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September 6, 2007

Good morning and thank you for inviting me to speak to you today. Our Nation's economy is undergoing a major economic transformation. This transformation is evident in the major changes that are occurring in our industrial employment. Our Goods Producing industries which were once the cornerstone of our nation's economy have shed millions of jobs. At the same time our economy is being dominated by growth in our Service Providing industries.

According to data from the Bureau of Labor Statistics' (BLS), Current Employment Statistics (CES) Program between 1996 and 2006 our nation's total non-farm employment added over 16.5 million jobs. Between 2000 and 2006 our nation's economy added over 4.3 million jobs. This includes the growth of over 6.4 million jobs in our Service Providing industries and the loss of over 2.0 million Goods Producing jobs. Within our Goods Producing industries the largest change has been the decline of our Manufacturing industries. Between 2000 and 2006 our nation's Manufacturing industries have lost over 3.0 million jobs. In 1996 Manufacturing employment accounted for 14.4% (17.2 million jobs) of our Nation's total employment by 2006 Manufacturing accounted for only 10.4% (14.2 million jobs) of the total employment.

Here in North Carolina, our economic transformation has been even more pronounced. During the latter half of the 20th century manufacturing was seen as the source of good jobs for our workers. Between 1996 and 2006 North Carolina's economy added over 480,000 jobs. This includes the addition of over 687,000 Service Providing jobs and the decline of over 200,000 Goods Producing jobs. Within our goods producing industries we have experienced the loss of over 256,000 Manufacturing jobs.

In 1996 Manufacturing accounted for 22.9% of North Carolina's total non-farm employment or 809,400 jobs, by 2006 Manufacturing accounted for only 13.8% (553,300 jobs). Job losses have been experienced in both Durable Goods Manufacturing which has lost over 74,000 and in Non-Durable Goods Manufacturing which has lost over 181,000 jobs. Within Durable Goods Manufacturing we have experienced the loss of over 25,000 jobs in our furniture manufacturing industries with the largest declines in Household and Institutional Furniture Manufacturing (20,500 jobs).

North Carolina's largest declines have come within our Non-Durable Goods Manufacturing industries. This includes large declines in Textile Mills, Textile Product Mills and Apparel Manufacturing industries. In 1996 these industries accounted for 237,000 jobs, by 2006 they accounted for only 80,700 jobs.

Much of the declines in our manufacturing industries have been due to mass layoff events which have impacted thousands of workers across North Carolina. Without the services provided through our Unemployment Insurance, Wagner Peyser, Trade Act and Workforce Investment

Act programs, these layoffs would have been even more devastating to our workers and our communities.

I have brought with me two maps produced by the United States Department of Labor's Employment and Training Administration. The first map depicts the number of Trade Certified events that have occurred across America and the second map which provides the number of Trade Certified workers by the location of the event.

As I am sure you are aware Trade Adjustment Assistance (TAA) helps individuals who have become unemployed as a result of competition from foreign trade. The program encourages the reemployment of eligible individuals, provides training and income support necessary for workers to achieve reemployment and assists individuals to become reemployed in fields where they are likely to remain employed with wages comparable to their prior employment.

In Fiscal Year 2006 there were over 1,440 Trade Act certifications covering an estimated 120,000 workers nationwide. Between Fiscal Year 2004 and Fiscal Year 2006 trade petitions certified over 387,000 workers. The largest numbers of workers were in the textile industry, followed by the electronic and other electrical equipment industry, the apparel industry and rubber and plastics industry.

As you can see from these two maps North Carolina leads the nation in trade impacted layoffs, TAA petitions certified and the largest number of workers enrolled in TAA training. Between Fiscal Year 2004 and Fiscal Year 2006, North Carolina had 39,849 workers certified for Trade services. During this same time period over 21,000 of these workers enrolled in training through our Trade Act programs.

In addition, to the services provided through our Trade Act programs, between July 2001 and June 2006, over 270,000 manufacturing workers applied for unemployment insurance benefits through the Employment Security Commission. Almost half of these workers (131,536, 48.3%) enrolled in education and training programs through the North Carolina Community College System. Over 24,000 of these workers participated in employment and training programs through our 24 local workforce development areas and almost all of these workers registered for Wagner Peyser employment services through the Employment Security Commission.

In 2003, North Carolina experienced the largest mass layoff event in our State's history when Pillowtex closed. This closure impacted over 6,000 workers nationwide and over 4,800 workers here in North Carolina. The majority of these workers were located in Cabarrus, Rowan and Rockingham counties. In August of 2003, Cabarrus County's unemployment rate rose to 9.7. In 2002, Cabarrus County's average unemployment rate was 5.5. In August of 2003, Rowan County's unemployment rate rose to 9.5. In 2002, Rowan County's average unemployment rate was 6.3. In August of 2003, Rockingham County's unemployment rate reached 10.1. In 2002 Rockingham County's average unemployment rate was 8.0. Rockingham County is a county which has been impacted by other layoffs and closures within its textile and apparel industries over the last several years.

The events surrounding the Pillowtex closure brought with it national attention due to the number of workers impacted by the closure. Both national attention to the manufacturing industry and the role of workforce development services to dislocated workers. The impacts felt by workers involved in other layoffs and closures are just as devastating to the workers, their families and the communities in which they live.

Due to the large number of workers impacted by the Pillowtex closure we have been undertaking a longitudinal study so that we can understand the post layoff employment patterns, educational experiences and impacts of workforce development services. Utilizing data from North Carolina's Unemployment Insurance system along with data from our workforce development partners we have been tracking the post layoff experiences of these workers. We have been following 4,820 former Pillowtex workers.

The services provided by our Trade Act, UI, Wagner Peyser and WIA programs have been critical in assisting Pillowtex workers with skill upgrading, education and reemployment services.

The education and training services provided by the North Carolina Community College system is critical in assisting our workers with upgrading their skills and obtaining GED's, and post-secondary credentials. Between July 2003 and June 2006, 2,417 Pillowtex workers enrolled in our Community College System. Over 950 of these workers enrolled in Basic Skills programs which help to prepare them for obtaining GED's and Adult High School Diplomas. Over 930 workers have enrolled in curriculum programs which lead to Associates Degrees, Certificates or Diplomas and 683 individuals enrolled in occupational training.

Utilizing North Carolina's Unemployment Insurance Wage files we have been able to track the employment and wages of Pillowtex workers. In the 4th Quarter of 2003, 27.8% (1,339) of Pillowtex workers were found to earn wages from a North Carolina employer, by the 4th Quarter of 2004 the percentage rose to 45.7%, by the 4th Quarter of 2005, the percentage rose to 58.8% and by the 4th Quarter of 2006 the percentage reached 60.4% (2,910)

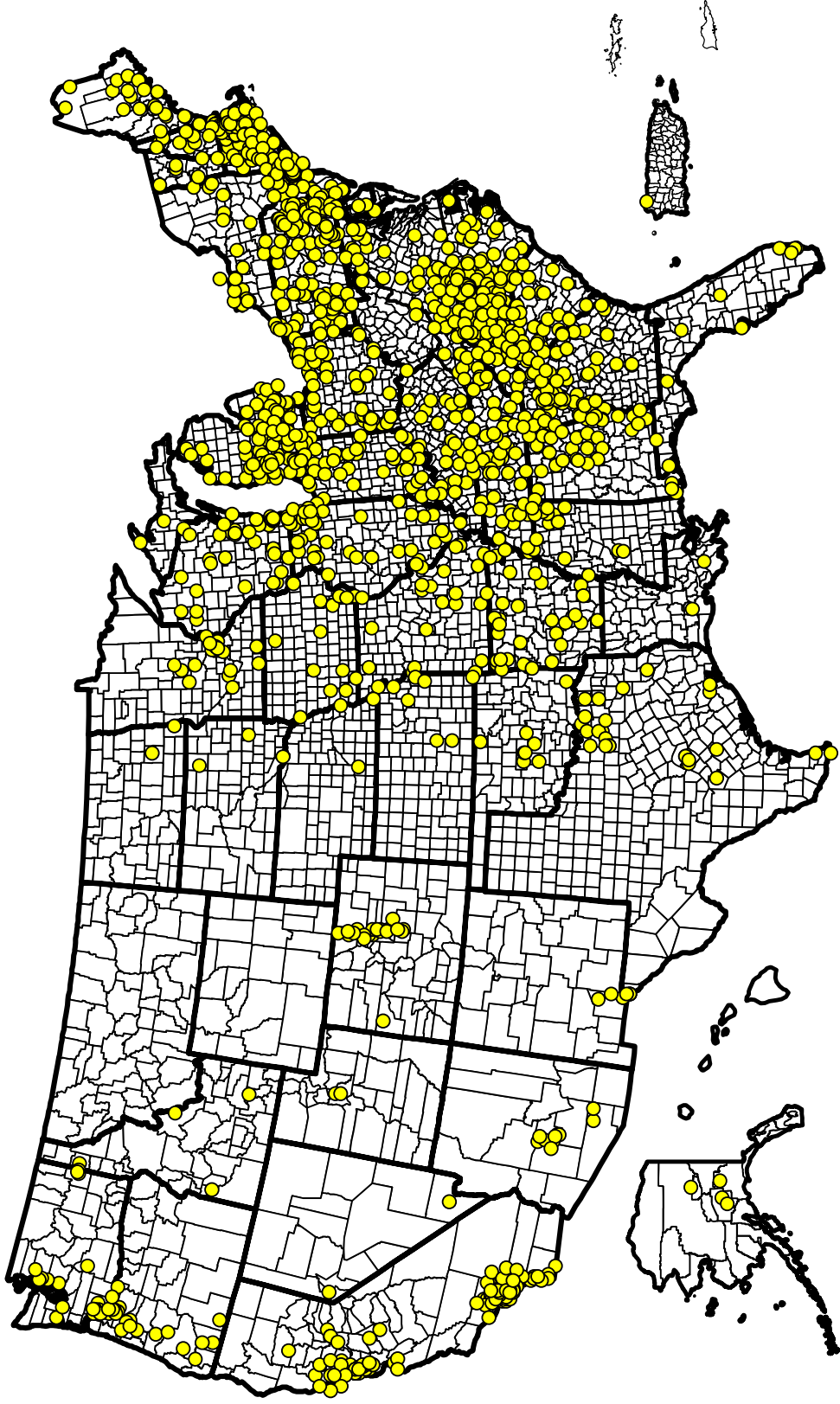
In the 4th Quarter of 2006 the average quarterly wage of workers who have been reemployed was \$6,122.56 and their median quarterly wage was \$5,490.50. We have also been able to analyze the industries of reemployment. A large number of these reemployed workers, 30.4% (885) were found to be employed in Manufacturing industries, 23.3% (677) in Trade, Transportation and Utilities industries, 22.0% (639) in Education and Health Services industries and 15.2% (443) in Professional and Business services industry.

During our analyses of Pillowtex workers we have been noticing a trend within our Professional and Business Services industries. What on the surface appeared to be a positive outcome for these workers upon further analyses revealed a growing trend in our industrial employment statistics. A large number of workers who are finding employment within our Professional and Business Services industries are on the payrolls of temporary help firms. A substantial amount of growth that is occurring in Professional and Business Services is actually due to the growth within Temporary Help Services.

Our research regarding Pillowtex workers continues today. We hope that this research can help us shed light on the reemployment experiences of a broader group of manufacturing workers. What we have learned from our Pillowtex experience and experiences with other layoff events, is that many of our dislocated manufacturing workers had skill sets which prepared them for other manufacturing jobs. Many of these workers are in need of additional training in order to prepare them for our growing Service Providing industries. You will here later today from Dr. James Owen president of Piedmont Community College who will be able to provide you with additional information regarding the programs and services provided by our Community Colleges and their challenges in serving displaced workers. You will also here from Mr. Thomas White with the North Carolina Department of Commerce's Division of Workforce Development regarding the state's response to our many layoffs and closures.

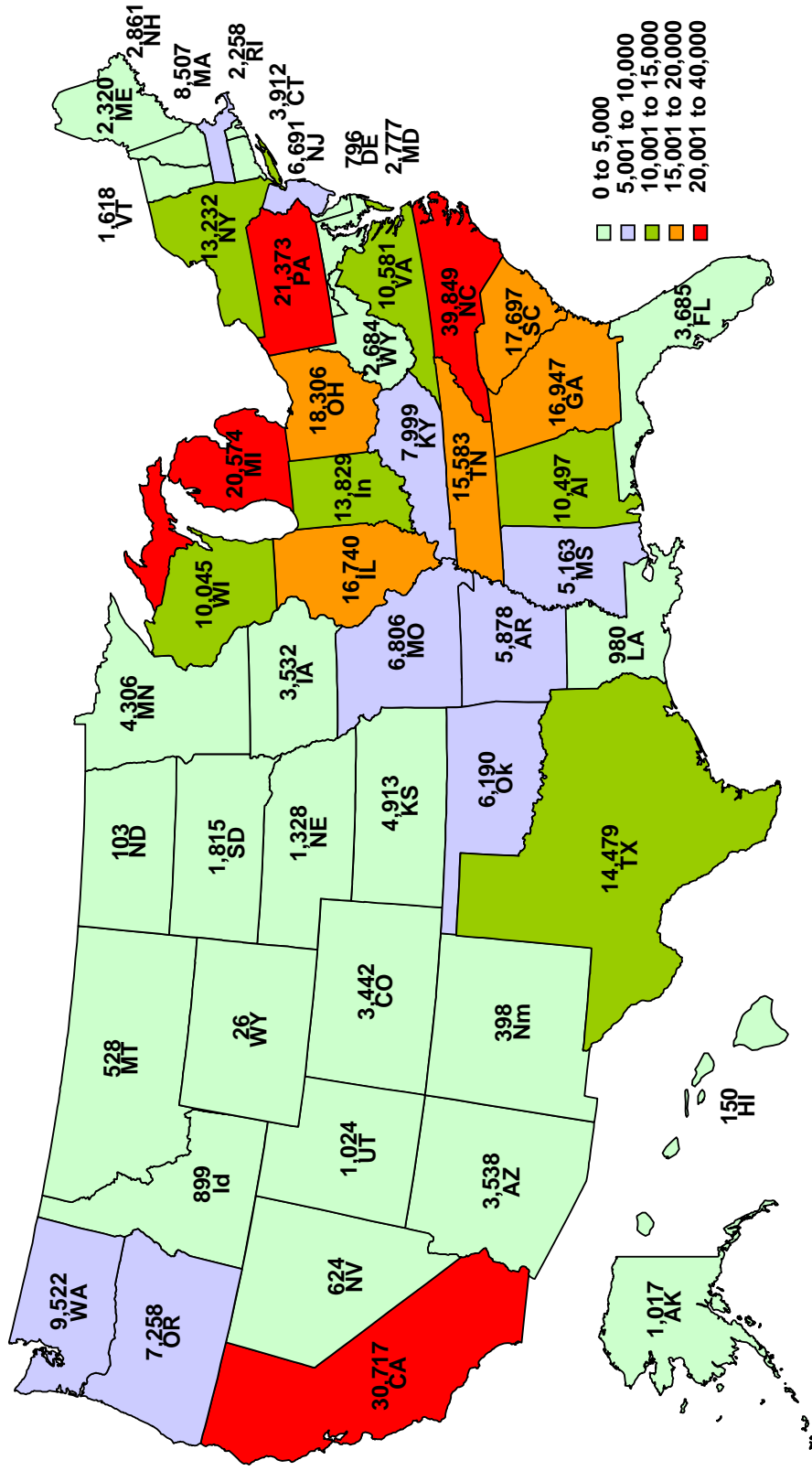
North Carolina's economy is undergoing a major transformation, our economy continues to shed jobs in our Manufacturing industries but at the same time is experiencing tremendous growth within our Service Providing industries. I hope that I have helped to shed light on some of the critical changes that have occurred within North Carolina's economy.

TAA CERTIFICATIONS FY 2006



Source: Employment and Training Administration United States Department of Labor

FY 2004 - FY 2006: EST. 387,755 WORKERS TRADE CERTIFIED



Source: Employment and Training Administration United States Department of Labor