

ALASKA BECOMES A CPS STATE

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Beginning with the January labor force data the Alaska Department of Labor is adopting a revised set of procedures for preparing labor force, total employment, and total unemployment for Alaska and for areas within the State. The old method as defined by the Bureau of Labor Statistics (BLS) handbook will no longer be used as the official labor force series. It should be pointed out that the new series will not be comparable with previously published data. However, to provide some perspective between the new labor force series and the old BLS handbook method, the old labor force series will continue to be published along with the new labor force estimates.

The primary reason for the development of new labor force estimates, was the fact that unemployment estimates prepared by the individual states did not compare with the national unemployment figures that were produced in Washington, D.C. through a separate survey. In the past, the Bureau of the Census through an agreement with the U.S. Department of Labor produced estimates of unemployment for the nation. This was done through the national Current Population Survey by tabulating samples from each state. However, since the CPS was designed solely to produce national estimates, the reliability of individual state estimates varied considerably. At the request of the Bureau of Labor Statistics (BLS), the Census Bureau designed supplementary samples to provide better state estimates. As a result BLS determined that the labor force data estimated by each state should be adjusted to the CPS estimated data. The main purpose of this adjustment will be to force the 50 states' figures to sum to the national estimate.

The following table is a comparison of Alaska's labor

force using the previous handbook method and the new CPS method for computing the 1976 annual average.

	Old Hand- book Method	CPS Method	Percent Change
Employment.....	176,000	145,000	-17.7
Unemployment.....	21,000	13,000	-38.1
Labor Force.....	197,100	158,000	-19.8
Unemployment Rate..	10.6%	8.2%	-22.6

The introduction of the CPS method for computing labor force data will create a significant change in Alaska's unemployment rate. One major reason for the large discrepancy between the two methods is the definition of who is unemployed. The handbook method is based on unemployment insurance claims and estimates of employed persons in industries which are not covered by unemployment insurance. The CPS defines the unemployed as those persons who had no employment during the survey week, were available for work and had engaged in any specific job seeking activity within the past four weeks, were waiting to be called back to a job from which they had been laid off or were waiting to report to a new wage or salary job scheduled to start within the following 30 days. In addition, the CPS classifies seasonal workers for whom the survey week fell in an "off" season as being neither employed nor unemployed but as not being in the labor force at all. Since Alaska's economy is so heavily based on seasonal industries, such as fishing, logging and construction, and these industries are covered by unemployment insurance, the old handbook method would obviously include them in computation of the

number of unemployed, while the CPS would not.

Another drawback in the new method is the size of the CPS sample. The CPS sample is not large enough to estimate labor force data for the 29 census divisions within the State of Alaska. The unemployment figures for these areas would then be uniformly decreased by the same proportion as the statewide total in order to achieve the required additivity of intra-state state areas to the state total. This would be done in spite of the fact that the seasonally unemployed are not distributed evenly throughout the state.

The impact of this change has yet to be felt, however, there are several federal programs that base state and area eligibility on either the unemployment rate or the number of unemployed persons. Some of these programs would include CETA, the Public Works Employment Act, the Public Works and Economic Development Act of 1976 and other Revenue Sharing programs.

This subject has been highlighted to better inform the general public about the new CPS labor force estimates. It should be noted that the method in which all labor force statistics are prepared have been mandated by the Federal government and must follow specific guidelines and definitions. In the past, several communities throughout the State, through their own efforts, have prepared unemployment statistics for their area. In many cases their findings were not in agreement with data prepared by this department. The problem arises in the use of different definitions of who is unemployed. Many local governments have stated they have been able to count more people unemployed than counted by the Alaska Department of Labor. Just because an individual is simply not working does not mean that this person is unemployed, by the definition promulgated by the Bureau of Labor Statistics. The fact that Federal money is distributed predicated upon statistics produced by this department based on the methodology stipulated by BLS, unfortunately makes data prepared in any other manner relatively meaningless.

ALASKA'S LABOR MARKET IN JANUARY

Employment and Unemployment: The number of unemployed in Alaska increased substantially during the month of January. January is normally the slowest month of the year for private businesses in Alaska, forcing many firms to reduce the number of

people employed. This seasonal pattern is no doubt augmented by the completion of the Trans-Alaska Pipeline.

Mining: The employment picture in the mining industry during the month of January remained unchanged from December. Due to environmental regulations, almost all on-shore oil activity in Alaska, such as moving drill rigs to new locations, occurs during the winter months. Due to the winter freeze-up essentially all other mining operations have been shut down.

Construction: The massive lay-offs of the past few months in the construction industry are now in the past. Generally, lay-offs which occurred in January were from nonpipeline related projects. Due to the abnormally warm winter, many construction projects remained in operation much longer than normal. Lay-offs will continue at this reduced rate for the next several months until the warmer spring weather enables construction projects to begin operation.

Manufacturing: Employment in the logging industry continued to decline during the month of January. This trend is normal at this time of year as greater accumulations of snow force the closure of several logging camps.

Employment declines in the food processing industry are seasonal in nature as most fishing seasons are now closed. Employment in this industry should continue to decline until the beginning of the salmon season in late spring.

Transportation, Communication & Utilities: A gradual decline in employment was experienced throughout all sections of the transportation industry. The employment declines experienced in January by this industry appear to be somewhat seasonal in nature, however, the completion of the Trans-Alaska Pipeline continues to have a negative effect on this industry.

Trade: As anticipated, employment in both the retail and wholesale sectors of the trade industry declined during the month of January. Fortunately, the declines were not too severe. With only a few exceptions, Alaska's economy has remained reasonably stable in spite of the massive pipeline layoffs which occurred during the last quarter of 1976.

Finance, Insurance, and Real Estate: Employment declined throughout all sectors of this industry during the month of January. Though employment in credit