

# Mass Layoffs in Alaska

by Judy Hallanger

America has become increasingly concerned with the dislocated or displaced worker. Surveys conducted by the U.S. Department of Labor, Bureau of Labor Statistics (BLS) indicated that 4.7 million workers were displaced during the five year period ending January 1988. In Alaska, more than 12,000 workers were displaced during the same time. The influx of new technology, the shift from manufacturing to service jobs, the impacts of recent recessions, and growing foreign competition have all contributed to the concern about dislocated workers.

The terms "dislocated" and "displaced" are used interchangeably; they refer to a person who has substantial experience in a certain job but has lost their job because of a plant closing, slack work, or abolishment of their position or shift. Telephone operators, construction crews, and oil field workers provide examples of Alaskan workers who have been displaced at one time or another during the 1980s.

## MLS Program Created to Track Layoffs

In response to the concern over dislocated workers, several federal programs were created. In 1982, the Job Training Partnership Act (JTPA) established training and employment programs targeted for specific groups, one of which (Title III) was dislocated workers. Another section of the JTPA legislation authorized the Bureau of Labor Statistics to collect statistics relating to permanent layoffs and plant closings. These statistics would fill an information void and enable more intelligent decision-making about future laws aimed at helping the displaced worker.

In 1984 BLS developed a model for what is now known as the Mass Layoff Statistics (MLS) program. Originally tested in eight states, MLS is now operational in most states and will soon be a nationwide program. The MLS program obtains and compiles information about all kinds of layoffs, including those which produce dislocated workers, and stores them in a comprehensive database to allow for further analysis as the need arises.

## Alaska's MLS Program Began in late 1987

The Mass Layoff Statistics program began data collection in Alaska during the last quarter of 1987. This article presents a snapshot of Alaska's MLS program, focusing on the first full year of data available- 1988. Although not strictly limited to dislocated workers, these data remain the only statistical information currently available about layoffs in Alaska.

## Declining Number of Layoffs Tracks Recovering Economy

Since late 1987, both the number of firms contacted about potential layoffs and the number reporting layoffs have declined steadily (see Figure 1 and inset on how MLS data are gathered & used). This trend corresponds with Alaska's general economic recovery and a gradual decrease in the unemployment rate seen in Alaska over the same period.

## How MLS Data are Gathered and Used

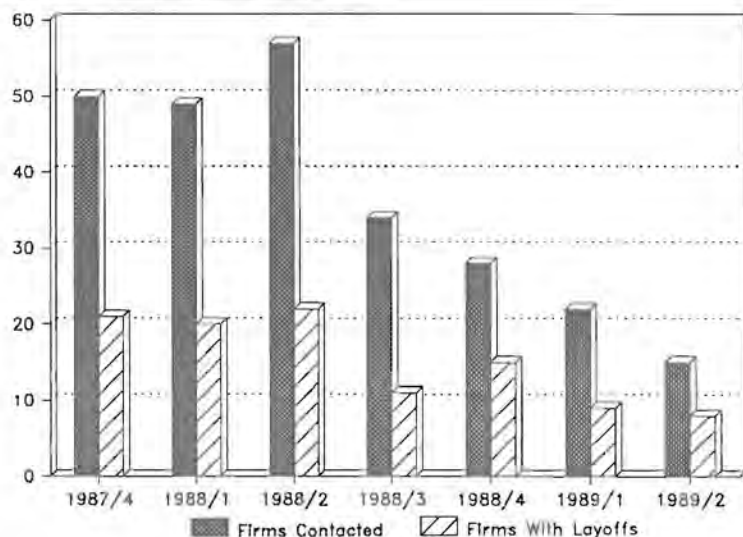
In brief, the MLS program works this way: employers with 20 or more unemployment insurance (UI) claims filed against them in any continuous three week period are marked for telephone contact. If the employer says that 20 or more people were laid off for 30 or more days then a **layoff event** has occurred. In addition, employers are asked to provide information about the layoff event, including how many people were affected, the layoff location and date, and the reason for the layoff.

The information obtained from employer contacts is then linked to UI claims data, and worker profiles are developed by incorporating claimant characteristics. The data are sent to the Bureau of Labor Statistics for inclusion into the national statistics.

Currently, MLS data are used as an allocator for certain Job Training Partnership Act (JTPA) funds. In the future, more programs may depend on MLS for federal fund allocation as well as for indications of change in the layoff situation both at the state level and nationwide.

Figure 1

### MLS Layoffs are Declining



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

During 1988, almost 7,000 people were separated from their employment as part of a MLS layoff. Of these, about 5,000 filed an initial claim for unemployment insurance (UI) after the layoff. Why didn't almost 2,000 people file a UI claim? There are many reasons, including finding another job right away, returning to school after a summer job, or being ineligible for UI benefits.

### Half of MLS Layoffs in Manufacturing and Mining

All of the major industries were impacted by MLS layoffs in 1988 (see Table 1). Perhaps hardest hit was manufacturing, with 20 seafood processing layoff events and six layoff events in the timber category. However, most of these layoffs were attributed to seasonal reasons, and are considered a normal part of the manufacturing business in Alaska.

Mining also showed a large number of MLS layoffs in 1988. These were almost entirely confined to the oil and gas field services sector. Contract completion, contract cancellation, and periods of slack work caused the majority of the 13 mining layoff events.

Construction and transportation tied for the number three spot in the MLS industry breakdown, having 10 layoff events each. Construction layoffs were split evenly between "seasonal" and "contract completed" cited as their cause. Layoffs in the transportation industry represented a diverse group of employers, including air and water transportation firms, school bus drivers, and an electric utility company. The most common reason given for the transportation layoffs was slack work, followed by seasonal reasons and vacation period.

The remaining four industries (trade, finance, services, and government) did not show as much MLS activity. This is to be expected since they are either composed of mainly small firms (trade, services) or traditionally offer more stable employment (finance, government) than the industries previously discussed. As a group these four industries accounted for 20 layoff events in Alaska in 1988.

Table 1

### MLS Layoffs by Industry, 1988

Industry	Number of Layoff Events	Percent of Total
Manufacturing	26	32.9%
Mining	13	16.5
Construction	10	12.7
Transportation	10	12.7
Government	8	10.1
Services	6	7.6
Trade	3	3.8
Finance	3	3.8
Total	79	100.0

Source: Alaska Department of Labor, Research & Analysis

#### About the Author:

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## Alaska's Seasonal Economy Leads List of Reasons for Layoffs

The dominant reason for MLS layoffs in Alaska in 1988 was seasonal factors. This was cited almost twice as often as any other reason (see Table 2).

The next most cited reason for layoffs was slack work, defined as an unexpected, nonseasonal lack of demand for an employer's product or services. Less frequent reasons given by MLS employers were vacation period, contract completed or cancelled, and ownership change. There are many other potential causes for mass layoffs or business closings: labor dispute, bankruptcy, import competition, material shortage, natural disaster, and automation, to name a few. Some of these may affect Alaska in the future as our economy diversifies and matures.

### Slack Work, Contract Completion Two Reasons for Layoffs Throughout Year

Although seasonal reasons dominated the overall 1988 picture, each quarter showed a different pattern (see Figure 2). Seasonal layoffs were especially important during the third quarter, when many seafood processors traditionally begin their layoffs. During the first and fourth quarters, construction, logging and sawmills experienced seasonal shutdowns. In the second quarter of the year, it was the "end of the season" for a few firms, including ski lodges and school bus drivers.

In contrast to seasonal layoffs, slack work showed up as a reason for layoffs in every quarter except the third. Slack work was responsible for layoffs in almost every industry in Alaska. Contract completion caused MLS layoffs in every quarter, particularly among construction firms. The actual number of layoff events remained fairly constant over the quarters, but dipped to a low in the third quarter, a busy time for most Alaskan employers.

Table 2

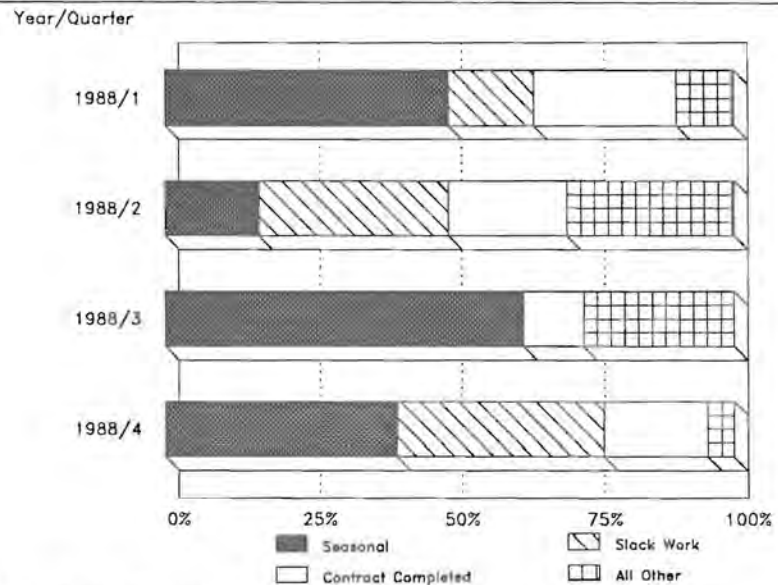
## Reasons for MLS Layoffs, 1988

Industry	Number of Layoff Events	Percent of Total
Seasonal	34	43.0
Slack Work	19	24.1
Contract Completed	14	17.7
Contract Cancelled	3	3.8
Vacation Period	3	3.8
Ownership Change	1	1.3
Other	5	6.3
Total	79	100.0

Source: Alaska Department of Labor, Research & Analysis

Figure 2

## Reasons for Layoffs Change with the Seasons



Source: Alaska Department of Labor, Research & Analysis

Table 3

### Location of MLS Initial Claimants Compared to All UI Claimants in 1988

	MLS Initial Claimants	Percent of Total	All UI Claimants	Percent of Total
Aleutian Islands Census Area	2	0.0%	153	0.3%
Anchorage Borough	1,101	23.2	13,429	26.3
Bethel Census Area	25	0.5	614	1.2
Bristol Bay Borough	5	0.1	70	0.1
Dillingham Census Area	3	0.1	243	0.5
Fairbanks North Star Borough	525	11.1	5,995	11.8
Haines Borough	24	0.5	179	0.4
Juneau Borough	89	1.9	1,652	3.2
Kenai Peninsula Borough	646	13.6	4,188	8.2
Ketchikan Gateway Borough	196	4.1	1,193	2.3
Kodiak Island Borough	295	6.2	843	1.7
Matanuska-Susitna Borough	333	7.0	3,741	7.3
Nome Census Area	47	1.0	613	1.2
North Slope Borough	71	1.5	231	0.5
Northwest Arctic Borough	33	0.7	464	0.9
Prince of Wales-Outer Ketchikan C.A.	191	4.0	740	1.5
Sitka Borough	102	2.1	579	1.1
Skagway-Yakutat-Angoon Census Area	111	2.3	563	1.1
Southeast Fairbanks Census Area	20	0.4	506	1.0
Valdez-Cordova Census Area	40	0.8	772	1.5
Wade Hampton Census Area	30	0.6	321	0.6
Wrangell-Petersburg Census Area	218	4.6	704	1.4
Yukon-Koyukuk Census Area	20	0.4	845	1.7
Alaska--Unknown Census Area	22	0.5	0	0.0
Alaska Total	4,149	87.4	38,638	75.8
Out of State	600	12.6	12,364	24.2
Total	4,749	100.0	51,002	100.0

Source: Alaska Department of Labor, Research & Analysis

### MLS Claimants Closely Resemble Other UI Claimants

When compared, initial claimants for UI from MLS layoffs are very similar to UI claimants as a whole. First of all, they seem to live in the same places (see Table 3). However, some fishing and logging areas, such as the Kenai Peninsula, Kodiak, Prince of Wales-Outer Ketchikan, and Wrangell-Petersburg have a disproportionate share of MLS claims. This reflects the high number of seafood processing, logging and mill layoffs in those areas.

A greater percentage of Alaska Natives were MLS initial claimants than in the general UI claimant population. There were also fewer female and over age 55 MLS claimants. But in general, there do not seem to be significant differences between the two groups in 1988 (see Table 4).

### Summary

During the last decade, there has been growing concern over dislocated workers. Several federal programs were established to help these workers and to gather statistics about the problem. In Alaska, the MLS program began in late 1987 to record information about layoffs and the people they affect. Since the program started, the number of layoffs has been on the decline.

During 1988, the 79 MLS layoffs were dominated by seasonal layoffs in the manufacturing sector. About 70% of the people who were laid off filed for unemployment insurance. They shared many characteristics of other UI claimants.

Even with improvements in Alaska's economy, 40 to 50 layoff events are expected in 1989 based on preliminary data. Most of these layoffs are seasonal in nature and would probably occur each year regardless of fluctuations in the economy.

Table 4

### Selected Characteristics of MLS and All UI Claimants, 1988

	MLS Initial Claimants	Percent of MLS Total	All UI Claimants	Percent of Total
Alaska Native	695	14.6%	7,037	13.8%
Female	1,375	29.0	18,724	36.7
Over 55	208	4.4	3,244	6.3

Source: Alaska Department of Labor, Research & Analysis

## The Latest Dislocated Worker Legislation: WARN and EDWAA

After much debate, two new laws relating to dislocated workers were passed by Congress in 1988. The first, called the Worker Adjustment and Retraining Notification Act (WARN), requires employers of 100 or more workers to give 60 days notice in advance of a layoff or closing expected to last 6 months or longer involving 50 or more permanent, full-time workers.

The second piece of legislation, the Economic Dislocation and Worker Adjustment Assistance Act (EDWAA), essentially replaces the JTPA Title III program. It is designed to provide retraining and other assistance for dislocated workers. To reach this goal, each state will also establish a Dislocated Worker Unit (DWU) to coordinate services and develop plans for a rapid response team.

In Alaska, implementation of WARN began in February 1989. As of October 1989 there has been only one WARN layoff involving 170 workers. The EDWAA program began in July of 1989 and currently has 200 people enrolled (some of these are carryovers from the Title III program). There have been 45 positive completions from the program so far, and the average wage at placement was \$12.06 an hour. During the program year 1988 (July 1988-June 1989), the JTPA Title III program had 410 participants. The average wage at placement was \$9.86 an hour.

For more information on Alaska's WARN and EDWAA programs, contact:

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