US telecommunications giant Verizon plans more layoffs

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US telecommunications giant Verizon plans thousands more layoffs in 2010 even as it records another year of massive profits. The layoffs will primarily hit workers in the wireline side of the business as Verizon moves away from traditional telephone service to concentrate on wireless and fiber-optic technologies.

Verizon also plans to complete the sale of all but its wireless operations in 14 states to rural phone service provider Frontier. The jobs of the 14,000 people that work for Verizon in those states will also move to Frontier. The sale to Frontier will include phone service in Ohio, Washington, Indiana, West Virginia, Arizona, and nine other states. Verizon is making clear that it no longer wishes to deliver local phone services in more rural areas and instead plans to focus on high population areas where they can provide cell phone service, television and high-speed Internet.

Many departments have already been told to expect a 10 to 15 percent cut in personnel. These layoffs come on top of last year's layoffs of 16,000 workers out of a total workforce of 230,000. A large portion of the layoffs took place in November and December, just as winter set in. Like the new set of layoffs, the ones in 2009 fell mostly upon the wireline business.

Verizon has not released detailed numbers of the layoffs or the areas affected. The majority of the layoffs, however, were among network specialists, first and second level supervisors, and for the first time, employees covered by the Communication Workers of America (CWA) and International Brotherhood of Electrical Workers (IBEW).

A no-layoff clause that had previously prevented union-covered employees from being laid off was given up by the CWA and IBEW in 2003. The unions agreed that those hired after 2003 could be subject to layoff. Because of this, workers with up to six years of service in the company have lost their jobs. The unions have also allowed Verizon to hire workers on a temporary and short-term basis.

Using this clause, Verizon has adopted a policy in which they will hire employees to saturate an area with fiber optic so as to provide high speed Internet and video only to lay them off after the few years it takes for the work to be completed.

Management technicians and supervisors not covered by any union have been laid off without any regard to seniority, regardless of when they were hired. Thousands of employees with 20 or even 30 years of service were forced out. Verizon made no provisions to transfer these workers into other departments or areas of the company that are growing. Instead, they were given a 28-day period in which to try and find another job within the company. Once this time period ended, they were discharged with no recall possible.

Management employees received two weeks of pay for each year they worked, capped at 35 weeks pay, while vocational employees who are laid off received no severance pay at all. In addition, those laid off lose their health benefits after a small grace period.

Verizon is justifying the layoffs with claims that it is losing millions of landlines per year, and these workers are no longer needed. However, the company continues to expand its wireless service, with over 80 million customers—the largest in the country.

In the last few years, Verizon has spent tens of billions of dollars to build a fiber-optic network that can provide video and Internet, as well as phone service. Despite the resources used for the endeavor, Verizon is only targeting its high population service areas. In addition, Verizon's data services are growing as companies and customers order high-speed data circuits.

While Verizon continues to report profits at record levels, it is under a lot of pressure to cut costs. In addition to the deterioration of its landline business with the loss of customers, the company has not seen the growth that it was hoping for with its FiOS fiber-optic services. In addition it has begun to cut the prices of some of its wireless calling plans, indicating that the continuous growth in wireless may be coming to an end, and that Verizon might be entering into a price war with AT&T.

Verizon is seeking to end the era of universal phone service. In response to a request from the Federal Communications Commission, Verizon has filed proposals that would remove regulations that require Verizon to provide landline service to all those within its area of coverage. This would allow them to refuse landline service to people living in remote areas.

For those workers who live in the states that Verizon will sell to Frontier, they will have their wages, benefits and jobs eventually cut. The very sinister truth is that Verizon owns a controlling share of Frontier. In essence, it is selling part of itself to itself, for the sole purpose of slashing the workforce.

While thousands of workers are losing their jobs, Verizon CEO Ivan Seidenberg and other chief executives continue to receive multimillion-dollar paychecks and millions more in bonuses. In 2008, Ivan Seidenberg received $20,333,127 in pay, bonuses and stock options. His pay alone is 500 times that of the average worker in the United States.