

Mass Layoffs in Alaska Rise in 1990

by Judy Hallanger

In recent years attention has focused on the dislocated or displaced worker. These interchangeable terms refer to a person who has gained substantial experience and skills in a certain job but has lost that job because of a plant closing, slack work, or elimination of their position or shift. To collect statistics relating to permanent layoffs, the Bureau of Labor Statistics (BLS) developed the Mass Layoff Statistics (MLS) program.

Layoffs up from 1989

Although Alaska's economy was in pretty good shape in 1990, the number of mass layoff events jumped to 72, up from the 54 events of 1989. (See inset this page.) There were more events during the first two quarters of 1990 compared to 1989, and about the same number of events during the last two quarters. (See Figure 1.) The last two quarters of 1989 were heavily impacted by layoffs of cleanup workers from the *Exxon Valdez* oil spill, so it is surprising to see no decline in the number of layoff events in the last two quarters of 1990.

In more human terms, the total number of people laid off dropped by about 4,000 in 1990. However, those filing initial claims for unemployment insurance (UI) after a mass layoff increased by over 2,000. Part of this apparent discrepancy is due to the lag time in filing claims after a layoff event. It often happens when layoffs occur in the fourth quarter of one year and the claims are not filed until the first quarter of the next year. This was especially pronounced in the first quarter of 1990. (See Figure 2.) Another factor could be that jobs were getting harder to find in 1990 and more people needed to file for UI rather than going straight to another job with no break in employment.

The percentage of people filing unemployment claims after a mass layoff event in 1990 was 96%, the highest in three years. The comparable figure in 1989 was 45% and in 1988, 70%. Nationally, 81% of people laid off in a MLS event filed initial claims in 1990, up from 77% in 1989. Why don't all people file for UI after a mass layoff? Some people find another job right away, others return to school after a summer job, and some are ineligible for UI benefits because of insufficient earnings.

The average number of people laid off per event in 1988 was 86. In 1989 this number rose to 225, mainly as a result of the large oil spill cleanup layoffs. The 1990 figure dropped to 114 people per layoff event in Alaska. Nationally, the 1990 figure was 191 people laid off per

event; this has been relatively stable over the last three years. Normally, the comparable national figures would be expected to be higher than Alaska figures because only layoffs of 50 or more people are included in the national data.

In 1988 and 1989 only 16 of the Alaskan layoff events were in the 50+ category; this rose to 19 events in 1990. The rest involved between 20 and 49 people per event. This isn't surprising since 95% of Alaska's firms employ fewer than 50 people and around 90% employ fewer than 20 people.

Most MLS layoffs in manufacturing

All of the major industries except finance experienced MLS layoffs in 1990. (See Table 1). The layoffs occurred predominantly in manufacturing with 30 out of

Judy Hallanger is a labor economist with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. She is based in Anchorage.

How MLS Data are Gathered and Used

In brief, the 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 contact. If the employer says that 20 or more people were laid off for more than 30 days, a **layoff event** has occurred. When this is the case, employers are asked to provide additional details 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 incorporating claimant characteristics. The data are also sent to the federal Bureau of Labor Statistics for inclusion into national statistics.

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

Table • 1

MLS Layoffs by Industry, 1990

	Number of Layoff Events	Percent of Total	People Laid Off	Percent of Total	Initial UI Claims	Percent of Total
Manufacturing	30	41.7	3,566	43.5	2,568	32.8
Mining	13	18.1	1,897	23.2	2,596	33.2
Construction	13	18.1	890	10.9	1,004	12.8
Transportation	10	13.9	762	9.3	1,266	16.2
Services	3	4.2	229	2.8	242	3.1
Trade	2	2.8	134	1.6	77	1.0
Government	1	1.4	711	8.7	68	0.9
Total	72	100	8,189	100	7,821	100

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

72 events. This is similar to the national picture which shows around half of all layoff events are in manufacturing. Rounding out the Alaska top four were mining, construction, and transportation. Together, these four industries comprised a small share of Alaska's 1990 employment but accounted for the majority of the MLS layoff events. (See Figure 3.)

Within the manufacturing industry, there was a fairly even split between the seafood processors and the forest products industry as far as MLS layoffs were concerned. Most layoffs were seasonal; but a few were attributed to slack work, foul weather, or bankruptcy.

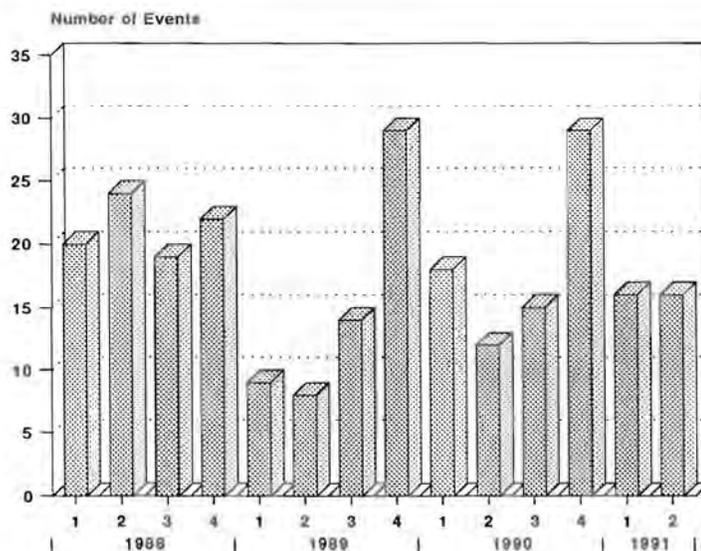
The oil and gas field services sector overwhelmingly dominated the mining industry layoffs. Over 90% of the people laid off and resultant UI claims in mining were due to projects ending or seasonal closures in oil and gas field services. About 90% of mining employment in Alaska in 1990 was concentrated in oil and gas, with about half of that in the oil and gas field services sector.

The remaining three industries (services, trade, and government) did not show as much MLS activity. This is to be expected since they are either com-

Figure • 1

Mass Layoff Events in Alaska 1988-1991

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



posed of mainly small firms (services and trade) or traditionally offer less seasonal employment (government) than the industries previously discussed. The single government layoff was a result of short-term employees ending their work on the decennial census. Many of these positions were held as second jobs. This could explain the extremely low number of UI claims filed relative to the number of layoffs reported. Also, some census jobs may not have lasted long enough for the workers to earn enough money to be eligible for UI.

“Seasonal” Leads List of Reasons for Layoffs

The foremost cause of MLS layoffs in Alaska in 1990 was seasonal factors. This was cited more than twice as often as any other reason. (See Table 2.) Since so many economies and industries in Alaska are seasonal, this confirms what has long been suspected. Every industry except government and trade experienced seasonal layoffs.

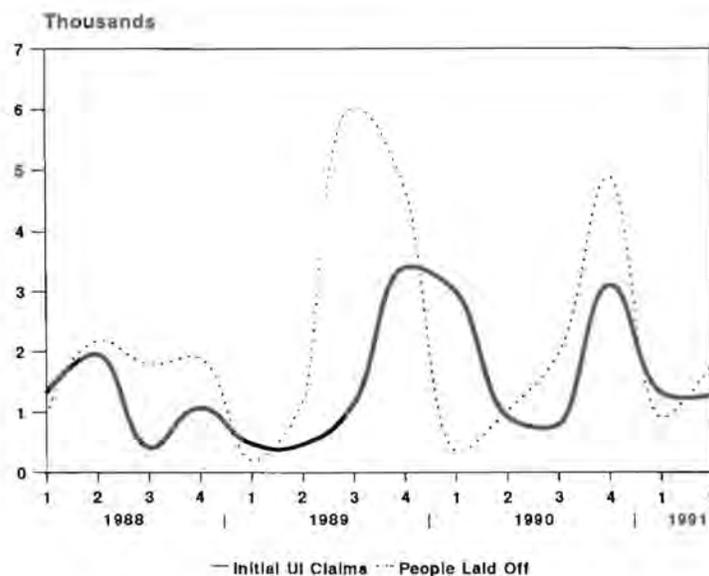
The next most important reason for layoffs was completion of a contract. MLS employers occasionally also cited slack work, weather-related curtailment, contract cancellation, and bankruptcy. Many other causes for mass

Reasons for MLS Layoffs, 1990

	Number of Layoff Events	Percent of Total	People Laid Off	Percent of Total	Initial UI Claims	Percent of Total
Seasonal	41	56.9	4,582	56.0	3,518	45.0
Contract Completed	18	25.0	2,271	27.7	3,201	40.9
Slack Work	4	5.6	245	3.0	302	3.9
Contract Cancelled	3	4.2	126	1.5	270	3.5
Bankruptcy	1	1.4	150	1.8	64	0.8
Vacation Period	1	1.4	20	0.2	211	2.7
Weather-Related	1	1.4	0	0.0	121	1.5
Other	3	4.2	795	9.7	134	1.7
Total	72	100	8,189	100	7,821	100.0

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

Number of People Involved in Mass Layoffs in Alaska 1988-1991



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

Table • 3

Location of MLS Initial Claimants Compared to All UI Claimants in 1990

	MLS Initial Claimants	Percent of Total	All UI Claimants	Percent of Total
Aleutian Islands Census Area	1	0.0	28	0.1
Anchorage Borough	1,580	20.2	12,988	26.0
Bethel Census Area	18	0.2	577	1.2
Bristol Bay Borough	6	0.1	48	0.1
Dillingham Census Area	16	0.2	237	0.5
Fairbanks North Star Borough	1,104	14.1	5,836	11.7
Haines Borough	20	0.3	201	0.4
Juneau Borough	151	1.9	1,808	3.6
Kenai Peninsula Borough	1,150	14.7	4,630	9.3
Ketchikan Gateway Borough	440	5.6	1,444	2.9
Kodiak Island Borough	352	4.5	1,150	2.3
Matanuska-Susitna Borough	621	7.9	4,096	8.2
Nome Census Area	68	0.9	545	1.1
North Slope Borough	5	0.1	251	0.5
Northwest Arctic Borough	45	0.6	572	1.1
Prince of Wales-Outer Ketchikan C.A.	84	1.1	717	1.4
Sitka Borough	134	1.7	649	1.3
Skagway-Yakutat-Angoon Census Area	224	2.9	544	1.1
Southeast Fairbanks Census Area	76	1.0	532	1.1
Valdez-Cordova Census Area	294	3.8	1,185	2.4
Wade Hampton Census Area	27	0.3	320	0.6
Wrangell-Petersburg Census Area	296	3.8	757	1.5
Yukon-Koyukuk Census Area	81	1.0	836	1.7
Alaska-Unknown Census Area	46	0.6	0	0.0
Alaska Total	6,839	87.4	39,951	79.9
Out of State	982	12.6	10,033	20.1
Total	7,821	100.0	49,984	100.0

Comparing MLS with Other UI Claimants

How do the initial claimants from MLS layoffs compare to other UI claimants? At first glance they seem to live in most of the same places. (See Table 3.) The percentage of MLS claimants, however, is less in the urban communities of Anchorage and Juneau. This makes sense because manufacturing generates relatively little of the total employment in those cities (less than 2% in 1990).

On the other hand, some of the major fishing and logging areas such as the Kenai Peninsula, Kodiak, Ketchikan, Valdez/Cordova and Wrangell/Petersburg have a disproportionately larger share of MLS claims. This reflects the high number of seafood processing, logging and mill layoffs in those areas. For Fairbanks residents, layoffs in almost every industry (especially construction) caused MLS claims to be relatively high.

A smaller percentage of Alaska Natives were MLS initial claimants than in the

general UI claimant population. (See Figure 4.) There were also slightly more people over age 55 in the MLS group. The smaller proportion of women in the MLS initial claimants is probably a reflection of the smaller proportion of women working in the manufacturing, mining, construction, and transportation industries.

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

layoffs or business closings include: business ownership change, labor dispute, import competition, and automation, to name a few. Some of these are more important nationwide but may affect Alaska in the future as our economy diversifies.

Nationally, slack work was the chief cause for MLS layoff events (31%) in 1990, but seasonal closings were a close second at 29%.

Summary

Since the early 1980s, there has been growing concern over dislocated workers. Several 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.

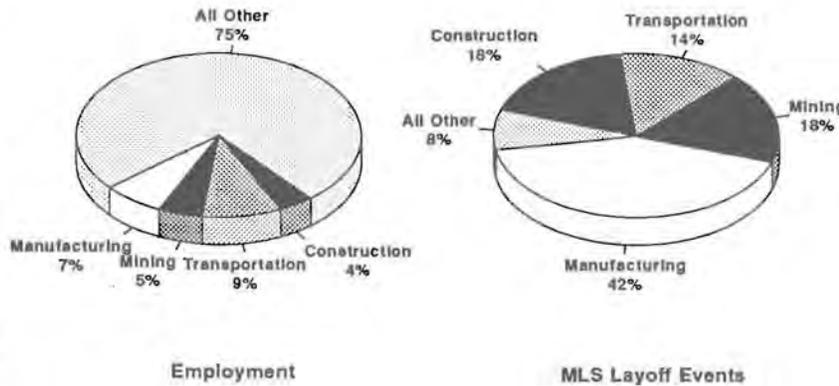
The number of MLS layoff events rose from 54 in 1989 to 72 in 1990. Although the average size of a layoff dropped and fewer people were laid off, more of them filed initial claims for unemployment. Over 96% of the people who were laid off filed for unemployment insurance.

Over half the Alaska MLS events occurred in the manufacturing industry. This corresponds closely with national data. In Alaska, however, seasonal factors are the primary reason for MLS layoffs while nationally, slack work causes the most MLS events, with seasonal factors a close second.

Preliminary 1991 MLS data indicate more layoff events occurred in that year than in 1990. If Alaska continues to eke out employment growth at a minimal rate or if employment declines, the number of layoffs in 1991 could increase substantially over 1990 levels.

**Industry Composition in 1990
Alaska Employment and MLS Layoff Events**

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



**Selected Characteristics
of MLS Claimants**

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

