

Case Study of a Layoff— Life After Greens Creek

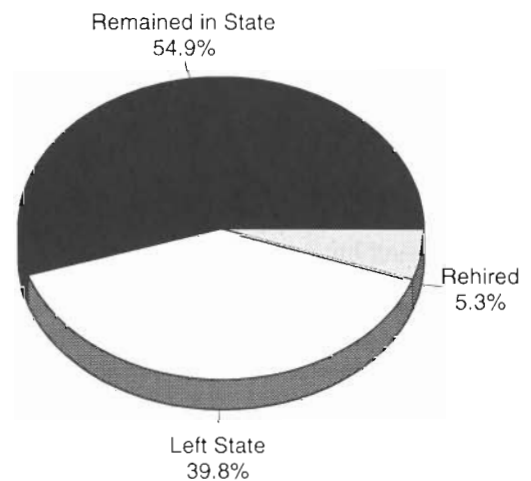
by Kristen Tromble

The announcement of an impending cutback or closure of a large employer invokes many fears in the affected community and its residents. For employees, the imminent prospect of lost wages and benefits stirs up frightening questions about their future economic security. This apprehension in turn infects the community around them.

When a layoff is announced, the affected workers may anticipate long-term changes in their employment patterns. Every situation is different, but assumptions might include that wages will decline, but will tend to recover over time; that some workers will relocate, accept work in a different occupation or industry, or be more apt to work multiple or temporary jobs; and that younger workers will find reemployment more easily than older ones. By examining unemployment insurance, wage and occupational data, researchers in the Alaska Department of Labor (AKDOL) tracked what actually happened to workers after their layoff from Greens Creek Mine, near Juneau, in 1993. Unless otherwise noted, the AKDOL analysis focuses on employees who remained in Alaska. (See Sidebar, *Whom We Studied*; and Figure 1.)

Figure • 1

Almost 40% of Workers Left Alaska



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

Whom We Studied

In April 1993, Greens Creek mine near Juneau suspended production and laid off most of their workers. From wage records for quarters before and after the shutdown, 222 employees were identified as potential layoffs. Comparing data provided by Greens Creek to wage records and Alaska Permanent Fund Dividend records, researchers at the Alaska Department of Labor further classified these workers as follow: 113 employees laid off, remained or worked in state following layoff; 82 employees laid off, moved out of state; 11 employees laid off, but rehired; 16 employees not laid off, transferred or other departure.

This analysis primarily focuses on the 113 employees who were laid off but remained in the state or had significant in-state, post-layoff work histories. Workers in this group who may have left the state later in the analysis period were not identified.

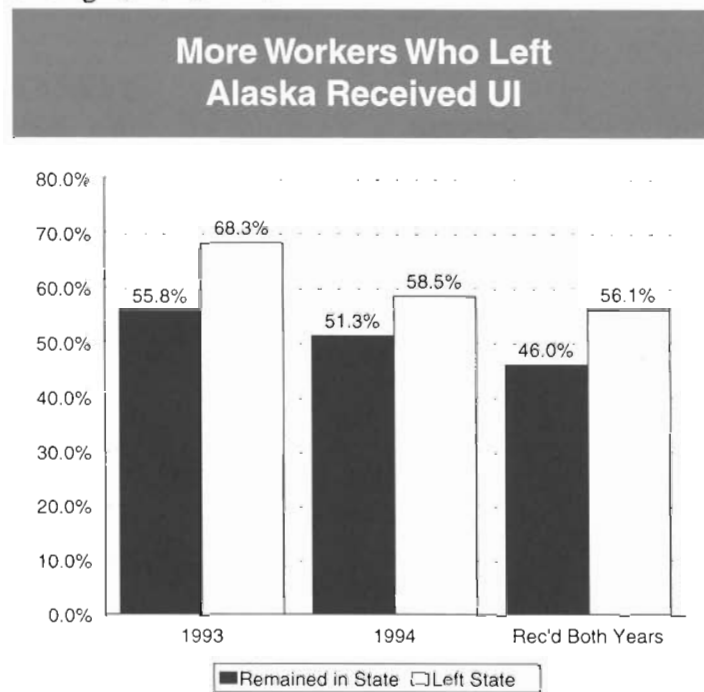
In addition to the files mentioned above, the data were matched to the *Occupational Database*¹ and the Unemployment Insurance claimant characteristics file. All post-layoff employment included in this analysis is for wage and salary nonagricultural jobs. Any workers who became self-employed are not reflected in the employment or wage numbers.

Because these workers were overwhelmingly male and the occupation profile of the female and male workers differed, no comparison in post-layoff employment by gender was attempted. The analysis compares earnings based on the sum of wages from all jobs held, while other factors are based on the characteristics of the job where the employee received the most earnings in the quarter.

¹The *Occupational Database (ODB)* provides occupation and place of work information for approximately 90 percent of Alaska's wage and salary workers. Special thanks to Greens Creek employees for providing information for this article.

The AKDOL cautions against extrapolating these findings to other layoff events, however. Many of the Greens Creek Mine employees worked in highly skilled, specialized occupations and may have been more likely to seek work outside the state and less likely to retrain for work in other industries. As skilled workers, they may have found new jobs more easily than workers in other layoffs. Wages in the mining industry are higher than average, and these workers received severance pay, factors which may have influenced their post-layoff experience. Also, the small size of the study group magnifies any data errors.

Figure • 2



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

Find Help.) Compared to the average UI claimant, benefits for workers laid off from Greens Creek were generally greater and received for more weeks. The mining industry's high average wage would be a reason for greater benefit amounts. Because they were more likely to have had full-time, year-round employment, Greens Creek workers may have qualified for more weeks of benefits.

Some workers may see no alternative but to look out of state for employment. While no out-of-state post-layoff employment history was available, the AKDOL did compare UI claims for those who remained in Alaska with those who left.

I'm unemployed! What now?

The first change to confront workers facing layoff is the prospect of unemployment. Unemployment Insurance (UI) benefits can help workers through the transition to reemployment. (See Sidebar, *Laid-Off Workers Can*

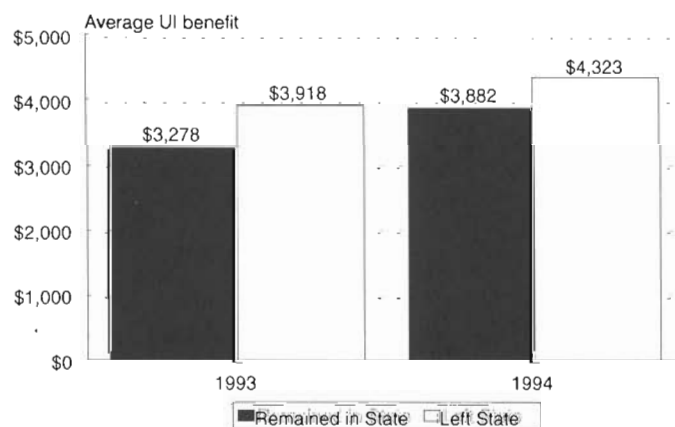
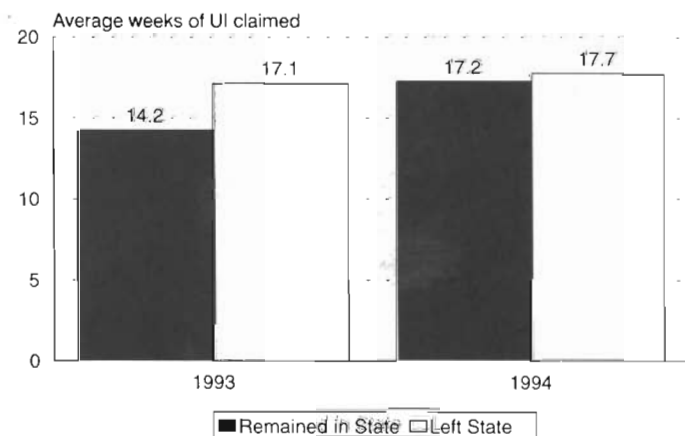
Workers who remained in Alaska were less likely to receive UI benefits. On average, their benefit was lower than those who moved out of state and was collected for fewer weeks. (See Figures 2-4.) This trend is typical of UI claimants as a whole. One factor may be that workers who relocate delay starting new employment while they move.

Figure • 3

They Received Benefits Longer . . .

Figure • 4

And Their Average Benefit Was Geater



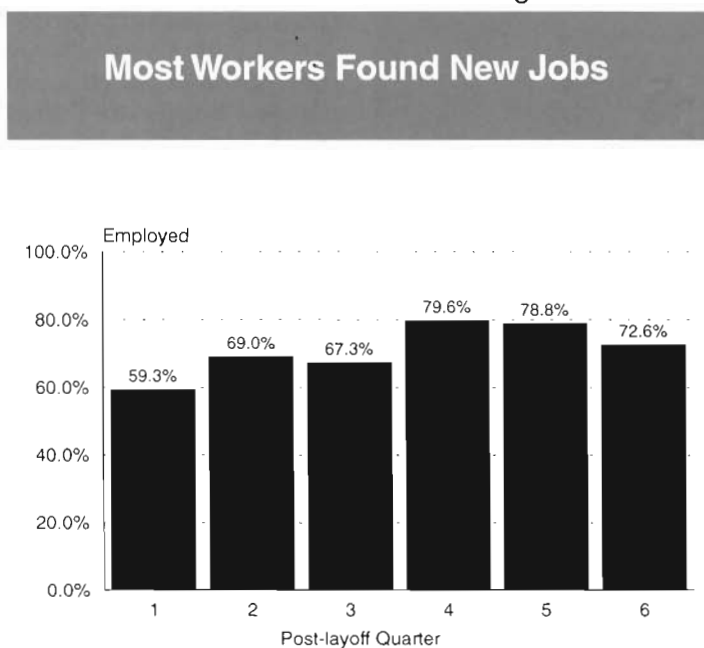
Source: Alaska Department of Labor, Research & Analysis Section.

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

Figure • 5

Back in the workforce...

A more welcome change than losing a job is finding a new one. Almost 60 percent of the laid-off workers who remained in Alaska held new jobs in the first quarter following layoff. Employment tended to increase in subsequent quarters. (See Figure 5.) Peaks in the fourth and fifth quarters following layoff may reflect Alaska's seasonal employment trends. These quarters occurred during the summer, when employment typically rises.



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

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 employment, they worked short-term temporary jobs.

Multiple job holding was lowest during the first quarter of 1994, and highest during the third quarter. Again, this result may reflect job availability related to Alaska's traditional seasonal employment patterns.

But it's not easy

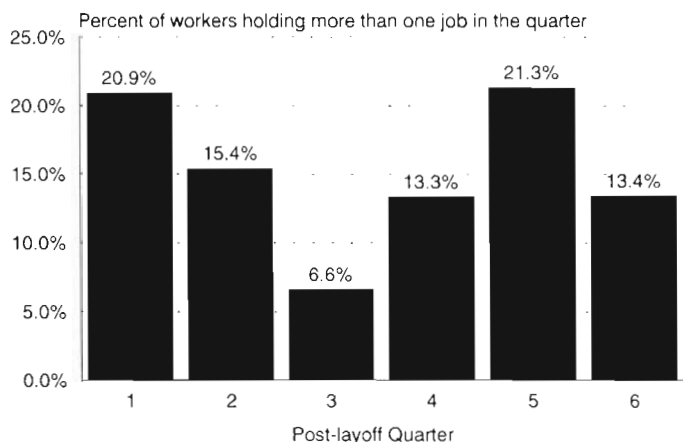
While most of the workers found new jobs, they worked harder to maintain employment. None of the workers held more than one job before the layoff, but some did hold multiple jobs afterwards. (See Figure 6.) For this report, multiple job holders refers to workers with more than one employer in a quarter. Jobs may

slightly over two employers during the eighteen months analyzed. Over 30 percent had three or more employers. (See Figure 7.)

The amount of turnover indicated some workers had trouble finding stable employment. Including multiple job holders, the average worker worked for

Figure • 6

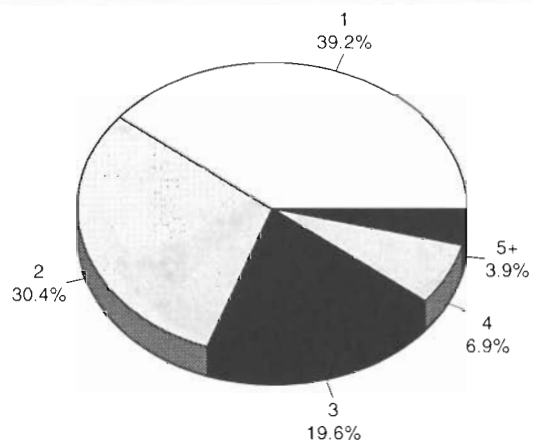
Some Workers Held More than One Job . . .



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

Figure • 7

And Turnover Increased

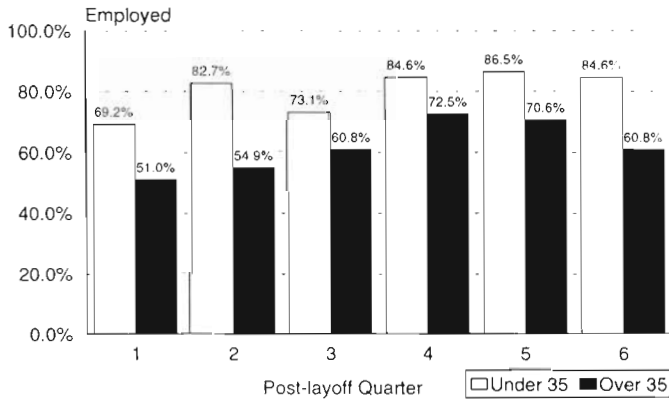


Number of Employers in Six Post-layoff Quarters

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

Figure • 8

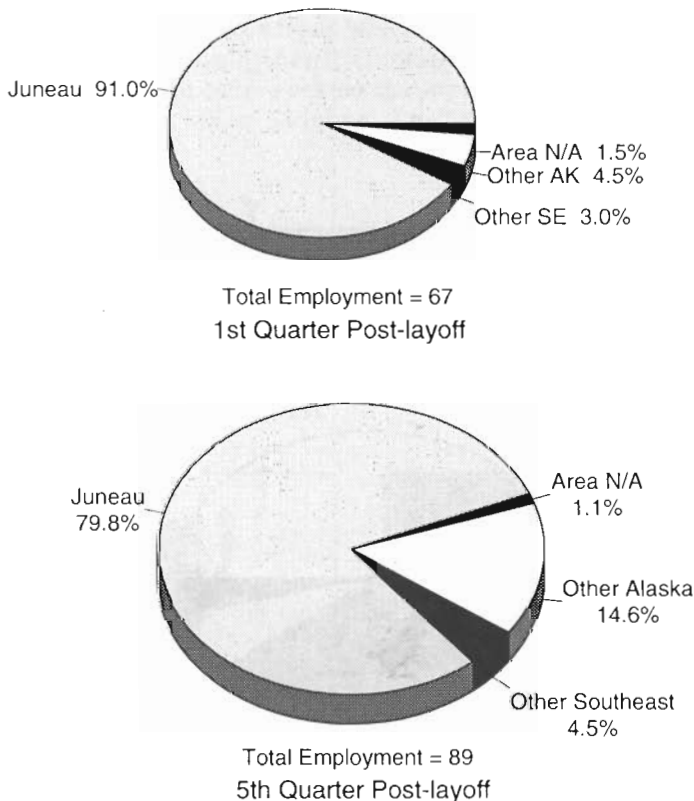
Younger Workers Were More Likely to Find New Jobs



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

Figure • 9

Over Time, Workers Left Juneau¹



¹Based on workers for whom place of work was available.
N/A = Not Available.
Source: Alaska Department of Labor, Research & Analysis Section.

Younger workers fared better

Younger workers found jobs more quickly than older workers did. In the first quarter following layoff, over two-thirds of workers 35 years of age or under had wage and salary employment, compared to about half of older workers. Younger workers were more likely to be employed in each of the six quarters following layoff. (See Figure 8.) The performance of the youngest workers was even more striking with about 78 percent of workers under 30 employed in the first post-layoff quarter, rising to over 91 percent by the sixth quarter. One possible factor influencing the difference in performance is that older workers may have been more likely to become self-employed or leave the labor force entirely.

Will I have to move?

One change workers often dread is having to move outside their local area for employment. Prior to their layoff, all the Greens Creek workers held jobs in the Juneau Borough. Of the total group, almost 40 percent appear to have left Alaska soon after layoff.

For those who stayed in Alaska, more took jobs outside the Borough, as time from the layoff increased. In the first quarter after layoff, 91.0% of the Alaska-employed workers, for whom information on area of work was available, held jobs in Juneau. One year later, almost 20 percent more of the layoffs were working, but the proportion in Juneau had dropped to about 80 percent. (See Figure 9.) Even workers who did not find new jobs quickly were likely to remain in Juneau. Almost 79 percent of the workers employed in Juneau in the first quarter after layoff worked in Juneau a year later. For workers who did not find jobs in the first quarter following layoff, but were working in the fifth post-layoff quarter, nearly 76 percent worked in Juneau. Most of those who moved accepted employment outside the southeast region of the state.

Should I retrain?

After layoff, workers may consider training for a new occupation. This study found that the occupational mix of the workers did change. Before layoff, most of the workers held positions in extractive or production occupations. Some of these performed construction, transportation or mechanic jobs. A few of the workers held managerial, professional or clerical positions. None held technical, sales or service positions. After layoff, the proportion working in the latter occupational categories gradually increased. (See Figure 10.)

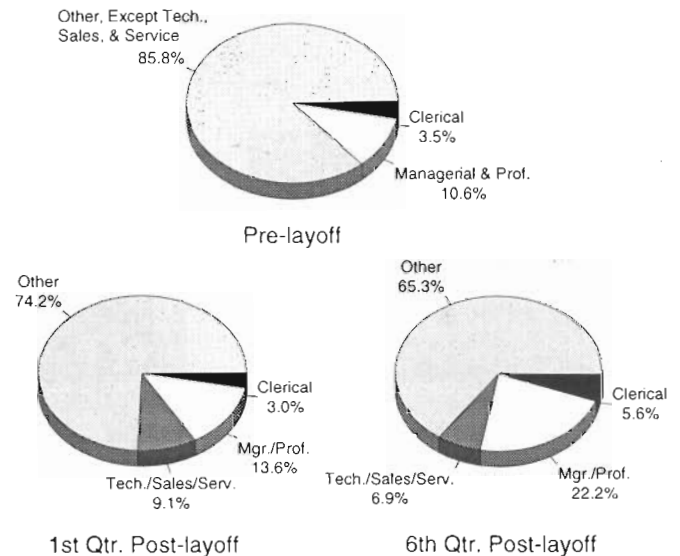
Still, most workers used their prior knowledge and skills in their new jobs—especially those who found reemployment the fastest. (See Figure 11.) The first new jobs tended to require a lower skill level, though this attribute also rose over time. (See Figure 12.)

Who has jobs?

In which industries did the laid-off workers find new jobs? In this case, many of the reemployed workers stayed in the mining industry. (See Figure 13.) These workers' specialized skills may have made it easier for them to find new employment in the same industry.

The percentage of workers in the mining industry peaked in the second and third post-layoff quarters, when overall reemployment was lower. As time passed and more people found new jobs, the percentage working in the mining industry declined while employment gradually spread throughout other industries. Not surprisingly, workers tended to find jobs in growing industries. Immediately following layoff, the construction industry provided the second largest source of jobs, though the percentage employed in this industry later declined. Overall, the services industry was the next largest employer. Over time, the percentage of workers in transportation and trade increased.

Workers Moved Into New Occupations¹



¹Based on workers for whom occupation could be evaluated.
Source: Alaska Department of Labor, Research & Analysis Section.

How We Compared Occupations

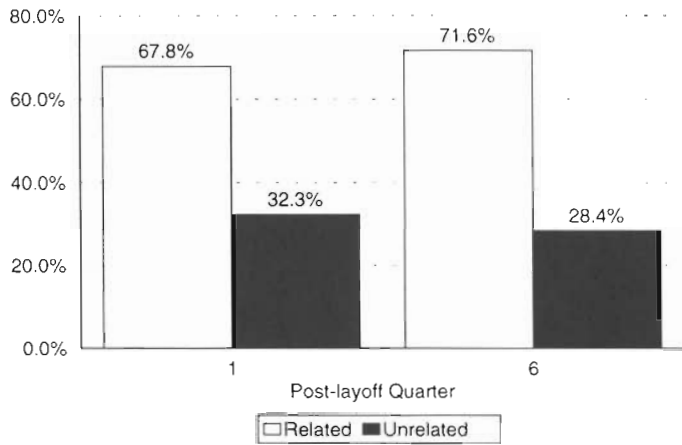
While details of specific job duties were not available, pre- and post-layoff occupations were compared based on the Standard Occupational Classification code (SOC) reported by employers. Pre-layoff occupation was based on the last reported SOC. Where occupation codes were available, the post-layoff occupation in the final quarter studied was evaluated for relationship to the pre-layoff occupation and for whether it required more or less skill.

If the occupation codes matched, the jobs were considered related. Three other primary factors were considered in determining a relationship between pre- and post-layoff occupations. The simplest of these was based on skill. Jobs like those that might be found in a promotional chain are related. For example, an office clerk is related to a secretary is related to an office supervisor. Another relationship is knowledge based. For instance, an accountant and accounting teacher both share a similar knowledge base in accounting, though the actual jobs might require different skills. Industry may also play a role. A laborer position in the mining industry might be related to an extractive occupation, but not to a laborer in retail trade.

Where the comparative skill levels were not obvious, *The Complete Guide for Occupational Exploration* was used to help determine whether the post-layoff occupation was more or less skilled. This reference rates over 12,000 job titles according to the level of reasoning, math, and language skills, and the vocational preparation needed to perform them.

Figure • 11

Most Workers Found Related Jobs¹



¹Based on workers for whom occupation could be evaluated.
Source: Alaska Department of Labor, Research & Analysis Section.

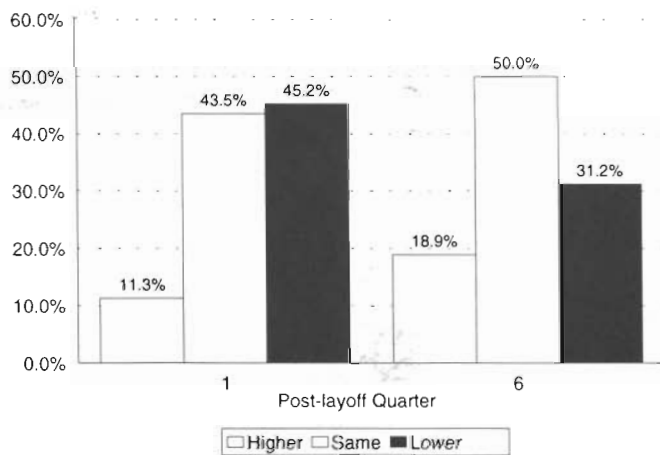
What about earnings?

Workers may also worry that their earning power will decline after a layoff. This analysis shows they have good reason to be concerned. The earnings analysis for this study is based on Alaska wage and salary employment only. Annual earnings prior to layoff were calculated from the second quarter of 1992 through the first quarter of 1993. These earnings were compared to those for two post-layoff periods. The first period (third quarter 1993 through second quarter 1994) started with the quarter following layoff. The second period, ending about one and one-half years after layoff, included all of 1994. In addition, post-layoff earnings by quarter were compared to earnings in the first quarter of 1993, the last full quarter before the layoff. Greens Creek severance wages were not included in post-employment earnings.

In the first annual period, the earnings of reemployed workers averaged 70.5% of earnings in the year preceding layoff. Over the second period, the average increased to 79.8%. (See Figure 14.) The performance by quarter was more mixed. (See Figure 15.) Post-layoff earnings were lowest in the quarter immediately following layoff. In subsequent quarters, wage recovery approached 75 percent or higher. Peaks in the third and fifth post-layoff quarters were not fully explainable.

Figure • 12

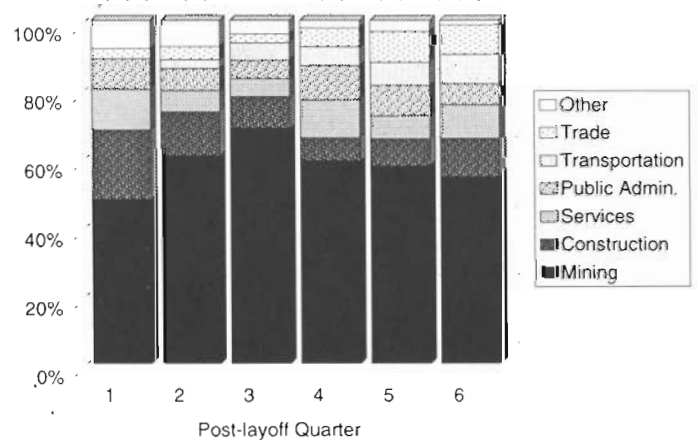
Eventually, Many Workers Found Jobs of Equal or Greater Skill¹



¹Based on workers for whom occupation could be evaluated.
Skill level compared to last reported pre-layoff occupation.
Source: Alaska Department of Labor, Research & Analysis Section.

Figure • 13

Workers Moved Into Other Industries



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

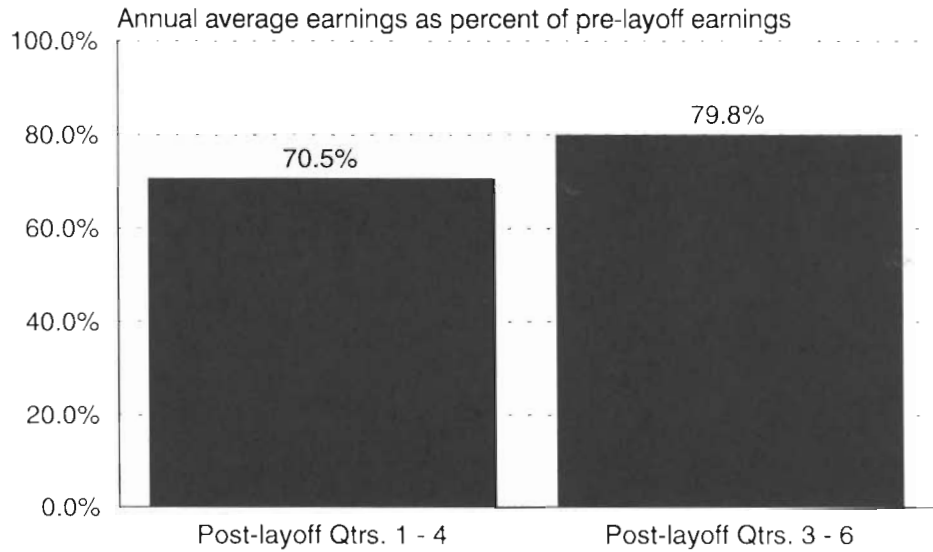
Figure • 14

Roughly, within a year and a half following the layoff, workers had regained only about three-fourths of their pre-layoff earnings. Because these workers had held jobs in a high-paying industry, their rate of earnings recovery may differ from other groups.

Summary

Recovering from a layoff takes time and effort. Workers should prepare for a period of unstable employment and decreased earnings, though some will fare well. Many workers will relocate in search of employment, but some will find local employment and stay. For those who do not find new work right away, in a growing economy, other opportunities are likely to emerge—particularly for those willing to try a new occupation or industry.

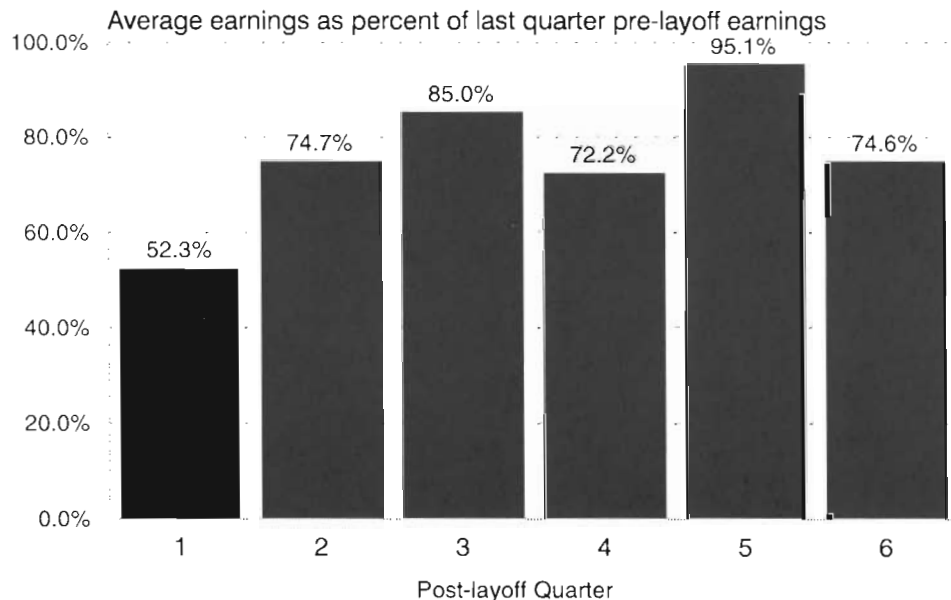
Workers Earned Less ...



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

Figure • 15

But Recovered Wages Over Time



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

About the authors:

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Laid-Off Workers Can Find Help

by Corine Geldhof

Since Alaska's territorial days, the Employment Security Division (ESD) of the Alaska Department of Labor has administered the Unemployment Insurance (UI) program, designed to ease the financial distress of lost income to unemployed workers and their families. Through a network of 19 electronically-linked local offices statewide, the ESD has a particular interest in identifying factors that can improve a laid-off worker's reentry to employment.

In addition to a comprehensive program that provides laid-off workers with cash benefits during periods of their unemployment, ESD, along with its partner agencies, is also responsible for an array of retraining and reemployment services tailored to meet laid-off workers' individual needs.

The ESD activities range from a "rapid response" program that delivers to laid-off workers and workers who face lay-offs on-site services such as career counseling and job placement, as well as support services including assistance for child care and transportation, training for employment in another job or career, income support, job search allowances, and relocation allowances.

The ESD also is involved in a progressive reemployment program for UI recipients, where people are assessed and offered extensive services intended to hasten their return to employment. Focus is on returning people to work and providing them with the skills by which to do so.

Responding to the needs of those employees affected by the Greens Creek mine closure, ESD's local office in Juneau, the Alaska Employment Service, became the center for coordinating activities with the Mayor's Greens Creek Task Force. Employment Service staff went on-site to the mine, along with staff from the Job Training Partnership Office in the Department of Community and Regional Affairs, to provide an overview of information on training programs available for employees. Staff from both agencies worked closely together to streamline the application processes for unemployment benefits and employment and training programs. A "Greens Creek Help Line" was installed at the Alaska Employment Service office in Juneau, and individual appointments were available to those mine workers who, because of their work schedules, were not available during normal working hours. Employment Service staff also developed a series of workshops for Greens Creek employees with topics that included family trauma counseling, stress management, labor market information, resume writing, interviewing skills, employer expectations, and job search techniques.

More information on ESD assistance programs is available at the local employment service offices listed on the inside back cover of this publication.