

February 27, 2006

Dear Members of the Assembly Labor Committee:

RE: Support A-1044 (Van Drew / Johnson / Egan): Concerns Plant Closings

The New Jersey State AFL-CIO supports A-1044, which would provide additional protections to workers resulting from plant closings and mass layoffs. Primarily, the legislation would extend the current worker notification period from the federal mandate of 60 days, to 90 days. The notification requirement would only apply to layoffs of 50 or more employees. In the case that corporations are not in compliance with the layoff notification provision, a severance pay equal to one week of wages for each year of work by the employee would be provided.

The NJ State AFL-CIO support this legislation because workers should not be laid-off with the current minimum notification. Under our current system, it is very difficult for many workers to find new employment in 60 days.

An example of this, and the inspiration for this bill, was the recent layoffs at Dallas Airmotive located in Millville, Cumberland County. In 2004, the company announced that operations would be shut down and 240 workers would lose their jobs, 190 of which are represented by one of our affiliates, UAW Local 2315. The ironic aspect of this announcement is that the facilities profit versus loss ratio was + 23.4% for YTD 2004, in comparison to their Texas facility, which was negative 0.3%.

Furthermore, the workers at the Millville facility made \$1.3 million in employee concessions in January 2004. During this negotiation, employees agreed to a new health care insurance plan that would shift additional cost away from the corporation, and onto employees. Then again, in September of 2004, the employees agreed to additional concessions equaling \$2 million, including implementing a new insurance co-pay, for which one had not existed in the past. They also agreed to a 7.5% wage reduction, and even went so far as to negotiate a 10% reduction in salary for all new employees and absorb the cost of administering the entire pension plan. These concessions combined to allow the Millville facility to have the lowest direct labor costs of any of the employers facilities in the United States. Despite this level of worker productivity and facility profitability, and despite these employee concessions, the Dallas Airmotive decided to lay-off all 240 employees.

-over-

The situation at Dallas Airmotive is not unique. In fact, according to the Federal WARN Act, or Worker Adjustment and Retraining Notification Act, which collects data on mass layoffs, thousands of New Jersey workers suffer this same hardship. For example, in fiscal year 2003/2004, 86 New Jersey companies filed and 16,405 New Jersey workers were terminated. In fiscal year 2002/2003, 115 New Jersey companies filed, and 16,405 workers were terminated. And in fiscal year 2001/2002, 151 New Jersey companies filed and 20,986 New Jersey employees were terminated. Under these difficult circumstance, workers deserve to be made aware of their pending layoff as soon as possible, so they can begin pursuing other employment. If signed into law, this bill would grant these workers that ability.

The consequence of a mass layoff on not only employees and their families futures, but also upon their local community cannot be underestimated by our elected officials. For these reasons, the New Jersey State AFL-CIO respectfully urges you to support this bill, which would take a small step toward remedying some of these injustices and elevate New Jersey to higher standards of respect and responsibility for its workforce.

Sincerely,

Charles Wowkanech
President

Laurel Brennan
Secretary/Treasurer

CW:LB:jmn
OPEIU:153