

SolarWorld gets tax breaks while dumping union workforce

The German-owned company will get nearly \$43 million in tax breaks and subsidies, while cutting family-wage union jobs in Vancouver and hiring lower-paid nonunion workers in Hillsboro

By **DON McINTOSH**
Associate Editor

Two dozen union workers were laid off last month from a SolarWorld silicon ingot factory in Vancouver, Washington. Next Friday, 27 more will be let go. But it wasn't recession or foreign competition that killed their jobs. Rather, SolarWorld is progressively downsizing its union workforce while aggressively ramping up employment at a new nonunion facil-

ity in Hillsboro, Oregon — for which the company is getting nearly \$43 million in tax breaks and other public subsidies.

German-headquartered SolarWorld, one of the world's largest solar energy companies, acquired the Vancouver plant and another in Camarillo, California, when it bought Royal Dutch Shell's solar division in 2006. The Vancouver workers had been represented by Machinists Local 1432

since the 1980s. SolarWorld promised there'd be no job cuts for a year.

Then in March 2007, SolarWorld bought a 480,000-square-foot silicon chip factory in Hillsboro from the Komatsu Group. SolarWorld paid \$40 million for a factory that had cost Komatsu \$472 million to build, and announced it would spend \$400 million to turn it into the largest solar wafer manufacturing facility in North America. The company employed mostly union building trades subcontractors on the changeover, and the Hillsboro plant opened on schedule in October 2008.

Would the company's own workers be union as well? When Machinists District Lodge 24 Business Representative Scott Lucy met with SolarWorld last summer to negotiate a new contract, he hoped the company would agree to remain neutral toward any future efforts by its new Hillsboro workers to unionize. SolarWorld rejected that proposal.

It also demanded concessions, including elimination of the severance benefits that workers would get if laid off. Members voted Nov. 2, 2008, to authorize a strike, for the first time ever. But at length they agreed to a cut in severance pay — from three weeks pay for every year of service to one week.

On Jan. 27, SolarWorld announced 52 permanent workers and 11 temps in Vancouver would be laid off in March and April 2009. A skeleton crew of about eight would remain to recycle scrap silicon.

Workers were told they could apply for jobs at the Hillsboro site — 32 miles away. But those would be non-union, at-will jobs, with lower pay and

benefits and none of the union job protections; work shifts would rotate every other week between 12-hour-long graveyard and 12-hour-long day shifts; and if they took jobs in Hillsboro, they would lose their severance pay. Only a half-dozen accepted jobs at the new plant, Lucy said.

SolarWorld spokesperson Anne Schneider wouldn't tell the Labor Press what Hillsboro production workers are paid, other than to say it's "competitive." But Vancouver workers say they were told to expect \$11 to \$13 an hour. That compares to \$12.24 to \$26.27 an hour under the union contract, depending on skill and experience. Most of the Vancouver workers made between \$14 to \$19 an hour.

If \$11 to \$13 an hour is the norm at SolarWorld Hillsboro, that wouldn't meet the conditions of its enterprise zone tax break.

Under a state program, companies locating in designated "enterprise zones" pay no property taxes for up to five years on new equipment they install. For SolarWorld, that's an estimated tax savings totaling about \$11.5 million. The State of Oregon asks almost nothing in return for that, but local governments can put extra conditions on zones in their jurisdictions, and Hillsboro requires that at least 75 percent of the jobs pay at least double the Oregon minimum wage, which is currently \$8.40.

However, in satisfying that requirement, the company can count managers, and can choose not to count temps. The temp agency Kelly Services has been recruiting workers for SolarWorld since at least last summer — and even set up a branch office at the plant. Schneider wouldn't say how many temps the company is employing. SolarWorld has to submit wage data to get the tax break, but the information won't be available to the public, Hillsboro city officials said.

Are these the much-talked-about "green jobs of the future" that politicians at every level are eager to attach themselves to?

Oregon Gov. Ted Kulongoski was there with a prepared statement when SolarWorld opened in Hillsboro: "Oregon must remain aggressive in developing economic opportunities in

industries that will create high-wage jobs and be in high demand for the long-term — industries like renewable energy," he said.

Kulongoski also directed the Strategic Reserve Fund to make a \$1 million grant to train SolarWorld employees.

All four solar manufacturers that set up shop in Oregon since 2007 are in enterprise zones, but the break on property tax is the least of it. Oregon has massively increased tax subsidies and other supports for renewable energy in the last two years. In 2007, the Legislature approved a 50 percent income tax credit for renewable energy investments of up to \$20 million. Because Department of Energy practice allows a 10 percent "cost overrun," in practice that meant wind farms, solar arrays and solar manufacturers get up to \$11 million tax reduction per proj-

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Unemployment rate skyrockets in Oregon

Oregon lost 14,000 more jobs in March, pushing its unemployment rate to 12.1 percent — one of the highest rates in the country.

More than 256,400 Oregonians were out of work last month, compared to 115,629 a year earlier.

The unemployment rate does not include workers who have used up all of their unemployment insurance benefits, or those who have found part-time jobs.

"(The) numbers tell us that we have entered uncharted territory — that this recession is not comparable to the recessions before that we remember or read about in history books," said Gov. Ted Kulongoski.

The trade, transportation and utilities sector was down by 3,600 jobs last month; manufacturing lost 2,100 jobs; and jobs related to the wholesale trade dropped by 800 jobs.



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