week you may hear something else.

Mr. MILLER. So you do not know what your status will be?

Mr. ZIGANTO. I do know what it will be if they shut it down. I will be out of a job.

Mr. MILLER. How are you phased into the rest of the mills by way of transfer?

Mr. ZIGANTO. I transferred from the Midwest about 5 years ago. I do not know if that will hold me in the mill or not.

Mr. CLAY. Mr. Hawkins?

Mr. HAWKINS. I understand that only one of you is presently employed. Mr. Palmer I think indicated he had not yet been terminated. I assume the rest of you have received termination notices.

I will direct this to those of you who have already been terminated—at the time of termination, what type assistance was offered, and by whom? In other words, did the company provide any assistance in retraining and relocation or any other assistance? Did the Department of Employment Services offer assistance? What assistance, if any, was offered to the rest of you?

Mr. MARTINEZ. As far as the mill from Pittsburg, they said they had a training program, but it is not actually that. Very few people ever make it through their training periods for trade and crafts. The average time is supposed to be 4 years. It usually takes between 7 and 8 years, because of layoffs. That is not always the best thing to do, to get into a trade program out there, because they do have a large number of people being laid off.

Mr. HAWKINS. Was the union representative or anyone else available to assist in retraining or suggesting anything that can be done?

Mr. KING. We have what is known as a bid system, where the jobs are posted on the bulletin boards and you bid on them. If you do not have at least 10 or 12 years, you do not have a very good chance of getting the job.

Mr. HAWKINS. I believe you testified there were some with less seniority than you. Did I understand you to say that?

Mr. KING. Yes.

Mr. HAWKINS. On what basis did the layoffs occur?

Mr. KING. We have a clause where they say they can lay us off within 21 days. At the end of 21 days, they can lay us off at that time.

Mr. HAWKINS. I assume most of you who were laid off relied primarily on unemployment insurance. In each of your cases, those benefits are approximately what amount?

Mr. WEAVER. I get \$120 a week.

Mr. HAWKINS. Does anyone get more than that?

Mr. WEAVER. That is the maximum.

Mr. HAWKINS. The rest of you get somewhat less than that in some instances, so \$120 is the most anyone would be receiving?

Mr. WEAVER. I have only worked 3 months so far this year, and in that 3 months I made \$9,000. I slept and ate at Crown Zellerbach. That is how I made \$9,000 to get my bills paid off.

Mr. HAWKINS. I assume each of you is registered for any job opening that may take place during your receipt of unemployment insurance.

Mr. WEAVER. You find me a job and I will take it right now.

Mr. HAWKINS. Has anybody assisted you? The statement is often made that there are plenty of jobs out there, meaning someplace out there. Has anyone offered anything that was concrete in terms of a job out there?

Mr. WEAVER. They have a board at the unemployment office of jobs that employers want filled, and there was assembler up there, for \$10 and some odd cents an hour on the other side of Richmond, Highway 80. I went over there, filled out the application, talked to the guy, and it was assembling machinery. I have talked to him

and I have heard nothing from him since. I got one interview through the unemployment office, and that is the only one I have ever gotten.

Mr. HAWKINS. Were any of the rest of you offered anything from the unemployment office?

I assume the answer is no.

Thank you.

Mr. CLAY. Mr. Weiss?

Mr. WEISS. Thank you, Mr. Chairman. I have no questions.

Mr. MILLER. We are going to hear from management later, but in your experience, in the facilities you worked at, how accurate do you think the reasons given for the shutdown are, or were you given reasons? There obviously have been press accounts on why the decision was made, because of outmoded equipment, failure to deal with the peak, et cetera.

How accurate do you feel those reasons are?

Mr. KING. From what I understand, one of the big reasons the rod mill is being phased out is for a tax write-off. They remodeled the plant in 1975. They gave them a 50-percent tax break for 5 years. So I can say that probably in 1975, they said we will close it down in 1980, or that will be the last year.

Mr. MILLER. But that is speculation on your part?

Mr. KING. Yes.

Mr. MILLER. Anybody else?

Mr. PALMER. With Crown, we were led to believe it was pure economic reasons. The cost of operating the sections of the mill that were going down was just too high.

Mr. WEAVER. Crown Zellerbach said they were out of pulp. They could not get enough for the paper machines. They were going to shut down for 2 months for maintenance, and you will be called back.

After 2 months, they said they are curtailing another month, and then another month. For 2 or 3 months they were saying they were curtailing for another month. Finally, they came out and said we are shutting down the plant, the whole bloody mess.

Mr. MILLER. So, you were laid off before the notice?

Mr. WEAVER. Yes. They said they were going to shut down our department for 2 months. So I went and everybody else was goofing off and not coming in for their shift and stuff like that; and they would ask me to work or call me in early and I would take it. That is how I earned money.

Mr. MARTINEZ. I think it is import competition.

Mr. MILLER. Inability of the rod mill to compete with the imports.

Has an effort been made to get you trade adjustment assistance?

Mr. KING. The letter I received from George T. Karas, he referred me to Hugh Taylor, the Bay area representative. Do you want to see these?

Mr. MILLER. Yes. Has the company given the union evidence that if they cannot compete because of trade, to go ahead and help you file for trade assistance?

Mr. KING. They have not mentioned that. It was research we did on our own. We got ahold of it through the Federal Register.

Mr. MILLER. We heard a similar story in Akron. Workers were told the machinery needed to be reworked. The plant was shut down, and what had happened was the machinery had been put on railroad cars and sent to Texas. They read about it in the newspaper, and the plant was shut from there on.

[Larry Berger has joined the panel.]

STATEMENT OF LARRY BERGER, AUTOWORKER

Mr. BERGER. I am a shop foreman, so I have a lot to say about plant closures.

GM did not inform the workers the plant was closing. The workers did a lot of investigation through the Reno papers. We kept pressing the issue. We sent a local committee up to Nevada and found out that those were the circumstances. At that point management was faced with telling us that yes, they were contemplating this move. Prior to this, management had never approached the workers nor the union and stated, here is a situation where we have this old plant; we have problems. They had never given us an opportunity to participate in some way that might save the plant. Later, our particular plant became one of the No. 1 productive plants as far as parts warehousing. Also, they never came to anybody in the Bay area, especially Oakland, and offered to show what the Nevada facility was offering in the way of incentives. Although they say they are not offering incentives, obviously they are moving to a right-to-work State, but they never did come to the community and say here is the situation, we are faced with this old plant and we need a new plant. They have these master plans which affected a third of our work force.

Then when the reality of it did come about, that they were moving to Nevada and would not reconsider, once governmental people got involved, GM said they had done so much preparation work it would be impossible to reconsider, although all the preparation work was done totally in secret so no one could offer input.

When the reality did come about, they automated the plant to the extent it cost us about a third of our work force. People were given an opportunity to transfer. Under our UAW contract we have a supplementary benefit contract which supplements unemployment. But because of the autoworkers situation, that fund is dwindling. It used to be that for a year unemployment we would receive 95 percent of our salary. Now we have a rate of 75 percent of the original rate for maybe 6 months, some for only 2 months.

I work in a primarily minority plant. A lot of these people lived in housing in the east Oakland area in housing in red-zoned areas where commercial value of their housing nowhere escalated near that of people who lived out in the valleys or San Leandro, some of those areas. So when they were faced with selling their homes and going to Nevada, the price of homes in Nevada even though they were available to the workers was well above their means.

I took my family and went to Nevada and found a situation where I am presently paying \$300 in house notes. I would be looking at \$600 to \$700 house notes, they told us \$100 for utility bills. The cost of the move was an impossibility. I also found the area was inhospitable, as far as minorities. My wife is Mexican American and I decided not to take my family to Sparks, Nev. So I

decided to stay behind. It was a difficult decision to make. There are also people from Oakland here who might have something to say. All those people have 15 to 16 years with the corporation.

Are there any questions I can answer for you?

Mr. MILLER. You were allowed to transfer, I assume, based upon seniority, but that is as a result of your collective bargaining arrangement with UAW?

Mr. BERGER. We had a moving allowance of from \$900 to \$1,100 which in reality would not move a family to Nevada.

Mr. MILLER. We will hear from other people involved in that same problem.

Mr. CLAY. Any other questions? We certainly want to thank all of you for your testimony.

Mr. MILLER. We thank all of you for your time.

Mr. CLAY. The next panel consists of union representatives: Robert Crane, area representative, Association of Western Pulp & Paper Workers, Antioch; Dan Herrera, financial secretary, United Steelworkers of America, local 1440, Pittsburg; and Greenville Cleveland, Jr., UAW subrepresentative, local 1384, community service chairman.

Without objection your statements and accompanying newspaper articles will be included in the record.

Mr. Crane, would you like to start?

STATEMENTS OF ROBERT CRANE, AREA REPRESENTATIVE, ASSOCIATION OF WESTERN PULP & PAPER WORKERS, ANTI- OCH, CALIF; DANIEL HERRERA, FINANCIAL SECRETARY, UNITED STEELWORKERS OF AMERICA, LOCAL 1440, PITTS- BURG; AND GREENVILLE CLEVELAND, JR., SUBREPRESENTA- TIVE, LOCAL 1364, AND CHAIRMAN, COMMUNITY SERVICE, LOCAL 1364, UNITED AUTO WORKERS OF AMERICA

STATEMENT OF ROBERT CRANE, AREA REPRESENTATIVE, AS- SOCIATION OF WESTERN PULP & PAPER WORKERS, ANTI- OCH, CALIF.

Mr. CRANE. My name is Bob Crane and I am the northern California area representative for the Association of Western Pulp & Paper Workers. In northern California I represent about 2,500 workers in 10 different plants. I have worked in a paper mill for 20 years prior to becoming area representative.

Most of the workers in our plants start at a young age, normally right out of high school, and have worked in these plants most of their lives. The average number of years of seniority in our plants is 17 to 20 years. Even though all jobs in a plant require a skill, unfortunately there is no demand for these skills other than in a paper mill.

The problem of plant and/or department closures is becoming more and more frequent in our industry. In 1976 I was elected as the northern California area representative. My first involvement with a plant closure was in 1978. I was selected to represent local 253, South Gate, Calif., in their 1978 contract negotiations. I went to South Gate to meet with the company on July 12, 1978, to start the bargaining. The South Gate plant was owned by Louisiana-Pacific Corp., and employed about 250 employees. Most of the employees had spent their working years in that plant. That was a

corrugated box plant. The average years of seniority was around 18 years per employee. The only skills they had were those they learned in that plant. Most of the employees were from the age of 40 to 54 with no way of receiving any pension benefits until they reached age 65. Most of them had never held any job other than in that plant.

As I said, we started their negotiations on July 12, 1978, and negotiated until August 1, 1978. When we sat down at the bargaining table on August 1, just 3 weeks after starting those negotiations, the spokesman for the company handed me a letter across the table. The letter read as follows:

AUGUST 1, 1978.

HOT LINE

Fibreboard Corporation, a wholly-owned subsidiary of Louisiana-Pacific Corporation, today announced the planned permanent closure of the Company's corrugated container plant in South Gate, California on or about August 31, 1978.

The closure action is being taken because of substantial unprofitable operations over the last several years. One of the major causes of these unprofitable operations is labor costs, which are far in excess of most other container manufacturers in the same market area. The Company is assuring its customers that all existing orders will be filled and that Fibreboard will assist them in securing alternative sources of supply where necessary. Discussions have been initiated with employees and Union representatives to minimize the adverse effects of this closure. It is our intention to achieve an orderly shutdown.

On August 31, 1978, the South Gate plant was shut down and 250 workers who had worked steady for the past 20 years found themselves without work. They were at an age where unless you had trade skills, jobs were not to be found in just a period of 1 month. What a tragic experience those people had to face. I know, I was there, and I faced it with them, one by one. Most had homes they were buying, children they were raising or sending to college, and now, after 20 years of employment with one company, this bomb was dropped on them.

In less than 2 months I was to resume contract negotiations in Sumner, Wash., with Local 28, also a mill owned by Louisiana-Pacific Corp. I was notified 48 hours prior to going to Sumner that the plant was going to be shut down. Within 3 weeks the plant was down and 100 more employees were in the same condition as the people at South Gate, Calif.

I also represent Crown Zellerbach Local 850, Antioch, Calif. Prior to 1978, there were approximately 900 employees at this plant. Today there are only approximately 170. During a labor dispute in 1978, Crown Zellerbach announced it was closing two departments and approximately 253 employees were without work, again finding themselves in the same situation I have described at South Gate, Calif., and Sumner, Wash.

A question was asked by Mr. Miller as to what they did at some of these operations. This operation in Antioch was moved to Hanford, Calif., and reopened under the name of Chase Bay Co. There is no union there. The labor costs are certainly much less than in Antioch. That is what happened with Crown Zellerbach. It is now operating under the name of Chase Bay Co.

Crown Zellerbach eventually closed down its box plant in Antioch with a 3-week notice. Just recently Crown Zellerbach announced the closure of its converting and towel and tissue depart-

ments. The employees of converting and towel and tissue had been laid off for 6 months with the understanding the layoff was temporary. When they were originally laid off they were given a tentative startup date. It was postponed on four occasions, and in just 1 day's notice they were all told their departments would permanently close in less than 2 weeks, and 250 employees again found themselves in the same situation as I have already described.

There was not one case I have mentioned that the employees involved were given any prior notice. In fact, in one case we were called to come to Crown Zellerbach for a meeting. Before we got there, we read in the newspaper what we were going there for. The longest period in any case I have described was 30 days from the announcement until they were on the streets wondering where their next house payment was coming from. In almost every case I have mentioned, the media was notified before the workers were. It is awful hard to realize the effect this has on a man or woman who has worked steady for 20 years, given the best working years of their lives to their company, and, without any notice, left without a job. Most of these workers, as I have stated, are above middle age, without skills and living in depressed areas. They are raising families, and then their whole lives change overnight without any prior notice.

One example out of many that I have had contact with is a man I became acquainted with who has lost his job because of one of the closures. He was 50 years old and had worked in a plant for 33 years. He started at the age of 17, spent his working years in the plant, and now has no income or any hope of finding a job. Today he is still not working.

The companies, when closing these departments and plants, know in advance that they are going to close them. We have asked many times why they will not give their workers sufficient notice of their plans to close, so these workers will financially be able to seek some type of employment while they are waiting to have their plants closed. They never have any answers to that question. They have never told us why we are not given proper notification.

In closing, I would only say that if you had experienced meeting with these people who are going through these personal tragedies as I have, you would realize something must be done to prevent this injustice.

I said I experienced this with them. In each and every case where they shut these plants and departments down, I was involved in negotiating what rights under their contracts that they had. It is an experience that I think everyone in this room ought to go through at one time, then maybe you would understand more of what I am trying to tell you here today.

Mr. CLAY. Thank you.

[The prepared statement of Robert Crane follows:]

PREPARED STATEMENT OF ROBERT W. CRANE, AREA REPRESENTATIVE, NORTHERN CALIFORNIA, ASSOCIATION OF WESTERN PULP & PAPER WORKERS

To: The Congressional Subcommittees on Labor-Management Relations and Employment Opportunities.

My name is Bob Crane and I am the Northern California Area Representative for the Association of Western Pulp and Paper Workers. In Northern California I represent about 2,500 workers in 10 different plants. I have worked in a paper mill for 20 years prior to becoming Area Representative.

Most of the workers in our plants start at a young age, normally right out of high school and have worked in these plants most of their lives. The average number of years of seniority in our plants is 17 to 20 years. Even though all jobs in a plant require a skill, unfortunately there is no demand for these skills other than a paper mill.

The problem of plant and/or department closures is becoming more and more frequent in our industry. In 1976 I was elected as the Northern California Area Representative. My first involvement with a plant closure was in 1978. I was selected to represent Local 253, South Gate, California in their 1978 contract negotiations. I went to South Gate to meet with the Company on July 12, 1978 to start the bargain. The South Gate plant was owned by Louisiana-Pacific Corporation and employed about 250 employees. Most of the employees had spent their working years in that plant. The average years of seniority was around 18 years per employee. The only skills they had were those they learned in that plant. Most of the employees were from the age of 40 to 54 with no way of receiving any pension benefits until they reached age 65. Most of them had never held any job other than in that plant.

As I said, we started their negotiations on July 12, 1978, and negotiated until August 1, 1978. When we sat down at the bargaining table on August 1st, just three weeks after starting those negotiations, the spokesman for the Company handed me a letter across the table. The letter read as follows:

"AUGUST 1, 1978.

"HOT LINE

"Fibreboard Corporation, a wholly-owned subsidiary of Louisiana-Pacific Corporation, today announced the planned permanent closure of the Company's corrugated Container Plant in South Gate, California on or about August 31, 1978. The closure action is being taken because of substantial unprofitable operations over the last several years. One of the major causes of these unprofitable operations is labor costs, which are far in excess of most other container manufacturers in the same market area. The Company is assuring its customers that all existing orders will be filled and that Fibreboard will assist them in securing alternative sources of supply where necessary. Discussions have been initiated with employees and Union representatives to minimize the adverse effects of this closure. It is our intention to achieve an orderly shutdown."

On August 31, 1978, the South Gate plant was shut down and 250 workers who had worked steady for the past 20 years found themselves without work. They were at an age where unless you had trade skills jobs weren't to be found in just a period of one month. What a tragic experience those people had to face. Most had homes they were buying, children they were raising or sending to college, and now, after 20 years of employment with one company, this bomb was dropped on them!

In less than two months I was to resume contract negotiations in Sumner, Washington with Local 28, also a mill owned by Louisiana-Pacific Corporation. I was notified 48 hours prior to going to Sumner that the plant was going to be shut down! Within 3 weeks the plant was down and 100 more employees were in the same condition as the people at South Gate, California.

I also represent Crown Zellerbach Local 850, Antioch, California. Prior to 1978, there were approximately 900 employees at this plant. During a labor dispute in 1978, Crown Zellerbach announced it was closing two departments and approximately 235 employees were without work, again finding themselves in the same situation I have described at South Gate, California and Sumner, Washington.

Crown Zellerbach eventually closed down its Box Plant in Antioch with a three week notice. Just recently Crown Zellerbach announced the closure of its Converting and Towel & Tissue Departments. The employees of Converting and Towel & Tissue had been laid off for six months with the understanding the layoff was temporary. When they were originally laid off they were given a tentative start up date. It was postponed on four occasions and in just one day's notice they were all told their departments would permanently close in less than two weeks and 250 employees again found themselves in the same situation as I have already described.

There was not one case I have mentioned that the employees involved were given any prior notice. The longest period in any case I have described was 30 days from the announcement until they were on the streets wondering where their next house payment was coming from. In almost every case I have mentioned the media was notified before the workers were. It's awful hard to realize the effect this has on a man or woman who has worked steady for 20 years, given the best working years of their lives to their company, and, without any notice, left without a job. Most of

these workers, as I have stated, are above middle age, without skills and living in depressed areas. They are raising families and then their whole lives change over night without any prior notice.

One example out of many that I have had contact with is a man I became acquainted with who has lost his job because of one of the closures. He was 50 years old and had worked in a plant for 33 years. He started at the age of 17, spent his working years in the plant and now has no income or any hope of finding a job.

The companies, when closing these departments and plants, know in advance that they are going to close them. We have asked many times why they won't give their workers sufficient notice of their plans to close so these workers will financially be able to seek some type of employment while they are waiting to have their plants closed. They never have any answers to that question.

In closing, I would only say that if you had experienced meeting with these people who are going through these personal tragedies as I have, you would realize something must be done to prevent this injustice.

Respectfully submitted,

ROBERT W. CRANE,
Area Representative, Northern California.

Attachments.

CLOSURE OF SOUTH GATE ORDERED BY L-P AUGUST 31

Louisiana-Pacific closed Fibreboard's South Gate mill on Aug. 31, putting the 115 members of Local 253 out of work, President Farris Bryson announced. Approximately six employees were retained temporarily to ship out remaining stock.

Bryson said Area Rep. Bob Crane and Local 253 officials met frequently with Fibreboard officials in connection with the closure. Local 253's contract included plant closure provisions, according to Bryson.

The closure gives substance to industry rumors that L-P's acquisition of Fibreboard through merger was carried out primarily to obtain Fibreboard timber holdings, rather than the mills.

FIBREBOARD SHUTS PLANT

Fibreboard Corp. permanently closed its corrugated container plant in Sumner, Wash., Thursday, the company announced.

The plant was built in 1920 and employs about 100 workers. It had an annual capacity of 300 million square feet.

Fibreboard, which is a wholly owned subsidiary of Louisiana-Pacific Corp., operates container plants here, Buena Park and San Jose, and Glendale, Ariz.

[Antioch Daily Ledger, Tuesday, Nov. 7, 1978]

CROWN MILL WILL CUT 235 JOBS

(By Denis Cuff)

Strike-embattled Crown Zellerbach will shut down part of its Antioch plant, eliminating an estimated 235 of the 1,000 jobs at the mill, the company announced today.

The company will close permanently its multi-wall bag business, an operation at the Antioch and a Port Townsend, Wash. plant that was faltering even before the strike shut the bag production down Aug. 5.

"This action is not punitive," said a C-Z spokesman in San Francisco. "Figures show that the multi-wall business wasn't operating at a cost-competitive level for some time.

"The strike certainly doesn't make things any better. But we're not relating the two things," he added.

Closure of the multi-wall division will eliminate about 200 jobs at the Antioch plant and closure of grocery bag facilities will eliminate another 35 jobs at the mill.

Crown workers had known for a long time about the possibility of the shutdown. However, rumors intensified recently and some reports circulated that Crown might close more than the multi-wall division.

The company denied this. And in a prepared statement, Scott Weldon, senior vice-president for pulp and paper operations, noted the vitality of other parts of the Antioch plant.

It was noted the company recently completed a \$13 million expansion program at Antioch, making it the largest paper recycling mill on the West Coast and one of the largest in the nation.

The union's main concern is to see that layoffs are done with consideration for seniority, said John Vanderveen, vice-president of Local 850 of the Association of Western Pulp and Paper Workers.

"We've known for some time the company was talking about the closure. It didn't surprise us," Vanderveen said.

Striking workers now have no contract and no guidelines for the company to follow in carrying out layoffs.

Vanderveen said he accepted the company's explanation the closures are not retaliation against strikers.

"I've seen it first hand and I understand it," he said of Crown's faltering multi-wall business. Market demand has shifted away from the products, he added.

Multi-wall bags have several layers of paper that can bear the weight of heavy contents like fertilizer without breaking.

"We want the people to know it wasn't caused by the strike and there was nothing we could do," he added.

The company said its multi-wall business was losing money for several years and attributed the losses to the high production costs on the West Coast.

While the union received grim news about the job eliminations, it heard some encouraging news on negotiations, which were broken off several weeks ago.

Federal Mediator Patrick Leyden has called for a resumption of negotiations Monday afternoon in Portland, Ore., a Crown official said.

Mr. CLAY. Mr. Herrera.

**STATEMENT OF DANIEL HERRERA, FINANCIAL SECRETARY,
UNITED STEELWORKERS OF AMERICA, LOCAL 1440, PITTS-
BURG**

Mr. HERRERA. My name is Dan Herrera. I have been with United States Steel for 32 years; I have been an officer for 23 years; and I am presently financial secretary, full time. I am affiliated with Local 1440, U.S.W.A., District 38. At the outset, let me say that the Steelworkers welcome these hearings on plant shutdowns. It is an issue that has been with us for a long time and needs to be properly addressed through legislation on the State and Federal level by labor, management, and government. A cooperative effort on the part of labor, management, and government is needed in order to resolve this issue.

Mr. Chairman, at this time I would like to briefly refer to plant closures in the steel industry. In the last 6 years, United States Steel Corp. has closed plants in the Youngstown, Ohio, area, leaving thousands jobless. In 1977, plant closings occurred in Lackawanna, N.Y., Johnstown and Allenwood, Pa., affecting a total of about 10,000 workers. The recent United States Steel decision to close steel facilities in such places as Fairfield, Ala., Ambridge, Pa., Waukegan and Joliet, Ill., Torrance and Pittsburg, Calif., and others will affect thousands of steelworkers.

I have a copy I did not submit. I received this information a little late. I was on vacation for 2 weeks, but I would like to go through it.

During the last 2½-year period, United States Steel has announced a reduction of 1,445 jobs in California, or approximately 30 percent of its work force, as follows:

July 1978—American Bridge president announced permanent closing of American Bridge plant in Antioch, Calif. The plant has been idle since May 1976, affecting the loss of approximately 150 skilled jobs.

Note.—The permanent closing announcement came shortly after the State's Antioch Bridge project was awarded to a foreign source.

United States Steel bid the project at cost—zero profit—and still lost the job.

April 1979—American Bridge, Los Angeles plant closed, 400 employees affected.

December 1979—Torrance Works of United States Steel's western division was shut down, affecting loss of 600 jobs.

March 1980—Pittsburg works of United States Steel's western division closed pipe mill, affecting loss of 45 jobs.

June 1980—Suspension of nail mill operations at Pittsburg, Calif. works affecting 50 jobs.

1980—Scheduled for later in 1980 will be the closing of Pittsburg, Calif., works rod mill affecting 200 employees.

Mr. Chairman, given the relationship between business and society in the United States, there is very little that presently can be done in terms of the corporate decision to close plants. The United Steelworkers of America believes that corporate decisions of this magnitude, which impact upon a large segment of society, should be subject to something other than the corporate decisionmaking structure. There is a great need for legislative efforts in this area to anticipate or even postpone the plant closure decision until there is adequate preparation by the communities and workers and above all some justification for the closure.

Presently, since little or nothing can be done to affect or influence corporate decisions to close plants, what we are left with is an attempt to minimize the impact of the shutdowns through the application of public and private adjustment assistance services. The four basic public adjustment assistance programs available to workers and communities impacted by plant closures are:

One: Regular unemployment compensation, including extended Federal benefits—EFB—if the States meet certain requirements;

Two: Trade adjustment assistance benefits if the Department of Labor determines that imports caused the unemployment;

Three: State-Federal employment services; and

Four: Community and business development assistance funded through the Commerce Department's Economic Development Administration.

Therefore, Mr. Chairman, I would like to submit for your review and consideration 27 specific recommendations for a comprehensive policy on plant closings. These are the same recommendations submitted by United Steelworkers Legislative Director John Sheehan as part of his testimony before the U.S. Senate Select Committee on Small Business, February 5, 1980. These recommendations are contained in a joint labor union report, "Economic Dislocation: Plant Closings, Plant Relocation and Plant Conversion," published by the United Steelworkers of America, the United Auto Workers, and the International Association of Machinists.

Mr. CLAY. Without objection it will be included in the record at this point.

[The information follows:]

FINDINGS AND RECOMMENDATIONS

The three nations visited are experiencing serious economic dislocations. Government in each, however, is strongly committed to humanizing dislocation's impact upon individual workers and communities.

Each recognizes the shortfalls and failings of the free market/free enterprise system. Economic planning is central to maintaining full employment. Industries with growth potential are targeted for transfer of resources from declining industries. Health care, unemployment compensation, severance pay and retirement income are bottom-line cushions, taken for granted, which substantially reduce personal economic hardship and insecurity during dislocation crises.

It was learned that the European Economic Community (Common Market) is issuing to member countries (Sweden is not a member) a binding directive, which will provide minimum standards for national legislation in order to regulate corporate behavior with respect to plant shutdowns and mass layoffs. The directive requires corporations to give advance notice of layoffs to unions, government and individual workers. It mandates prior consultation with unions and government. And it estab-

lishes minimum severance pay standards. Standards in most Common Market countries already equal or exceed these minima.

In Sweden, the economic dislocation program is far superior to the Common Market minima, since it affords effective incentives and levers to influence private investment and disinvestment decisions. (It is worth noting, too, that on this side of the Atlantic, Canada requires mandatory advance notice of layoffs, provides severance pay, coordinates labor market programs and invokes government intervention to protect against economic dislocation.)

It is clear that the assistance and protections provided to European workers can be implemented within the United States' economic and political system. It is highly significant that dislocation measures found in Sweden, West Germany and the United Kingdom have not deterred U.S. corporations from investing, locating and operating profitably there.

Based on findings of the three-nation tour and with firsthand experience and familiarity with the U.S. economic dislocation scene, the following recommendations are made:

1. Federal fiscal and monetary policies should be im-

abandoned facility is also mandatory and must include a survey of market potential for alternative products or services. Alternative production plans which are developed should meet emerging or unmet national priorities.

8. Targeted federal procurement should be utilized in support of alternative production plans, and to prevent dislocation.

9. Adjustment assistance for displaced workers, including severance pay, mandatory transferred rights (with no reduction in benefits or pay), guaranteed social security credits, health benefits and adequate income maintenance benefits are to be provided by the company until the individual is re-employed. Adequate retraining, mobility assistance and guaranteed employer-paid relocation expenses must be provided, as well as improved voluntary early retirement benefits.

10. In cases of bankruptcy, receivership or going out of business, costs of impact statements, adjustment assistance and alternative production plans are to be borne by the federal government.

11. There should be temporary short workweek programs which could be implemented when job and income loss can be averted by this means. Benefits could be financed through the unemployment compensation system, as in Western Europe.

12. Strict curbs on overtime and hiring and dismissal freezes shall be imposed on companies during the mandatory period of advance notice.

13. Under certain circumstances, and with careful safeguards against abuse, corporations and communities

pledmented to fulfill the letter and spirit of the Full Employment Act of 1946 and the Humphrey-Hawkins Full Employment and Balanced Growth Act of 1978.

2. Advance notice of impending layoffs, dismissals and plant shutdowns should be given to government, affected trade unions and individual workers as soon as the employer contemplates the decision. Since in many cases in the United States the lag time between shutdown and a new startup or conversion of an abandoned facility is three to five years, and in many other cases conversion is never made, then a one-year mandatory prenotification period is not unreasonable.

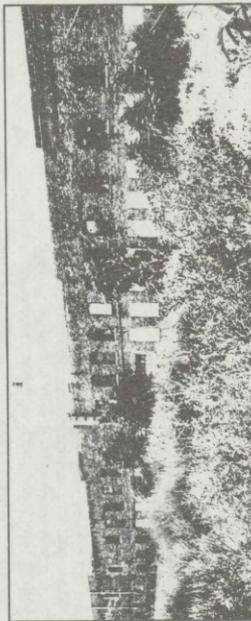
3. Employers owe a duty to show cause why they must shut down, move operations, reduce the work force or make other planned dismissals. Accurate information about a firm's financial condition, costs and profits are essential to evaluate the necessity of a decision, move or shutdown. Production of these data and financial records must be subject to subpoena powers, and not left to voluntary compliance or to time-consuming legal discovery proceedings. It should be mandatory for companies to bargain with unions over shutdown and cut-back decisions, not just over the effects of those decisions as at the present time. The company must offer to begin such bargaining well in advance of implementing its decision.

4. Reasonable proposals by trade unions, impacted workers, and government to avert shutdown or dismissals must be given a fair hearing and guaranteed a fair chance to be implemented.

5. Economic and social studies assessing employment, income, housing market and general business activity within the impacted community—made by a proper government agency—are mandatory.

6. Failure to comply with the advance notice, duty to provide accurate information, mandatory impact study and other requirements should invoke stiff monetary penalties. In the event a firm proceeds to move or shut down or implement a decision after failure to show cause, it should lose federal tax incentives, credits and subsidies, be liable for the full cost of adjustment assistance and in certain circumstances face debarment from bidding on federal contracts.

7. Unless show-cause hearings determine otherwise, development of an alternative production plan for an



should be provided temporary federal subsidies to insure continuity of employment, while alternative production and job creation programs are being made. Public works projects should be coordinated into the conversion program.

14. Firms should be required to set aside a portion of their profits in a tax free Investment Reserve Fund, to be used at the direction of the proper government agency for investment purposes only in a community or region marked by high unemployment and a declining economy, targeted to provide jobs for prospective or past victims of economic dislocation. Large corporations should be required to disclose detailed plant-by-plant investment plans to an appropriate agency of the federal government. These plans should extend several years into the future, and be updated on a regular basis.

15. Tax incentives such as Investment Tax Credit, accelerated depreciation and start-up credits should be permitted only if a firm remains, expands, or makes new investment in the community or region, without causing dislocation.

16. Credit should be allocated, through special low interest rates, to those firms investing in new plant and equipment to offset economic dislocation and meet designated national priorities.

17. The nation's Employment Services must be upgraded and coordinated with mandatory listing of job vacancies, other than those to be filled by transfer or promotion, required from employers. During the one-year period of notice, workers should have paid time off to look for a new job.

18. Communities that lose tax revenues as a result of a plant shutdown must be compensated in order that vital services are not impaired or interrupted.

19. State and local tax abatements and tax exempt industrial development revenue bonds used to lure plants and industries from one region, state or community to another must be abolished.

20. When federal programs and action such as energy policies, environmental standards, international trade policy and military and civilian procurement decisions result in economic dislocation, then the federal government has a special obligation to implement job creation and adjustment assistance programs to mitigate the impact and facilitate the maintenance of a strong and viable

local economy. The level and duration of benefits should be at least comparable to those provided under the Amtrak, Conrail and Redwood programs.

21. Unemployment insurance and Workers' Compensation laws must be federalized, with uniform benefit levels and qualification standards throughout the 50 states.

22. To insure uniform labor policy among the states and to prevent unfair competition based on national labor laws, Section 14(b) of the National Labor Relations Act must be repealed and comprehensive labor law reform enacted. To prevent victimization of their members by runaway employers, unions should be granted automatic recognition, with contracts continuing in full force and effect, at newly opened or acquired runaway plants. Rights of successorship must also be guaranteed to help protect workers in plant shutdown situations.

23. Bankruptcy laws must be revised to protect workers and guarantee satisfaction of their claims, including pay in lieu of mandatory notice and maintenance of health, pension and other benefits.

24. Federal anti-trust laws must be strengthened with respect to corporate mergers and acquisitions and must be designed to apply to conglomerate mergers, which may not have anti-competitive consequences, but do result in economic dislocation and undue concentration of economic, political and social power. "Efficiency" should not be the sole test used to justify conglomerate mergers; protection against economic dislocations is a valid criterion as well.

25. Foreign investment by U.S.-based corporations must be licensed so as to meet acceptable wage, benefit, hours, retirement, safety and health and environmental protection standards. Such licenses should be granted only upon assurance that job loss and other economic dislocation in the U.S. will not ensue.

26. The Department of Labor must gather, collect and periodically report on a regular basis plant closing, plant moving, and other economic dislocation data on a state-by-state basis.

27. To coordinate implementation of the above recommendations, appropriate labor market bodies at the national, regional, and community levels—as well as workplace adjustment and planning groups when needed—must be created.

Mr. HERRERA. In closing I would like to say that it seems to me the way Government has to resolve this problem is to enforce the fair trade laws currently on the books to eliminate foreign steel dumping and to use a more reasonable economic approach with business as to environmental and regulatory controls.

I thank you.

Mr. CLAY. Mr. Cleveland.

STATEMENT OF GREENVILLE CLEVELAND, JR., SUBREPRESENTATIVE, LOCAL 1364, AND CHAIRMAN, COMMUNITY SERVICE, LOCAL 1364, UNITED AUTO WORKERS OF AMERICA

Mr. CLEVELAND. Congressman.

Gentleman: I feel that the hearing scheduled on the new bill concerning plant closures and layoffs and how it affects the people in a community is very good. I would, however, like to speak on plant layoffs because this is an area that has affected me very much. In July and August 1979, at the General Motors assembly plant in Fremont, Calif., we had a layoff of at least 3,500 people with no advance notice—which the new bill would not allow. This layoff has had some very serious effects on the lives of many of the people involved in it. I have had direct involvement along with the other benefits representatives of my local union—UAW Local 1364. The benefits representatives in addition to myself are Mr. Donald Watts, Mr. Jerry Bush, and Mr. Robert Camarro.

Some of the repercussions from the extended layoff are divorces with families broken up; increased death rates from increased alcohol use, and despondency resulting in more accidents and suicides; foreclosures on homes and repossessions of automobiles and other property.

This layoff has also taken its toll on the local economy of all the communities involved.

There must be a way for large companies to give advance notice of a large layoff

Gentlemen, in 1974 Congress took some action toward aiding people that were out of work by passing the Trade Adjustment Assistance Act. This program as well as your proposed bill will only be as good as the people who implement it. You have done your jobs well, but as you know, when a bill leaves your hands and goes to the State level, there are all too frequently many delays which cause unnecessary hardship on all of the people on layoff. The TRA program is a classic example of inconvenience caused by redtape and delays for the autoworkers throughout the State of California. Our people have been certified for TRA, but not a single person laid off for more than 1 year has received 1 single cent. The Federal people say the money is there, it should be given to your people, but the State says we are overworked, backlogged.

This is what affects our people. We need our Government to say to big companies that you cannot just lay off people or close companies without giving any prior notice, this has a large effect on all our communities and all our people.

Thank you, gentlemen. I will be open for questions of any kind.

Mr. CLAY. Thank you.

Mr. Cleveland, you have been involved with two closures. You said at no time were you given any advance notice of either, but in

this hotline letter that you refer to, put out by the company, it says that discussions have been initiated with employees and union representatives to minimize the adverse effect of the closure at the Fiberboard Corp. Is that not true?

Mr. CLEVELAND. At the time the letter was put out, discussions will be initiated. Prior to that letter, we had never discussed it with the company. That was the first notice. We were at the bargaining table at that particular time, in the process of negotiating the current labor agreement.

Mr. CLAY. How long after that was the plant closed?

Mr. CLEVELAND. The plant was closed and completely out of business on August 31. I stayed there and met with the company on the closure.

Mr. CLAY. So it was a 30-day period.

Mr. CLEVELAND. That is right.

Mr. CLAY. What could have been done had you been given ample notification?

Mr. CLEVELAND. If the people had been given ample notice, say 1 year or 6 months in advance, they would have had 1 year's notice to replace their jobs. In the situation that occurred, they had approximately 30 days to make this adjustment.

Mr. CLAY. In the letter it also states that the reason for closing was because of substantial unprofitable operations over the last several years. Is that a true statement?

Mr. CLEVELAND. No. The company is still currently in the container business and has operations in Buena Park and Arizona, as well as San Jose and South Gate. But I also might add, at that particular time, Fiberboard Corp. had just been sold to Louisiana-Pacific Corp., which came in and took over the Fiberboard operation.

Mr. CLAY. Mr. Hawkins?

Mr. HAWKINS. Mr. Herrera, in your prepared statement, in the conclusion, you deviated from that. You added another suggestion. Would you repeat the suggestion that you had?

Mr. HERRERA. Yes. The reason I tried to explain, I was gone and did not get back until Sunday evening. In closing I would like to say on a personal basis, that it seems to me, the best way Government can resolve this problem is to enforce the fair trade laws currently on the books to eliminate foreign steel companies and to us a more reasonable economic approval within business also to environmental and regulatory controls.

Mr. HAWKINS. This and other suggestions made seem to be highly constructive. I am painfully aware of the fact that steelworkers, as well as the others testifying here today, are strong supporters of the administration. The administration, a few days ago, came out publicly with a so-called package on behalf of the steel industry.

Let me ask you whether or not some of the suggestions that you make before this committee have been submitted to the administration. As supporters of the administration, it seems to me, you get only what you ask for in this democracy. You have an excellent opportunity of doing this at this time. Can you explain why it is you have not been more diligent in pressing the administration for the type of aid that you are suggesting to us today?

Mr. HERRERA. I am sure the international unions have.

Mr. HAWKINS. Are you saying they are not getting results?

Mr. HERRERA. I suppose not, they are still closing plants.

Mr. HAWKINS. I would say this to all groups, that it seems tragic that we tend to be hypocritical in public statements and yet seem to be not so passionate when it comes to helping individuals. It would seem to me that this is an excellent opportunity for the unions involved here to press their demands during the campaign and not to wait until after the campaign.

Mr. Cleveland, in the statement you presented, you indicated on page 2 that the TRA program is a classic example of the inconvenience caused by redtape and delays to autoworkers throughout the State.

Would you amplify on that statement? I happen to believe that the TRA program is not operating effectively at this time. As a matter of fact, I have a number of examples of that in my own area of Los Angeles where the TRA program is being debated. Claims are not being processed and retraining programs are not actually in operation. What is the experience that you have had with this program and what can be done to speed up this program? Do you join in that criticism?

Mr. CLEVELAND. Mr. Hawkins, I am glad you mentioned TRA because that is a sore spot with me and 3,500 people. We were certified July 13, 1979. I have talked to Congressmen, Senators, assemblymen, and city councilmen. I have even talked to Mr. Sammy Bryant and Mr. Fuchs in the Labor Department. Basically, when people sign up, they should receive some moneys within 20 days.

We had a meeting in January after we were certified with the Unemployment Insurance Department of the State of California. At that time the TRA funds were running low, but in July, they were allocated again.

I have received a copy of a letter from Congressman Stark recently which he addressed to Governor Brown. Needless to say, we have not received the money yet. But our people, we started signing our people up in the union hall. I have been in contact with the people in southern California. They were not even certified. I have contacted, as I have said, many Congressmen. We signed up people in May of this year. Twenty days from May 1 it should have been the 22nd. We have contacted everyone in the unemployment insurance office. At this stage, they say we probably would not get the money until at least December 1. That is a long ways from 21 days, maybe three or four times as much. I am saying that when the Congress of the United States passes an act and then allocates the money to the State, it should not take the State that long to get money to the people. We have had suicides, accidents, everything happens Mr. Hawkins, because people do not know what to do with pressures of bills and normal family living. It could be expedited. The Labor Department stated to my State, if you need more people, hire them. Those are jobs right there, that perhaps some laid off workers can fill. I find that union people are more apt to do many things instead of just one.

They said, if you need more at the State level, we will pay for it. But the State of California stays on, we were caught by surprise. I

think there should be something included in TRA that states you must get money in x number of days.

By the time our people get this money they will be so far in the hole and their families so torn apart, that the money would not do any good. If we could not help in the beginning, then we do not need TRA.

Mr. HAWKINS. We have representatives from the TRA as well as representatives of the Department of Labor, present.

The explanation you have given will assist us in discussing this problem with them. I am not so sure today, but I certainly intend to be sure by the end of the week, who is really responsible. Somebody is responsible. I do recognize that the Congress has delayed somewhat in providing money, but the money has been made available. But there is some problem somewhere along the way. I think the example you have given today illustrates the urgency of this program. It also underscores the need of advance planning. When policies begin to have an adverse effect out in the community, knowing these things will take place, there should be much more advance planning to do something about those who are adversely impacted. In this instance, it happens to be employees most of all. It seems this area is where we have failed to achieve advance planning.

Mr. HERRERA. I would like to ask a question with regard to TRA.

We have applied for TRA at the Pittsburg plant. We were awarded it in 1978, possibly in 1979 in two of our departments and now I want to ask the question: How do they arrive at the figures given to us in regard to TRA? We have applied, I believe the latter part of 1979, we were denied, we applied again this year, we were denied and reapplied.

It seems to me, we all pick up the newspaper and it says, that foreign imports is the reason and this is the reason they give the newspaper, the companies, as to why we are closing this department, that department. But when the time comes for TRA and we apply for it and they send us back figures saying that the amount of foreign imports is not substantial for people to draw TRA. I have asked this question before.

Mr. HAWKINS. I will get you an answer. I have gone through this with other groups. The rubber workers, for example, were laid off as a result of the closing of Goodyear. After some months of negotiations, they were certified. Whether or not another group which you have mentioned today meets all the qualifications constitutes another specific case. But if you will submit the question to me, I will be responsible for getting the answer for you. I was interested primarily in those who have been certified and still after months of delay are not drawing benefits. Here you have an instance where the government says foreign imports was the cause, yet after having certified and presumably the money was made available by the Congress, the employees are still without the benefits they are entitled to.

But in both instances, Mr. Herrera, if you will give me a written statement on the matter, I will take it up with the Department of Labor. As to the other matter, we have meetings tomorrow in Sacramento with the officials of the department to see if we cannot work out a faster system, whereby the claims can be processed

more efficiently. The basic responsibility is with the Department of Labor in Washington. Again it is a case of a small bureaucracy.

Mr. CLEVELAND. Mr. Hawkins, I have contacted the top people in the U.I. office there and they said, they had the moneys, it is just they were caught by surprise, even after a big layoff in 1979 when we were certified. We met with Mrs. Barbara Wright, one of the top people there. As a matter of fact, we had written and called and done so much in this effort and talked to so many Congressmen, that they have invited our local union, as a matter of fact, I will be there Friday, to see the new department on Franklin, where they are processing these claims and showing us why it is taking so long. This has been a State problem. I have talked to Mr. Bryant in the Department of Labor and he has assured me they have done everything there. It is at the State level. I am sure you will find that out, after you investigate.

Mr. HAWKINS. I do not want to say anything to the explanation given today until we have had a chance to explore the matter with some of the individuals involved. I would assume that the two committees involved can make a statement within the next week or two as to our findings.

Mr. MILLER. Mr. Weiss.

Mr. WEISS. I would like to address a question to you, Mr. Crane.

I cited a pattern of plant closings with little or no notice to speak of. I assume that you, somewhere along the line, have occasion to discuss with management either at the time they give you the notice or sometime thereafter, as to why they had not given you or the employees or somebody representing the employees, more notice. I am wondering what kind of response or responses you have been getting. How do they justify the fact they spring that on you in the middle of negotiations?

Mr. CRANE. I have asked the question in each and every case. The case in Southgate where we were at the bargaining table, my response from the representative of the company was that that was when he first knew about it. That is as far as we got. He said, decisions like that were made somewhere else. He assured me that was the first time he was aware of it and that was his answer.

In the case of Crown Zellerbach, we asked the question for 6 months and in the towel and tissue converting department, is this department going to be closed? No, it is a temporary situation. At the last moment—it was almost impossible for these people on layoff for 6 months, to go out and seek permanent employment. They were held on a string there for 6 months. Someone must have known those departments were not going to start up. When we asked the question why do you not give us sufficient notice, they said, this is as soon as we knew it.

That is the answer we get.

Last Thursday the decision was made by our board of directors but for 6 months these employees were kept on layoff and not given the opportunity to seek employment elsewhere. Who will hire somebody who might be recalled to work next month? They were held 6 months in abeyance until finally, they were told, they would not have a job.

Mr. CLEVELAND. In our case at GM in Fremont, in July 1979, being the benefits representative, usually I would know of any type

layoff. At this stage, I have to get supplemental benefits started up, contact the U.I. office.

We had 10,000 people working there and rumors fly. I heard the rumors and personally went to the man opposite me and I said, "Look Charley, I have heard rumors. I want to know, is there going to be a layoff?" He said, "Well, Cleve, the only layoff you will have is the normal change-over period of 2 weeks." I said, fine, I will accept that. So along comes July 26, 1979, and he calls me in the office and he says I just got word, there is going to be a layoff tomorrow. So everybody finishing the shift tomorrow will be laid off on the 27th and the people tomorrow coming in will be laid off. We got 10 to 12 hours advance notice. A week later, they laid off the other half of our shift, back to those who started in 1972 the entire truck shift. So, we lost 3,500 people in a matter of a 10-hour notice. That is how big companies do it. That is why I say, we ought to have something on the books that will make them give us notice. They know the Datsuns, Toyotas, and all the other foreign cars are hurting the car and truck sales. They know that. But the only notice they gave was 10 hours. That is not fair. It has affected many lives.

Mr. HAWKINS. Mr. Herrera?

Mr. HERRERA. I can go way back if you want, way back to 1966, when we had about 5,000 workers at Pittsburg works. At the time they closed the open hearth they gave us short notice. Then they closed our rolling mill which took another 300 employees. But when they closed the pipe mill, we got it through the grapevine just like my brother here was saying. You hear rumors then bang, they will tell you we are going to close it a week from now. The nail mill, the same thing. We did not know anything until they said, we are going to shut it down on such and such a date.

One thing about the closure of the rod mill, they had given us ample time. They let us know since December of last year, but it was always something hanging over our peoples' heads. There is a possibility we might shut it. We are dickering with this other company that might take it over and you heard this morning one of the offices say, they are talking about somebody else keeping it going. They did this for a reason, to keep the hopes of the people up so instead of seeking employment elsewhere, they kept this over their heads.

I was told Monday that Thanksgiving weekend will be the last weekend for the rod mill. They are running one crew now and they might keep a few fellows there for a skeleton crew.

In our last negotiations, we negotiated a 30-day clause in our contract, the company must inform us within 30 days. That just took effect in August of this year.

Mr. WEISS. Obviously legislation is the only way one can guarantee advance notice will be given. But it occurs to me, since this is happening across the country, your international representatives have to be aware and sometimes corporate headquarters might also provide additional assistance in the way of advance notice.

Mr. Herrera, your statement with 27 recommendations that you were talking about alternative production of potential as one of the ways of dealing with the problem. Because again, all it does is

allow people the opportunity to look for jobs and those jobs do not exist because national conditions may not be of very much help.

We have legislation pending now which in fact would provide for alternative contingency plans that have to be filed by major corporations so you would not have a sudden closing of a plant with hundreds and sometimes thousands of people suddenly thrown out of work without any possibility of having any alternative for those people.

I am hopeful that both this legislation and that which I just mentioned, will receive serious consideration in the same way that during the 1930's there was suddenly a move to a more progressive approach as to problems workers find themselves in.

Thank you.

Mr. CLAY. Thank you. Our next witnesses will be Marcel Mountain and Paul Hughey.

You may proceed as you wish.

STATEMENTS OF MARCEL B. MOUNTAIN, GENERAL MANAGER, CONTAINER DIVISION, LOUISIANA PACIFIC CORP., ANTIOCH, CALIF., AND PAUL F. HUGHEY, GENERAL MANAGER, CONTRA COSTA COUNTY DEVELOPMENT ASSOCIATION, INC.

STATEMENT OF MARCEL B. MOUNTAIN, GENERAL MANAGER, CONTAINER DIVISION, LOUISIANA PACIFIC CORP., ANTIOCH, CALIF.

Mr. MOUNTAIN. My name is Marcel B. Mountain. I am general manager of the Container Division of Louisiana Pacific Corp. The Container Division is comprised of an 800-ton-a-day paperboard mill, a container plant, and a trucking company located in Antioch, Calif.; a container plant located in Phoenix, Ariz.; a container plant and a graphics plant located in Los Angeles, Calif.; a graphics plant located in Emeryville, Calif.; and a graphics plant located in Seattle, Wash. I have been in this position since June of this year. For the past 20 years I have worked at the San Joaquin Paperboard Mill, which is part of the Container Division, in the capacity of foreman, pulp mill superintendent, pulp mill manager, and plant manager.

The San Joaquin Paperboard Mill was built in 1949. The original mill had two machines. The No. 1 machine produces corrugating medium and the No. 2 machine produces bleached food board. In 1960 the No. 3 machine was added to produce linerboard.

Our last major capital improvement program was completed in 1971. Since that time, all our available capital has been spent on equipment required to meet standards set by EPA. These capital investments of approximately \$14 million have added only to the cost of producing our products. In 1977 our No. 2 machine was shut down because we could no longer produce bleached board and be competitive.

We produce part of our power from oil or gas and purchase the balance of our power from Pacific Gas & Electric Co. Most of this power is produced from fossil fuels which puts us at disadvantage with many of our competitors, as they are supplied cheap hydro-power produced by the Federal Government.

In order to stay in business it is necessary for us to reduce our energy cost. Louisiana Pacific is prepared to spend \$35 to \$40

million for a new chemical recovery boiler and a new waste fuel boiler. These two new boilers will replace four old boilers; they will eliminate the need to purchase 500,000 barrels a year of oil; they will reduce air pollution and, above all, will continue to provide jobs of a productive nature. See exhibits A, B, and C.

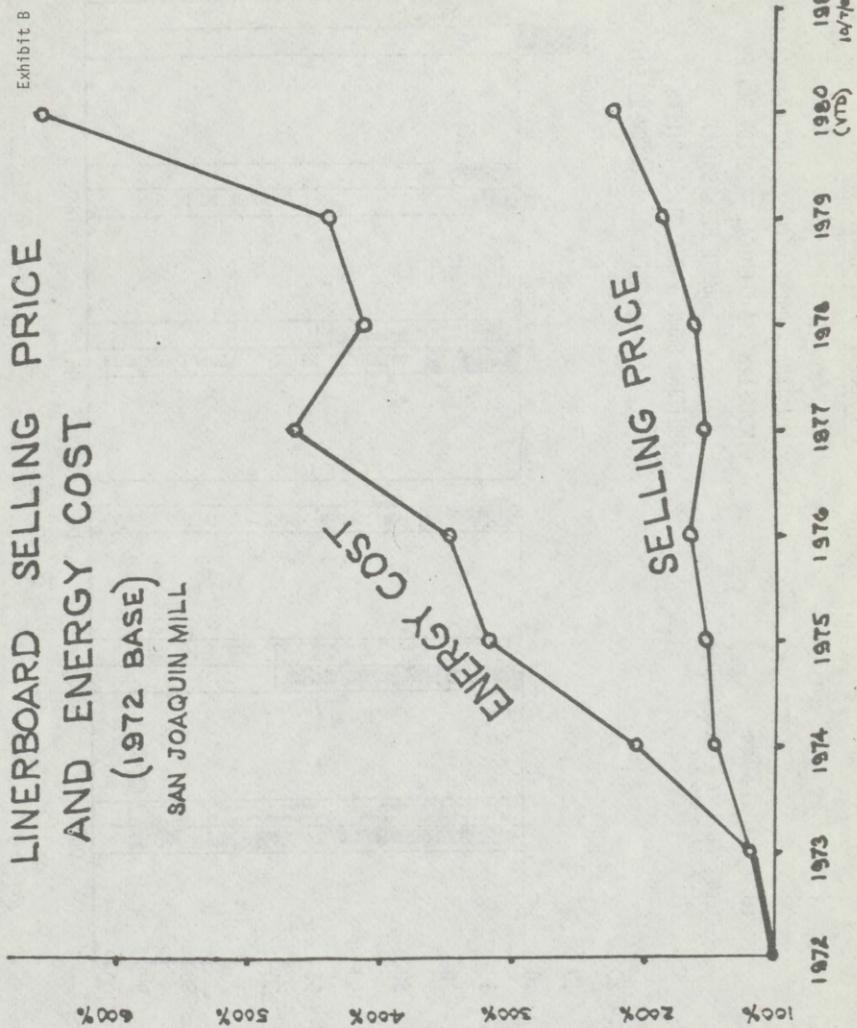
[The exhibits referred to follow:]

EXHIBIT A

LINERBOARD SELLING PRICE VERSUS ENERGY COST

[Louisiana-Pacific Corp., Antioch, Calif.]

Year	Linerboard selling price		Energy cost		Energy price	
	Dollar/ton	Percent 1972	Dollar/ton	Percent 1972	Dollar/MMBtu	MMBtu/ton
1972.....	128.20	100.0	10.93	100.0	.52	40.49
1973.....	152.79	119.3	13.12	120.0	.69	38.00
1974.....	188.75	147.4	22.84	209.0	1.07	38.31
1975.....	196.67	153.6	34.49	318.3	1.66	38.25
1976.....	212.08	165.7	38.08	348.4	2.08	35.49
1977.....	200.83	156.9	50.97	566.3	2.89	36.34
1978.....	207.50	162.1	44.94	411.2	2.81	34.00
1979.....	240.42	187.8	48.23	441.2	3.07	34.38
1980 (YTD).....	288.67	225.5	73.01	668.0	4.58	37.47
1981 (projected).....					6.23	33.00
With new boilers.....			52.99	484.8	3.94	33.00



- AIR POLLUTION IMPROVEMENTS -

Exhibit C

AT

LOUISIANA - PACIFIC CORP., ANTIPOCH, CALIFORNIA

INSTALLING: 1-CHEMICAL RECOVERY BOILER

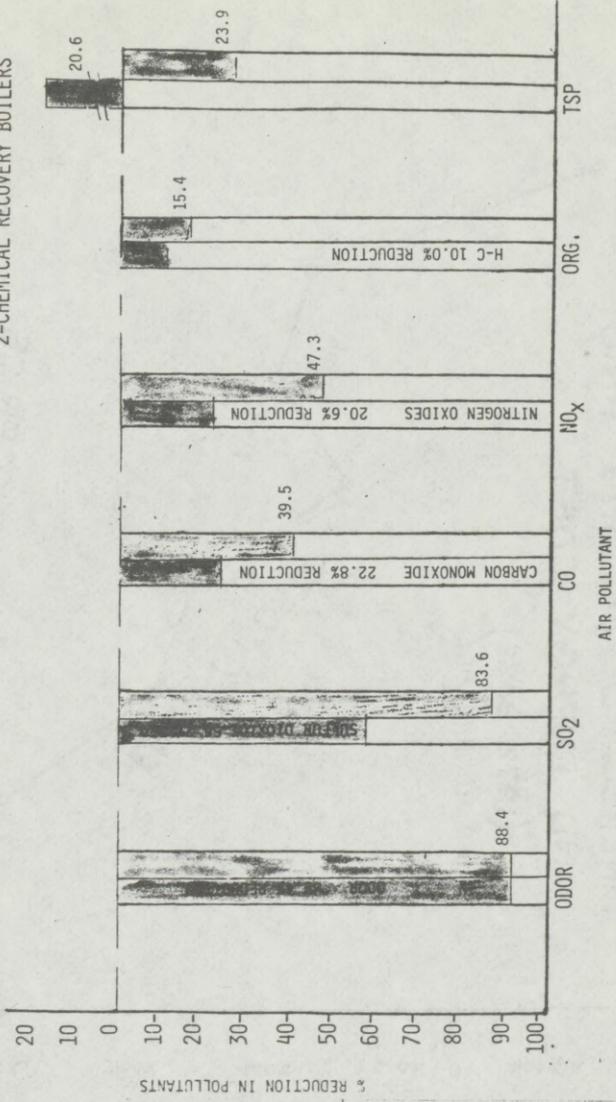
1-WASTE FUEL BOILER

SHUTTING DOWN: 2-OIL FIRED BOILERS

2-CHEMICAL RECOVERY BOILERS

YELLOW: Data by BAAQMD

GREEN : Calc. from Rated Capacity
of equipment.



Mr. MOUNTAIN. In 1977, we had to shut down the No. 2 machine. You can see we were able to raise the price of our product to \$100 a ton, or a 165-percent increase. At the same time, energy by then had increased 466 percent up to \$2.89 per million Btu's.

Today we are faced with a sales price of \$288.67 or a 225-percent increase, yet energy has gone up 668 percent or 4.58. Now that is this year to date.

Gentlemen, we have had real price increases in the last few months. As you can see on this chart, we are projecting energy costs of 4.58. At the same time we have reduced our energy usage from 40 million Btu's per ton down to 33 million Btu's per ton. We think that is a significant improvement.

If I could ask you to look at exhibit C, a colored chart, basically this is what new boilers will do for us as to air pollution.

As you know, we are under the gun to control our pollution odor. This would be reduced by 88.4 percent. On the yellow line, that is what we are given credit for by the local air quality control district, and the green line is what we say we will be reducing. What we see here is what we are allowed to produce, what they say is our average over the last 37 years.

We have had a 2-week shutdown, had a machine down for 4 months for lack of business, and they had all these things in it. My argument is, if you have enough shutdowns and strikes, pretty soon you can't afford to operate.

The sulfur dioxide reduced by 56 percent; carbon monoxide, 22 percent, NO_x's by 21 percent. The only thing we would do, they say, is add 21 pounds a day of particulate in the air. Gentlemen, you would have a hard time seeing that 21 percent. We say we will be reducing it by 24 percent.

Unfortunately, we are not allowed to start construction because EPA has a ban on all new construction such as ours in the State of California.

The State of California has not put into effect a car inspection plan, consequently, EPA says they have the right to prevent any new construction. We don't feel we fall under that ban but the local enforcement agency says we do.

What else does this Nation need more but to cut the foreign oil, give people jobs, and reduce air pollution? We are attempting to accomplish that but we are being hindered by the left hand not knowing what the right hand wants to accomplish.

I hope, before it is too late for our San Joaquin mill, that we can clear the redtape that is created by too much government. Unless it is the intent of Congress to nationalize all industries, it should not place more restrictions such as those provided for in H.R. 5040 upon business. I suggest that if you Congressmen really want to help the people of this country, you will permit the free enterprise system to work. Legislation such as H.R. 5040 has no place in a free market.

I have had the opportunity to sit and listen this morning. My heart pours out for these people. I started at the bottom pushing a broom. I profess to be a Christian and no Christian wants his fellowman to be hurt. I agree this is an illness, but disagree with the cure. Any office managing a business realizes if we give the advance layoff, though that is desirable from the worker's stand-

point, we then wonder, will you require the work force to stay there and help us keep it running for 1½ or 2 years?

These are skilled people in this industry, not just someone who popped around the corner. Some of these gentlemen talk about being on the job 10 or 15 years. He spent 5 years learning that job. You don't replace him overnight. Sure he has union protection, but if he doesn't cut the mustard, he doesn't stay on the job.

So, are we going to cut down the freedom for us to change jobs at all? The first thing that happens when you announce a plant closing, the purchasing agents start looking for a different source of supply. So, you end up running it for a year. Are you going to have another arm of government coming down on that business because it is not properly constructed because of the poor commodity for the consumer? Will you have OSHA stay out of the plant because of improperly trained people? Because people are not properly trained, will EPA fine us for that too?

Who will pay all these bills? Besides that, is the government going to provide the owners of that industry a profit? They need a profit. Remember, an awful lot of the ownership of these corporations today are the retirement plans of the workers we are trying to protect. I don't think that is the answer.

We need help, but somehow or another you will have to come up with another answer instead of giving advance notice. So I ask of you that you go back and look for a different cure for the illness. Certainly the illness is there.

Mr. CLAY. Thank you, Mr. Mountain.

Mr. Hughey?

**STATEMENT OF PAUL F. HUGHEY, GENERAL MANAGER,
CONTRA COSTA COUNTY DEVELOPMENT ASSOCIATION, INC.**

Mr. HUGHEY. Mr. Chairman, members of the committee, my name is Paul Hughey and I am general manager of the Contra Costa County Development Association, Inc., a nonprofit corporation, and an official economic development agency for Contra Costa County. We contract with the county board of supervisors for the performance of economic development services, and we also rely on dues from industries, businesses, and unions to support our activities.

The Development Association was incorporated in 1936 at the height of the Depression to encourage economic growth in our county. That is still our task today; namely, to encourage the creation of jobs and nonresidential tax base by:

One: Assisting new industries and businesses to locate in our county, and

Two: To assist our existing industries and businesses to cope with impediments which constrict their ability to prosper, grow and provide additional employment opportunities. We don't care how jobs are created, whether it is a new industry or whether our existing industry can expand.

I believe I can best serve your committees by commenting on some of the factors which have caused some plant shutdowns or reduced operations in our county.

As Mr. Mountain said, let me say, I have read the plant-closing brief issued by the Library of Congress. I found it very useful as a

checklist. I think the proposed legislation before you is treating the symptoms rather than the disease. Any thinking person respects the necessity of providing adequate programs to ease the economic burdens of displaced employees; our problems are production workers who couldn't easily transfer those skills to another industry, autos, steel, in the basic industries, I think that is the problem.

As I read the bill, this would affect any business concern with a volume of sales of \$250,000. Gentlemen, that is one heck of a lot of businesses. That includes a lot of small businesses and it not only pertains to plant closure, but to businesses, business offices. I think this is a very broad piece of legislation and I doubt there are many small businessmen aware of the effects of this bill on them. They should be advised.

I doubt you intend to apply this to, for example, an industrial laundry here in Martinez.

Like Mr. Mountain, I will inject a little personal note here. I am 57 years old and I don't have any difficulty remembering the depression. My father was partially unemployed during the depression. I know it is hard for you to believe, looking at me now, but I know what it is like to be hungry and having one pair of shoes that you wear from October to March. I have also been laid off during my time in business and have also had the unique opportunity of being a personnel manager in Louisiana. I have been on both sides. It is an unhappy and bad situation.

But there are already in place numerous programs listed in the Library of Congress research report to assist the unemployed. As we have heard, there are a number of unions which have negotiated supplemental contracts to assist their members during unemployment. When you have the massive dislocation we have now, they don't seem to be adequate. But when they were negotiated, they were considered to be milestones.

However, there are already in place numerous programs at both the State and Federal level to assist the unemployed and, of course, a number of unions have negotiated supplemental unemployment benefits to assist their members during longer periods of unemployment.

If the existing programs need reexamination in light of current economic conditions, then that should be done. However, I shudder to think of the massive Federal bureaucracy that would be required to administer the provisions of the measure before you.

Perhaps we should examine more closely some of the reasons for some of the plant closures or reduction in operations in our county and the responsibility, if any, of the company concerned.

When the Development Association was established in 1936, there were 12 canneries in this county. Our last cannery closed 3 years ago. In addition to heavy manufacturing, which was important then as now, agriculture was also very important.

For example, you heard about deficiencies in the TRA, which is not effective. I think you should be taking a look at existing programs and making them more effective.

I would like to look a little more closely at some of the reasons why some of the reduction of operation in our count occur and where the responsibility lies, if we can determine that. But first let me point out something.

The unemployment rate in this county is about 8.2 percent. This is a wealthy county. Of the 58 counties in California, we are the fourth highest in median individual income, and for 8 consecutive years this county has had the highest median family income.

You have heard here about the plant closures, primarily in the Antioch and Pittsburg area. At the same time, thousands of new jobs have come into this county. We have a steady flow of businesses and industries moving into this county, a number of them. The question is, how do these people who are being laid off qualify for those new jobs? How will they prepare themselves for that? I think that is where there has been a better coordination of training, examining these fellows, finding out what their skills are and finding out what they want to do and properly training them for jobs that are there.

Many of these jobs now coming into the county are white collar. They are in warehousing distribution or light industry. Unfortunately, I am sure that the average wage level is considerably below what it is in the basic industries where those wages have been developed over a long period of negotiations between management and labor. But that is the future.

In our analysis of economic conditions in this county—I think this is true in many other areas—we are not going to see an expansion of basic industry here. Except for the situations that we are talking about, industries have been relatively stable but they are not expanding either. The big expansion has come in light industry. There are six petroleum refineries in this area. Their employment is relatively stable and I expect it to be stable. I think we have built our last petroleum refinery in California.

To take a look at some of the situations that have occurred and to show the variety of reasons, when the agricultural areas shrank and the source of supply for the canneries became more distant, gradually the existing canneries became uneconomical and they moved their operations to places like Stockton and Modesto, closer to the source of their supply.

In the last 20 years, and particularly in the last 10, Federal clean water laws strictly regulating waste water discharges placed a heavy capital investment cost on cannery operations. This little city of Martinez was the big city at that time, Walnut Creek was about 1,500, Richmond was smaller than Martinez. The bulk of the land out here was in agriculture, but over the years we have become urbanized. This combination of factors led to the final closing of the cannery industry in our county. It represents a 40-year evolution in an industry. Was the industry responsible?

Another reason for plant reduction operations or plant removal is the direct result of governmental action. Let me cite two examples.

For many years we in California did a great job of economic development, for the State of Nevada. California had a tax on inventories held by business. In the case of distribution or warehousing operations, the tax frequently was very heavy.

As you know, tremendous volumes of water go through a cannery. There is a lot of waste and it is difficult to cope with that. It led to increasing economic conditions. Those are the primary factors for the demise of the canning industry in this county. I am not

sure that any individual company was responsible for closing a cannery as the source of supply moved away. It seems to me the urbanization was the result of decisions from the planning commission, and so on. But that is the kind of historical situation that occurred. It is inevitable and I don't think it could be stopped.

The Filper Corp. moved an operation from this county to Sparks, Nev., involving 100 employees, citing the inventory tax as the reason. Fortunately, the inventory tax has been repealed as its effect on our State economy became more than obvious.

My second example is the Du Pont plant in Antioch. Two of the main products of this plant are, or were, fluorocarbon gases and tetraethyl lead. Both of these products have been banned by the EPA acting in response to the mandate of the Congress. Approximately 200 Du Pont employees are affected. I hasten to add that the company advised their employees as soon as possible and offered transfers to other Du Pont plant locations. They are also seeking other products to manufacture at Antioch.

The point I am making, however, is that I fail to see why the Du Pont Co. should be penalized by this bill for Federal actions which required the cessation of manufacture of the now banned products. This is public knowledge. They could read that EPA had banned these products. This is a public policy decision. We heard a good deal of discussion about the steel company up there, but I submit to you, this is a national and even international problem.

The other day in our local paper—and I will submit this for the record, there was an article talking about the tremendous increase in steel capacity in the world, not just in Japan, not just in Europe. They cite examples in Brazil, South Korea, and Taiwan where there have been large increases in steel capacity. Of course at that time steel products in the United States was dropping. So we have a situation of an industry that needs tremendous amounts of capital to invest. But your bill would place an additional financial burden on these companies.

In this article also is an announcement of the program to deal with the problems in the industry. I understand these are similar to proposals made by Governor Reagan, so perhaps we have a bipartisan suggestion to help steel companies.

It talks about relaxing environmental protection standards. This is one problem we have in Pittsburg because their supplier of semifinished steel is in Provo, Utah, which is hassling with the EPA which wants a large investment of EPA control at that point.

The President proposes billions of dollars for protection from producers of foreign steel and so on.

One of the most beautiful examples we have was where American Bridge, a division of United States Steel, closed a 9-year-old modern structural steel fabricating plant in Antioch about 3 years ago because of their inability to compete with Japanese steel imports. This inability was dramatized when they were underbid substantially by a firm using Japanese steel on a bridge, a construction job only 3 miles from the Antioch plant.

Should United States Steel pay a penalty for closing this plant? Isn't the most significant problem of the steel industry the necessity of raising very large sums of money for capital investment? Would the bill before you contribute to solving the problems of the

steel industry or will it add a further burden? These are certainly problems going far beyond the boundaries of Contra Costa County. Unfortunately, it is beyond the scope of a lot of other people too.

Inflationary cost increases, particularly of energy, combined with the recession, have caused some examination of marginal or money-losing product lines at several of our plants, including the paper companies. As these companies see their profit margins pinched, should a further financial burden be put on them?

The example offered by the autoworkers and Chrysler management and by the steelworkers and several of the steel companies in working jointly to improve our sagging productivity is one that I believe merits commendation. And I also believe that it merits the attention of these committees.

It seems to me, with Douglas Fraser sitting on the board of directors, the autoworkers should not have too much difficulty in finding out the intentions of the company concerning plant closures.

I believe that you should recognize that the primary reason a company closes an operation or reduces production and work force is that it is losing money. No profit, no jobs. A study in depth of how to improve industrial productivity and how to streamline the government regulations of the business would, I think, offer a positive contribution to a stronger economy and a reduction to unemployment, which is our mutual goal.

Thank you.

I would like to comment just a little bit about some of my experiences in economic development, the primary tasks working with government at all levels, local, county, regional, State, and Federal, to get the numerous permits and to supply the numerous documents that are required to operate that plant.

Economic development today is getting government permits. It is not the problem of finding a suitable location. During this period, there certainly is a problem with capital because of the high interest rates, but the primary problem is working with government at all levels. There is a great lack of coordination and, in my feeling, a lot of duplication.

Many of the problems we are having are a result of a lack of effort by government, inflation, high interest rates, are a major problem. We have a small oil company that has all the permits necessary to build a small refinery here in Martinez, and I mean small, 10,000 barrels a day. It took them 3 years to get the permits. When they got the permits, about a year ago, at the level of interest rates which now exist, it doesn't make sense to build the plant while the interest rates are that high.

Those are the kinds of problems that economic developments are wrestling with today.

I commend your committee for coming here and listening firsthand to some of these experiences. I attempted to get other plant managers to come here and testify as Mr. Mountain has. I think his testimony is very relevant. He, like the workers, is in the trenches on the front line and I think their experiences are beneficial. These companies, however, are developing corporate responses to the bill and I am sure that I will be testifying before you in Washington, but I do wish you had the opportunity to hear some of

the plant managers because they are responsible for having a black figure on that profit and loss statement each month without which there would be no jobs.

Thank you.

Mr. CLAY. We want to thank both of you. Your testimony has been excellent. We have been conducting these hearings in many cities across the Nation and in all the regions. Unfortunately, representatives of management of corporations have refused to accept our invitation to come in and testify. I found your testimony to be enlightening. We do have problems here and we won't find a solution until we are able to hear both sides of the situation.

Our attempt is to find the compromise that is more fair, more equitable to all parties concerned and not just to the workers, but to the corporation and the local communities which are devastated when corporations move out, in some instances.

I think there ought to be a better way for us to resolve this situation without management taking the position that we have to withhold it, we have to keep it a secret, otherwise we lose our employees.

You have given us some good examples of why plants close, why they move out. I have one question concerning your last statement. You said, I believe, we should recognize that the primary reason a company loses an operation or reduces its work force is because it is losing money.

Are you aware of any instances where plants were closed which were profitable?

Mr. HUGHEY. I am not aware of any; it's not likely.

Mr. CLAY. We have had many witnesses to testify and to bring documentation of a number of plants, one just recently, maybe a month or so ago in Montana, one of the wood mills. The year before they had shown a profit of \$800,000. I don't know whether that corporation felt that to be too small a profit on their investment but I cannot understand how you can close a mill down with an \$800,000 profit.

Mr. MOUNTAIN. I can explain it.

My corporation has 800 sawmills. It made good money before in the housing industry. We are not making money now because there is no demand for the product so no demand for the labor, and I think you know the reason why there is no demand for the product.

Anybody in his right mind, if he can make money producing a product, he will produce as long as there is a market for it.

Mr. CLAY. This particular company closed its mill here and opened one up in Taiwan. Perhaps they felt they could make more than \$800,000 a year.

Mr. MOUNTAIN. \$800,000 may not be adequate. The plant which I was speaking of out in Antioch today would cost you \$250 to \$300 million to build from the ground up. Very few people would be satisfied with a return like that on their money. They would rather put it in a savings and loan.

Mr. CLAY. I think that is precisely the question this legislation is attempting to address. This legislation has been floating around for 5 years, so we are not attempting to jam it down anybody's throat.

But you make the statement as to whether the capital return was adequate.

This legislation addresses whether an individual's lifestyle, his energy, over a number of years, whether he is being adequately treated because some corporations feel their returns on investments have been inadequate. I think we have justification on both sides.

We are attempting to meet some type of compromise through this legislation. This legislation is proposed, hearings are held, so that if some party involved is going to be adversely affected, we want to try to adjust that.

I certainly thank you for your testimony.

Mr. Hawkins?

Mr. HAWKINS. Let me, too, join in commending both witnesses for making excellent statements and explanations. I think this has been very constructive.

Let me ask this of Mr. Mountain.

Is it your feeling that the proposal is one-sided? I think this morning, obviously, we dealt with the effect on workers. We were dealing with the employees' side. Would there be a possibility of saving a company from closing if due notices were to be filed and some arrangement worked out to keep the company in business?

It seems to me that, also, should be one of the objectives of government—to keep the company in business.

I recall in my own district some years ago, when Lockheed was threatened and, through government assistance, Lockheed was assisted. Today Lockheed is a very profitable business. This is an instance where the company derived a benefit which wouldn't have been derived had we not been able to deal with Lockheed, if they had suddenly announced closing with an adverse effect on Lockheed and the employees.

Do you see some possibility of any instances of how government could relieve a company of some regulations that would be irrational, if not relevant, or necessary, and to deal with the company in terms of guaranteed loans or other things that might help the company?

In other words, do you view this proposal to be one-sided, merely as something to force a company to stay in business at a loss or to stay in business merely to provide jobs and not provide profits? I think it has to work both ways; otherwise, it just isn't going to work, it seems to me.

Now do you feel it is all one-sided or do you see some opportunities to gain something from it?

Mr. MOUNTAIN. I don't think it was one-sided. These gentlemen this morning were about as serious as anybody can get. They were talking about their life. It is a very pertinent problem—illness. I couldn't say I have all the answers to it because I don't. Unfortunately, I don't believe government is the answer. I don't believe we can legislate business.

I imagine the reason why this lady over here is taking dictation is because I can't run that machine and because I am the head of a business.

I made a lot of comments that may tend to make you think I would have my job a little longer because a lot of people don't

understand; I have to sell a product. I have to get money from that sale and put it in the bank to pay all the bills. It is simple but a lot of people don't understand that, from comments I have heard. The reason is because they think this thing is just going to keep on rolling on.

All the businesses I am aware of don't have a printing press. The U.S. Government did. I feel that is one of the reasons for inflation. What do we get out of government? I, for one, feel we get too much.

I have been on both sides of the table, as a union representative and as a manager. I respect both sides. I feel there is a need for unions and feel that is one of our basic freedoms in this country, we can talk about the size of business and you can get into that and that is a whole new scope. Maybe the size of unions, along with the size of business, affects the whole economy in the world because, however the United States goes, it leads the whole world. I don't feel the legislation is one-sided.

I believe I read in there where we can arrange for loans, use government money. But on the other hand, quite frankly, I am against loaning money to Chrysler so that a man working in a car plant in Detroit could maybe make \$10 an hour when I can only pay one of my paperworkers \$8 an hour. That is not right.

My paperman is just as good as the car manufacturing employee. He is being tagged to pay the autoworker's salary. Each side should know how far they can go before their business goes under. My business is also this other man's job. That is free economy.

Mr. HAWKINS. I won't get into the philosophy of a free economy. Since we established the government, there hasn't been any free economy. A lot of things we do to eliminate all regulations is not the answer.

It depends on a showing of what is and what is not reasonable. To say we are going back to the frontier days of our freedom to the extent we had it then I think is really not the solution either.

The only thing it seems to me is that business does have a right to make a profit. I think that is going to require those of us in the process of drafting these proposals to consider both sides. I think that you and Mr. Hughey today have given us that insight. But there has to be some reasonable give and take, as I see it.

I don't think you can blame the employee for the energy costs which you claim are not competitive. You asked for deregulation and we got deregulation but the energy costs are going up. Now you are stuck with it and it hasn't assisted in keeping energy prices down.

Mr. MOUNTAIN. I am saying, let the energy prices go up—

Mr. HAWKINS. That will put some people out of business.

Mr. HUGHEY. No. We should use our ingenuity. Let us put in our two boilers so I can lower the cost of my energy. I could care less if we never haul another barrel of oil from Arabia over here. Allow us to use the ingenuity we have here to be competitive.

Mr. HAWKINS. Back in 1973, when the energy price was 32 cents, you did pretty well—the oil companies did very well. They were getting \$4 a barrel. But now under deregulation, when they are supposed to be free of that, they are doing very well, but apparently you are not doing as well.

Mr. MOUNTAIN. But I should be and I can.

Mr. HAWKINS. Then you had better talk to them. You can't blame the government for the profit Exxon is making. They were making a good profit at \$4 a barrel. A large amount of your testimony was based on the cost of fossil fuels, which places you at a disadvantage.

Mr. MOUNTAIN. That is right.

Mr. HAWKINS. The only thing I am saying, is that when there is an attempt to deregulate, there are no good results, as shown in the examples you have cited.

Mr. MOUNTAIN. Our solution to the problems—if the market hadn't been regulated to begin with, the price of oil would have gone up long before it did and we would have been looking for an alternate source of energy. The boiler I am talking about, I can put it in in 15 months and I will be given the permit soon, because I think you would have to be for sin and against motherhood to deny us.

If the market goes up, we will look for something else to burn, almond clippings and rice hulls. That mill operates on raw materials, waste products, the slabs cut up from the lumber industry.

Mr. CLAY. Mr. Miller?

Mr. MILLER. First of all, let me thank you both for your testimony. As has been stated, your side of the story has been difficult to get. I am at a loss for why, because I think you state some very serious and real problems as to implementation if this legislation is to be implemented in its present form.

Our concern is, I think, to a great extent, that we don't want government involved. But government gets involved. The tragic stories told here today become our problem because of bad bargaining and agreements or the inability of the free enterprise system to govern the cost of doing business. I think we have seen that story repeated over and over again.

When families get divorces and the suicide rates go up, we get their children. We get them on welfare and medicare. We inherit these problems.

The question is, how do you figure out how the two systems can deal with it? If the free enterprise system was prepared to accept it as a way of doing business—there has to be some other way of handling the question.

Yours is the first testimony that has suggested some of the problems. I appreciate that and am proud that has happened in this district.

The problem is, we deal with a number of different reasons as to why closures come about. It is very clear that costs extended to meet EPA guidelines have a social value and should be socialized. But the rumors persist.

You cited some reasons why companies are not candid with employees, but there are also examples where plants have been closed and moved because of profit and loss statements. Perhaps as the family gets smaller and smaller, there will be less movement of plants. We all know it, stories of runaway shops. That is fine, but you have left behind a real problem for the government. It is that human tragedy when it gets into the tens of thousands of people because of shutdowns.

I daresay there is great controversy as to why the U.S. steel industry is not competitive. There are those who will say it is bad management, that they did not recognize the change in the steel market in this world, but we inherited their problem. When they closed Youngstown, that is our problem immediately. It is on a smaller scale here but for each person who testified, it is just as big as for each individual in Youngstown. That is our concern.

It becomes a drain on the Treasury. You are talking, I think, in the last 34 years about tens of billions of dollars. We have to look at how we minimize that. Your problem with EPA brings into consideration the interaction between the State and Federal Government.

I want to thank you very much for your testimony and I only wish, as we move into other regions of the country, other business entities will be willing to come forth and give us their views, whether we agree or not. We have to have those views for the purpose of making recommendations.

Mr. CLAY. Mr. Weiss?

Mr. WEISS. Thank you very much, Mr. Chairman.

Mr. Hughey, you indicated the unemployment rate in Contra Costa is about 6.2 percent. Have you figures which would indicate what figures were 1 year ago?

Mr. HUGHEY. I believe they were higher last year than they are now. I can get those figures for you.

Mr. WEISS. It is going down?

Mr. HUGHEY. Yes.

Mr. WEISS. You also mentioned that you thought one of the problems was the lack of training or retraining programs as some plants close down; the employees have no way of becoming involved or being hired in other places because of lack of skills.

Has your organization made any suggestions as to how that kind of retraining program might be developed in an area where there is obviously a great deal of flux in the industry?

Mr. HUGHEY. We are participating in the Private Industry Council and the State Development Department can make arrangements, too. If I thought I was in danger of being laid off, I would be over there banging on their door and talking to the counselors.

You don't have to be laid off to take advantage of their services. They will do practice interviews with you, so you can prepare yourself to be interviewed. Obviously, it has been a long time since some of these people have been interviewed for a job.

We had a project where 200 schoolteachers were laid off. We put together a program to have them meet in seminars to talk about the kinds of jobs they might be called for. Some of those people have been teaching, and nothing else, for 10 or 12 years.

Private business is a strange thing to them. They don't understand how their skills might be adjusted to those type jobs. That was a small project in terms of the entire project, but it was successful.

I think part of it is identifying the kinds of jobs that will be available in the future. We will get replacement jobs and they should be aware that they should be developing skills in those areas where the jobs will be.

Seventy-five percent of the jobs last year in the Bay area were in white collar fields and in technology. They required advanced training. But these kinds of jobs require more education, more skills, more training.

Those are the kinds of jobs that are becoming available. It is not the blue collar jobs, unfortunately, but that is the way it is working. Unfortunately, those jobs that they have had for years and years will not be there except for replacements. They have to prepare themselves for other kinds of jobs.

Mr. WEISS. You indicated in your answer if you felt there was a danger of being laid off you would be over there looking for retraining yourself. But given that, don't you think it would be helpful for people to know more than 30 days in advance that they will be laid off so they will be inclined to go for that type of training?

Mr. HUGHEY. I would like that kind of notice, but my experience has been, when I get the notice, I would just as soon move on as quickly as I can.

As Mr. Mountain pointed out, there are two sides to this. How much notice will an employee give?

In the hearings by the State of California as to plant closings, the same factors were pointed out—when a company announces a plant closure, the first thing that happens is customers start looking for other sources of supply, which hastens the closing. You could give 2 year's notice of a closing and I doubt you would have enough orders or people to keep that plant going for that period of time.

Mr. WEISS. Don't you think there has to be a balancing out as to what happens to the company and the lives of the people?

Mr. HUGHEY. Yes; there are numerous enlightened companies that do give such notice as they can. The production plants are the problem. They are producing because of sales orders which are being translated into a product. But when those orders begin to drop off, they have to slow down production.

You are talking about the auto industry when the sales are dropping, they cut their production. That should be a warning.

Yes; there has to be adequate warning, but there is the company side dealing with key workers leaving and losing customers and also the creditors get a little uneasy.

Mr. CLAY. The time of the gentleman has expired.

Mr. Stephens?

Mr. STEPHENS. Mr. Crane testified that he noticed the shutdown of the Southgate Container plant resulted in 250 workers being laid off. The impression is left here that they might have been left high and dry.

Did any of those workers have transfer rights?

Mr. MOUNTAIN. I was not the general manager at that time. I was in the San Joaquin plant. I do have some knowledge about the generalities of the plan. In other words, the fact is this. That plant had lost money for 3 years prior to the company being sold.

The one thing that wasn't made public—and I guess I am making it public for the first time—is that with the loan requirements we had, we couldn't dispose of any assets. So, instead of refinancing, we had to run a losing operation.

Now management down there was telling the hourly force they were losing money, so I understand. I was not there. They say, when Louisiana Pacific bought it, they shut the plant down immediately.

Mr. STEPHENS. I am not so much concerned with the costs as to the alternative rights to 250 workers had.

Mr. MOUNTAIN. I can't answer that. I know we do have contracts as to severance pay, hiring rights, recall rights, but there are no two contracts just alike.

Mr. STEPHENS. Thank you.

Mr. CLAY. We certainly thank you for your testimony.

The next panel will consist of Mayor Frank Quesada, Mayor Verne Roberts of Antioch, and Tom Torlakson, councilman, city of Antioch.

PANEL—GOVERNMENT REPRESENTATIVES: FRANK QUESADA, MAYOR, CITY OF PITTSBURG; JERRY DUNBAR, DIRECTOR OF MANPOWER, CITY OF PITTSBURG; VERNE ROBERTS, MAYOR, CITY OF ANTIOCH; AND TOM TORLAKSON, COUNCILMAN, CITY OF ANTIOCH AND CHAIRMAN, COUNTY ECONOMIC DEVELOPMENT COMMITTEE

STATEMENT OF FRANK QUESADA, MAYOR, CITY OF PITTSBURG

Mr. QUESADA. Pittsburg is a town of 32,000 residents located 17 miles east of Martinez where the Sacramento and San Joaquin Rivers join together.

Since 1855, when coal was discovered in the hills behind us, Pittsburg has been a producing town. During those times our town was called Black Diamond, in recognition of the importance coal had on our community.

The coal mining came to an end in 1902 when a superior grade of coal was discovered in Oregon and Washington. We were no longer competitive.

At the turn of the century the rivers' abundance of fish attracted Italian immigrants ready to reap the harvest. Their success in fishing spawned a thriving canning industry. Like the coal mining, commercial fishing came to an end when the State closed the rivers to commercial fishing.

The year 1910 brought Columbia Steel, later United States Steel, to Black Diamond. We changed our name to Pittsburg in honor of the birthplace of the steel industry, and our new industry.

World War II brought Camp Stoneman, the point of embarkation for soldiers bound for the Pacific theater, to Pittsburg. The Camp Stoneman era was a boom for retailers. When the war ended and the camp closed, many retailers closed with it. Plywood over shop windows remain today as a painful reminder of the fluctuations in the marketplace.

Yes, gentlemen, Pittsburg knows the pain with the close of an industry. As you wrestle with the issue of plant closures, I come before you, representing a town that has experienced the end to mining, fishing and canning, as well as a decline in retail trade and cutbacks in industry.

The economic rollercoaster that Pittsburg endures has brought us staggering statistics.

The State employment office reports the unemployment figures for the bay area at 5.6 percent. They report Pittsburg's at 10.5 percent.

The Contra Costa County Planning Department reports Pittsburg having the largest unskilled labor force in the country.

According to Leshar Publications, only 6 percent of Pittsburg's population has graduated from college, considerably below the county average.

The Contra Costa County Planning Department reports that residents of downtown Pittsburg are unemployed at a rate three times that of the rest of the county.

One month ago the local paper reported that 1,400 industrial jobs have been phased out in our area over the past 10 years.

The statistics translate into real stories where people with 20 years of service, a family to feed and a house payment to make have only unemployment insurance to count on. Health benefits disappearing when they are needed the most.

Many of the victims of layoffs are too young to retire and too old to work for minimum wage. People who have invested their adult life in producing for the Nation and the community now are told they have no marketable skill.

Gentlemen, think of the bitter tears, 20 years on the job and you are told you have no skills to offer a changing labor market.

Neither Pittsburg nor its neighbor Antioch are ghost towns as a result of layoffs. Quite the opposite is true. Both of us have grown at a rate much ahead of the county's. In 1970 Pittsburg's population was 20,651. Today it is 31,500. Light industry and retail concerns are locating in our town. Residential housing is expanding rapidly.

So why am I before you? Because long-time residents, working in the factories, are the backbone of our community. When they leave the factory, we have nothing else to offer them. Long-time residents are forced out of the community that they helped to shape.

As if to add insult upon injury we offer the following to those laid off:

No new industry offering comparable salaries;

Unemployment benefits that aren't enough to cover today's house payment;

Local government's inability to absorb some of the affected due to propositions 13 and 4;

And CETA title VI's inability to help due to severe funding cuts and eligibility criteria.

From those rolling hills east of us, under title VI, of a population of 6,000, there are only 57 placements allocated by the Federal Government.

Labor market analysts might tell us that the marketplace is fluid so those in it must be flexible and willing to change. To that I would concur, but flexibility and being priced out of one's hometown are two different issues.

The laid off worker is not an opportunist looking for a handout, but a long-time resident with the most marketable skill—a willingness to work. That is why we will not die.

An industry hit with layoffs is like fractured glass. The lines of the fracture reach out in a splintered fashion. The vendor that

services industry's other needs is now out of work. The dentist that fixes the teeth of a worker covered by dental insurance experiences a slowdown. The local dental lab that supplied the dentist doesn't have enough orders to stay open. One worker is laid off but the fracture is felt throughout the community.

What, if anything, can be done? The first step in solving a problem is recognizing that it exists. Your hearing today, the recent newspaper articles and proposed legislation all help in contributing to the stabilization of families and communities affected by layoffs.

The solution to a thriving local economy cannot be found in any one proposal. Thus far, we have heard proposals such as higher import tariffs, relaxation of environment controls, relaxation of regulation controls, Government subsidies to industry, Government subsidies to labor, loan guarantees, greater tax credits for plant renovation and expansion, controlling corporate profits, and controlling workers' wages.

None of these proposals, taken alone, will solve the problem. No one segment—Government, industry, or labor—can solve the problem. It must be a partnership venture, both in defining the problem and in setting forth proposals to solve it.

In searching for solutions, we must see that many of today's layoffs are due to foreign competition. According to last Friday's newspaper, imports comprise 43 percent of the small car market. That is a long way from the post-war VW bug.

The U.S. auto industry took far too long retooling for the compact market, but now that they have, let's help out with higher import restrictions.

In 1978 United States Steel closed its subsidiary, American Bridge, because it couldn't compete with Japanese steel and lost the bid to construct the new Antioch Bridge. Now, in Antioch, from the deserted headquarters of the American Bridge plant we can look at the new bridge constructed from Japanese steel.

Japan has modern steel plants the United States does not. I think we should give the American steel industry the same consideration and assistance that we gave those who lost World War II.

During America's infancy the founding fathers knew the importance of a strong industry and provided a protective climate so it could flourish, and it did. It may be time to make a similar commitment.

The need for and cost of housing is the primary cause of labor's demand for high wages. If housing was reasonable, then it would be reasonable to freeze wages. The Government should be more active in subsidizing housing. The average home in Contra County is well over \$100,000, and there are few rentals suitable for families. The family needs a sizable income just to exist in this area.

The best way to help a worker, and a community, that may be hit with a layoff is not let it happen in the first place. Or if it is unavoidable, have opportunities in the marketplace that can absorb the affected workers, not drive them from the community.

American labor doesn't want a guaranteed income; they want a society that has opportunities. American labor doesn't want a benefit package for the jobless; it wants an economy that can support

jobs for those who can work. American labor is not greedy, but it does want a wage that can support a family in 1980.

A strong economy can only be achieved if industry, labor and government recognizes that it is a serious problem we face and none of us can tackle the problem singlehandedly. Industry needs to accept more responsibility for the work force on which it depends. Invest less in advertising and more on research, retooling and retraining.

Labor needs to negotiate wage-fringe packages that are related to production, not the consumer index. Government needs to focus its attention on tariffs, tax credits and loan packages that would create opportunities, not guarantees.

On behalf of a community that has seen its coal, fishing, and canning industries close and its steel industry retreating, I want to thank you for this opportunity to testify.

What I have done is brought our director of manpower. We have been a city that has been reborn from the inside out with Federal subsidies, but we have done it and have done it accordingly by the law, and we shall remain that way, but independent.

Mr. MILLER. Thank you very much, Mayor Quesada.

Mayor Roberts?

STATEMENT OF VERNE ROBERTS, MAYOR, CITY OF ANTIOCH

Mr. ROBERTS. Thank you very much, Congressman.

Mayor Quesada, I appreciate your comments. I think we are in the same boat.

Antioch area residents don't need to read about or be told about the effects of plant closures and layoffs. Our friends, neighbors, and family members have experienced the loss that accompanies the closing of a plant.

Six major plants in the Antioch area have found it necessary to close all or part of their operations in the last 5 years. They are Crown-Zellerbach, United States Steel-American Bridge, Louisiana Pacific-Fibreboard, the Tillie Lewis & Hickmott Canneries, and the United States Steel Rod Mill. In all, about 1,500 jobs, not counting seasonal jobs at the canneries, have been lost in the past 5 years.

We all know that layoffs have impacts beyond immediate job losses. Using U.S. Chamber of Commerce survey results, it can be estimated that those 1,500 lost jobs resulted in the loss of an additional 975 nonmanufacturing jobs, 45 retail establishments, nearly \$5 million in retail sales, and \$3.5 million in bank deposits. The list of related effects could go on and on.

Local governments are also affected. Property taxes, income taxes, sales taxes and business license losses all result in decreasing revenues while the requirement for services stays the same or actually increases. Crime doesn't decrease just because jobs have been eliminated; in fact, it may very well increase.

H.R. 5040, which is currently before your subcommittees, is an attempt to solve some of the many problems associated with plant closures. It seems to me, however, that some of its features would be too little, too late, while other features may place a burden on the affected businesses at a time when the business may be suffering many of the same problems its employees are experiencing.

The provision for grants to affected local governments for public improvement projects has merit. If the process can be set up so that grant approval and project initiation could begin quickly enough, it could go a long way toward offsetting some of the subsidiary economic effects I mentioned earlier.

It seems to me that the best solution and most lasting solution to the problems associated with plant closures is a vigorous and healthy national economy, an economy which is strong enough to meet the competition from abroad and strong enough to provide offsetting jobs when displacements do occur.

Also, decisionmakers at the national, State, and regional levels should be concerned with our economic environment, as well as our aesthetic environment.

Let's make decisions that foster rather than stifle a vigorous economy. Let's make decisions that will keep our industries operating at a profit. Let's give priority to keeping plant closures to a minimum in the first place and we will have less need to help the impacted industries, communities and employees.

Mr. MILLER. Thank you.

Tom?

**STATEMENT OF TOM TORLAKSON, COUNCILMAN, CITY OF ANTI-
TIOCH AND CHAIRMAN, COUNTY ECONOMIC DEVELOPMENT
COMMITTEE**

Mr. TORLAKSON. Thank you, Congressman Miller and members of the committee.

I want to follow up on what the mayors have spoken to. They have testified as to the trauma to the community and the loss of jobs and the effect on the business community. I wanted to add some thoughts as to where the Federal Government might help.

We have had problems with the local air board in getting permits such as mentioned by Mr. Mountain. Our city interviewed and helped get the permit, but the EPA is holding that permit up. Anytime we have time delays in this type matter, it is an ever major detriment to the business community and affects jobs.

I would speak to you as both a councilman and chairman of the overall Economic Development Committee. I want to share with you the frustrations of a number of cities putting in applications to this committee.

We develop a plan submitted to the economic administration annually. There are 15 to 20 plans to try to create new jobs in the community, to construct industrial parks, public works types of projects, then set up business on a permanent basis.

Fortunately, we have an average high level of income and employment, whereas in pockets of the county, you have high unemployment, often to 13 percent. There is a need, but the criteria set up by the EDA is not flexible in looking at the high areas of need.

So, for the last several years we have submitted annual plans and have only been granted one or two projects where we have many that are waiting and a great need to stimulate the local economy and provide jobs where the heavy industries have been lost.

I think that is an area that could use attention, to focus criteria to work in pockets within a county that have this changing nature in their community.

One other committee which our committee helped set up deals with a Federal program which I think should be expanded to assist in training for job displacement and training for new jobs.

This is the Private Industry Council, set up last year in this county, and now across the country, to involve the private sector in training and employing people.

This is a healthy trend in the Federal program and CETA is a good trend which should be expanded. However, the half million dollars allocated for the PIC to this county is not adequate.

We had one program where 45 people were trained and employed in selling in the ski business, but that is not making a dent in the problem where hundreds of jobs are being lost.

The emphasis of the PIC is incentives. They will train. With this money they can train specifically to any business needs. This is an incentive for a business to have a training program set up and not have to pay the costs.

After the person has been trained, they can get on-the-job training status. In addition, there is \$4,500 for special labor categories for youth, veterans, ex-offenders, and handicapped.

Maybe that should be expanded to people laid off in American plant closure so there would be an added incentive on that basis of a dramatic closure in an area. I would suggest expansion of the PIC program in that direction.

You have the Trade Adjustment Act, where you have funds and training programs designed for employees displaced by foreign trade.

What about jobs we are talking about as to Louisiana Pacific, where a plant is forced to lay off people in a short period of time? There should be programs developed to focus and target training and location of people into new employment so they don't have to wait the 10 or 15 weeks it takes to qualify for CETA programs.

I make those couple of suggestions from the local and county level. We are pleased to have the funds from the PIC and would like to see that kind of plan funded.

We would like to see the countercyclical program expanded. Hopefully there will be more money to start the public-works-type programs.

Mr. MILLER. Thank you very much.

Mr. Hawkins?

Mr. HAWKINS. I have no questions. I would like to commend the witnesses. I think their testimony has been excellent. I quite agree, particularly with one statement made by Mayor Roberts, that it probably would be in addition to the proposal before us to direct much more attention to preventing plant closings in the first instance. This goes with basic economic policies.

I quite agree with that statement and feel we should certainly concentrate a lot more attention on the fundamental causes for plant closings in the first instance.

Thank you very much.

Mr. MILLER. Mr. Weiss?

Mr. WEISS. I, too, want to express appreciation for good, solid testimony, and pointing out that even though the county may be doing fairly well in the level of employment and unemployment ratios, as far as particular communities affected, your areas are hard hit.

Thank you very much.

Mr. MILLER. To what extent do you think the various manpower programs you run have been able to deal with the problems of the unemployed factory worker? We heard testimony earlier today from people who spent 18 years, 7 years, 9 years working at a papermill. You have Title III, VI, and other programs.

To what extent are you successful in encouraging them to come in and are you able to help these people who have spent most of their working life in one occupation?

Mr. DUNBAR. My name is Jerry Dunbar. We operate the two programs. We heard from the workers this morning. They wouldn't be getting anything for approximately 6 months. What we have is our eligible criteria, which is for poverty level incomes, and they are not going to be at poverty level for quite some time.

Mr. MILLER. That is because you make a determination on wages earned when?

Mr. DUNBAR. The last 6 months. It is a determination made on the last 6 months, and based on a number of other things, such as number in the family and that type of thing.

Once they are eligible, what happens? Frankly, we can get involved in retraining things. We can get people trained and we are involved with the PIC program as well as others.

If we are talking about a situation of retraining someone who has been laid off, that is a possibility. In addition to it being a possibility, there are jobs that exist in this county. In fact, the job market is expanding in this area. It is not expanding insofar as salaries to which the workers have been used to.

If we are talking about the salaries in the \$8 to \$12 bracket, as far as dollars per hour, we are now talking about, what we have in Pittsburg is a burgeoning retail trade or light industry.

We have just dropped down to the \$3.25 to \$6 bracket. That doesn't mean jobs are not available or that retraining can't take place. What that means is, regardless of whether they retrain and find another job, we are talking about a radically different life-style.

You are talking about the \$100,000 homes in our areas, as Major Quesada said. We have already heard about the payments of \$650. I know a lot of people who would like to take over those low payments of \$650.

Anyone can do the arithmetic as to what happens to a family of four(at \$6 an hour.

Mr. MILLER. Do you think where there has been a closure that we should drop the criteria off measuring their income based on the last 6 months?

Mr. DUNBAR. Yes.

Mr. MILLER. If people are to retain any type of earning capability, 6 months before you are at all eligible, then you have a period of time for the retraining and you still have to get one of the slots.

So, you are really talking about an expensive period of time before you can receive governmental help.

Mr. DUNBAR. We have our redtape, too. There are no quick solutions. Once we are through all the preliminary garbage and into a program, things will take time.

Mr. MILLER. It is clear if the plant door has been closed, you won't be going back to that job, so certainly the earnings predicated on what you earned last week is at minimum misleading.

Mr. DUNBAR. There are categories where we are allowed to disregard earned income. Handicapped comes to mind. If someone is handicapped, they are eligible for the program. It is not unheard of.

The precedent is there for ex-offenders, for the handicapped and it is, of course, something that I would personally like to see received by those affected by plant closures.

Mr. HAWKINS. As Mayor Quesada said, even if we cleared the qualification and denied the money, it seems you would still close out these people.

Mr. MILLER. Thank you very much. I am only sorry the subcommittee doesn't have enough time to see, because in Pittsburg you can see stages of what happened at various stages of economic closings, the cannery, the mills. You can see the physical scars it has left on a community.

I think Antioch, which only a short while ago had such high hopes in terms of an economic base, now has to start over in attempting to attract different kinds of industry.

Mr. ROBERTS. The Mayor's Conference has elected me representative of the Area Pollution Board. We have a scheduled meeting Friday in Los Angeles with the southern corridor. There will be 17 different areas represented in regard to trying to get something that our own legislators will pass so Louisiana Pacific can expand.

We have a bill that has come out of our conference that we think will be accepted, but we have to sell it and we are hoping we can get it in during the first session of Congress.

Mr. MILLER. Thank you very much for your time.

Our final panel will be a panel consisting of representatives from the I.U.E. If you will come forward and identify yourselves for the court reporter.

Mr. HAWKINS. May I request the record be kept open for a period of time following this hearing?

Mr. MILLER. Without objection, the record will be kept open for 2 weeks for people who want to submit written material to the committee.

STATEMENT OF WALTER SZYMANSKI, INTERNATIONAL UNION OF ELECTRICAL, RADIO & MACHINE WORKERS, ACCOMPANIED BY GERALD YOUNG, PRESIDENT, LOCAL 853, I.U.E., AND ALBERT DAVIAN, SHOP STEWARD, GENERAL ELECTRIC WIRE AND CABLE PLANT

Mr. SZYMANSKI. I am Walter Szymanski. With me is Jerry Young, president of local 853, and Al Davian, shop steward, with 33 years of service.

Mr. MILLER. Without objection, your entire statement will be inserted in the record. You can proceed in any fashion you desire.

Mr. SZYMANSKI. I will summarize, due to my belly growling.

The plant we will be talking about today is the General Electric wire and cable plant in nearby Oakland, Calif. The plant, which has been operating at the same location for over 40 years, manufactures wire and cable, and building wire for the construction industry and wire for the appliance industry.

There are currently approximately 114 production and maintenance and office clerical employees who are represented by I.U.E. Local 853. In addition, there are about 25 to 30 employees in management, engineering, or sales who are unrepresented by a union. The plant is located in a black community, and approximately 56 percent of the workers we represent are minority workers.

The first the union heard about the closing of the Oakland plant was on July 9, 1980, when the plant manager told the local union president that there was a possibility that the company might be completely closing the plant.

He told Young that a final decision would be made by the company either just before or immediately following the annual 2-week vacation plant shutdown scheduled to begin on August 4, less than 4 weeks away.

The plant manager explained that it was underutilization; GE had concluded there was an underutilization at all three of their wire and cable plants which they considered to be one department.

GE did give us an explanation of underutilization, but this only led to more questions from the union. Despite persistent questions to the company on what suddenly triggered the plant closing, we have never received a satisfactory answer.

In the meantime, in September 1980 the company announced that a final decision had been made to shut down the Oakland facility. We were able to buy this short amount of additional time through efforts by the local to get assistance of State and Federal legislators to persuade GE to keep this profitable plant open.

What has happened in this GE case is a pattern our union has seen on a number of recent occasions—the company tells the union that it has made a tentative decision to close a plant and gives the union a few weeks to talk the company out of its decision.

We still do not know when the plant is closing. At the time of the announcement of the final decision, and in subsequent meetings between the union and GE, we have only been told that the plant will close its doors in a couple of months.

Moreover, we are still in a fight with the company over vacation pay which, according to the company, turns on when the plant closes.

I would like to thank the members of this committee for allowing us the opportunity to testify on the need for Federal regulation of plant closings. The I.U.E. believes that the right for workers and communities to be included in a decision which so vitally affects them as a decision to close a manufacturing facility is a fundamental right in any free and democratic society.

Thank you for allowing me to summarize my statement.

[The prepared testimony of Walter Szymanski follows.]

PREPARED TESTIMONY OF WALTER SZYMANSKI, JR., INTERNATIONAL REPRESENTATIVE,
INTERNATIONAL UNION OF ELECTRICAL, RADIO & MACHINE WORKERS, AFL-CIO-CLC

Good morning, Mr. Chairman, members of the Committee. My name is Walter Szymanski and I am an International Representative of the International Union of Electrical, Radio and Machine Workers, AFL-CIO-CLC. With me today are Jerry Young, President of IUE Local 853 and Al Davian, shop steward and an employee with 33 years of service at General Electric's Oakland Wire and Cable Plant. We are grateful for this opportunity to add our voices to the growing call for plant closing legislation and to help you better understand how powerless workers are under our present laws to protect our jobs in the face of a plant closing.

BACKGROUND

The plant we will be talking about today is the General Electric Wire and Cable Plant in nearby Oakland, California. The plant, which has been operating at the same location for over 40 years, manufactures wire and cable and building wire for the construction industry and wire for the appliance industry. There are currently approximately 114 production and maintenance and office clerical employees who are represented by IUE Local 853. In addition, there are about 25 to 30 employees in management, engineering, or sales who are unrepresented by a union. The plant is located in a black community, and approximately 56% of the workers we represent are minority workers.

The first the Union heard about the closing of the Oakland plant was on July 9, 1980, when the Plant Manager told the Local Union President that there was a possibility that the company might be completely closing the plant. He told Young that a final decision would be made by the company either just before or immediately following the annual two-week vacation plant shutdown scheduled to begin on August 4, less than four weeks away.

In a previously scheduled meeting with the company the next day, we had our first opportunity to question plant management about the closing. In response to our questions, we were told that the Oakland plant was profitable and that the closing in no way reflected on the cooperation GE had received from employees, the Union, or the community. We were told that the reason the company was considering closing the Oakland plant was because it was "underutilized." The Plant Manager explained that GE had determined that the three plants in GE's Wire and Cable Department (the other two are in Bridgeport, Connecticut and Lowell, Massachusetts) were all "underutilized" and that profits could be maximized if our Oakland plant was closed and the work transferred to the two east coast plants.

The company's final decision was to be made in a matter of weeks. With little time to prepare ourselves, we made a demand to bargain over both the decision to close and the effects of the closing and submitted a list of questions to the company to obtain enough information to formulate intelligent proposals which might induce GE to keep the Oakland plant open. Among the information we requested—and which the company has refused to provide us to this date—are: when management first began to consider closing the Oakland plant and copies of any written reports or documents considering or recommending the closing; comparative overhead costs of the three wire and cable plants; transportation costs for delivery of products at all three plants and a list of the customers and volume of business at each location. In addition, we requested a definition of the term "underutilized" and data to support the company's contention that all three plants were in this status.

We feel we needed this information in order to understand fully the causes of the plant closing, the impact of the closing on GE's west coast customers, and the role the Union might be able to play in dissuading the company from taking such drastic action as closing the Oakland facility.

GE did give us an explanation of "underutilization," but this only led to more questions from the Union. For in reviewing the data which the company gave us to prove that the plants were "underutilized" it became apparent that this condition had existed for a number of years. Despite persistent questions to the company on what suddenly triggered the plant closing—and whether other factors were involved beside "underutilization"—we have never received a satisfactory answer.

One item which we requested from the company might have provided us with answers to our questions—copies of reports or documents considering or recommending the closing of the Oakland plant. When the company refused to give us this and other information we needed to bargain intelligently with GE over the decision to close the plant, we filed unfair labor practice charges against GE with the National Labor Relations Board in Oakland. This was on August 15, 1980. When

we last checked with the Regional Director on Friday, October 10, there still was no final determination on our charges.

In the meantime, on September 26, 1980, the company announced that a final decision had been made to shut down the Oakland facility. We believe we were able to buy this short amount of additional time—from the earlier date in August to the end of September—through efforts on the part of the Local to obtain the assistance of State and Federal legislators to persuade GE to keep this profitable plant open. Although the response to our appeals to legislators was heartening, and many of them contacted GE and requested that the plant remain open, their appeals—as well as our own—fell on deaf ears.

The reasons are not really hard to understand. Under our current laws, neither workers, unions, the local community, nor the Federal Government has the right to obtain sufficient notice of a proposed closing or adequate information to make any substantive proposals to save a plant and the jobs it provides. Although the National Labor Relations Act, in theory at least, gives unions the right to demand bargaining over a decision to close a plant in certain situations, that right is far too limited and too weakly enforced to be meaningful.

What has happened in this GE case is a pattern our Union has seen on a number of recent occasions: the company tells the union that it has made a "tentative" decision to close a plant and gives the union a few weeks to, in effect, talk the company out of its decision. This situation is, in itself, totally unproductive to genuine collective bargaining over the decision to close. But it is compounded by the fact that the NLRA severely restricts—in fact, all but prohibits—a union's access to the kind of financial and so-called "confidential" information it needs to make any substantive contribution to a plant closing decision. And it is further compounded by the fact that we are only permitted to confront and bargain with the local management and not with the persons in corporate headquarters who are often, as is our case today, 3000 miles away from the workers and the community that feel the effects of the closing.

These are some of the reasons we so strongly support the provisions in H.R. 5040 for advance notice and public hearings to explore and document the reasons for a plant closing and alternatives thereto. Without such information and the time to study it and formulate suggestions and proposals, a union's role in plant closing decision-making is nothing more than a sham. With the notice, access to necessary information, and input from workers and communities which this bill would provide, IUE believes that many plants, especially profitable ones such as the GE Oakland plant, would not have to be closed, but could continue to provide products and jobs for society.

THE EFFECTS OF THE CLOSING

When General Electric first announced the possibility of the Oakland plant closing in July, we put together a list of benefits we wanted in the event of a closing and submitted it to the company. GE refused to negotiate with us over the effects of the closing, however, contending that such negotiations would be premature.

Since GE and IUE negotiate a national collective bargaining agreement, a minimum level of benefits to be afforded employees at a plant closing had been negotiated and incorporated into the National Agreement many years ago. Although we hoped to achieve a higher level of and expanded eligibility for these benefits, the majority of the items we requested from the company in the Oakland closing related to help in getting displaced workers reemployed.

After the closing was announced, we sat down with GE to negotiate over the effects and were somewhat successful in achieving our demands. We would like to tell you about some of the ways in which GE has agreed to assist employees find new jobs, in the hope that our success in this area with GE will set a standard for other employers until passage of the plant closing bill.

GE has agreed to implement a pre-closing job search program under which they have mailed notices to over 1200 Bay-area employers informing them that the Oakland plant is closing and what types of skills the employees have and inviting them to contact GE for resumes and to arrange for on-site interviews. The state Employment Development Department is going to conduct a two-hour workshop for employees, on company time and premises, covering such subjects as job-finding techniques, resume writing, and job interview skills; GE will prepare and distribute to employees their own brochure covering these topics as well. In addition, employees will be advised on the availability of retraining opportunities at educational institutions and at other employers and will be informed of the services available through the California Consumer Credit Counselling Service to assist them with financial difficulties.

We are pleased with GE's cooperation in helping their displaced employees find new jobs, but we are not without our unresolved differences. For example, one of our demands was that the company provide letters of recommendation for all workers, but the company has not been willing to agree to this. The absence of such recommendations may well undercut the efforts GE is making to help these workers find other jobs.

In addition, we still do not know when the plant is closing. At the time of the announcement of the final decision, and in subsequent meetings between the Union and GE, we have only been told that the plant will close its doors "in a couple of months." The company's failure to give us their projected date for the closing makes it very difficult for the workers to arrange to start a new job, for those who are fortunate to have found one, and may lead to some employees missing an opportunity for reemployment elsewhere.

Moreover, we are still in a fight with the company over vacation pay, which, according to the company, turns on when the plant closes. One of our bargaining demands at the time of the closing announcement was that employees be given a pro rata share of the vacation pay they earned during 1980. GE has taken the position that vacation pay is calculated only on a calendar year basis and that employees at Oakland would have to work through December 31 to earn any vacation pay. We feel that this is grossly unfair, given the fact that it is the company alone that controls the decision to close and the timing of the closing, which can be manipulated so that the workers—through absolutely no fault of their own—will be unable to complete their calendar year in 1980.

CONCLUSION

Once again, I would like to thank the members of this Committee for allowing us the opportunity to testify on the need for federal regulation of plant closings. The IUE believes that the right for workers and communities to be included in a decision which so vitally affects them as a decision to close a manufacturing facility is a fundamental right in any free and democratic society. I am sure I do not need to remind the members of this Committee that the United States stands alone among democratic, industrial nations in its failure to place any restrictions on the movement of jobs within the country or outside the country.

The situation at the Oakland plant about which we testified today is a rather unique one in our experience with General Electric Company. It is unique because it is one of the rare instances when the jobs which are being lost are moving to the northeast section of the United States and not to the non-union south or overseas. But this fact provides little reason for rejoicing, for the devastating effects of the closing in Oakland on the workers and on the community still remain. Workers who have spent upwards of forty years working for General Electric and a black, urban community that can ill afford more job losses are faced with the fact of this plant closing, without any opportunity to take part in the process which led to the decision to close.

I hope that the testimony we have given today will contribute in some small way to a better understanding of the frustration and despair of workers who are powerless to control or even contribute to decisions which so drastically affect their livelihood, their friendship, their families, and the sense of self worth which comes from being a productive member of society.

Mr. SZYMANSKI. I would like at this time to ask Jerry or Al if they want to make a comment or respond to questions the committee may have. We have received some letters from employees we would like to enter into the record.

Mr. MILLER. Without objection, that will be done.

[The letters referred to above follow:]

To Whom It May Concern,

I'm Writing This Letter To Tell You Of Another Factory Closing It's Doors And Moving It's Operation Out Of California. It's The General Electric Wire And Cable Plant In Oakland, California. It's Been In Oakland Since The Mid 1940's. It's Had It's Good Times And It's Hard Times. Right Now And For The Past Few Years Business Has Been Good And They've Been In The Black. At Least That's What Management Has Been Telling The Union And Employees. Which I Am One (An Employee), But They're Closing Up And Moving The Operation To The East Coast

I'm Lucky. I'm 25 Years Old With Three Years With The Company. I'll Be Leaving G.E. With Some Benefits To Help Me Through The Hard Times My Family And I Will Be Going Through. But There Are People There With Less Than Two Years. Some With Less Than Six Months. All They Get Is One Days Pay For Every Full Year They've Been With G.E. No Medical. No Accumulated Vacation. Nothing. They

Shouldn't Have Even Started Working For G.E. Three Years Ago I Thought There Has Security In Working For A Big Company Like General Electric.

I Felt With A Name Like General Electric They Cared About People, Since That's Where Their Profits Are Made.

Then There Are The Employees In Their 40's Who Have Given 20 Years To The Company. They're Too Young For Pension From G.E. And Too Old To Start At The Bottom Of A Seniority List And Hope To Get A Decent Pension From Their Next Employer. If That Employer Even Offers A Pension Plan, G.E. Will However Give Them Back The Money That Was Deducted From Their Pay Check's During Their Employment. But That's Only Half ~~of~~ What They Would Have ~~Been~~ Received Had They Reached Pension Age With G.E.

Another Problem Faced Is That Of The Employee Who Has Acquired A Physical Disability While Employed At General Electric. Such As High Blood Pressure, Loss Of Hearing, A Back Injury, Etc. Some Of These People Will Never Be Able To Find Another Job Or Get Insurance Coverage From Another Employer. Some Of These People Are In Their 40's. How Are They Suppose To Be Able To Support Their Families Until They Can Find Something. Or Buy Their Medicine Without A Job And Their Insurance Coverage. People With Two Years Or Better Will Get Medical Coverage For One Year After Their Termination Date. But What About After That.

There Are Also People Who Have Medical Problems In Their Families. Medical Bills Aren't Getting Cheaper. And Without Insurance It Will Be Near Impossible To Keep Up With The Rising Costs. No Job, No Insurance.

We Are A Small Factory With 140 Employees, But G.E. Sees Us As A Graph.

Not As People With Feelings, Hopes,
Families. They've Proven This By
Keeping Us Up In The Air Since July
About The Closing Of The Factory.

By Not Allowing The Union To Deal
With The People Making The
Disision About The Closing Or The
Benefits We Recieve. Oh, They Talk
With The Union But All They Say
Is "We'll Get Back To You." Well
Pretty Soon There Won't Be Anyone
To Get Back To.

General Electric Can Find
The Money To Sponsor Shows Like Johnny
Carson's Eighteenth Anniversary Show,
And Numerous Sports Events Including
The Baseball Championships. Why Can't
They Sponsor 140 Lives. Those Of
Their Employees At The Oakland Wire
And Cable Plant. ~~They~~ We Make
And Buy Their Products. We Meet
Their Output Goals And Take Pride

In Reaching That Goal. Even If It
Only Means Getting Free Coffee For
The Day.

Now It Seems That's All
Forgotten. Oh, They Are Trying
To Find Us New Jobs Like Sweeping
Parking Lots For Jack In The Box.
People Have Given G.E. A Good Part
Of Their Lives And Themselves And
Now What? People Tell Me Not To
Take This Personal. But, You Can't Help
Taking It Personal. Pride Is Personal,
And Pride Is What I Put Into My
Job.

G.E. Is A Big Company. I
Guess Being As Big As They Are It's
Easy To Forget The People That Make
Up Their Work Force. We Are Just
Numbers. Maybe It Takes An Outside
Party To Remind Them That We
Are Individuals With Individual

Problems. Not Just Statistics, Graphs,
And Pay Numbers. I Hope You Can Help.

I Appreciate This Opportunity
To Speak My Mind And To Let You
Know My Opinion. You May Not Be
Able To Help Us In Our Fight To Stay
Alive. But Maybe You Can Help Someone
In The Future.

Thank You



Richard Goode
22218 Center St #7
Castro Valley Calif
94546

October 13, 1980

TO WHOM IT MAY CONCERN:-

MY NAME IS JESUS GONZALEZ

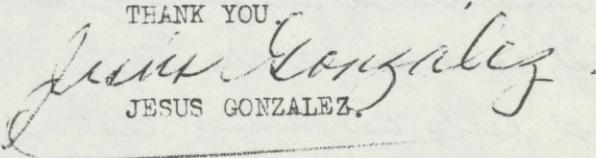
ELEVEN YEARS AGO I CAME TO THIS COUNTRY FROM CUBA
FOR TEN OF THOSE YEARS I HAVE WORKED FOR GENERAL
ELECTRIC COMPANY.

NOW I AM ABOUT TO LOSE MY JOB:

I AM 57 YEARS OLD. WHO WILL HIRE ME NOW?

I HAVE A FAMILY AND AM BUYING A HOUSE. I NEED A JOB,
PLEASE HELP ME HOWEVER YOU CAN.

THANK YOU

A handwritten signature in cursive script that reads "Jesus Gonzalez". The signature is written in dark ink and is positioned above the typed name "JESUS GONZALEZ".

JESUS GONZALEZ.

10-14-80

Gentlemen:

With the plant closing, I feel a bit down - at my age who will hire me? I'm 56 years old. My husband is out on disability, due to a serious heart attack, at present he is recovering, and the doctors still don't know when or if he will be able to return to work.

Where does that leave us?
 Resolve to welfare or what, and I don't want charity.

I feel as others that S.E. should stay open as this plant is badly needed here in the West Coast.

Elvie C. Pasilla

October 14, 1980

To Whom It May Concern,

The closing of this plant is going to be an extreme hardship on myself as well as so many others.

I am a ^(age 35) mother without skills who is head of a household that receives no child support.

Does General Electric have nothing else to offer me than factory closure?

Very sincerely,

Frances Dean

Dear Sir

I am telling you this story of a good part of my life that was spent working for General Electric Company in Oakland Calif.

I came from Turlock Calif. just off the farm at the age of 22 and started to working for General Electric. I started at the transformer plant for 48 cents per hour. I spent 4 years there. I received my first serious injuries when a defected machine broke and a piece of steel splattered hitting my face, breaking my nose in several places.

I was transferred to the Wire and Cable plant at 60th Ave Oakland. I have work there for the past 27 1/2 years. I have worked my way up to be a Mechanic, Welder, Plumber, Carpenter, Electrician

I am also on 24 hour call.

In the wire and cable plant, as Jack Karamis accident causing vertebrae damage to my back and I still have to go to a chiropractor for treatment at times. Also a screw from a tube, Wt 950 lbs fell off a Fork lift crushing my left foot and breaking several bones, causing amputation of the left toe.

I have an excellent attendance record and been late only twice in 33 1/2 years.

I am telling this story not only speaking for myself but in behalf of my fellow workers and all employees of G. E. who should be protected now and in the future. We have been told that they are closing the plant. We have seen an article in the newspaper that they will place most of

Over

the employees in job throughout their system or with other companies (to date it is a big joke) The employees (a good number up in age) face loss of their job, ~~the~~ their benefits, insurance etc.

The company has done nothing to find openings for any of the workers so I'd like to beg you to look into this situation as soon as possible and use your influence to stop this unfair treatment of some very faithful human being.

Thank you

Joseph Gomez

10-14-80

O. quien Corresponde:

Escribo estas cuantas líneas para hacerle saber de las injusticias y mal trato que esta compañía hace con nosotros; Yo en lo personal empecé a trabajar en junio de 1969 tengo mas de once años de servicio, como ustedes saben la compañía va a cerrar los puertos de esta planta, y segun ellos van a tratar de encontrar trabajo para todos, hasta el momento no han hecho nada al respecto, ellos van a esperar hasta el ultimo momento para decirnos cuando nos despidan, mientras tanto no podemos buscar trabajo porque no sabemos que día estaremos libres para empezar en el otro trabajo, por ejemplo yo puse una aplicacion en un trabajo y los personas en esta otra planta querian saber que día podria empezar, otra casa ~~hacia~~ otra planta de General Electric en San Jose, y nos enteramos que estaban aceptando aplicaciones, alguna persona de esta planta en Oakland fue asi de esta manera que nos dimos cuenta que estaban aceptando aplicacion, aqui en la planta de Oakland no nos dijeron nada acerca de esto, como ustedes van no estan actuando honestamente, nunca han actuado honestamente, solo van en beneficio de la compañía, no de los trabajadores, ya que van a cerrar la planta cuando menos en este ultimo momento que hagan algo bien por las personas que les han servido por tanto tiempo, esperando que ustedes puedan hacer algo por estas injusticias.

Atte Rodolfo Gonia

October 14, 1980

To Whom It May Concern;

This plant closing means to me a hardship of the worst kind, I am now age 53.

My husband age 58 is coming out of his job on disability. With my job ending next to his, we just don't know right now how we're going to make it.

Willie Mae Gilce

Dear Sirs:

I came to work at General Electric
Wire & Cable Oakland 1034th AVE. In 1957
thinking that my career & family life
is on it way for family life. I been
here every since 27 yrs.

I started @ \$1.89 a hour My life
is in the plant.

Today my life is in misery
because I will not have a job at
44 year old man.

Will lose 4 weeks of vacation, job
security

I will lose all my thinking of
a American life.

Reason I build my self & family
to think that America is the only
place to live. But now My
thinking is very sad to think
America has ~~destroyed~~ destroy my
life after working 27 yrs to
secure my family what happiness
and peace

Richard J. Moran
10/14/86

To Whom it May Concern.

I have been working for the General Electric Co. for over 30 years, and have been able to bring up a family within this time and I now find out that the Company is going to close the Plant Down.

Here we are on the West Coast and one of the reasons for this Plant was to make wire and cable on this side of our great continent to keep the wheels of Industry going at a smooth pace.

Cutting down shipping time & cost, and to keep people employed in this area is a full time job and it should be expanded to keep our economy growing and the talents of the "G. E. People" growing. True it is a small plant but the visions could have been enlarged and much greater expansion could have taken place. With more people working and greater and more diversified products, this plant just might have come to serve a greater cliental.

Throwing these people out of work at this time was a bad time for our economy as well as holding back on the talents of not only these people but the many suppliers.

If there is some way for this to be reconsidered or some pressure to bear to rethink this event, it would be the the advantage of all

Concerned.

Thaddeus A. Galt

Oct 14 - 1980

To whom it may concern;

In the short period of time (5½ yrs) that I have been employed at the General Electric Wire & Cable plant as a maint. mech, I have seen:

1. Far too much turnover in plant managers and other top personnel.
2. The dumping of worn out, discarded machines from the eastern plants.
3. Inadequate training time for new employees. — so on ad nauseum

In spite of these conditions, the loyal competent employees have repaired the discarded machines & kept them operating, suggested improvements for which they have inadequately paid, or were which were outrightly rejected, but were used to make the plants in the east run better and who have been totally ignored by the successive management changes — these loyal people are now rewarded by this plant closing!!

Joseph M. Cronin

1 OF 2

TO WHOM IT MAY CONCERN

I'M JUST WRITING THIS LETTER
 TO LET YOU KNOW THAT THE
 GENERAL ELECTRIC PLANT AT
 1034 66TH AVE IN OAKLAND IS
 PLANNING TO SHUT DOWN FOR GOOD.
 I HAVE BEEN THERE 22 YEARS
 GOING ON 23 YEARS. IF THEY CLOSE
 THIS PLANT DOWN IT WILL BE
 TOUGH FOR ME TO FIND A JOB
 AT MY AGE I AM 52 YEARS OLD
 AND IN MY HEALTH CONDITION,
 I AM UNDER A DOCTORS CARE FOR
 HIGH BLOOD PRESURE, ALL MY
 MEDICAL INSURANCE IS WITH
 GENERAL ELECTRIC. IF THIS
 PLANT CLOSES I WILL HAVE TO
 PAY ALL MY MEDICAL BILL ON
 MY OWN. IF I'M LUCKY TO FIND
 A JOB AND JOBS ARE TO FIND
 AND THE WAY MEDICAL COSTS ARE
 NOW ADAY THAT WILL BE VERY
 HARD FOR ME TO DO. MY LIFE
 INSURANCE AND MY PENSION ARE
 ALSO WITH GENERAL ELECTRIC.
 AND I WILL LOSE THAT ALSO.
 I HAVE A WIFE TO SUPPORT AND
 A HOME TO PAY FOR NOT TO
 MENTION TAXES AND EVERYTHING
 ELSE THAT GOES WITH BUYING A

2^{OF}
2-2

HOME. THIS PLANT EMPLOYE
MOSTLY LOW INCOME AND A LOT
OF MINORITY PEOPLE SO I'M NOT
THE ONLY ONE THAT IT WILL HURT
IT WILL PUT A LOT OF PEOPLE
OUT OF WORK THAT REALLY NEED
IT. ITS JUST NOT FOR ME BUT FOR
MY FELLOW EMPLOYERS WHO I
WORK WITH. ~~THE~~ ALL MOST HALF
MY LIFE HAS BEEN WITH GE.
I WOULD APPRICIATE ANY HELP
YOU CAN GIVE US TO CONVINC
THE GENERAL ELECTRIC COMPANY
TO KEEP THIS PLANT OPEN AND KEEP
ME AND MY EMPLOYERS AT THIS
PLANT. INSTEAD OF ON THE STREETS
LOOKING FOR WORK THAT AINT THERE.
ONE MORE THING THEIR NOT LOSING
MONEY. THEY SPONSORED A THE
JOHNNY CARSON SHOW AND OTHER TV
SHOWS. THEY SPEND ENOUGH ON
THESE SHOWS TO KEEP THE OAKLAND
PLANT FOR 3 MORE YEARS OR LONGER.
OPEN

~~THANK~~ THANK YOU FOR READING
MY LETTER. IT MEANS A LOT TO ME

SIGN
William Silveira

William Silveira
15024 CROSBY ST
SAN LEANDRO CALIF
UNION LOCAL #853

P.S.
PLEASE EXCUSE MY WRITING
AND SPELLING. I HOPE YOU CAN
UNDERSTAND WHAT I'M TRYING
TO SAY.

Mr. YOUNG. I am the president of the local and work in the plant. People are really hit by this, the plant closing down, the company stating everything is going along fine, they are making money, no real hassles, just they are going to close the place, as they say, to make more money.

They are making profits. People are having a problem understanding why they close a plant that is making profits. The plant has not changed much in the last couple of years. It hasn't increased or decreased a lot. It is just running along the same way.

The individuals in the plant knew I was going to come here and they wanted me to give these letters to you and hope you will read some of them. There are about 10 or 12 of them here. Most of the people have long-term employment with the company, 20 or 30 years, and have not really been anywhere else. They are going to be out on the street.

We have pushed GE to try to get them to do other things. We have found out after they told us that their San Jose operation was hiring people. They didn't consider telling us to go and put in an application.

So, they are hiring people off the street and they will be letting off 30-year people. Here are the letters.

Mr. MILLER. We appreciate you giving those to the committee.

Do your bargaining agreements provide for severance pay? What will happen to these people in terms of income?

Mr. SZYMANSKI. A plan which provides for 1 week's pay for each year's service to be paid at the time the plant closes in a lump sum or in weekly installments at the employee's choice. That is a benefit which keeps the employee working to the last day.

If an employee leaves prior to that day, the employee loses the severance pay. GE has not lost any employees since the announcement of this closing. In addition, GE at the Oakland plant has hired people off the street since they made the announcement they were going to close back in July.

The day of the announcement there was obviously shock by the employees, productivity fell. Yesterday Jerry Young in a meeting with the manager of shop operations has advised that the productivity of that plant has never been so high.

There must be some underlying cause. The employees are attempting to hold on to their jobs and are more productive. So some of the concerns voiced by the management panel are not true, at least not in this case.

Mr. MILLER. Al?

Mr. DAVIAN. I just want to talk about people because I deal with them daily. I don't know what to tell a 50-year-old Mexican woman who has a husband with heart trouble, when she comes to me and says, "Who is going to hire me?" Myself, I have worked for them 34 years, my wife, 33 years. Her pension after 33 years of service is \$233 a month.

I have another guy here, Gomez. He has 33, 34 years, was injured three times on the job in those years, has a bum foot, a bum back. He asks, "Who is going to hire me?" He is skilled. The man is an electronic genius but he is 57 years old and injured. Who is going to hire him?

These are questions I want answered, and GE doesn't give us any answers.

Mr. MILLER. Has there been any consideration as to purchase of the facility by another entity or employees?

Mr. SZYMANSKI. We demanded GE undertake a study to determine ways and means by which employees can purchase the facility. They refused. We don't have the resources on our own to undertake such a study.

There has been no one in the community who has offered to purchase the facility. They say to us they are underutilized, but we don't know if they are telling us the truth.

We have gone to the labor board and demanded they force GE to substantiate their argument. We still haven't heard anything from the labor board. It is taken out of our hands. The decision is made by somebody thousands of miles away to close that plant down because it is not making as much money as they think it ought to.

Mr. MILLER. Mr. Weiss?

Mr. WEISS. I have no questions. It is excellent testimony.

Mr. DAVIAN. If anybody would have the time, come talk to the people, one-half of whom have been employed by the company for 20 years and are in their forties and fifties. They are talking about the retraining. How are they going to be retrained?

Mr. MILLER. That is the tragic side of this story in the sense we know what will happen to these people. We know they will be susceptible to alcoholism in greater numbers than the average population, that they will suffer detrimental health impacts and they will probably not be rehired.

We went through this when the aerospace layoffs came, back in the early seventies. Highly skilled, trained people 45 to 50 years old are still looking. They are doing something totally unrelated to education, training, and background.

That is the problem we have to grapple with. We know very well, because of all the various disciplines which have studied people who have been laid off in the last decade, we know what has happened to them and that is the problem for this panel.

People say that they don't want to get involved, but we catch them.

Mr. DAVIAN. The man from management said if they gave a year or two warning the man would run. But by the same token, if a man or woman puts in a large part of their life for the company, aren't they owed something, too?

Mr. MILLER. I doubt somebody spending 30 years at the same entity would run. They would be grateful for the year to get their life in order, to pull down their expenditures and see if they can live out their life with some dignity.

Mr. DAVIAN. I have worked for the company for 33 years. If I work until December 31, I am entitled to 6 weeks vacation next year. We are trying to get it prorated. They say: "No, if you don't work until December 31, you don't get the vacation."

Mr. MILLER. I am sure they have maximized their concern for the workers when they made the decision.

Mr. YOUNG. All the people who have come to me—and everybody has come to me at least once—they are not interested in Government benefits. They are not interested in whatever the company is

going to give them. All they want is a job. That is all they are interested in.

That seems to be the big thing. We want to keep our jobs. If they are making money, why can't we keep our jobs?

Mr. MILLER. Thank you. We appreciate the fact that you have come to share your testimony with the subcommittee. Thank you very much for your time.

If I might, Mr. Chairman, before we conclude, again I want to thank members of the two subcommittees for being with us this morning.

I think again some of the testimony that you have heard in other parts of the country is a little different when you see it in the middle of a booming economic area. It has caused economic difficulty in the richest State in the country. It is a tragic twist which has been left on the trail of plant closures throughout the country.

Mr. CLAY. That concludes the hearings.

[Whereupon, at 1:15 p.m., the subcommittee adjourned.]

[Material submitted for inclusion in the record follows:]

STATE OF CALIFORNIA HEALTH AND WELFARE AGENCY,
EMPLOYMENT DEVELOPMENT DEPARTMENT,
Sacramento, October 16, 1980.

Hon. AUGUSTUS F. HAWKINS,
House of Representatives,
Washington, D.C.

(ATTENTION OF JOHN W. SMITH).

DEAR CONGRESSMAN HAWKINS: Douglas Patino, EDD's Director, tried to reach your office late on Thursday, October 9, but apparently was too late. The purpose of his call was to present the following information prior to your hearings in Oakland on October 16th. Although we were unable to get the information to your prior to the hearings, your assistant, Mr. John W. Smith, suggested we forward it to your in Washington.

PROBLEM

New TRA claims averaged 250 a month up until March, 1980. In April they went to 1,581; June to 4,908; July to 4,180; and, in August to 3,742. Staff was increased from 25 to 70 during this period, but we just could not get ahead of the increase. By the end of August, we had a backlog of new claims approximating 11,000.

SOLUTION

A plan has been developed that will result in the elimination of the backlog by November 28, 1980.

INTERNAL OPERATIONS

We secured an additional 14,500 square feet of space.

We put another 130 staff into the operation. (Totaling 200) (100 were volunteers from Central Office Operations and 15 were retirees who returned to help us out.)

We have streamlined forms and procedures that were adequate for a small volume operation, but inadequate for a large volume operation.

EXTERNAL OPERATIONS

We have met with each major TRA union local and established a liaison person who will transmit updates of our TRA status to his members, and also screen their need to phone the TRA Unit for emergencies. This already has greatly reduced the number of phone calls to the unit which results in staff being directed away from workload elimination.

We also are establishing a toll-free number that will have a recorded update on the claim dates currently being worked.

We have given the union releases for inclusion in the papers updating their members on TRA activities.

We have kept in contact with members of the State Legislature who have indicated an interest in TRA activities.

I am confident that these efforts will allow EDD to eliminate the TRA initial claim backlog by the end of November.

If you have any specific questions regarding our efforts, please give me a call. My number is (916) 322-2614.

Sincerely,

ROBERT T. BRISTOW,
Acting Chief Deputy Director.

STATE OF CALIFORNIA HEALTH AND WELFARE AGENCY,
EMPLOYMENT DEVELOPMENT DEPARTMENT,
Sacramento, Calif., October 24, 1980.

Hon. AUGUSTUS HAWKINS,
Los Angeles, Calif.

DEAR MR. HAWKINS: Thank you for the opportunity to present testimony to supplement that given at the House Labor-Management Relations and Employment Opportunities Joint Subcommittee hearing on plant closures in Martinez, California on October 15, 1980. Time did not permit Department representatives Ron Gurney and Barbara Wright to give oral testimony at that hearing. The written testimony attached consists primarily of a planning document the Department prepared to bring a large backlog of new Trade Readjustment Assistance (TRA) claims current by the end of November, 1980. We feel that this document speaks for itself in expressing our concern about the plight of workers unemployed during a period of trade readjustment and our commitment to pay those entitled to TRA benefits as quickly as possible.

Sincerely,

DOUGLAS X. PATINO, *Director.*

Enclosure.

TESTIMONY OF BARBARA WRIGHT, EMPLOYMENT DEVELOPMENT DEPARTMENT

My name is Barbara Wright. I am a Trade Readjustment Assistance (TRA) Program Specialist working in Central Office of the Employment Development Department in Sacramento. The following is a brief description of the Employment Development Department's response to the substantial increase in TRA new claims filed. I also present the Department's written plan, now implemented, to bring all TRA claims current by the end of November 1980.

Over the past several years, the workload in the Sacramento Training Payment Unit, which processes and authorizes TRA claims, has been efficiently handled by two permanent professional staff and about 23 intermittent and clerical staff. In February 1980, the Unit received and processed 226 new TRA claims. There was no backlog. In March, the workload began to increase. And, with certification of auto and rubber worker petitions, the workload increased to a high of 4,769 new TRA claims in June. Between March and August, 16,196 new TRA claims were filed. Though many workers did not file TRA claims until the summer of 1980, after petitions had been certified, they had actually been unemployed and receiving regular State unemployment insurance benefits since the summer of 1979.

In spite of efforts to increase permanent and intermittent staff, obtain new premises and streamline operating procedures, the backlog of new TRA claims unprocessed quickly grew to a high of over 10,000. In September 1980, Department administrators took dramatic steps to provide all the support the Payment Unit needed to eliminate the backlog by the end of November 1980. These steps are described in the plan of action I presented to you. It appears from their first weeks of work that the substantial number of new, emergency staff will enable us to be current by the target date.

We appreciate the opportunity for Employment Development Department to present the efforts it has been taking to process the large increase in new TRA claims.

STATE OF CALIFORNIA HEALTH AND WELFARE AGENCY,
October 3, 1980.

Memorandum to: Douglas Patino, No. 83.
From: Employment Development Department.
Subject: Plans and status report for liquidating STPU backlog.

Attached is the overall plan for eliminating the backlog of 11,000 claims in STPU by the target date of November 30, 1980. Also attached are the supplementary Action Reports prepared by the Tax Branch and the Administration Branch, and a list of the volunteers who will be going from Central Office and Northern Region. A total of 52 volunteers have been identified in addition to the 8 individuals provided earlier by the Evaluation Division. You will note that due to the rapid pace of activity and the constant updating of the plans that has been necessary, the plans are, in effect, both plans and status reports.

The list of activities and "Gant" chart prepared by Management Analysis Division, which is also attached, provide a brief review of the steps necessary to begin the backlog liquidation.

In addition to the volunteers on the attached list, 3 retirees have been called in by Northern Region, and Personnel Programs Division has arranged to expedite the hiring of several E&CA's. Clerical support will be provided by seasonal clerks hired on TAU's through the Sacramento Job Match Center. Over 30 individuals with typing skills have already been identified and contacted for referral.

Training for the professional staff being loaned and hired will begin in the Central Office fourth floor auditorium at 8:30 on Monday, October 6.

Business Services Division has taken steps to secure the needed desks, tables, calculators, typewriters, and supplies. A special printing of affidavit forms will be run in Duplicating on Friday night, October 3. Operations Support Staff worked closely with Business Services to ensure that these activities proceeded as smoothly as possible.

In addition, Operations Support Staff, working directly with the Telephone Company, was able to secure a reduction in the time required for installation of the 800 toll-free line to three days from the five weeks previously estimated. The phone line and message box will be installed in the Unemployment Insurance Division during the week of October 6-10.

Because total staffing in STPU will approach 200 individuals, and because the Franklin Boulevard facility has only 14,500 square feet of office space, it will be necessary to locate a total of approximately 50 of the staff in the old STPU facility on Parkway. Arrangements have been made to accomplish this.

While the situation is in a constant state of flux and despite the fact that a very large number of independent activities must be coordinated in a very short period of time, it appears that we are being successful in the completion of those activities necessary to implementation of our liquidation plan.

One area which is beyond our control is the situation at the Office of the State Controller. Fiscal Programs Division has responsibility for notifying the Controller to expect a workload increase. We, however, have to rely on the cooperation of that Office to actually organize so as to accomplish the work.

Despite the problems encountered, I believe that we are making the progress which you requested and that we will be successful.

JOHN D. HEALY,
(For Mark Sanders,
Deputy Director, Operations.)

PLAN FOR ELIMINATING STPU BACKLOG

Currently, the STPU has a backlog of approximately 11,000 claims to be processed. We have received a mandate to eliminate the backlog by November 30, 1980. During the two months until November 30, we anticipate receiving approximately 1,000 additional initial claims. Thus, the total workload to be liquidated amounts to approximately 12,000 claims. Liquidation of the workload will require the processing of 1,720 claims per week for the 7 weeks between October 14 and November 30. This level of production will require the addition of 72 technical staff, 27 typists, and 15 clerks to compile statistical data; and 5 clerks to do file work. (All clerical positions can be filled with incumbents in the class of Seasonal Clerk.) Currently, all staff are working 53 hours per week. These additional staff will permit overtime to be reduced to limited voluntary usage.

The plan that follows lays out, for the Operations Branch, the procedure for the computation of eligibility; the staffing needed; the approach to securing the staffing; the training plan; and premises and equipment needs. In addition, the Insurance Accounting Bureau will require approximately 20 additional staff to compute eligi-

bility, and both Fiscal Programs Division and the Office of the State Controller will experience an approximately 800% increase in workload during the backlog liquidation process.

ELIGIBILITY COMPUTATION PROCEDURE—MONETARY DETERMINATIONS

STPU prepares DE 455 on all claims. Provides initial separation date and subsequent separation dates. Routes to Insurance Accounting Bureau.

IAB computes monetary eligibility. Claim return to STPU. STPU reviews records, determines 26 weeks of work at \$30.00 per week.

If STPU can't determine 26 weeks of work, sends DE 8310 inquiry to employer and DE 8309* marked as "Affidavit" to Claimant. (Note: Pursuant to directions from the Department of Labor, employers are permitted to submit Data Processing Printouts in lieu of DE 8310. According to STPU Manager, these are frequently not timely; thus, most eligibility will be determined on the basis of claimant affidavits.)

Provide 15 calendar days response from employer. If no employer response, use claimant affidavit to establish eligibility.

If DE 8309 not returned, STPU calls claimant a total of two times to secure return of 8309. If no response or claimant not reachable, disqualify as IRR. If conflict between employer response and claimant affidavit, submit DE 733 to Tax, requesting auditor to review employer records.

*Note: KWG contact Business Services to secure overprinting of 8309's with the word "affidavit". Joan Heady was contacted on this on October 2. She directed Joyce Whimple to secure printing.

Staffing needs

(For detailed plan and list of responsible individuals, see attached Staffing Plan).

1. Professional staff

A total of 72 additional staff over and above current staff on board will be required to reduce the backlog of 11,000 claims and process the 1,000 claims expected to be received between now and November 30. Staff will be secured as follows:

(a) STPU Manager is interviewing on Friday, October 3, to fill 5 EPR I vacancies, and 15 Adjudicator vacancies.

(b) Central Office entities have been asked to provide a total of approximately 50 volunteers. Bob Nash of Operations Support Staff is contacting all CO Divisions and by Noon, Friday, October 3, will have a list of staff being provided. The Operations Branch has already provided 13 individuals (7 from the CO Divisions, and 6 E&CA's from the Sacramento District of Northern Region).

(c) Personnel Programs Division has secured a certification and is expediting the hiring of 10 to 20 (depending on list quality) new E&CA's off the list for Sacramento. Jack Niver of Operations Support is monitoring the processing of documents and other activities that must be completed to ensure that hiring takes place on Monday, October 6.

(d) Northern Region is contacting recent retirees to identify any with UI back-ground who are interested in working for two months in STPU. Northern Region will be contacted by Bob Nash of Operations Support Staff on Friday, October 3, to get the names of any such retirees.

If we are successful in securing a large enough number of new hires and/or retirees, we will release some of the volunteers back to their parent Divisions during the week of October 6 and 10.

2. Typing support

A total of 27 additional typists will be required. The STPU Manager indicated that they should be able to type at the rate of 40 words per minute. If we are unsuccessful in securing enough 40 words per minute typists, we can drop down to 30 words per minute.

Initially, we intended to secure typists through a contract with a temporary help agency. The Personnel Board, however, stated that they would only approve such contract if we first attempted to hire individuals off the OA I list. Because time does not permit such an effort, we have decided to hire seasonal clerks who will be referred by the Job Match Center. (This has the advantage of giving the Job Match Center some placement credit.) Jack Niver of Operations Support has contacted the Job Match Center. The Job Match Center has already contacted more than 30 candidates who are ready for referral to the STPU. Jack Niver of Operations Support will monitor and facilitate the hiring process.

3. Statistical support

Twelve to fifteen clerical staff will be needed to compile statistical reports. The Manager of STPU has contacted Dick Ficencic of ED&R who has agreed to provide

the staff. The staff will report to and be housed in the STPU facility. ED&R management has indicated some problems and concern that the staff are currently on flex time. This will be worked out by Karl Grossenbacher with Bob Hotchkiss.

4. File support

There are currently approximately 20 staff doing filing work. An additional five staff will be required for this function. However, since file work can lag behind some of the production work, it is not essential to provide the additional filing staff on Monday, October 6. Karl Grossenbacher will work with Donna McQuaid on Monday, October 6, to identify the amount of file support needed and secure the required number of individuals.

5. Staff for insurance accounting bureau

Workload in the Insurance Accounting Bureau will increase substantially. The UI Division staff estimated that approximately 566 additional staff hours per week will be required. The Insurance Accounting Bureau has developed a plan to measure the amount of additional work and staff that will be needed. Their initial plan was to have staff all trained and ready to be fully operational by Monday, October 20. Operations Branch is concerned that there will be a time lag between STPU being fully staffed and IAB being fully staffed, which will create a bottleneck in determining monetary eligibility.

6. Fiscal programs division and state controller's office staffing

UI Division staff estimated that the payment workload for Fiscal Programs Division and the office of the State Controller will increase approximately 800%. On Wednesday, October 1, Karl Grossenbacher informed Jim Wyhlidko of this. Fiscal Programs Division should contact the office of the State Controller to ensure that they are prepared to process the workload.

7. Timekeeping

Wayne Taresh of Operations Support Staff will be working with the Manager of STPU to develop a simple timekeeping system for individuals on loan to the STPU. Time will be charged to appropriate STPU codes so that the loaning Divisions will not bear the cost of the work performed.

Training

Donna McQuaid has already developed a training approach for STPU staff. Initially, it consisted of two days of lecture, followed by two days of OJT, followed by two weeks of 100% review. That has now been compressed to one day of lecture, with OJT and review time remaining the same.

Premises

Business Services Division management have been contacted regarding STPU premises needs. The facility on Franklin Boulevard has 14,500 square feet of office space. In addition, there are 700 square feet of warehouse storage space immediately to the east, which will be secured from the lessor for the storage of files. This will free up some of the office floor space for desk. Since the total staff, during the backlog reduction, will be approximately 200, the Franklin Boulevard space will not be large enough. Business Services has been alerted. They are making arrangements to move some of the staff to the old STPU facility on Parkway. It is tentatively planned to locate the typing pool in the Parkway facility.

Because there will not be time to install power poles for the typewriters and calculators, Business Services Division plan to run with extension cords as an initial solution. Since this may create Cal-OSHA problems, Operations Support will work with Business Services to replace extension cords and power poles as necessary.

Equipment

Business Services Division management has been contacted regarding equipment needs for the additional staff. The Division has assured Operations Support that they will have the necessary equipment as follows:

- Typing Desks—27
- Typewriters—27
- Typist Chairs—27
- Desk/Tables for Professionals—60
- Chairs for Professionals—60
- Desks/Tables for Clerks doing statistical work—15
- Chairs for "stat" Clerks—15
- Calculators—90

1 copier¹

The copier currently assigned to STPU has broken down with such frequency that it has not been able to meet the copying needs. A large copier is on order but delivery is not expected until mid-October. In the interim Business Services has borrowed one copier. If it stays and if one more copier can be secured and the broken copier can be fixed, STPU will be able to meet its needs until the large copier arrives.

Courier service

The Tax Branch currently operates a courier service between STPU and Insurance Accounting Bureau on 65th Street.

Business Services has indicated that they can secure a station wagon to carry documents between the STPU facilities on Franklin and Parkway and between STPU and IAB and between STPU and Mail Control.

STPU management has indicated that they have staff available to act as couriers. Enclosures.

STAFFING ADDENDUM—PERSONNEL NEEDS FOR STPU AND SEQUENCE OF ACTIONS TO COMPLETE

	Who	Status
A. 27 seasonal clerks:		
1. Place order with Sacto. Job Match	Niver	Completed.
2. Write duty statement and prepare 2676do	Do.
3. Delivery to PPD	Torres	Do.
4. Monitor the referral of applicants to STPU	Niver	Ongoing.
5. Prepare STAR and have signed by new employees	Niver/Torres	Pending.
B. 10-15 E&CA's:		
1. Solicit approval to use Sacramento field office E. & C. A. list for STPU (ARU 319)	Niver	Completed.
2. Obtain that approval	PPD (Kurahara)	Do.
3. Write duty statement and prepare 2676	Niver	Do.
4. Approval granted—contact names on list (for Lt appointments)	PPD (Gildersleeve and staff)	Do.
5. Refer applicants to STPUdo	Ongoing.
6. Prepare STAR and have signed by new employees	Niver/Torres	Pending.

DATA PROCESSING ADDENDUM

The Data Processing Division is exploring the possibility of providing automated systems that will eliminate most of the typing workload. However, because of problems frequently encountered in bringing up automated systems, plans are going ahead to produce all workload on a manual basis. If the automated systems are secured and operate successfully, we will cut back on the manual system.

Team No. 1—Petition No. 7073:

M. Bedford—EPRI (s).

R. McClure—E&CA (s).

C. Horton—E&CA (s).

Team No. 2—Petition No. 7075:

A. Rodrigue—EPRI (n).

L. McCune—E&CA (s).

G. Brooks—E&CA (s).

Team No. 3—Petition No. 7079:

J. Johnston—EPRI (n).

E. Cobb—E&CA (s).

J. Valenciano—E&CA (n).

Team No. 4—Petitions thru 6588:

E. Stafford—E&CA (n).

M. Pilgrim—E&CA (n).

W. Goishi—E&CA (n).

B. Secor—E&CA

Team No. 5—Balance of Petitions (6850, 6951 and 7113):

R. Ochoa—EPRI (n).

E. Egan—EPRI (n).

¹ The copier is an immediate need.

M. Bluestein—E&CA (s).
 Team No. 6—TRA Training, Recomp. and Misc. Letters:
 F. Walters—EPRI (n).
 R. Tuthill—E&CA (s).
 A. Wolfgang—E&CA (n).
 Stats., D. Plath— (CC only).
 Trainer, C. Perez— (CC & IC).
 Mailroom, A. Formatin— (CC & IC).
 Files, A. Latorre— (CC & IC).
 VDT Opr., L. Sullivan—

STATE OF CALIFORNIA HEALTH AND WELFARE AGENCY,
 October 2, 1980.

Memorandum To: Don Steed, Chief, Business Service Division, Sacramento, Calif.
 From: Employment Development Department.
 Subject: TRA Progress report.

At the weekly TRA Status meeting on September 25, 1980, DPD agreed to investigate the training services to assist the STPU with the initial claims processing.

DE 429 microfiche

On September 26, 1980, an additional copy of the DE 429 microfiche and related Master Index was ordered. Effective with the September 29, 1980 claim cycle the extra copy was produced and sent to the STPU. DPD also determined that back copies of the microfiche could be obtained, if necessary. As a result of a meeting with Mark Sanders on September 29, 1980, that activity was suspended. (See change in processing below.)

Faster delivery of DE 507, wage and claim abstracts.

Arrangements were made to provide priority service for STPU Abstract requests. Also we started to develop a special abstract report for the wage detail that depicts seven quarters of wages rather than the five quarters shown on the DE 507 report. This should be completed by October 6, 1980.

Full access to the base wage file on the video display tubes.

Upon checking the central files we found that four individuals in the STPU have access to the wage file by employer/SSA and by SSA. Donna McQuaid was notified about the individuals who have access. We can authorize additional individuals, if necessary, in less than one hour. We also checked on the priority position assigned to serving STPU transactions. It was found that all terminals have an equal priority and are served on a first in first out basis. We found a way to display all seven quarters on the Base Wage file on a CRT. The STPU staff has been trained in this new technique.

System development activities

During this last week we have also met with a Systems Analyst from the Prime Computer Co. to discuss using the Prime computer and the Power software package to produce payment schedules, remittance advices, and a magnetic tape of payments. This solution appears to be feasible and is being developed further.

We also met with the CAST Unit to discuss modifying the CAST Payment system to process TRA payments. Based upon this discussion it would appear that it is technically feasible but that it may not be any faster or reduce the workload of the STPU. A demonstration of the CAST payment system will be conducted on October 2, 1980 for U.I. Division staff.

Computer equipment

The changes to the control programs and tables necessary to provide the STPU with CRT access from their new location were completed on September 24, 1980, by DPD. As soon as Business Services can complete the cabling from the ED&R office, the terminal can be moved and put in service. In the meantime the STPU is using the terminal at their old location.

Equipment and telephone lines are being ordered to provide the STPU with a dedicated controller.

Processing change

On September 29, 1980, we met with Mark Sanders to discuss the plan to move the processing of TRA claims to the Insurance Accounting Bureau (IAB) in the Tax Branch. Mark requested that U.I. Division and DPD to develop a set of computation tables for IAB. On September 30, 1980, we wrote a quick program to produce the tables. They are currently being reviewed by U.I. Division. We also developed a set of benefit reduction tables which were produced on October 2, 1980.

Future activities

DPD is working with IAB to determine what additional support DPD can provide to IAB to assist them with the processing of TRA claims.

On October 2, 1980 we plan to present alternative proposals to U.I. Division on an interim system for processing TRA payments.

GERALD B. LONG
(For John A. Haller, Acting Chief,
Data Processing Division.)

STATE OF CALIFORNIA, HEALTH AND WELFARE AGENCY,
October 3, 1980.

Memorandum to: John Healy, Assistant Deputy Director, Operations Branch.
From: Employment Development Department.
Subject: TRA computations by Insurance Accounting Bureau (IAB).

Please incorporate into your report to the Director, due tonight, the following summary of IAB's plans to handle the computation of TRA awards.

IAB will receive assignments from STPU via form DE 455, complete the benefit computation, and return the documentation to STPU for further processing.

Initially, all work will be done at IAB utilizing available space and equipment. Workflow may justify expansion to other locations where CRTs connected to CICS-D are available.

IAB is currently working with DPD to determine the best way to access wage data too old to be available on-line (i.e., prior to the 7 most recent quarters).

During the week of October 6, supervisors and experienced IAB personnel will process 1,200 claims which have already been identified. From this experience they will design an assembly-line process which will allow the computation to be broken down to component tasks. That design will be implemented later in the week. Experienced personnel will be used for the complicated tasks and seasonals for the simple, easily learned, routine functions. The system will be designed to keep pace with workflow processes at STPU.

IAB should be able to handle this new responsibility without any serious depreciation of its other services.

E. L. SULLIVAN,
Deputy Director,
Employment Tax Branch.

STATE OF CALIFORNIA, HEALTH AND WELFARE AGENCY,
October 3, 1980.

Memorandum to: Mark Sanders, No. 86.
From: Employment Development Department, Chief, Business Services Division.
Subject: STPU Action Report September 29, 1980–October 3, 1980.

Advised by Operations Branch that approximately 100 new staff to be hired by STPU and reporting during week of 10/6/80. This required new actions in terms of space, equipment, supplies and forms. Below by category is the status report on responsibilities and actions assigned to Administration Branch for subject week.

Premises

An additional 7000 square feet of *undeveloped* space at the west end of the new building was leased for three months. Non personnel related functions will move into this space to provide additional work stations in the newly acquired office area, e.g., copier, storage files, etc. Business Services staff will work over the weekend to make the space usable.

Telephones

Continuing to work on provision of additional lines and instruments to upgrade present system. Scheduled for mid-November subject to telephone company meeting its commitment. The 800 line to carry recorded message has been ordered in. No installation date has yet been received from the telephone company.

Equipment

Additional tables, desks, chairs, typewriters and calculators are required. What is not available from the warehouse or borrowing from organizations within the department, is being rented or purchased. At this point it appears all needs will be satisfied as new staff comes on board.

An additional copy machine has been delivered pending receipt of the new Xerox machine for which we do not have a firm delivery date from the vendor. We are still awaiting a firm date for delivery of the microfiche reader/printer.

We found out that General Services went to bid on the mailcarts unbeknownst to us. Order has just been issued (three weeks delay); however, we are asking that vendor airfreight carts at our expenses. No positive answer yet.

Supplies

There has been no significant activity during the past week. Hiring of new staff will mean emergency duplicating orders for forms. This will be no problem as we can change priorities. All special services from Materials Stores, General Services have been agreed to. Deliveries are not made directly to STPU.

Assistance offered for Stockroom Management and inventory control was declined by STPU as it was felt that they had the necessary expertise to handle this function.

No contacts apparently have yet been made by UI Division with Business Services Division relative to newly designed or revised forms.

Moving

Files have been relocated at IAB to accommodate the STPU functions to be performed by that organization.

Personnel programs

Request to SPB for temporary help (typists) contract approval was denied. Typists must be hired as seasonal clerks or out of Job Match Center. In this regard advised that SPB has promised Seasonal Clerk list by 10/6/80. Attached is the listing of Administration Branch volunteers to work through November at STPU.

Fiscal programs

Have devised system with Controller's Office to reduce STPU typing connected with payment of claims.

Fiscal Programs Division is now analyzing the impact of the additional claims payments due to added staff on the other claims payments to be made and in terms of Fiscal Programs staffing to handle the increase in workload. State Controller's Office will be notified of the upcoming additional payment workload.

Data processing equipment and site preparation

Co-axial cable has been pulled from ED&R to STPU. Equipment from ED&R has been moved to STPU. Data Processing Division has request for additional VDT and printer and is processing.

DPD is working with UI Division and STPU on new processes for STPU operations. See attached report on status of this assignment.

D. R. STEED.

CENTRAL OFFICE STPU VOLUNTEERS

A total of 60 individuals are listed below. The eight from Evaluation Division listed on the last page do not count against the 60 needed staff, thus we have a total of 52 volunteers who will begin training on October 4, or who have been trained.

Northern region:

1. Diane Arellano—No. Region 354.
2. Shirley Greco—Sac. So. 025.
3. Andy Tracey—Midtown 059.
4. Christie Patrick—Job Match 404
5. Patricia McGinnis—Job Match 404.
6. Rocco Cavello—Midtown 059.

Administration branch:

Business Services Division: 7. Leo Garcia.

Data Processing Division:

8. Ann Albertson.
9. Paul Okuna.
10. John Nitti.
11. Dee Dee Wells.
12. Josie Lee.

ED&R:

13. Dick Begley.
14. Cheryl Doub.
15. Spencer Wong.
16. Ron Ridley.
17. Sharon Larkin.

18. Dave Jones (tentative).
 19. John Lundstrom.
 Legislative Liaison Office: 20 Donna Bell.
 Planning and Review Service:
 21. Louise S. Barr.
 22. Gail Shinn.
 FMAD:
 23. Dennis Lloyd.
 24. Sandy Sanderson.
 25. Bob Hall.
 26. George Sweeley.
 27. Rich Anselmo.
 28. Cezar Vasquez.
 Retirees:
 29. Lorraine Canepa—Cost Model.
 30. Vesta Hyde—MAD.
 31. Virginia Truman—Cost Model.
 32. Carl Shafer—Evaluation Division.
 CETA-O:
 33. Stu Roth.
 34. Terrie Ann Oguinn.
 35. Marilyn Marchelli.
 36. Kathy Jensen.
 Planning Office: 37. Kathleen Abbott.
 Operations Branch: 38. Andy Mauck—Will replace Jim Hamp currently on job.
 Administration Branch:
 39. Donna Moran—DP.
 40. Allison Painter—DP.
 On the job:
 41. Paulette Hayes—No. Region 354.
 42. Evelyn Goodmanson—Sac. No. 024.
 43. Shirley Tomasetti—Sac. No. 024.
 44. Barbara Corona—Sac. So. 025.
 45. Ester Tapia—Woodland 116.
 46. Nancy Blake—Woodland 116.
 47. Bill Stiger—ES CO.
 48. Mary Kurabara—ES CO.
 49. Jim Hamp—ES CO to be replaced by Andy Mauck.
 50. Pol Marcale—UI CO.
 51. Faye Seid—UI CO.
 52. Pete Tsang—Operations Support.
 53. Jim McWhorter—Operations Support.
 54. Marion Engle—Evaluation Division.¹
 55. Ann Garson—Evaluation Division.
 56. Delores Kingen—Evaluation Division.
 57. Coleman King—Evaluation Division.
 58. Ray Amioka—Evaluation Division.
 59. Rusty Longenbohn—Evaluation Division.
 60. Barbara Newman—Evaluation Division.
 61. Carmen Todd—Evaluation Division.

TRA BACKLOG LIQUIDATION SCHEDULE—OCTOBER 3, 1980

Task	Responsible unit	Target date
Obtain 60 additional technical staff.....	Various	Oct. 3, 1980.
IAB obtain additional staff for claim computations.....	Insurance Accounting Bureau	Oct. 6, 1980.
Obtain 27 additional clerk-typists	Job Match Center	Oct. 7, 1980.
Obtain 5 additional file clerks.....	STPU	Do.
Take on statistical clerk overload work.....	E.D. & R.....	Do.
Additional storage space secured, site preparation for additional staff, and all facilities ready.	Business Services.....	Oct. 8, 1980.
All equipment for additional staff delivered. (Desks, chairs, typewriters, calculators, supplies, etc.).	Business Services.....	Do.
Complete training of: 60 technical staff; 27 clerk-typists; and 5 file clerks	STPU	Oct. 10, 1980.

¹ Do not count against the 60 needed staff.

TRA BACKLOG LIQUIDATION SCHEDULE—OCTOBER 3, 1980—Continued

Task	Responsible unit	Target date
Complete training of E.D. & R. staff for statistical clerk work.....	STPU/E.D. & R.....	Do.
Complete training of IAB staff for claims computation work.....	Insurance Accounting Bureau	Do.
TRA claims liquidation	STPU	Nov. 30, 1980.

