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Temporary in Tennessee: CATS for Stable Jobs

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Temporary in Tennessee: CATS for Stable Jobs

Abstract

[Excerpt] Morristown is a mid-sized town in the mountains of upper east Tennessee. Like the rest of Tennessee, Morristown has a low rate of unionization and has seen minimal organizing on workplace and fair labor issues. At the same time, Tennessee has been hard hit by plant closings and layoffs and has seen higher paying industrial jobs replaced by lower paying, part-time and service jobs and temporary and contract-labor jobs. The security of the workforce is declining dramatically.

From this setting, a citizens group called Citizens Against Temporary Services, or CATS, organized last year in search of a better deal for workers in Tennessee. In little more than a year, CATS has made remarkable strides. This is the CATS story.

Keywords

Tennessee, Citizens Against Temporary Services, union organizing



Contracting Out In the Private Sector

Temporary in Tennessee

CATS for Stable Jobs

■ *Linda Yount & Susan Williams*

I think Tennessee should have a sign that reads when you come into the state: "Welcome industry, come on in. You can abuse and use our people." We should ask a company that wants to come to Tennessee "What can you do for our people?" instead of asking what we can do for them. We need to stand together as working people. We need to tell industry, "We want our state back. We want to have a say in what happens to our state."

—Shirley Reinhardt, Chairperson, CATS

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- Linda Yount, a founding member of CATS, was laid off from Morristown GE after working there for 16 years. Susan Williams is a staffperson at the Highlander Research and Education Center in New Market, Tennessee, and serves on the steering committee of the Tennessee Industrial Renewal Network. CATS welcomes information, ideas and work readers have for strategies on contingent workforce issues. Their address: CATS, c/o Shirley Reinhardt, 617 Ethel Street, Morristown, TN 37814.

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The GE Warehouse—the Bubble Bursts

In June of 1988 most of the employees at the General Electric Co. in Morristown were content with their lifestyles. GE was considered progressive for the area and was well thought of by employees and the community. Wage scales were higher than many local industrial facilities, \$10 to \$12 an hour plus benefits; many workers had been there for many years and considered themselves to have permanent, secure jobs.

In June the International Brotherhood of Electrical Workers (IBEW) launched a union organizing campaign at GE in Morristown. The company spared no expense to counter the union campaign. Management went out of its way to be friendly with the employees. Employees saw films about how the union would adversely affect the plant. The greatest thing of all, many employees thought, was a film showing the workers, some family and friends, the beautiful surrounding area, and a song dedicated to the people of Morristown.

It was easy to see which way the union vote would go in September of 1988. The union was voted out by a 3-to-1 margin. The employees beamed with pride because they thought this would demonstrate to the company how they believed in General Electric.

Many of these workers had their dreams crushed two weeks later. One week after the vote, 100 hourly people were laid off from their jobs at GE's distribution center warehouse in Morristown. These people were told they would be called back in the Spring of 1989. But one week after the layoff, the employees learned from radio, television and newspapers that they were losing their jobs for good.

The General Electric distribution centers in Plainville, Connecticut, and in Morristown were being closed, and their work would be moved 30 miles down the road to Mascot, in Knox County, Tennessee. At the new location, GE said the center would be operated by an independent contracting company called USCO, and jobs would be contracted through them (at lower wages, \$6 to \$8 an hour, and fewer benefits). Knox County Executive Dwight

Kessel commended his economic development director "for the extraordinary work she did in securing this new industry and these new jobs for Knox County."

The laid-off workers asked to meet with management and offered to freeze or cut wages in order to keep their jobs, benefits and seniority. These offers were refused. The company said it had to remain competitive in the global market. Workers held meetings, tried negotiations, and questioned the claim that this was a USCO, not a GE, warehouse. But they got nowhere in their attempts to regain their jobs.

The group of 100 employees, who were finally laid off in September 1989, went looking for new jobs. The Tennessee Department of Employment Security Job Service had few job listings, most at minimum wage, and people were referred to temporary service and contract-labor agencies to apply for industrial and manufacturing jobs. Factories, instead of hiring their own permanent workers, were contracting with these agencies for employees who had no permanent status.

Besides losing the good jobs at GE, it was a devastating shock to discover that permanent, decent-paying jobs in Morristown were being replaced by temporary jobs through these agencies. For these temporary and contract-labor jobs, wage scales were generally lower, benefits few or nonexistent, and there was, of course, no job security. Workers are employed through the agencies, and the agencies contract with the workplace for some percentage of the wage the worker will earn. In some cases, temporary jobs are also arranged directly by the workplace.

The laid-off GE workers, outraged, began to hold community meetings, to call politicians, and to research the GE/USCO distribution center in Mascot. The active core of these workers formed CATS, Citizens Against Temporary Services, to generate support, to pressure to get their jobs back, and to look for ways to address these workplace issues hitting workers hard in Morristown and elsewhere.

The "Contingent Workforce"—A National Issue

The issues raised by CATS—the loss of permanent jobs and the instability and inequities of temporary and part-time jobs—are not just issues in Morristown, as CATS has come to find out. The grouping of these kinds of unstable jobs, called the "contingent workforce," is not a small or marginal problem. Richard Belous called it "a sea change in the world of work," in his 1989 publication *The Contingent Economy: The Growth of the Temporary,*

Part-time and Subcontracted Workforce, written for the National Planning Association.

From 1980 to 1988, according to Belous, the number of contingent workers in the U.S. (including temporaries, part-time, contract, and self-employed) has grown by 28%, as compared to a growth rate of 14% in the workforce as a whole. Between one-quarter and one-third of the entire workforce is now composed of contingent workers.

The driving force for this change seems to be that labor costs can be most quickly cut to gain a competitive edge. A 1986 report by 9 to 5, *Working at the Margins: Part-time and Temporary Workers in the United States*, points out that employers may come to regret their use of contingent workers:

Marginalization . . . contributes to a lower self-esteem that can drive down productivity. Peter Pestillo, Vice-President of Employee Relations at Ford Motor Company, observed that one of the problems for those who want full-time jobs but accept part-time or temporary work as a compromise, is that "over time the lack of attachment leads to a lack of identification, loyalty, and interest in helping the organization achieve its goals. Worse, a feeling of exploitation could develop where the individual perceives that his or her temporary status is becoming permanent—without benefits."

For workers in Morristown, the impacts are real and immediate:

- *Job insecurity*: Increasing numbers of contingent workers are not employed voluntarily, but because they cannot find a permanent job. For those employed as temporaries, there is tremendous uncertainty, not knowing when or if they will work, or how long their job will last.

- *Loss of pay*: For many contingent jobs, workers are paid considerably less than their full-time counterparts. Workers who can no longer find permanent employment must also deal with a much poorer quality of life.

- *Loss of benefits*: Contingent workers are almost certain to receive fewer benefits than full-time permanent workers. Three-fourths of full-time workers have company-sponsored health insurance coverage, while only one-third of contingent workers do. Three-fifths of full-time workers are covered by a retirement plan; only one-fifth of part-timers are covered. In addition, since contingent workers are increasingly vulnerable and less likely to organize for workplace rights, they are treated worse than permanent workers in a variety of other ways in the workplace.

The people most affected are the people already suffering the



...CATS supporters at public hearing in Morristown.

most—women and minorities. According to Belous, women represent 66% of the temporary workforce, but are only 44% of all workers. Black workers are 20% of the temporary workforce, but only 10% of the total workforce.

Policymakers have given little thought to the effects of the contingent workforce. The social service system is geared to support for permanent jobs, not temporary or part-time jobs. The lack of health insurance and pensions and the lower wage scales will finally cost the public, not corporations, as people get sick with no health insurance and age with no pension. "In 10 years, when all these laid-off people have no jobs, no benefits, and no retirement, who's going to take care of them? If we don't take care of them today, we're going to have to take care of them tomorrow," says Shirley Reinhardt, chairperson of CATS.

As CATS began looking for help on these problems, they found there was little precedent for positive change. But they also found many people—workers, community groups, unions and politicians—concerned about these problems. In Tennessee, temporary service agencies are completely unregulated. At a legislative meeting in Fall 1989, the administrator for Tennessee's

Personnel Recruiting Service Board, which licenses permanent employment placement agencies, said she receives 10 complaints per year about permanent employment agencies, but she gets *three per week* about temporary agencies, over whom she has no jurisdiction.

CATS Claws Its Way to Some Victories

Since the Fall of 1989, CATS has proved a formidable force. Through persistence and determination, and with help from some allies in Tennessee, it has achieved impressive strides in the last year.

CATS has held many community meetings, with up to 400 people attending. This is all the more impressive because the local Morristown paper would not cover the CATS story. To get around the news blackout, CATS bought space in the *Smoky Mountain Trader*, a small consumer exchange weekly, to let people know about their activities and meetings.

Last April, wearing bright red shirts with CITIZENS AGAINST TEMPORARY SERVICES emblazoned across the back, they held a march down the streets of Morristown to publicize the need for fair labor laws in Tennessee.

After nine months of frustrating attempts to find out if tax dollars from the Job Training Partnership Act (JTPA) program were being allocated to GE in Mascot, CATS at last got hold of the contract that showed that GE would get \$200,000 in JTPA funds to train new workers. GE had insisted that the warehouse was solely USCO, but CATS showed that GE was directly involved in the warehouse, that they had fully capable laid-off workers who could do the job, and that the Morristown workers had not been offered the new jobs. CATS finally got the Department of Labor to declare the GE/USCO warehouse in Mascot ineligible for JTPA funds.

Many of the laid-off workers have found out through CATS about their eligibility for Trade Readjustment Assistance payments and JTPA training programs. Recognizing that these programs fail to provide much real assistance for displaced workers, CATS is meeting with other displaced workers in Tennessee to see what changes are needed to better serve people.

CATS' energy and determination fired up others when they attended a June 1989 conference called "Responding to Plant Closings in Tennessee" sponsored by the Tennessee Industrial Renewal Network (TIRN). TIRN, a new coalition of labor and community groups, set up an on-going committee to support CATS' efforts.

Recently, CATS voted to become a chapter of a well-known citizens group, Save Our Cumberland Mountains (SOCM). SOCM has primarily dealt with environmental and land use issues, and CATS is their first chapter working on economic workplace issues. But SOCM has extensive experience in organizing, strategizing and lobbying, and their skills are being shared with CATS. This is a strong and exciting new alliance for Tennessee.

In 1989 CATS pushed their state legislators to set up a study committee to look at the issue of temporary services. Another study committee was also set up to look at Fair Labor Laws in Tennessee. In October these committees were pressured into holding a joint hearing in Morristown. Between 500 and 700 people supporting CATS came out to overwhelm the legislators. Many people spoke movingly of how their lives had suffered with all these workplace changes and about their worry for the future of their children. One man pointed out to the legislative panel that they should also be worried because they too are temporary. Luther Trent noted, "You talk about giving people three minutes [to testify]. If we gave you three minutes to tell us about laws protecting workers, you'd have two-and-a-half minutes left."

CATS and their new partner SOCM are now strategizing about pushing legislation in the 1990 Legislative Session that would regulate temporary agencies and forbid the replacement of permanent workers with temporary ones. This should prove to be a lively issue for state legislators. It could also be precedent-setting, since CATS has yet to find any other legislation passed in the United States that deals with the abuses of temporary services.

As CATS member Linda Yount said at the Morristown hearing: "I am going to use a quote from one of our managers about the people in Tennessee, and I quote: 'All you have to do to get along with the people here in Tennessee is to look at pictures of their children and tell them what pretty tomatoes they have.' But if you feel as strongly as I do about this, it's going to take a hell of a lot more than bragging on my young'uns and tomatoes to settle this issue." ■