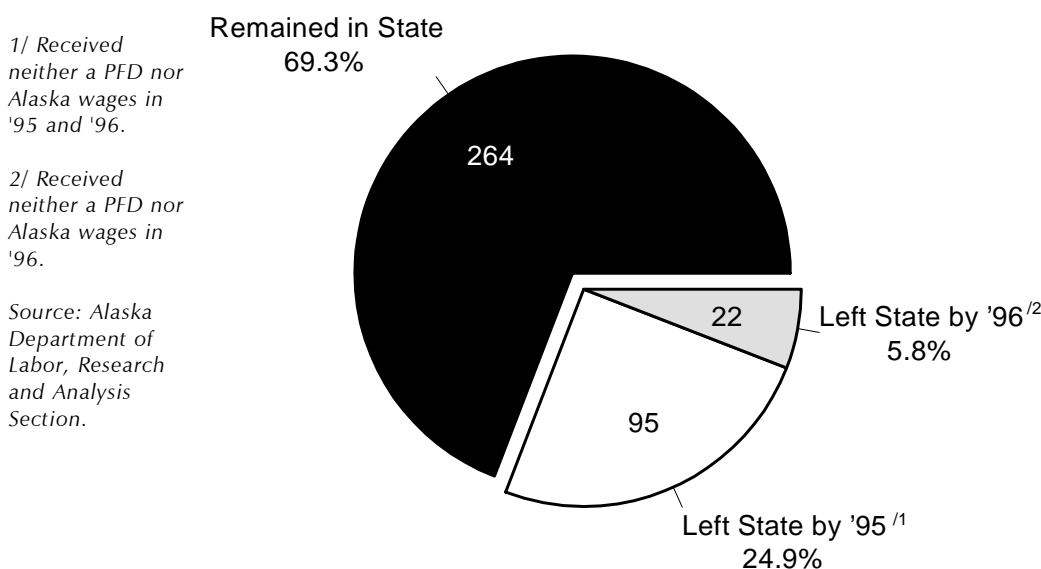


Case Study of a Layoff—Work Life After Sitka's Pulp Mill Closure

by Kristen Tromble

Figure • 1

Over 2/3 of 381 Laid-off Workers Remained in Alaska



At the end of September 1993, Alaska Pulp Corporation (APC) closed its pulp mill in Sitka. According to wage records, in its last quarter of operation, the company employed 381 workers in Sitka. This article explores the post-layoff work experience of these employees.

(See Sidebar, 'Study Methodology,' page 12.)

Most workers stayed in Alaska

Anecdotal information at the time of layoff indicated that many of the workers were not long-time Sitka or Alaska residents, so it was somewhat surprising to find that most of them remained in Alaska. Three years after the layoff, over two-thirds of the workers still lived or worked in the state. (See Figure 1.) One hundred seventeen workers appeared to have left the state, as they received neither a Permanent Fund Dividend (PFD) nor wages from an Alaska employer in 1996.

Figure • 2

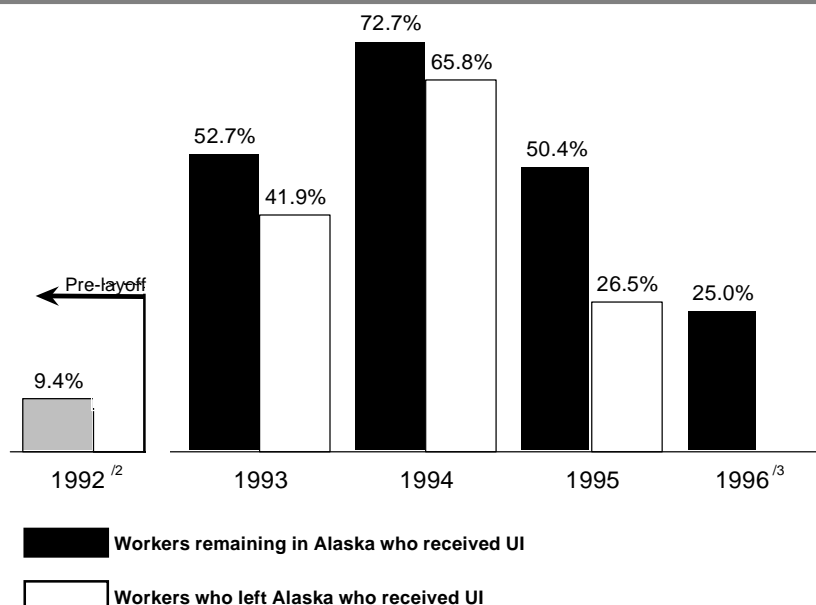
Workers^{1/} Staying in Alaska More Likely to Receive UI

1/ Study Group: All workers identified on APC payroll in 3rd Quarter, 1993.

2/ All workers in study group.

3/ Data not available for claims filed on out-of-state employment.

Source: Alaska Department of Labor, Research and Analysis Section.



UI assisted many

Unemployment insurance (UI) benefits helped workers through the transition from layoff to re-employment. Compared to the average UI claimant, workers laid off from APC's pulp mill received greater benefits over a longer period of time. The mill's higher than average wage and

large proportion of full-time year-round workers help explain the higher benefits.

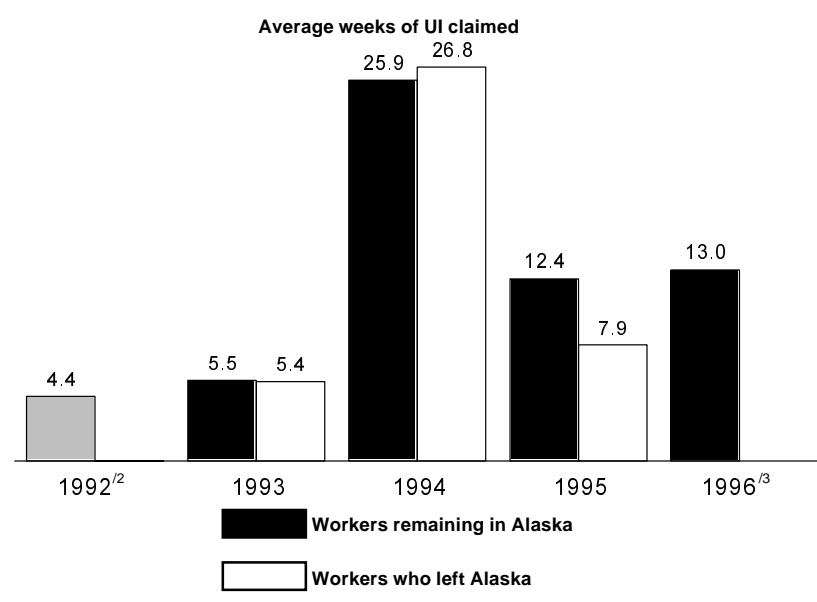
Workers who stayed in the state were more likely to receive unemployment insurance from Alaska's UI system. (See Figure 2.) However, in 1994, the first full year after layoff, those who stayed, on average, claimed fewer weeks and received lower benefits than those who left. (See Figures 3 and 4.)

One-quarter of the workers who stayed in Alaska received UI benefits in 1996, the first of several indications that for many of these workers finding long-term stable employment was a challenge. Since workers could have drawn benefits based on APC wages for, at most, two years after the layoff, benefits received in 1996 were almost certainly based on wages from post-layoff employment. Therefore, many of those who found jobs after the APC layoff soon faced unemployment again.

Stable employment hard to find

Workers who stayed in Alaska were more likely to find new jobs as time from the layoff increased. Employment, following Alaska's normal seasonal trend, tended to peak in the second and third calendar quarters and fall in the first and fourth. But three years after the layoff, almost one-third did not have wage and salary employment. (See Figure 5.) However, these workers were not necessarily considered unemployed. Staff at Sitka's Em-

Claims Remained Above Pre-layoff Level¹



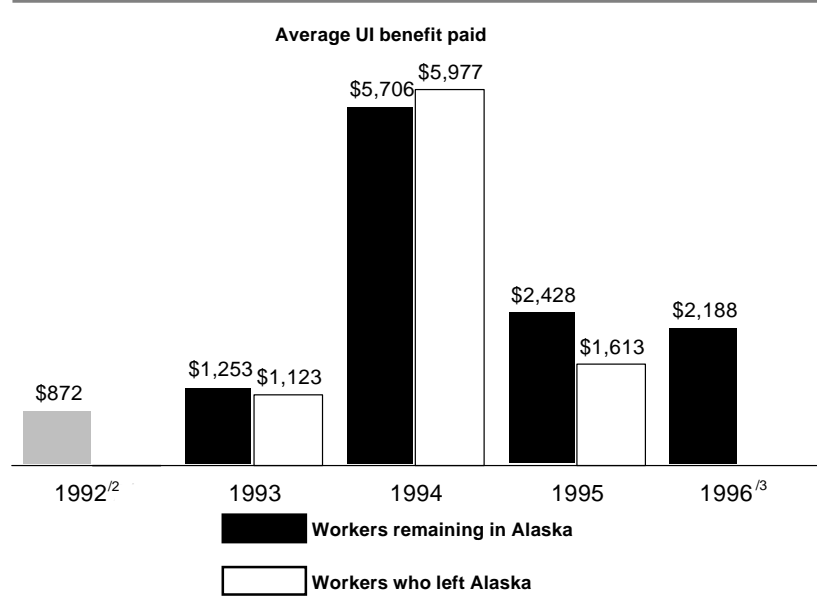
1/ Study Group: All workers identified on APC payroll in 3rd Quarter, 1993.

2/ All workers in study group.

3/ Data not available for claims filed on out-of-state employment.

Source: Alaska Department of Labor, Research and Analysis Section.

UI Payments Were Above Pre-layoff Level¹



1/ Study Group: All workers identified on APC payroll in 3rd Quarter, 1993.

2/ All workers in study group.

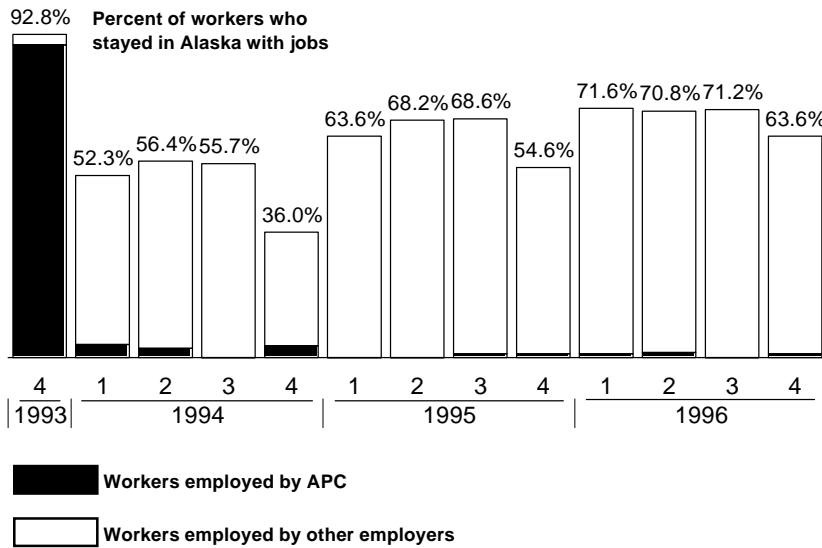
3/ Data not available for claims filed on out-of-state employment.

Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 5

Most Who Stayed Found New Jobs

Source: Alaska Department of Labor, Research and Analysis Section.



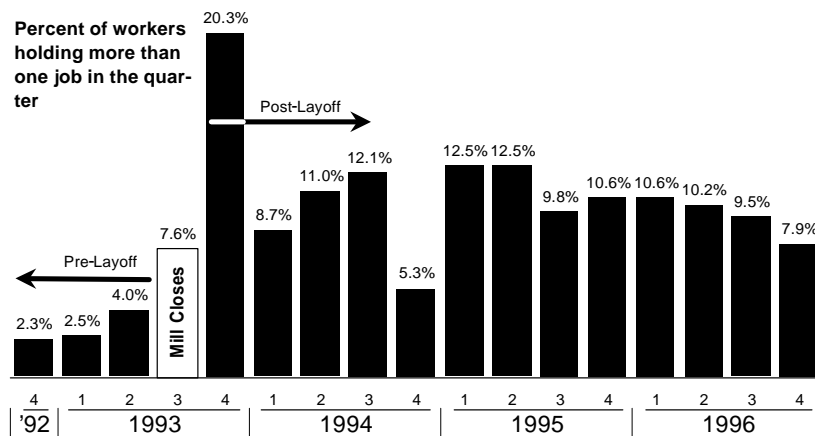
ployment Service office provided additional outcome data that are not reflected in the department's wage record analysis. Of the 267 workers for whom detailed data were available, staff reported that 30 entered school, 20 retired, and 17 became self employed.

Workers were more likely to hold multiple jobs after the layoff than before. (See Figure 6.) For this report, multiple job holders are defined as workers with more than one employer in a quarter. Jobs may have been held concurrently or serially. This finding may indicate workers took lower paying jobs and had to work more of them to boost wages or that, not finding full-time permanent employment, they worked more short-term temporary jobs.

Figure • 6

Multiple Job Holding Increased

Post-layoff includes only workers who stayed in Alaska. % base includes workers not employed. Post layoff employer count includes APC. Many workers still received wages from APC in the 4th quarter of 1993.



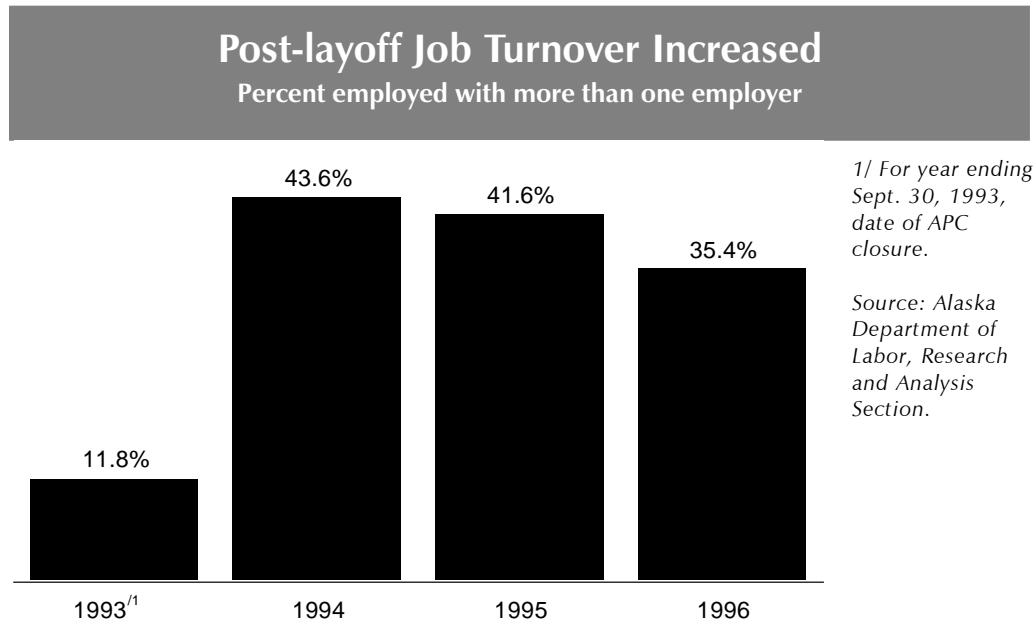
The amount of turnover also indicated that some workers had trouble finding stable employment. In the year preceding layoff, less than 12 percent of the group studied worked for more than one employer. This percentage increased dramatically after layoff. In 1994, over 43 percent of those working, including those who fit this report's criteria for multiple job holders, held jobs with more than one employer. This percentage fell over time, but in 1996 it still exceeded one-third. (See Figure 7.) Only one-third of those re-employed in Alaska worked for just one employer in the three years following layoff.

Analyzing data by demographic characteristics showed that

Source: Alaska Department of Labor, Research and Analysis

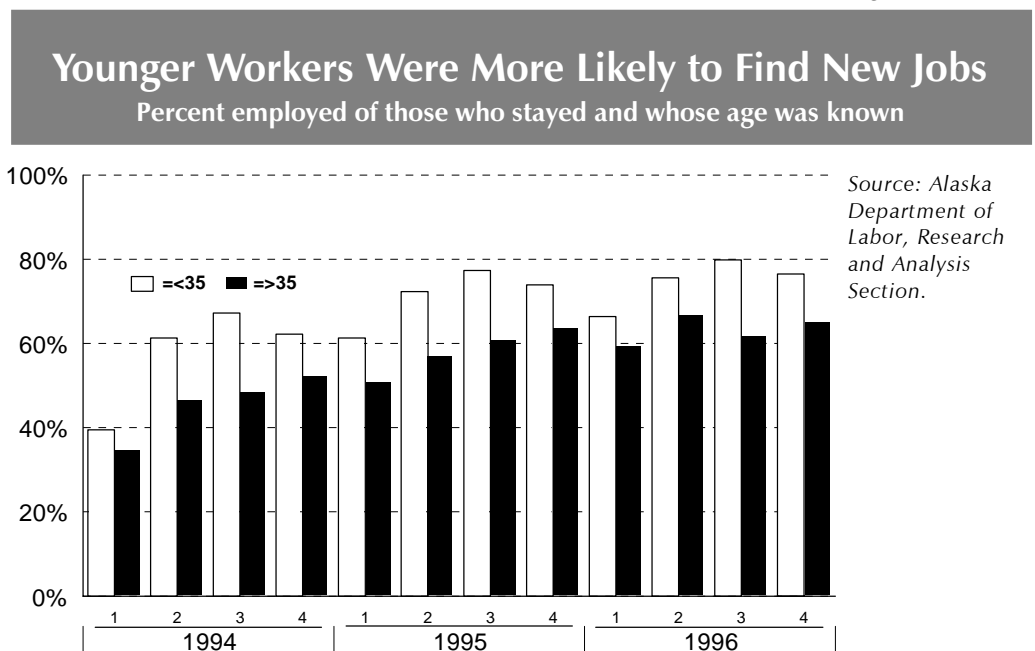
Figure • 7

younger workers were more likely to be re-employed than older workers in every post-layoff quarter. (See Figure 8.) Older workers may have been more likely to retire or become self employed. On average non-white workers were more likely to be re-employed than white workers. (See Figure 9.) This difference may partially be explained by the finding that white workers were more likely to leave Alaska than workers of other races. Over 30 percent of white workers left compared to about 17 percent of non-whites. Workers re-employed outside the state are not included in the re-employment percentages. Males were also somewhat more likely to be re-employed than females. (See Figure 10.)



Many workers who found new jobs stayed in the community. Slightly less than two-thirds of the workers employed in the first quarter of 1994 worked in Sitka. While the percentage working in Sitka varied over time, the percent working in the Southeast region held fairly steady at about 80 percent. (See Figure 11.)

Figure • 8



Earnings fall

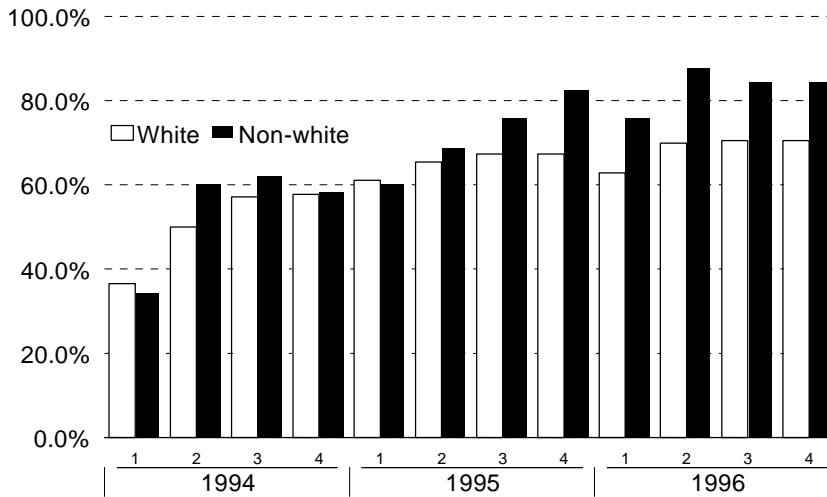
While workers may not have moved, they did face changes in their new jobs. One of the most striking was in pay. Average earnings declined significantly after layoff. (See Figure 12.) In 1994, workers earned, on average, only 52.9% of their earnings in the year prior to layoff. Though earnings rose over time, in 1996, they still lagged well behind, averag-

Figure • 9

Re-employment Varied By Race

Percent employed of those who stayed and whose race was known

Source: Alaska Department of Labor, Research and Analysis Section.



ing only 63.9% of their former wages.

Workers changed occupations and industry

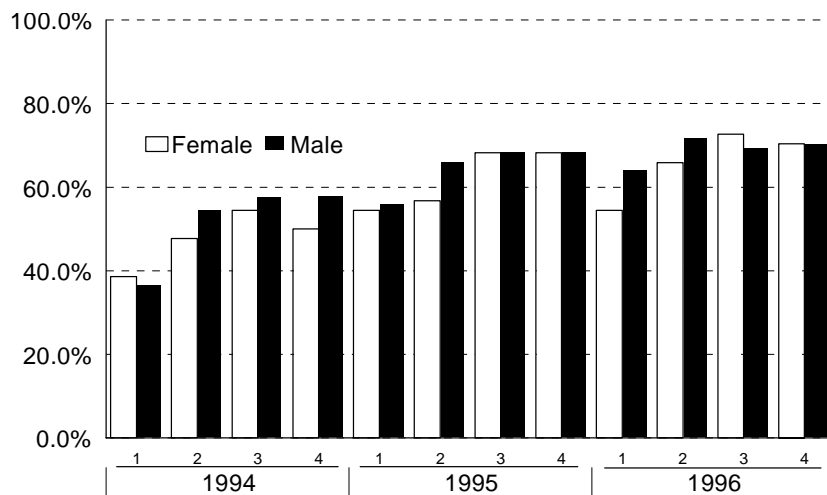
The decline in wages came as workers changed occupations and industries. Before layoff, two-thirds worked as mechanics or repairers or in production occupations. None were reported in sales or construction or extractive occupations. Only a small number worked in service occupations or as helpers or laborers. One year after layoff, only one-fifth of those re-employed held production jobs or worked as mechanics or repairers. Over one-third worked in service occupations or as helpers and laborers, the two largest post-layoff occupational groups. The post-layoff occupational mix did not change much over time. Three years after layoff, it remained remarkably similar. (See Figure 13.)

Figure • 10

Re-employment Varied Less By Gender

Percent employed of those who stayed and whose gender was known

Source: Alaska Department of Labor, Research and Analysis Section.



Workers were also unlikely to find new jobs in occupations related to their pre-layoff work or in occupations requiring greater skill, even as time from the layoff increased. In each of the three post-layoff years analyzed, less than one-third of re-employed workers held jobs in occupations related to their pre-layoff work. (See Figure 14.) About half worked in jobs that required less skill and under one-third held jobs requiring more skill. (See Figure 15.)

Most of the re-employed workers changed industries, not only

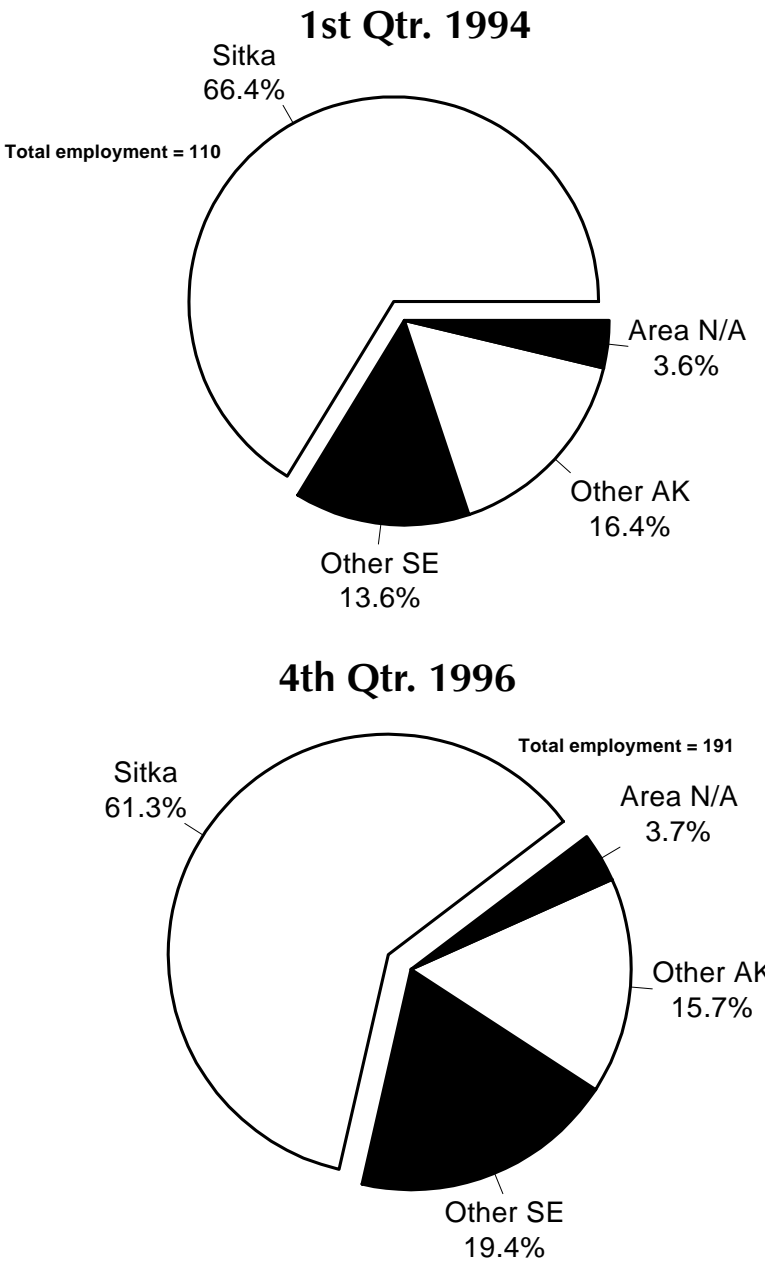
leaving timber but moving out of manufacturing altogether. In the third quarters of 1994 and 1995, only 9.3% worked in the timber industry. By the third quarter of 1996, this proportion had fallen to 6.2%. Only about one-fifth of re-employed workers remained in the manufacturing sector. Former pulp mill workers found jobs in several other industries. The services industry was the largest job provider, but no category predominated. Again, there was little shift in the industry mix over time. The largest changes were increases in public administration and mining. (See Figure 16.)

Summary

Alaska Pulp Corporation closed its Sitka pulp mill at the end of September 1993. The 381 workers employed at the mill in its last quarter of operation faced significant changes in their work lives. Three years after the closure, almost one-third of them had moved out of Alaska. Those who stayed faced career changes, higher turnover and lower wages. By many measures, increasing time from the layoff did not greatly improve the employment outlook.

Employment characteristics were remarkably stable throughout the three-year post-layoff period covered in this study. On average, somewhat less than two-thirds of those who stayed held wage or salary employment. Of those employed in Alaska, just under 66 percent worked in Sitka in the first quarter of 1994 and slightly over 61 percent worked in Sitka in the fourth

80 Percent of the Re-employed Worked in Southeast



Based on workers with jobs located in Alaska.

N/A = Not available.

Source: Alaska Department of Labor, Research and Analysis Section.

Study Methodology

Using wage records, Alaska Department of Labor analysts identified 381 workers employed at Alaska Pulp Corporation's (APC) pulp mill in Sitka during the third quarter of 1993, the mill's last quarter of operation. Electronic records of wages, occupations, unemployment insurance claims and Alaska Permanent Fund Dividend recipients were matched to obtain data on these employees through 1996.

Demographic data on age and gender were available for two-thirds (67.5%) of the workers. Of these, 53.7% were over age 35 and 82.9% were male. Race was identified for 77.4% of workers, of whom 76.3% were white.

Most of the workers received wages from APC in the fourth quarter of 1993. However, only 14 showed on APC's first quarter of 1994 payroll and none received APC wages in the third quarter of 1994. In some subsequent quarters, a few of the workers were again reported by APC.

Because most of the workers received wages from APC in fourth quarter 1993, most of the analysis begins with 1994. Different subsets of the employees were identified for analysis depending on the variable under consideration. Most graphs reflect workers who stayed in Alaska. In graphs based on a different subset of workers, the group used is identified.

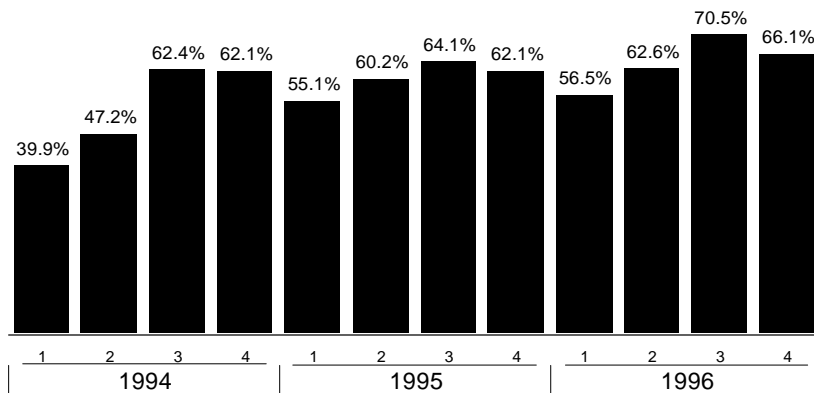
Figure • 12

Workers Earned Less After Layoff

Average earnings as percent of annual average pre-layoff earnings

Based on workers who stayed and had employment. Some post-layoff wages from APC excluded.

Source: Alaska Department of Labor, Research and Analysis Section.



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quarter of 1996. Less than one-third of workers found jobs in related occupations and about one-half worked in jobs with a lower skill after the layoff than before. While workers did recover some wages over time, average earnings fell by more than one-third.

Workers Moved Into New Occupations

Brief Comparison to Greens Creek Study

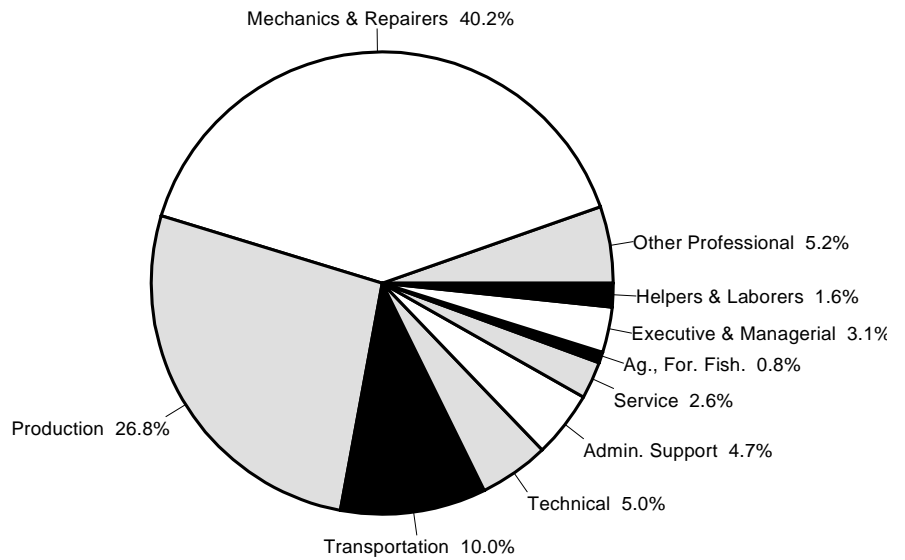
This analysis of Alaska Pulp Corporation's (APC) pulp mill workers is the Alaska Department of Labor's second study of a large-scale post-layoff experience. The first looked at the outcome for those laid off when Greens Creek mine near Juneau suspended production in April 1993. (See *Trends*, January 1996.)

The methodologies used in the two studies were similar but not identical. For instance, while the current study covers three years, for the Greens Creek study only 18 months of post-layoff data were available. The longer time frame introduced some variables that were not factors in the first study. One example is the identification of workers who left the state and later returned for at least one calendar quarter of employment. Despite the differences, some comparison of the outcomes of the two groups is reasonable; it shows that the post-layoff work history of APC and Greens Creek workers differed significantly.

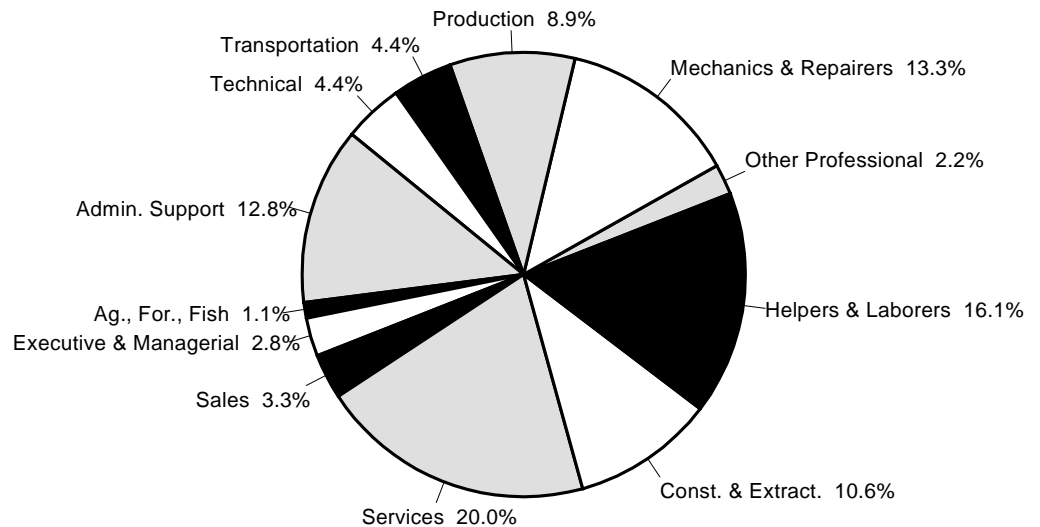
Greens Creek workers were more likely to move out of Alaska. (39.8% of Greens Creek workers left compared to 24.9% of APC workers who left the state by 1995.) However, despite the shorter time

continued on page 14

3rd Qtr. 1993 (pre-layoff) Employment



3rd Qtr. 1996 (post-layoff) Employment



Based on workers in Alaska for whom occupation was reported.

Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 14

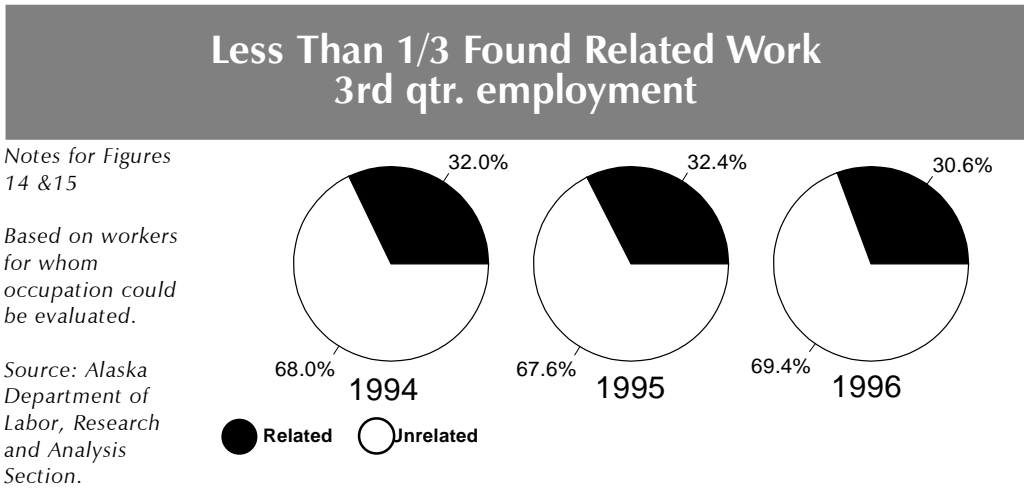


Figure • 15

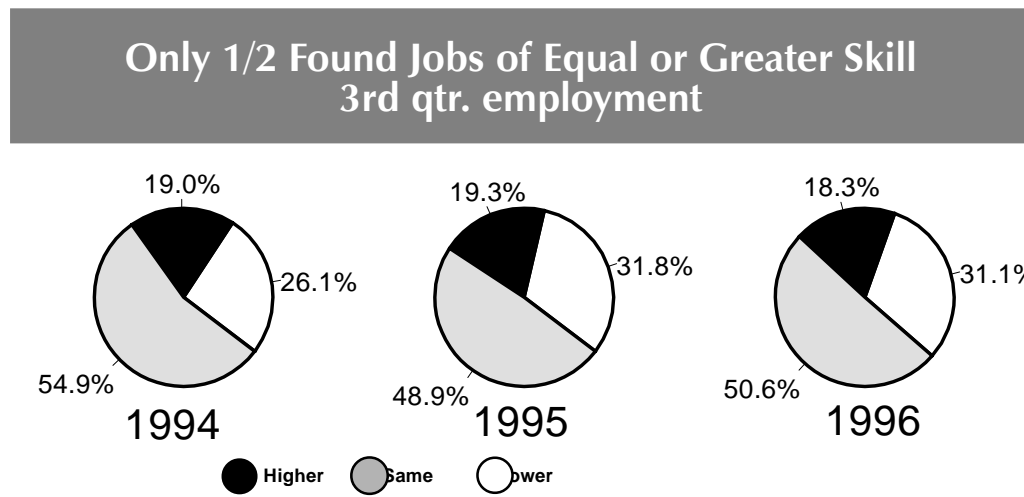


Figure • 16



continued from page 13

studied, the outcome for Greens Creek workers showed more change and more improvement overtime than that for APC workers. Greens Creek workers who stayed in Alaska appeared to fare better post-layoff in nearly all of the variables studied. Workers laid off from Greens Creek were more likely to be re-employed and found jobs faster. They were more likely to find new jobs in their community. The Greens Creek layoff was smaller and its community larger and perhaps more able to absorb the workers. In addition, in contrast to the APC workers' experience, most Greens Creek workers found jobs related to their pre-layoff occupation, over half were re-employed in jobs requiring equal or higher skills, and about half remained in the mining industry. Average earnings recovered to about 75 percent of pre-layoff earnings within two calendar quarters of the layoff. Greens Creek workers appeared to benefit from a generally bright outlook for the mining industry, while APC workers faced a job hunt during a timber industry decline.

These differences, reflecting, in part, differences in affected communities and industries, highlight the need for caution in relating these results to other layoff events.

Career Transition Center Provided Assistance

by Ted Burke

During the first two years following the Alaska Pulp Company (APC) layoffs, the Alaska Department of Labor (AKDOL) and Alaska Department of Community and Regional Affairs (DCRA) worked with local, state and federal agencies to operate a Career Transition Center in Sitka. The DCRA received a federal National Reserve Grant, and the U.S. Department of Labor certified the Alaska Pulp Company for Trade Adjustment Worker Assistance. Both of these federal grants allowed the center to offer services designed to help re-employ laid-off mill workers. The mill closure also impacted many other workers in Sitka. The local AKDOL Employment Service Office helped set up the center and continued to provide employment services for those who lost their jobs with other Sitka employers.

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Representatives from the Alaska Employment Service and DCRA Job Training Partnership Act (JTPA) staff worked together to run the Career Transition Center. Services offered included retraining, job search funding help, and financial relocation assistance for workers who found employment outside Sitka. The Center offered vocational counseling and workshops on resume writing, job search training, interviewing skills and related subjects. For those in training, the Trade Adjustment Assistance grant provided additional weekly benefits when Unemployment Insurance benefits were exhausted. The JTPA offered a "New Chance" career direction training program which included aptitude and ability assessment and personal career planning.

Over 100 workers laid off by APC used the federally funded retraining programs. Some graduates were able to find suitable employment in Sitka and others either left the area or accepted lower paying jobs. Approximately 35 workers found suitable employment outside of Sitka. These workers received financial relocation assistance. Not everyone took advantage of the services and benefits offered at the center. Some workers found employment, mostly in lower paying jobs, immediately following their layoff. Records show approximately 85 percent of the workers registered for the services offered in both programs, and approximately 56 percent of the workers used one or more of the benefits.