

## Estimated Impact of Proposed T-Mobile/Sprint Merger on Michigan Workers

Prepared by Communications Workers of America (CWA), October 2018

**CWA projects that the proposed T-Mobile/Sprint merger could result in the loss of 1,372 retail jobs in Michigan.**<sup>1</sup> Nationally, CWA projects that the proposed T-Mobile/Sprint merger could result in the loss of more than 30,000 jobs - 25,500 from the elimination of overlapping retail stores and 4,500 from the elimination of headquarters administrative functions.<sup>2</sup>

The table below lists U.S. Census-defined urban areas in Michigan and bordering states that could be most impacted by the closure of T-Mobile, Sprint, MetroPCS and Boost Mobile stores. For urban areas that span across more than one state, the figures only represent the share of the urban area's stores and jobs located in Michigan.

U.S. Census-defined urban area	Number of existing stores in Michigan <sup>3</sup>	Projected store closures in Michigan	Projected retail jobs lost (net) in Michigan
Detroit, MI	541	160	-673
Grand Rapids, MI	90	49	-196
Flint, MI	58	24	-92
Lansing, MI	38	13	-54
Saginaw, MI	22	13	-46
Kalamazoo, MI	22	8	-30
Muskegon, MI	17	7	-30
South Lyon-Howell, MI	11	3	-18
Ann Arbor, MI	24	4	-17
Holland, MI	7	2	-14
South Bend, IN-MI	2	1	-3
Other cities in the state	141	42	-199
<b>TOTAL FOR THE STATE</b>	<b>973</b>	<b>327</b>	<b>-1,372</b>

### Methodology

#### *Estimating store closures following the proposed transaction*

CWA developed a model to predict how the merger of T-Mobile, Sprint, and their prepaid brands MetroPCS and Boost Mobile into a single postpaid brand and a single prepaid brand will impact the merged company's retail footprint. CWA's model uses a regression analysis based on the relationship between population in Census-defined urban areas and the existing number of T-Mobile and MetroPCS stores in those urban areas. The model uses T-Mobile and MetroPCS' store counts because all indications suggest that the merged company will follow T-Mobile's retail growth strategy.<sup>4</sup>

Of the 1,170 U.S. Census-defined urban areas where the companies operate at least one store, 92 span across more than one state. When calculating state-based store closures and job loss figures, CWA assumed that the number of store closures and job losses would be proportional to the current share of the companies' postpaid and prepaid stores located in each state.

For a full description of the methodology employed by CWA to project store closures, see Appendix D in *Comments of Communications Workers of America* to the Federal Communications Commission.

### *Estimating job losses following the proposed transaction*

We estimate that T-Mobile and Sprint corporate stores and authorized dealers employ an average of eight workers per store<sup>5</sup> and MetroPCS and Boost Mobile locations employ an average of three workers per store.<sup>6</sup>

To estimate the number of job losses from projected store closures, we first multiplied the number of projected store closures by the average number of workers employed at those stores to calculate a gross decrease in retail jobs. We then adjusted these estimates by adding one and a half employees on average to the remaining postpaid retail stores to account for increased customer volumes following the merger.

For a full description of the methodology employed by CWA to project job losses, see Appendix D in *Comments of Communications Workers of America* to the Federal Communications Commission.

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### **Sources**

1. CWA analysis of retail job losses from the proposed T-Mobile/Sprint merger. CWA's job loss projection for Michigan does not account for jobs from new stores in markets not already served by T-Mobile or Sprint. T-Mobile has previously indicated that the company will open 600 new rural stores after the transaction. CWA estimates that these stores will generate approximately 2,760 jobs. At this time, the company has not made comments on how it will distribute its new stores. See Appendix D in *Comments of Communications Workers of America In the Matter of Applications of T-Mobile USA, Inc., and Sprint Corporation for Consent to Transfer Control of the Licenses and Authorizations*. August 27, 2018. [https://cwa-union.org/sites/default/files/cwa\\_t-mobile-sprint\\_comments\\_8-27-2018.pdf](https://cwa-union.org/sites/default/files/cwa_t-mobile-sprint_comments_8-27-2018.pdf)
2. CWA analysis of retail job losses from the proposed T-Mobile/Sprint merger. See *Comments of Communications Workers of America In the Matter of Applications of T-Mobile USA, Inc., and Sprint Corporation for Consent to Transfer Control of the Licenses and Authorizations*. August 27, 2018. [https://cwa-union.org/sites/default/files/cwa\\_t-mobile-sprint\\_comments\\_8-27-2018.pdf](https://cwa-union.org/sites/default/files/cwa_t-mobile-sprint_comments_8-27-2018.pdf)
3. CWA analysis of store location data collected from the T-Mobile, Sprint, MetroPCS, and Boost Mobile websites in April and May 2018.

4. The T-Mobile and urban area population regression has an R-squared of 0.98. The MetroPCS and urban area population regression has an R-squared of 0.92. See Appendix D in *Comments of Communications Workers of America In the Matter of Applications of T-Mobile USA, Inc., and Sprint Corporation for Consent to Transfer Control of the Licenses and Authorizations*. August 27, 2018. [https://cwa-union.org/sites/default/files/cwa\\_t-mobile-sprint\\_comments\\_8-27-2018.pdf](https://cwa-union.org/sites/default/files/cwa_t-mobile-sprint_comments_8-27-2018.pdf)

5. Based on assumptions by New Street Research, *Sprint/T-Mobile Redux: Refreshing Synergies and Scenarios*. April 15, 2018.

6. T-Mobile and Sprint average from New Street Research *Sprint/T-Mobile Redux: Refreshing Synergies and Scenarios*. April 15, 2018. MetroPCS and Boost Mobile average is CWA estimate from press coverage on store openings such as: <https://patch.com/florida/newportrichey/talk-time-store-opens-new-tampa-bay-location>  
[https://www.mlive.com/business/west-michigan/index.ssf/2012/07/boost\\_mobile\\_to\\_open\\_location.html](https://www.mlive.com/business/west-michigan/index.ssf/2012/07/boost_mobile_to_open_location.html)