

# U.S. Downsizing and Economic Trends

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## Table of Contents

Feature .....	Page
<b>Economic Indicators</b> .....	1
<b>Regional Trends</b> .....	2
<b>Human Resource &amp; Labor Trends</b> .....	3
<b>Downsizing Announcements</b> .....	4
<b>Automotive</b> .....	4
Haldex Brake .....	4
<b>Biotechnology/Pharmaceuticals</b> .....	4
Eli Lilly .....	4
Merck .....	4
<b>Education</b> .....	4
Birmingham-Southern College .....	4
Coachella Valley Unified School District .....	5
<b>Financial</b> .....	5
First Data Corp .....	5
Wells Fargo .....	5
<b>Government</b> .....	5
Brevard County .....	5
The City of Dallas .....	5
The City of East St. Louis .....	6
Riverside County .....	6
<b>Healthcare</b> .....	6
Forsyth Medical Center .....	6
Richmond State Hospital .....	6
St. Francis Health Center .....	6
Tri-City Medical Center .....	6
Westchester Medical Center .....	7
<b>Manufacturing</b> .....	7
Armstrong World Industries Inc. ....	7
Ceco Environmental Corp. ....	7
General Dynamics NASSCO.....	7
Jerr-Dan Corp. ....	7
Kop-Flex .....	8
Parker Hannifan .....	8
<b>Telecommunications</b> .....	8
Sitel Corp. ....	8
<b>Other</b> .....	8
Pitney Bowes .....	8

## Economic Indicators

### National Statistics

On a seasonally adjusted basis, **The Consumer Price Index** declined 0.1 percent in June after falling 0.2 percent in May. The index for all items less food and energy increased 0.2 percent in June after increasing 0.1 percent in May.

The Conference Board **Employment Trends Index** increased again in June for the eleventh consecutive month. The index now stands at 96.7, up from May's revised figure of 96.1. The index is up 9.8 percent from a year ago.

The U.S. Census Bureau and the U.S. Bureau of Economic Analysis, through the Department of Commerce, announced that total May exports of \$152.3 billion and imports of \$194.5 billion resulted in a **goods and services deficit** of \$42.3 billion, up from \$40.3 billion in April, revised. May exports were \$3.5 billion more than April exports of \$148.7 billion. May imports were \$5.5 billion more than April imports of \$189.0 billion.

There were 3.2 million **job openings** on the last business day of May 2010. The job openings rate was little changed over the month at 2.4 percent. The hires rate (3.4 percent) was little changed and the separations rate (3.1 percent) was unchanged.

The U.S. Census Bureau announced that advance estimates of U.S. **retail and food services sales** for June, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$360.2 billion, a decrease of 0.5 percent from the previous month, but 4.8 percent above June 2009. Total sales for the April through June 2010 period were up 6.8 percent.

The reading of **small-business optimism** by the National Federation of Independent Business fell from a level of 92.2 in May to 89 in June, the federation said.

The U.S. Census Bureau announced that May 2010 **sales of merchant wholesalers**, except manufacturers' sales branches and offices, after adjustment for seasonal variations and trading-day differences but not for price changes, were \$350.6 billion, down 0.3 percent from the revised April level, but were up 15.1 percent from the May 2009 level.

## Regional Trends

### Bureau of Labor Statistics

Regional and state unemployment rates were generally lower in June. Thirty-nine states and the District of Columbia recorded unemployment rate decreases, five states had increases and six states had no change, the U.S. Bureau of Labor Statistics reported.

Twenty-four states recorded unemployment rate increases from a year earlier, 22 states and the District of Columbia had decreases, and four states had no change. The national jobless rate

edged down by 0.2 percentage point to 9.5 percent and was unchanged from June 2009.

In June, nonfarm payroll employment increased in 21 states and the District of Columbia, decreased in 27 states, and two states had no change. The largest over-the-month increases in employment occurred in **Texas** (+14,000), **Kentucky** (+6,200), **Arkansas** (+6,000), **Louisiana** (+5,800) and **North Carolina** (+5,100). **Montana** recorded the largest over-the-month percentage increase in employment (+1.0 percent), followed by **Alaska** (+0.9 percent), and **Arkansas** and **Vermont** (+0.5 percent each). The largest over-the-month employment decreases were in **California** (-27,600), **New York** (-22,500), **Tennessee** (-20,800), **Arizona** (-11,700) and **New Mexico** (-11,200). The largest over-the-month percentage decreases in employment occurred in **New Mexico** (-1.4 percent), **Hawaii** (-1.0 percent), and **Tennessee** (-0.8 percent). Over the year, nonfarm payroll employment decreased in 28 states, and increased in 22 states and the District of Columbia. The largest over-the-year percentage decrease in employment occurred in **New Mexico** (-2.2 percent), followed by **Nevada** (-2.0 percent), **Rhode Island** (-1.7 percent), **Georgia** (-1.5 percent), **Colorado** (-1.4 percent) and **California** (-1.3 percent).

The largest over-the-year percentage increase in employment was reported in **Kentucky** (+1.5 percent), followed by **Indiana** and **New Hampshire** (+1.4 percent each), the **District of Columbia** (+1.3 percent) and **Alaska** (+1.2 percent).

## Regional Unemployment (Seasonally Adjusted)

The **West** reported the highest regional jobless rate in June, 10.7 percent, while the **Northeast** recorded the lowest rate, 8.8 percent. Three regions experienced statistically significant over-the-month unemployment rate changes: the **Midwest**, **South** and **West** (-0.2 percentage point each). The **West** was the only region to register a significant rate change from a year earlier (+0.4 percentage point).

Among the nine geographic divisions, the **Pacific** continued to report the highest unemployment rate, 11.4 percent in June. The **West North Central** registered the lowest rate, 7.0 percent, followed by the **West South Central**, 7.9 percent. Five divisions experienced statistically significant unemployment rate changes from a month earlier, all decreases: the **East North Central**, **East South Central**, **New England**, and **South Atlantic** (-0.3 percentage point each) and the **Pacific** (-0.2 point). Two divisions reported significant over-the-year rate changes – the **Mountain** had an increase (+0.5 percentage point), while the **West North Central** posted a decrease (-0.6 point).

## Human Resource & Labor Trends

### As The Economy Recovers, More Men Being Hired than Women

During the recession, male-dominated industries like construction and manufacturing were hit hard. So perhaps it's only fair that as

the economy recovers, men are the first to feel the benefits.

Men over the age of 20 have experienced four consecutive months of employment gains, adding nearly 1.1 million jobs, while women have lost 22,000 during the same period, according to the U.S. Bureau of Labor Statistics.

With 8.3 million jobless at the end of 2009, men accounted for 82 percent of all layoffs during the recession. Therefore, the fact that men are coming back at a faster rate than women shouldn't really be surprising.

According to the Economic Policy Institute, the recession overall did help women make headway on the job front. They now hold a record number of the nation's jobs 49.9 percent.

### High-Tech Layoffs Slowing Dramatically, Report Shows

High-tech jobs took a big hit during the recession, with companies slimming or outsourcing many positions. That trend seems to be slowing, according to a recent report.

High-tech companies are still announcing employee layoffs, but at a rate 70 percent less than a year ago, said Challenger, Gray & Christmas Inc, an outplacement firm.

Computer, electronics and telecommunications employers announced 35,375 job cuts from January to June, down 70 percent from last year's 118,108, the highest six-month total in seven years, the outplacement firm said.

Announced layoffs fell 52 percent to 56,521 the second half of last year, making this year's six-month 37 percent less than that second-half total, the firm said.

The biggest slowdown in announced technology job cuts occurred in electronics firms, which saw announced job cuts drop 95 percent to 2,406 so far this year from 45,799 in the first half of 2009.

## Downsizing Announcements

### Automotive

**Haldex Brake**, Stockholm Sweden, a division of Sweden-based Haldex Commercial Vehicle Systems, is closing its factory in Iola, Kansas, by the end of the year. About 160 employees will lose their jobs when the plant closes. The company will move its operations to a plant in Mexico.

*The Associated Press, July 16, 2010*

### Biotechnology/Pharmaceuticals

**Eli Lilly**, Indianapolis, IN, has announced it plans to cut 340 information technology jobs nationwide this year. The pharmaceutical company already has cut 140 jobs through retirements, resignations, and layoffs. The announcement means 200 more information technology workers at the company will lose their jobs this year. Lilly said 115 of the cuts will be in Indiana. Lilly has said it will cut 5,500 jobs by the end of 2011 to save \$1 billion. It announced the reduction last year in order to help cope with an expected revenue fall as several of its leading drugs lose patent protection.

*The Associated Press, July 15, 2010*

**Merck**, Whitehouse Station, NJ, plans to lay off about 15 percent of its workforce – about 15,000 people – over the next two years as part of a global merger restructuring, according to an announcement the company issued on July 8. Merck said it also planned to close eight research and eight manufacturing sites worldwide. The restructuring is expected to save \$2.7 billion to \$3.1 billion in 2012, the company said. The cuts come as a result of last year's merger between Merck and Schering-Plough.

*The New York Times, July 9, 2010*

### Education

**Birmingham-Southern College**, Birmingham, AL, is laying off 51 employees. The move came about 110 days after school leaders discovered massive accounting errors in financial reports routinely given to Birmingham-Southern trustees, the finance committee and the college's president. Several high-ranking finance and financial aid employees resigned. A review by outside auditors revealed that Birmingham-Southern would have to cut spending by about \$10 million – 20 percent – to balance its budget. "The layoffs cover the spectrum of the institution," said school President David Pollick,

giving examples. "Science labs, athletic fields, institutional advancement, fundraising."

*The Birmingham News, July 15, 2010*

**Coachella Valley Unified School District**, Thermal, CA, is laying off 58 employees, effective August 31. The layoffs include 17 teachers and 41 teacher aides and effectively eliminate the state-funded preschool and childcare programs that serve about 420 students whose parents must be working or going to school and also meeting income requirements. The financially strapped district passed a budget unbalanced by about \$6 million, even after making \$10 million in cuts, including laying off about 100 teachers and school employees and increasing class sizes.

*The Desert Sun, July 16, 2010*

## Financial

**First Data Corp.**, Sandy Springs, GA, is laying off about 80 people in Moorpark, California, as it shuts down part of its operation there. First Data Corp. provides electronic commerce and payment services. The company filed WARN, or Worker Adjustment and Retraining Notification Act, notices with the state in May regarding the upcoming cuts at the office, which handles merchant services. The company cut three positions at the end of June and plans to cut 78 jobs this month. A spokeswoman for First Data Corp. said the company decided to consolidate its Moorpark operations and technology functions and move those operations to other First Data locations. The office will continue to operate in Moorpark with 78 remaining employees.

*Ventura County Star, July 13, 2010*

**Wells Fargo**, San Francisco, CA, is closing its 638 subprime lending offices that operated nationwide to supply higher-cost mortgages, auto loans and credit cards in lower-income neighborhoods. About 3,800 employees will lose their jobs as the company shutter its Wells Fargo Financial subsidiary. Of Wells Fargo Financial's 14,000 employees, 2,800 will receive pink slips within 60 days followed by an additional 1,000 during the coming year, the bank said. The rest will be reassigned to other Wells units.

*The Baltimore Sun, July 8, 2010*

## Government

**Brevard County**, Brevard County, FL, commissioners announced that 118 employees – including 16 ocean lifeguards – may be laid off. In addition, 86 vacant job positions will be cut next year as well as the jobs of 31 sheriff's deputies that are in danger of elimination, Assistant County Manager Stockton Whitten said. Commissioners will adopt a tentative tax rate August 3, and then cast decisive budget votes September 14 and 28. The new fiscal year begins October 1.

*Florida Today, July 9, 2010*

**The City of Dallas**, Dallas, TX, has issued pink slips to about 500 employees as the city works to balance its budget in a time of sinking tax revenue. City Manager Mary Suhm provided new details about her efforts to craft a budget to present to the City Council in August, saying that she has reduced the expected gap between revenue and expenses from a high of \$130 million to about \$18.8 million in a roughly \$2 billion operating budget. Suhm did not provide an exact breakdown of city employees who face pink slips because she said she did not want to

identify any individuals. Though no sworn employees are expected to be laid off, there will be reductions of staff in most city departments. The library system is expected to lose the largest number of employees of any department.

*The Dallas Morning News, July 15, 2010*

**The City of East St. Louis**, East St. Louis, IL, has sent layoff notices to 37 workers. Those on the layoff list include 19 police officers, 11 firefighters, four people from the Public Works Department, one telecommunicator, one person from the jail and one police administrator. The number of layoffs was predicted originally to be at least 50, and possibly more, but Mayor Alvin Parks Jr. said that number decreased because the city is deferring its 2005 bond series by one year, which results in a savings for the city of more than \$500,000 for 2010.

*Belleville News-Democrat, July 16, 2010*

**Riverside County**, Riverside County, CA, may have to eliminate another 500 jobs this fiscal year to help close its budget gap. Close to 1,000 jobs were already lost through early retirements, layoffs, attrition and other means, County Executive Officer Bill Luna said. Exactly how many more jobs must be cut won't be known until early August, after the deadline passes for employees to take an early retirement deal that's on the table.

*The Desert Sun, July 13, 2010*

## Healthcare

**Forsyth Medical Center**, Winston-Salem, NC, laid off 48 employees, citing financial challenges caused by a struggling economy. One of the eliminated positions is at Medical Park Hospital. The remaining 47 are at the main Forsyth Medical Center campus. The layoffs are effective

immediately, said Freda Springs, a spokeswoman for the medical center. Springs said that administrative, managerial, clinical support business office and patient-care jobs were eliminated in the layoffs.

*Winston-Salem Journal, July 14, 2010*

**Richmond State Hospital**, Richmond, IN, will lay off more than 100 employees by next spring under a statewide plan involving patient reductions announced by the Indiana Family and Social Services Administration. Richmond State Hospital will serve 101 fewer patients by March 2011, part of a plan to improve patient access to community-based care, the state said. When the transition is complete, the state hospital will reduce its patient capacity from 312 to 211, resulting in layoffs of 106 employees. The plan, which also will affect hospitals in Logansport, Madison and Evansville, is expected to save the state \$15 million. Layoffs will impact a variety of positions at the hospital, including barbers, account clerks, psychiatrists, transitional-care specialists, nurses and laundry assistants, Barlow said. The Logansport State Hospital will have 355 workers laid off.

*Palladium-Item, July 10, 2010*

**St. Francis Health Center**, Topeka, KS, is laying off 105 employees in response to a decline in patient admissions. Hospital officials said that about one-third of the layoffs are management positions and include non-clinical and clinical departments. St. Francis is a not-for-profit Catholic health care provider in the Sisters of Charity of Health System.

*The Associated Press, July 14, 2010*

**Tri-City Medical Center**, Oceanside, CA, laid off about 90 people in an attempt to curb an ongoing budget deficit, a hospital official said.

Jeff Segall, Tri-City's vice president of public affairs, said that of the workers who were cut, most were managerial or support staff, such as clerical workers. He said, "There were a handful of direct care providers" eliminated, but no doctors. The 2010-2011 budget plan shows the hospital expects to collect \$368.9 million in the next fiscal year and spend about \$364.18 million. Segall said hospital officials predicted a \$10 million budget shortfall for the fiscal year that ended June 30.

*North County Times, July 13, 2010*

**Westchester Medical Center**, Valhalla, NY, will lay off 130 people, about half of whom work in a medical unit at the county jail, hospital officials announced. Last year, the hospital cut 400 employees. This round of layoffs comes after hospital officials and county lawmakers failed to agree on a contract for the hospital to continue treating the county jail inmates. For years, the medical center ran a nationally recognized medical unit at the jail in exchange for \$12.5 million in county support, which included utilities and maintenance of the campus that the hospital and the jail share. The arrangement had the medical center running the program at an annual \$2.5 million loss, Westchester Medical Center Chief Executive Michael Israel said. Israel tried unsuccessfully to negotiate with the county executive for more money. The county contracted with another vendor.

*The Journal News, July 9, 2010*

## **Manufacturing**

**Armstrong World Industries Inc.**, Lancaster, PA, plans to close its ceiling tile production plant in Beaver Falls, Pennsylvania, by the second half of next year, eliminating jobs for about 150 workers. The plant will close in

phases as production is shifted to other locations, Beth A. Riley, spokeswoman for the company, said in a statement. The company said it expects to lay off 125 hourly production workers and eliminate 25 salaried positions when operations cease at the plant.

*Pittsburgh Tribune Review, July 10, 2010*

**Ceco Environmental Corp.**, Cincinnati, OH, is closing its fabricating plant in Oakley, Kentucky, eliminating about 70 jobs. Ceco will shift the work to smaller plants in Louisville; Columbia, Tennessee; Greensboro, North Carolina; and Canton, Mississippi. Ceco is North America's largest independent air pollution control company. In a filing with the State of Ohio, Ceco said it would move its K&B Contracting Services and fabrication operations to the other locations by the end of September. Ceco said the Oakley plant shutdown was part of its efforts to eliminate excess capacity and improve efficiency and profitability. Last year, it closed an operation in Detroit.

*The Cincinnati Enquirer, July 16, 2010*

**General Dynamics NASSCO**, San Diego, CA, the last major shipbuilder on the West Coast, laid off 290 of its 4,100 workers in San Diego because of a downturn in business and fluctuations in the repair work it does for the U.S. Navy. The company also eliminated the jobs of 270 subcontractors. The overall loss of 560 jobs was about half the number that NASSCO had said earlier that it might have to cut.

*The San Diego Union-Tribune, July 13, 2010*

**Jerr-Dan Corp.**, Greencastle, PA, is closing its two plants in Greencastle, Pennsylvania, and moving some of its manufacturing jobs to nearby JLG Industries facility. About 100

employees are expected to lose their jobs in the consolidation. The company makes towing and recovery equipment at its manufacturing facilities. In 2004, the company was bought by Wisconsin-based Oshkosh Corp., which later purchased JLG Industries. The move is expected to be completed by October.

*Public Opinion, July 14, 2010*

**Kop-Flex**, Hanover, MD, will shut its manufacturing operation in the next 12 months to 15 months and lay off 125 hourly and salaried workers. Kop-Flex Inc., a division of St. Louis-based Emerson Electric Co., is a maker of components for power transmissions, oil rigs and steel mills. Dave Baldrige, an Emerson spokesman, said the shutdown, expected by September 2011, will affect 87 hourly and 38 salaried employees. Baldrige said “global economic and competitive pressures” caused the shutdown.

*The Baltimore Sun, July 13, 2010*

**Parker Hannifan**, Cleveland, OH, is closing its plant in Lincoln, Nebraska, leaving about 150 employees jobless. The plant, which will close by the end of November, makes valves and hydraulic couplers. The company blamed the closing on the recession.

*The Associated Press, July 15, 2010*

## Telecommunications

**Sitel Corp.**, Nashville, TN, is shutting down its Birmingham, Alabama, call center operation, eliminating 432 jobs. Sitel, which calls itself the world’s largest call center outsourcing company, informed Alabama officials that it plans to close the office on August 30. The company blamed

the move on “the changing business needs” of its clients.

*Birmingham News, July 8, 2010*

## Other

**Pitney Bowes**, Stamford, CT, is laying off 184 workers in Atlanta. Workers for the company’s Government Solutions division process mail and containers at the postal service’s Surface Transportation Center. The contract for 184 Pitney Bowes workers expires September 8. According to a Pitney Bowes statement, “The decision was made by USPS to bring this work back in-house as a cost-cutting effort”.

*The Atlanta Journal-Constitution, July 13, 2010*