

CHAPTER III

BACKGROUND ON THE CERC COMMUNITIES

The CERCs were opened in rural communities in which many residents have been employed in manufacturing jobs. Three of the CERCs—in Clarksville, Martinsville, and South Boston—are in southern Virginia, near the border with North Carolina (an area known as Southside Virginia). The fourth, in Marion, lies in the western part of the state. Three CERCs serve a one-county area, whereas Martinsville serves Martinsville City and Henry and Patrick counties (Figure III.1). All of the CERC communities are high poverty areas with poverty rates ranging from 11.7 percent in Henry County to 19.2 percent in Martinsville City (Table III.1).⁹ This chapter provides background information on the CERC communities, an overview of plant closings and unemployment rates in the past several years, and a description of the key characteristics and needs of dislocated workers in these areas.

PLANT CLOSINGS AND UNEMPLOYMENT RATES

The CERCs were opened in response to large numbers of layoffs and rising unemployment rates in the CERC communities. Nationally, manufacturing went into a downturn in late summer 2000, and has yet to recover. In March 2001, the U.S. economy slipped into recession. The CERC communities were particularly hard hit by the concentration of plant closings; however, the overall soft labor market meant that there were limited job opportunities elsewhere. In this section, we give an overview of these trends in each community.

⁹Virginia is the only state that distinguishes independent cities as separate entities from counties. Thus, poverty rates for Martinsville City are reported separately.

Table III.1: Poverty Rates in the CERC Communities

CERC	Service Area	Percent of Residents in Poverty in 1999
Clarksville	Mecklenburg County	15.5
Martinsville	Henry County	11.7
	Patrick County	13.4
	Martinsville City	19.2
South Boston	Halifax County	15.7
Marion	Smyth County	13.3

Source: U.S. Census Bureau, 2000.

All the CERC communities have lost a significant number of jobs, primarily from the closing of textile, furniture manufacturing, and candy production plants.

In all the CERC communities except Clarksville, extensive layoffs from manufacturing jobs began in the late 1990s and were continuing at the time of the site visits in late 2002 and early 2003. In Clarksville, layoffs began in late 2001. Below, we summarize the most significant layoffs in each of the CERC communities:

- **Clarksville.** Mecklenburg County lost more than 1,400 jobs in 2001 and 2002. In November 2001, Russell Stover Candies announced the closing of its Clarksville plant. The company laid off 500 workers on December 23, 2001, and an additional 180 workers in 2002. Burlington Industries, a textile manufacturer, laid off about 750 workers in its combing and finishing divisions in 2002.
- **Martinsville.** Officials from the Virginia Employment Commission (VEC) estimate that, since 1999, 9,000 workers in the Martinsville area have been displaced due to layoffs and plant closings. The layoffs began when DuPont announced layoffs of 1,000 workers in early 1999, and Pluma, a textile company, announced plans to close its factory and lay off 800 workers in late 1999. In December of that year, Tultex, another textile company, gave just a few days' notice to nearly 1,000 employees that it would close due to bankruptcy. In 2002, V.F. Imagewear closed its plant and laid off more than 3,000 employees. In addition, Basset Furniture, Hooker Furniture, and American Furniture laid off more than 1,000 employees between 2000 and 2002.
- **South Boston.** According to VEC officials, Halifax County lost about 2,000 jobs between 1999 and 2002. As in Martinsville, the Tultex bankruptcy resulted in layoffs in late 1999; 350 Tultex workers were laid off from the Tultex plant in Halifax County. In August 2000, J.P. Stevens, another textile company, closed its plant and laid off 350 workers. Burlington Industries laid off 600 workers from its weaving division in 2001. During this time, smaller factories, such as International Industrial Fans, also closed; that factory laid off 50 workers. Finally, the closing of the Russell Stover Candies plant and the Burlington plant in adjacent Mecklenburg County affected some workers who commuted from Halifax.

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- **Marion.** An estimated 2,380 workers lost their jobs in Smyth County between 1998 and mid-2002, mostly from layoffs in furniture and textile plants. In 2000, Natalie Knitting and U.S. Gypsum closed their plants and laid off 160 and 200 workers, respectively. In 2001, four plants—Lea Industries, American of Martinsville, Utility Trailer, and Titan Wheel Corporation—each laid off over 100 workers. In early 2002, closings and layoffs at the Dana Corporation, Virginia House Furniture, American Furniture, and Springford Knitting precipitated the opening of the CERC.

Unemployment rates in the CERC communities rose in 2001 and 2002, as factories laid off large numbers of employees.

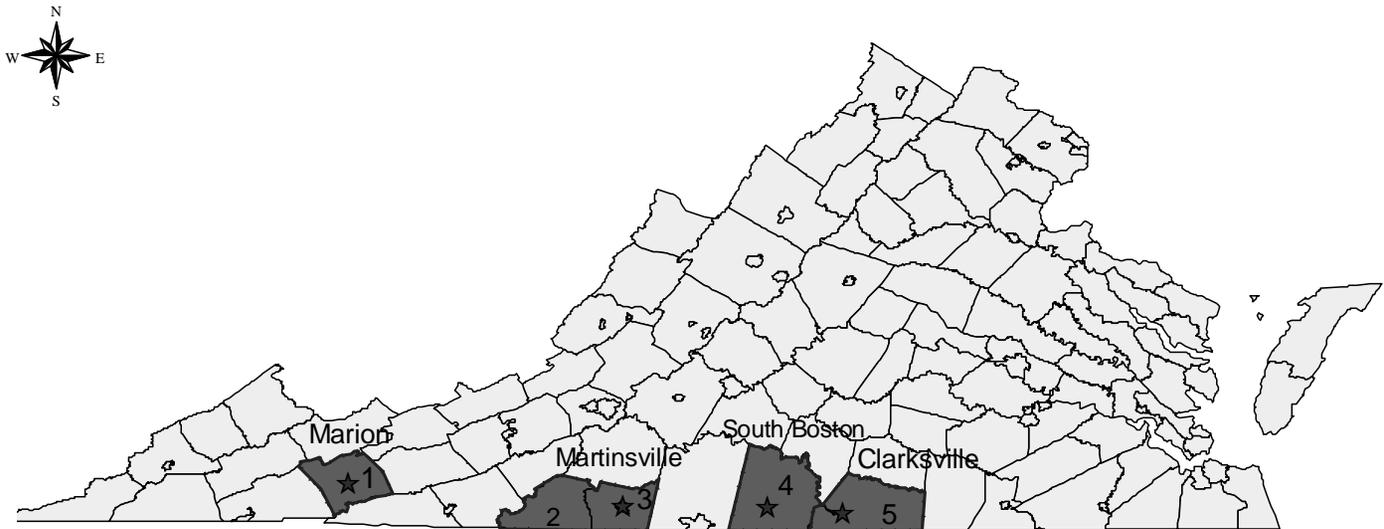
Because of the layoffs in the CERC communities that began in the late 1990s, unemployment rates in the first quarter of 2001 were already high, ranging from 6.9 percent in Clarksville to 9.1 percent in Marion (Figures III.2 to III.5). In contrast, the statewide unemployment rate in Virginia during the same time period was 2.6 percent, much lower than the national unemployment rate of 4.2 percent. In Martinsville and South Boston, unemployment rates began rising in late 2001, reaching a high of 12.7 percent in Martinsville in the second quarter of 2002, and 11.6 percent in South Boston in the fourth quarter of 2001. In Clarksville, after layoffs at Russell Stover Candies, unemployment rose from 7.8 percent in the fourth quarter of 2001 to 12.4 percent in the first quarter of 2002. Unemployment in Marion rose to its highest point of 10.2 percent in the third quarter of 2002, after closings and layoffs at several plants.

From the first quarter of 2001 through the fourth quarter of 2002, employment in the CERC communities grew somewhat, but did not keep pace with growth in the labor force as more dislocated workers began looking for work. For example, in the Martinsville service area, employment grew by 1.1 percent, but the civilian labor force grew by 5.5 percent (not shown). Likewise, in Mecklenburg County, the service area for the Clarksville CERC, employment grew by 2.3 percent; the size of the civilian labor force increased by 6.7 percent. In contrast, the employment growth statewide was 3 percent during the same period, while the civilian labor force grew by 4 percent.

CHARACTERISTICS OF DISLOCATED WORKERS

VEC staff reported that most CERC customers are dislocated workers from factories that have closed. Some customers are working in low-wage jobs, such as at fast-food restaurants, and want to increase their work hours or find higher-paying jobs; a small proportion have been unemployed on a long-term basis. Most live in the CERC service areas, although some who previously commuted to work from adjacent counties or from North Carolina have sought services at the CERCs. Although the CERCs do not collect information on the household composition of their customers, VEC staff reported that customers came from a range of family types, including two-parent, single-parent, and single-adult families. Staff at the Clarksville and Martinsville CERCs reported that dislocated workers, particularly those laid off from textile plants, predominantly are women.

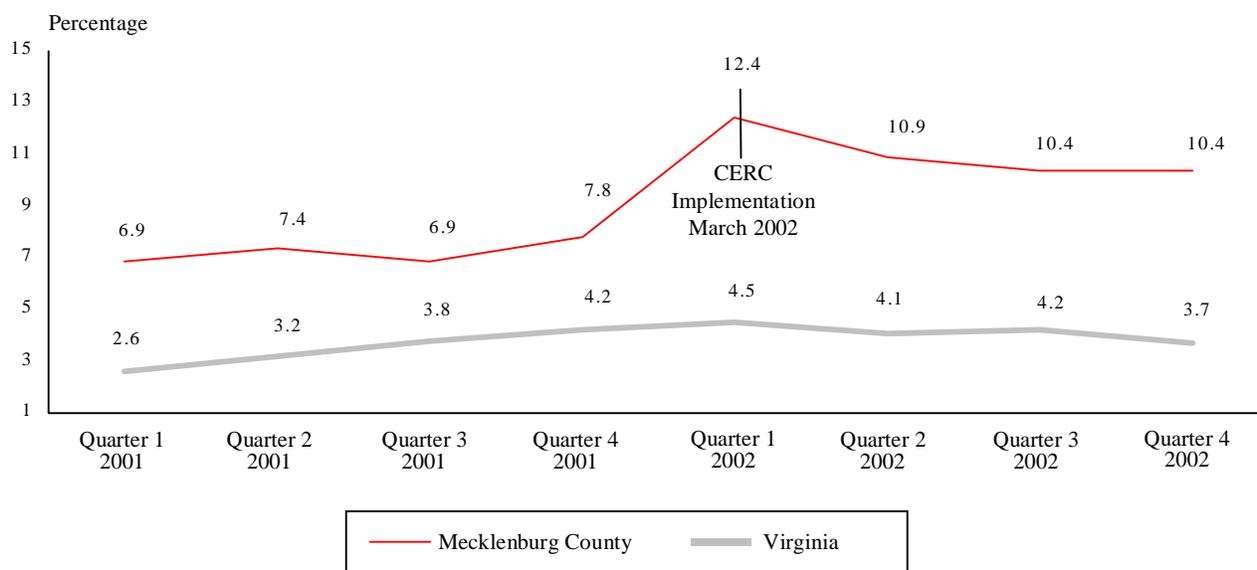
Figure III.1 CERC Locations and Service Area Commonwealth of Virginia



CERC LOCATION	SERVICE AREA	POPULATION	COUNTY LABEL
Marion	Smyth County	33,081	1
Martinsville	Martinsville City	57,930	2
	Patrick County	15,416	
South Boston	Henry County	19,407	3
	Halifax County	37,355	4
Clarksville	Mecklenburg County	32,380	5

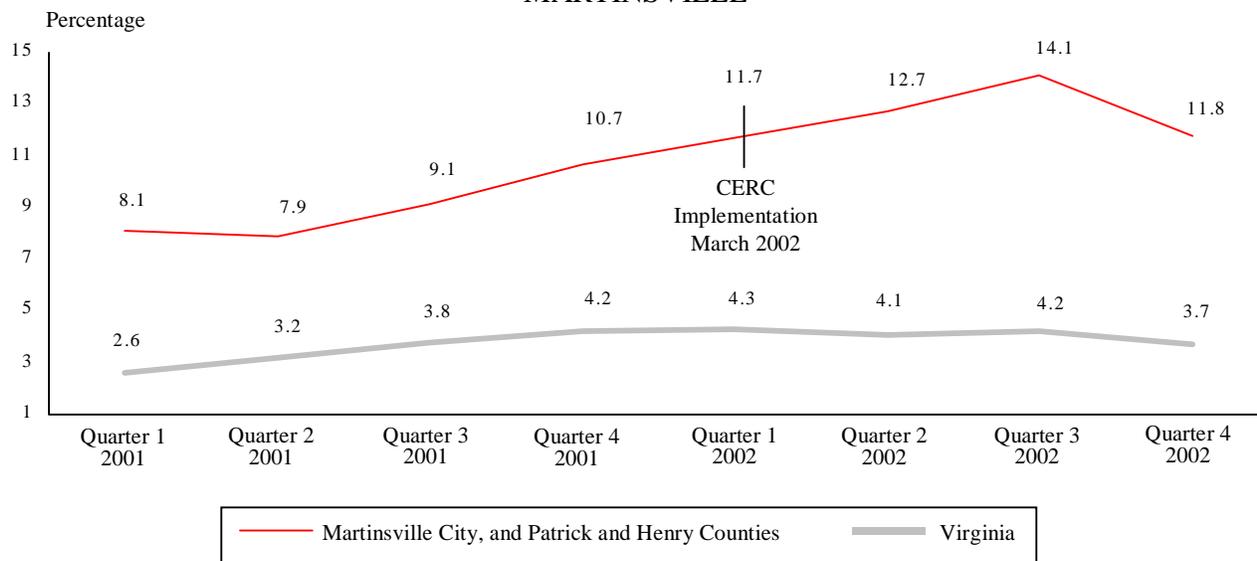
Source: Population sizes are from the 2000 Census.

FIGURE III.2
UNEMPLOYMENT RATE, BY QUARTER,
CLARKSVILLE



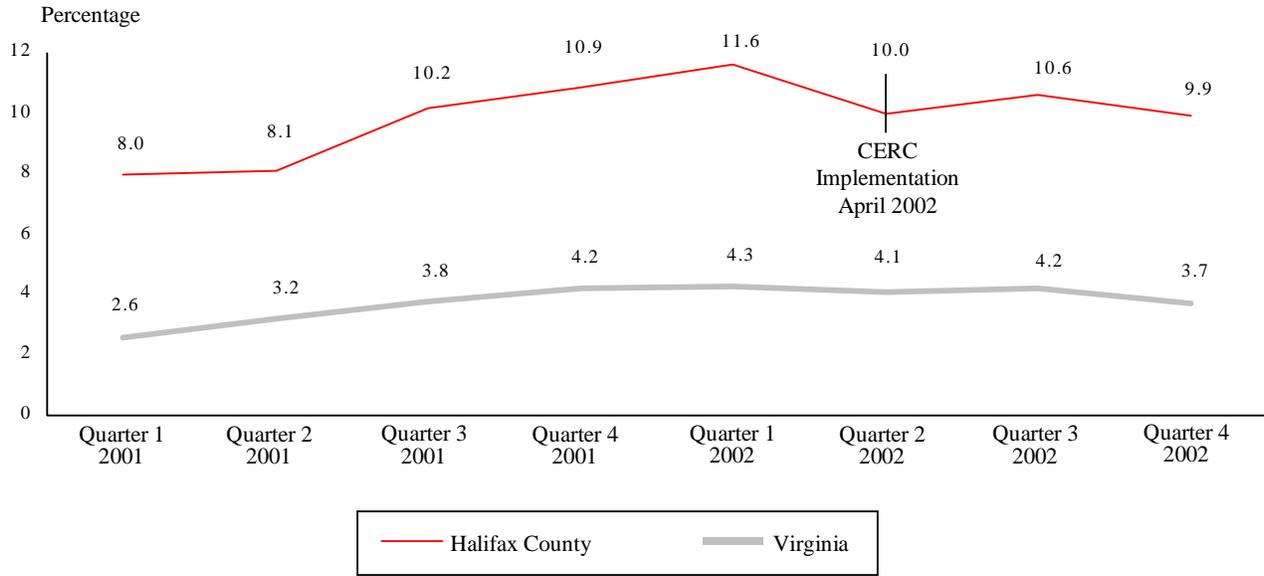
Source: Local Area Unemployment Statistics from the Bureau of Labor Statistics, U.S. Department of Labor.

FIGURE III.3
UNEMPLOYMENT RATE, BY QUARTER,
MARTINSVILLE



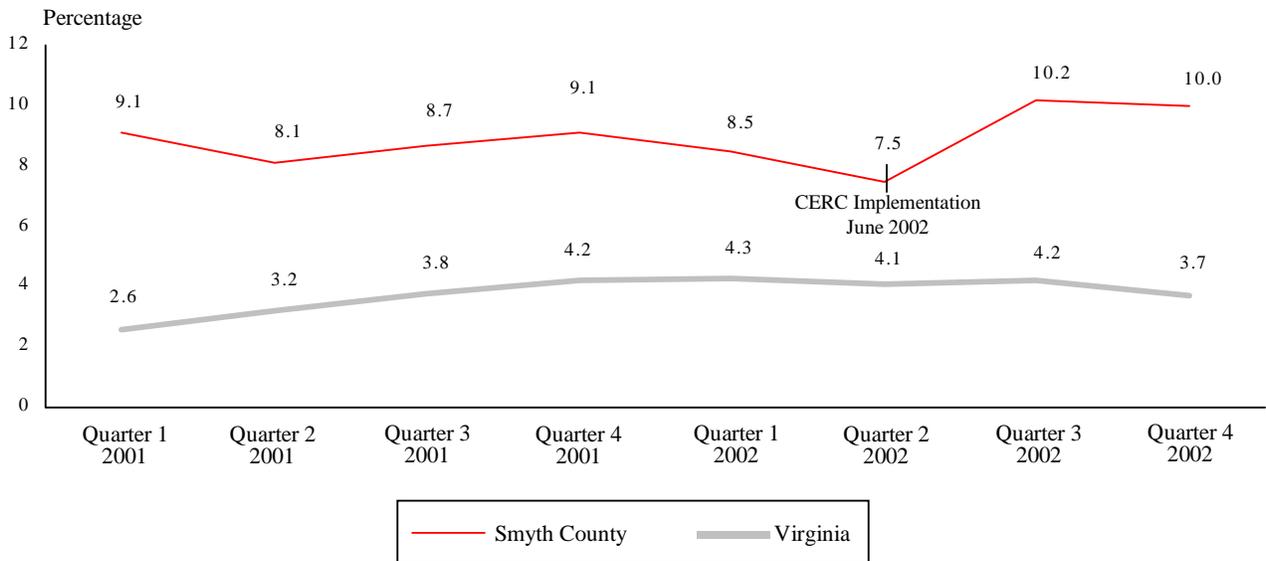
Source: Local Area Unemployment Statistics from the Bureau of Labor Statistics, U.S. Department of Labor.

FIGURE III.4
 UNEMPLOYMENT RATE, BY QUARTER,
 SOUTH BOSTON



Source: Local Area Unemployment Statistics from the Bureau of Labor Statistics, U.S. Department of Labor.

FIGURE III.5
 UNEMPLOYMENT RATE, BY QUARTER,
 MARION



Source: Local Area Unemployment Statistics from the Bureau of Labor Statistics, U.S. Department of Labor.

Many dislocated workers in the CERC communities are older workers; most have little work experience beyond jobs in manufacturing and textile plants.

Staff in all the CERCs reported that dislocated workers from textile and apparel (“textile”) and furniture plants typically worked in the same jobs for 10 to 20 years, some for as long as 30 years. According to staff, most of these workers have no work experience beyond the factory work they have done, and they come to the CERC hoping to find similar types of jobs. These types of jobs, however, are not readily available in the CERC communities.

With the exception of staff at the Marion CERC, CERC staff reported that dislocated workers range in age from the early 30s to the mid-50s, and that dislocated workers from textile plants predominantly are women over age 40 years. For example, a dislocated-worker survey of former V.F. Imagewear employees in Martinsville found that about 65 percent of workers are over 40; staff estimated that most former Tultex employees are 45 or older. Staff reported that these older workers often felt insecure about seeking employment in a new field or returning to school for retraining. In Marion, staff reported, customers are somewhat younger, typically between 25 and 45 years old.

CERC staff identified several barriers to employment faced by dislocated workers: low levels of education, little work experience beyond factory work, poor job-seeking skills, and, in some cases, lack of transportation.

Across all four CERCs, staff reported that a low education level, especially the lack of a high school diploma or General Equivalency Diploma (GED), was the most significant barrier to employment faced by many dislocated workers. VEC officials explained that most jobs, even in factories, now require that applicants have a high school diploma or GED, even if the applicant has prior experience doing similar work. In addition, workers without these credentials may not be able to enroll in training courses at local community colleges. Staff estimated that the proportion of customers without these credentials is substantial, but less than half of their caseloads. In Clarksville, for example, VEC officials reported that, of the 5,000 job seekers registered with the South Hill VEC’s job service (the VEC office in Mecklenburg County), 54 percent have a high school degree or GED, and 17 percent have some postsecondary education. In Mecklenburg County, 68 percent of adult residents have at least a high school diploma or a GED.

CERC staff reported that many dislocated workers lack the skills needed to obtain employment in fields other than sewing or furniture manufacturing. For example, staff said that workers from these industries have very low technical skills, such as proficiency with computers, and that the workers fear using computers and other technologies. Many workers, however, have been willing to enroll in education and training programs to prepare themselves for entering a new employment field. CERC and VEC staff reported that customers often sought training in the medical field (for jobs such as certified nursing assistant, licensed practical nurse, medical transcriber, or billing clerk), information systems technology, business management and administration, human services, and trucking.

In addition to low education and skill levels, staff reported that some dislocated workers lack basic job-seeking skills. For example, some do not know how to conduct a job search or to interview with a potential employer. According to VEC staff, these workers sometimes experience emotional barriers as well, such as fear of looking for a new job or lack of confidence in their own abilities. In addition, staff reported that the long-term unemployed sometimes lack basic work skills, such as the ability to be punctual or to take directions from a supervisor.

Overall, CERC staff reported, transportation is not a major barrier to employment. The absence of public transportation in the CERC service areas may serve as a barrier for those who do not own a car, cannot afford to maintain one (to pay, for example, for gasoline, registration, repairs, and insurance), or will need to commute longer distances to find employment. Across all sites, however, staff thought that most dislocated workers owned cars. Moreover, CERC and partnering agency staff reported that churches and charities have been helpful in transporting customers to appointments with doctors and other service providers. In addition, many customers obtain funds to pay for transportation to attend training through the Workforce Investment Act and Trade Act programs (described in Chapter V).

Staff report that an increasing number of dislocated workers in the CERC communities need emergency assistance and lack access to health care.

At the time of the site visit, many dislocated workers had not yet exhausted their unemployment insurance benefits but were nearing the end of their eligibility. Staff reported that an increasing number of dislocated workers are requesting emergency assistance, such as assistance with utility bills, rent and mortgage payments, and gasoline. Others struggle to make car payments and purchase auto insurance. In every site except South Boston, CERC staff reported an increase in requests for food assistance; CERC and partnering agency staff in all the sites reported an increase in requests for emergency financial assistance.

The local Department of Social Services (DSS) offices in the CERC communities reported an increase in the number of requests for emergency assistance and applications for benefit programs. For example, in Mecklenburg County, DSS reported a sharp increase in applications for benefit programs, including the Food Stamp Program, Temporary Assistance for Needy Families (TANF), and Medicaid—from 10 applications per day before the layoffs began to 30 to 40 per day at the time of the site visit. In Martinsville, DSS reported that across all types of benefit programs, the number of families receiving assistance rose from 8,010 in January 2000 to 10,188 in November 2002. TANF cases increased by 28 percent, food stamp cases by 26 percent, and Medicaid cases by 31 percent. These increases in requests for assistance and applications to DSS benefit programs occurred before the CERCs opened.

CERC and partnering agency staff identified health insurance coverage as one of the most pressing needs of dislocated workers and their families. Most children in dislocated workers' families qualify for Medicaid or Family Access to Medical Insurance Security,

Virginia's child health insurance program. However, adults who lose their employer-provided health insurance do not have an alternative source of medical coverage unless they qualify for Medicaid. In particular, service providers reported that many dislocated workers cannot afford to purchase prescription drugs for such chronic conditions as asthma, high blood pressure, diabetes, or depression. Some must choose between purchasing medicine and purchasing food or other necessities.