

## WORK FORCE TO LABOR FORCE

### IT'S IMPLICATIONS IN ESTIMATING UNEMPLOYMENT

The estimates of labor force, total employment, unemployment and unemployment rate, compiled by Alaska State Employment Security Division, which were previously based on the work force concept (count of jobs by place of work), are currently based on the labor force concept (count of employed and unemployed persons by place of residence) in accordance with Bureau of Labor Statistics directives.

The most noticeable changes in unemployment rate occasioned by the new method of computation will be in specific areas in the State rather than in the State as a whole. While the statewide unemployment rate will probably change only in the neighborhood of one percent, the rates for specific areas could be lowered by as much as five percent, or raised by more than six percent in extreme cases. The most noticeable lowering of unemployment figures would most likely occur in those areas which include communities in which considerable commuting from the so-called "bedroom" suburb takes place. The Matanuska-Susitna Census Division includes suburban communities in which numbers of workers employed in Anchorage have settled, and would be typical of an area in which a lower rate of unemployment would be revealed by a place of residence count of employed persons. The communities near Anchorage will show a considerable increase in population as the pipeline construction gets underway, and increasing numbers of people employed in Anchorage find housing in suburban areas within commuting distance of Anchorage. The same community patterns could conceivably develop in the Fairbanks area once pipeline and related construction begins in earnest.

In many parts of Alaska, commuting is not a daily movement, but is based on a two-week-on and one-week-off schedule, or some other such arrangement. Thus, the unemployment rate in a rural Alaskan community experiencing an influx of workers on some "commute" schedule during the construction season, might appear to decline if it were based on a count of jobs. The incidence of unemployment among permanent residents of such a community could indeed actually rise, even in the face of an increased work force in the area. Such

a rise will be more readily apparent when a labor force concept is used in estimating the unemployment rate. Several areas in Western Alaska, as well as some North Slope Borough communities are anticipating the upgrading of educational and transportation facilities, and may be expected to continue showing high unemployment rates under the labor force concept methodology currently being followed, unless extensive employment of rural Alaska Natives comes about.

The use of labor force concept should result in slightly lower estimates of the number of employed persons, since those holding more than one job, (nationally, some five percent of workers), will now presumably be counted only once; at their places of residence. Adjustments to eliminate, insofar as possible, double counting of employed workers improves the calibration of labor force estimates, a critical factor in comparisons of the severity of unemployment from place to place.

The revised unemployment rates could also have a considerable effect on federally-funded programs in the State. The Alaska State Employment Security Division provides the unemployment and labor force estimates which are needed for the allocation of funds to the State under Titles I through IV of the Comprehensive Employment and Training Act of 1973 (CETA), so the revised methods of estimating unemployment rates for the State could result in a more equitable distribution of funds in all instances.

The U. S. Department of Labor classifies as areas of substantial unemployment those which during the current calendar year have experienced a current and anticipated labor supply which has substantially exceeded labor requirements; and as areas of persistent unemployment those which have had an unemployment rate averaging six percent or more of the labor force and remaining between fifty and one-hundred percent of the national average over the previous one to four years. All areas in Alaska (based on Census Divisions), with the exception of Juneau and the Aleutian Islands fall into either of these two classifications, and, as such, are eligible for Federal

funds under the Public Works and Economic Development Act.

Similarly, under the terms of the Comprehensive Employment and Training Act of 1973, (CETA), the State of Alaska and qualifying local government units are eligible for allocation of funds under Titles I through IV of the Act to provide comprehensive manpower services, public service employment and various training opportunities. Provisions of the Act allow for the establishment of "prime sponsor jurisdictions". These prime sponsors must, among other qualifications, have had in April of 1970, a population of 100,000 for incorporated cities, and of 10,000 for counties (boroughs), and have experienced unemployment rates equal to or in excess of six and one-half percent for three consecutive months during the six-month period from June, 1973 through November 1973.

The Greater Anchorage Borough is the only local government unit in Alaska which qualifies as a prime sponsor. The State government qualifies, under the provisions of the Act, as a prime sponsor for all areas not covered by the Anchorage prime sponsor jurisdiction. Thus, the distribution of Federal funds for various manpower services is placed in the hands of local and State government officials who, in turn, develop and operate programs to increase the employability of residents. Both the distribution of funds and improved planning, required development of improved localized data...hence the adoption of the labor force concept in the computation of unemployment statistics. The initial apportionment of Fiscal Year 1974 CETA funds will commence next July, and quite obviously the revised method of computing unemployment rates could have considerable influence on CETA fund allocations.

The revised Bureau of Labor Statistics procedures are expected to bring Alaska state and local estimates of labor force, total employment, unemployment and unemployment rates into closer alignment with national figures, permitting more accurate assessment of State and local developments relative to national developments in these areas.

An additional advantage to computations based on the labor force concept is that they are expected to permit more accurate comparisons between Alaska and states of the lower forty-eight, and from state to state throughout the rest of the nation. These

comparisons are particularly vital when they involve unemployment rates, which are important in program planning activities and economic analyses.

## ALASKA'S ECONOMY IN FEBRUARY

**Total Employment – Unemployment:** Estimated total employment climbed upward by 1,400 from its seasonal January low. As compared to one year ago, February employment estimates showed an increase of some 4,500 persons employed. Although an increase in the construction sector did occur, overall unemployment figures were up some 2,400 from those of one year ago. The usual lull in activity preceding spring could account, at least in part, for the increase in unemployment.

INDUSTRY				Changes From:	
	2-74	1-74	2-73	1-74	2-73
CIVILIAN LABORFORCE.....	126,500	122,700	118,300	3,800	8,200
INVOLVED IN WORK STOPPAGES.....	0	0	0	0	0
TOTAL UNEMPLOYMENT.....	18,600	16,000	14,700	2,400	3,700
Percent of LABORFORCE.....	14.5	13.0	12.4	-	-
TOTAL EMPLOYMENT <sup>2/</sup> .....	108,100	106,700	103,600	1,400	4,500
Nonagricultural Wage & Salary <sup>3/</sup> .....	103,300	102,200	98,800	1,100	4,500
Mining.....	1,900	1,800	1,700	100	200
Construction.....	5,900	5,600	5,000	300	900
Manufacturing.....	7,200	7,200	6,800	0	400
Durable Goods.....	2,400	2,200	1,700	200	700
Lumber, Wood Products.....	1,900	1,700	1,300	200	600
Other Durable Goods.....	500	500	400	0	100
Non Durable Goods.....	4,800	5,000	5,100	- 200	- 300
Food Processing.....	2,700	2,900	3,100	- 200	- 400
Other Non Durable Goods.....	2,100	2,100	2,000	0	100
Transp.-Comm. & Utilities.....	10,200	10,000	9,100	200	1,100
Trucking & Warehousing.....	1,600	1,500	1,200	100	400
Water Transportation.....	700	700	500	0	200
Air Transportation.....	3,100	3,000	2,900	100	200
Other Transp.-Comm. & Utilities..	4,800	4,800	4,500	0	300
Trade.....	18,100	18,000	16,600	100	1,500
Wholesale Trade.....	3,500	3,400	3,100	100	400
Retail Trade.....	14,600	14,600	13,500	0	1,100
General Merchandise & Appar....	3,800	3,800	3,500	0	300
Food Stores.....	2,000	2,000	1,700	0	300
Eating & Drinking Places.....	3,500	3,500	3,200	0	300
Other Retail Trade.....	5,300	5,300	5,100	0	200
Finance-Insurance & Real Estate...	4,300	4,300	4,000	0	300
Service & Miscellaneous.....	15,100	15,000	14,700	100	400
Government <sup>4/</sup> .....	40,600	40,300	40,900	300	- 300
Federal.....	16,900	16,900	16,800	0	100
State.....	12,900	12,700	13,600	200	- 700
Local.....	10,800	10,700	10,500	100	300

<sup>1/</sup> Estimated in accordance with techniques recommended by U. S. Bureau of Labor Statistics.

<sup>2/</sup> Includes domestics, nonagricultural self employed and unpaid family workers, and agricultural workers.

<sup>3/</sup> Prepared in cooperation with the U. S. Bureau of Labor Statistics.

<sup>4/</sup> Includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.