

Verizon cuts 2,700 jobs the day after Thanksgiving

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Verizon Telecommunications will cut 2,700 management employees the day after Thanksgiving in the third round of layoffs to hit the number-two US telecommunications provider this year. In addition, an undisclosed number of union-represented jobs will be eliminated through an early retirement program.

The layoffs are targeting Verizon's wire line section of the business, whose workers and jobs the company has now defined disparagingly as "legacy," as it seeks to switch over to being a telephone, video and Internet provider by installing fiber-optic cables in customers' homes.

Departments targeted for the job eliminations saw an average of 10 percent cut, and some departments underwent as many as one in seven jobs destroyed. Verizon plans to conduct another layoff in the first quarter of 2009. Although the current layoffs are targeting management workers, Verizon has cut its unionized work force by 15,000 jobs since 2003 through attrition. The contract signed last August by the Communications Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW) with Verizon allows the telecom to continue scaling back its unionized work force.

Workers were told of the impending layoffs in early October, and volunteers were sought. Verizon has not released how many decided to accept the offer, but workers say that the number was quite small since the company has been cutting positions since 2006. Workers in the affected departments were told to be in their offices the morning of October 30, even if they worked other shifts or had scheduled a vacation for that day. Their managers would then notify them if they were being let go or not.

Workers being cut were given 28 days to find another job within the company—a virtual impossibility since no sections of the business are hiring—or be laid off November 28, the day after Thanksgiving. Workers who lost their jobs are given \$2,000 a year for each year of service up to a maximum of \$35,000. In return, they must sign documents stating that they will not sue the company or seek a job at a

rival for one year.

A network specialist with 38 years of service was one of those let go. She asked that her name not be used for fear that it would jeopardize her chances of finding another job. "I have two kids who are still in college, I was not ready to retire. College costs a lot. They [her children] have taken jobs, but all they get is minimum wage and you can't pay for college on minimum wage. I started with Verizon when I was 24, I am only 62 right now and would not be able to get my full social security for another three years."

In 2006, Verizon abolished its pension benefits and retirees' health plan for more than 50,000 management employees. Pensions accrued before 2006 were valued and placed in something similar to a 401(k) account, with its value tied to Verizon's stock. Most management workers also lost their company-paid healthcare.

The veteran network specialist continued: "I am not sure how my medical benefits will be affected. Because I have 38 years, I think the company will still pay part of my medical benefits, but I will have to pay 20 or 50 percent. I don't know how much yet. Younger workers who get cut will have to pay more than \$1,000 a month if they want to continue with health coverage. I have saved up money in my 401(k), but it has fallen a lot this year.

"There are many people in my department with less service than me, but management said that since I do maintenance work on our current network, my job is no longer needed. It is not true that 'we don't work on the fiber network'—our systems maintain both networks. Some vice-president will just call this outdated, cut jobs and make a name for him or herself. The people that make these decisions don't understand how the network operates; they just figure that it would be cheaper to cut maintenance now and fix things on an ad hoc basis."

Another network specialist with 12 years of service commented, "Our director had a conference call with us in September and said that our department would not be hit by layoffs. Then last month, our manager held a conference call and asked if anyone would like to take the offer, but no one

did.

"I work in Virginia in the D.C. area, my manager is in Texas. I have never seen him, but on October 30, he flew out here to tell me I was laid off. For some reason, they have to do it in person, I don't know why, maybe it is some kind of test for them. As soon as he walked through the door, I knew I was going to be laid off because that would be the only reason to come see me."

"This is a very bad time to lose your job. Even in the D.C. area, no one is hiring. As soon as they told me, I started looking on the company's and other web sites, but companies everywhere are cutting people. No one is taking anyone on."

Over the past year, Verizon stock has fallen from \$45 a share to around \$27. Employees have seen the value of their 401(k)—now the primary source of pensions for management employees—fall nearly in half.

Rob, a supervisor who was pressured into taking an early retirement in 2006 after more than 32 years, told the WSWS, "I am only 58 years old. I didn't have to leave, but they were pressuring me to go. I keep getting told that my job was no longer needed. Each year, the company was taking more and more away from management, so I figured I had better leave now."

"When I retired, I was told by my financial advisor that I would be able to live off the earnings on my savings, but with the stock market collapse, I have had to go back to work. Financial advisors are another racket, they will tell you anything, they just want control of your savings. I am not doing too bad, my kids are all grown, so it is just me and my wife, but I can't live off my savings, so I am trying to find another job."

"I have been working for a contractor that installs computer systems. They pay \$16 an hour, that is not too bad but the work is only now and then. They call you when they need you, you work for a few days and then you are off again. They have not called me in a few weeks. With the economy, companies are cutting all their projects."

"I went to work for Target a few weeks ago. They told me that I would be working in the stock room, have every other weekend off and would not work nights. I worked 15 days straight without a day off, I have worked nights, evenings...they just move me around wherever they want me. The other day, they put me out on the floor helping customers. I was completely lost, all for less than \$11 an hour, so I quit. The manager said that I would never be hired by a Target again. Now I am out looking for another job. It doesn't look good, nobody is doing any hiring."

Verizon continues to report massive profits. For the third quarter of 2008, Verizon reported revenues of \$24.8 billion, up 4.1 percent from the third quarter of 2007. Profits for the

quarter totaled \$4.2 billion.

But the company is under enormous pressure to cut costs. In the past few years, it has been seeking to reposition itself as a provider of television, video and high-speed Internet along with basic phone service. Verizon has spent billions to rewire its network using fiber-optic cables to people's homes. Along with this, they have had to replace all their switching equipment to handle the bandwidth demand of providing television and video services. Verizon's outstanding debts total more than \$44 billion.

While the fiber-optic technology has shown enormous potential, the company is experiencing lower-than-projected sales and stiff competition from AT&T, which has also rolled out its own broadband services, and from cable companies offering telephone service.

In past economic downturns, people tended to maintain their phone service, but now, as layoffs mount, many people may decide that premium television and high-speed Internet are things they can do without.

While growth in the wireless business remains strong, that is not going to last for long. Analysis of the telecommunications industry points to the fact that recent wireless growth has come from the carving up of customers from the almost-defunct Sprint/Nextel network. Further growth in wireless will only come through price-cutting, which will lead to lower profit margins.

While Verizon continues to cut its employees, including low-level management, the company's top executives continue to make millions. Last year, CEO Ivan G. Seidenberg earned more than \$26 million.



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