

# Mass Layoffs in Alaska: 1989

by Judy Hallanger

## In recent years attention has been drawn to the plight of the

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dislocated or displaced worker. The introduction of new technology, the shift from manufacturing to service jobs, growing foreign competition, and fear of yet another impending recession have all contributed to this concern. The terms "dislocated" and "displaced" are used to refer to a person who has 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. 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.

In response to the concern over dislocated workers, several federal programs were created during the 1980s. In 1982, the Job Training Partnership Act (JTPA) was passed by Congress to

establish training and employment programs targeted at 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 the Bureau of Labor Statistics 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 44 states and will soon be nationwide. The MLS program gathers and compiles information about all kinds of layoffs, including those which produce dislocated workers. This information is stored in a comprehensive database for further analysis as

### 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 contacted. 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.

This information 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 within Alaska. In the future, more programs may depend on MLS for federal funding as well as for indications of change in the layoff situation both at the state level and nationwide.

the need arises. As recession looms in most of the country and layoffs become more frequent, MLS takes on a new relevance.

The Mass Layoff Statistics program began data collection in Alaska during the last quarter of 1987. Although not strictly limited to dislocated workers as defined above (since it includes seasonal and project employment), MLS produces the only statistical information currently available about layoffs in Alaska. This article will primarily focus on 1989 with some comparisons to 1988 and to national data.

**Oil Spill Cleanup Dominates 1989 Layoffs**

Because Alaska's economy was on the rebound in 1989, there was an overall drop to 54 layoff events from the 79 events during 1988. (A layoff event occurs when an employer reports 20 or more people are laid off for 30 or more days. See inset on How MLS Data are Gathered and Used for more details.) The year started off with very few events and built to a peak in the 4th quarter (see Figure 1). Normal seasonal layoffs in the last part of the year combined with layoffs related to the end of oil spill cleanup activity were responsible for the 4th quarter peak.

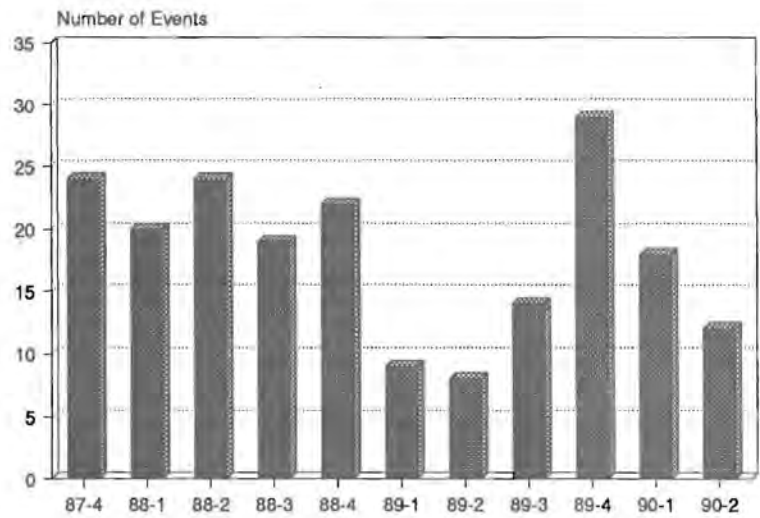
The oil spill layoffs of late 1989 also caused a huge increase in the number of people laid off and filing initial claims for unemployment insurance (UI). The trend over several years can be seen in Figure 2. There often seems to be a lag of about a quarter before people file for UI; sometimes they don't file at all.

For example in 1988 only 4,749 out of 6,788 people (70%) filed initial claims for UI after being involved in a mass layoff. In 1989 the percentage is even lower at 5,476 out of 12,145 or 45%. Why don't people file for unemployment after a mass layoff? The answers are many, including finding another job right away, returning to school after a summer job, or being ineligible for UI benefits because of insufficient earnings. Nationally, the claims to layoffs ratio was 78% in 1988 and 77% in 1989.

In Alaska the average number of people laid off per event in 1988 was 86. In 1989 this rose to 225, again as a result of the large oil spill layoffs. Nationally the 1988 figure was 194 people laid off per event and in 1989 there were 207 layoffs per event. Normally the comparable national figures would be expected to be higher because only layoffs of 50 or more people are included in the national data.

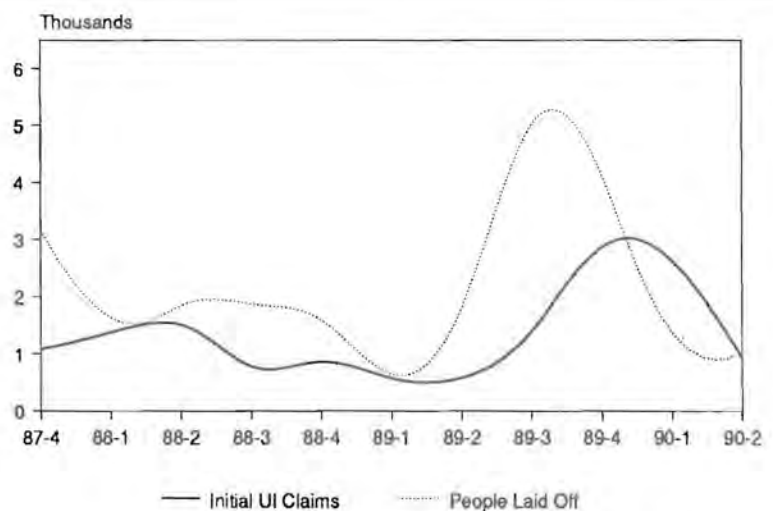
Only 16 of the Alaskan layoff events in both 1988 and 1989 were in the 50+ category; the rest involved between 20-49 people per event. This

**Mass Layoffs In Alaska 1987-1990**



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

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Table • 1

### MLS Layoffs by Industry, 1989

Industry	Number of Layoff Events	Percent of Total	People Laid Off	Percent of Total	Initial UI Claims	Percent of Total
Manufacturing	26	48.1	2,638	21.7	2,088	38.1
Mining	8	14.8	6,682	55.0	1,678	30.6
Construction	8	14.8	1,306	10.8	613	11.2
Transportation	5	9.3	712	5.9	682	12.5
Government	4	7.4	350	2.9	249	4.5
Services	2	3.7	307	2.5	123	2.2
Finance	1	1.9	150	1.2	43	0.8
<b>Total</b>	<b>54</b>	<b>100.0</b>	<b>12,145</b>	<b>100.0</b>	<b>5,476</b>	<b>100.0</b>

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

isn't surprising since 95% of Alaska's firms employ less than 50 people and around 90% employ less than 20 people. Thus, only 10% of Alaska's companies will ever show up in the MLS statistics, which are restricted to layoffs of 20 or more workers.

### Half of MLS Layoffs In Manufacturing Industry

All of the major industries except trade experienced MLS layoffs in 1989. The layoffs were dominated by manufacturing with 26 events. This is surprisingly similar to the national picture which also shows around half of all layoff events in manufacturing. Since manufacturing employs a much greater part of the work force nationally than in Alaska, it might also be expected to show a larger share of layoffs. However, Alaska's largest manufacturers have many seasonal layoffs which differs from the national situation of year-round manufacturing.

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, a material shortage, or foul weather.

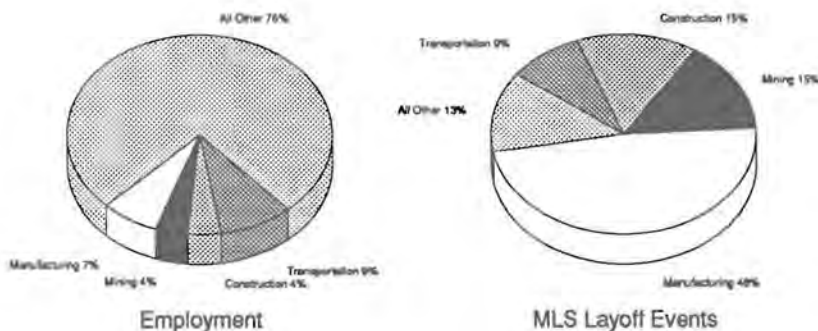
Rounding out the Alaska top four were mining, construction, and transportation. Together, these four industries comprised a small share of Alaska's 1989 employment but accounted for the majority of the MLS layoff events (see Figure 3).

Although manufacturing led the list in number of layoff events, the majority of people were laid off by the mining industry. This reflects the large number of oil spill cleanup workers (over 5,000) that were coded as being employed by the oil and gas sector. Approximately another thousand workers from the oil spill cleanup were coded as belonging to the construction and transportation industries and helped boost their numbers as well.

The remaining three industries (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 (services) or traditionally offer more stable employment (finance, government) than the industries previously discussed. Together they accounted for seven layoff events. Table 1 shows the complete

Figure • 3

### Industry Composition in 1989 Alaska Employment & MLS Layoffs Events



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

breakdown by industry for layoff events, number of people laid off, and number of initial UI claims filed in 1989 related to MLS events in Alaska.

Table • 2

### "Seasonal" Leads List of Reasons for Layoffs

The dominant cause for MLS layoffs in Alaska in 1989 was seasonal factors. This was cited over twice as often as any other reason (see Table 2). Since so many industries in Alaska are seasonal, this only confirms what has long been suspected.

The next most important reason was completion of a contract. The majority of oil spill cleanup layoffs fell into this category. Less frequent reasons given by MLS employers were slack work, weather-related curtailment, material shortage, and bankruptcy. There are many other causes for mass layoffs or business closings: business ownership change, labor dispute, import competition, and automation, to name a few. Some of these are more important nationally but may affect Alaska in the future as our economy diversifies and matures.

Nationally, seasonal shutdowns were also the chief cause for MLS layoffs (32%), but slack work was a close second with 24% of the layoff events. Contract completion fell third at 8%.

How do the initial claimants from MLS layoffs compare to other UI claimants? At first glance they seem to live in the same places (see Table 3). However, the MLS claimants are under-represented in the large urban centers of Anchorage, Fairbanks, and Juneau. On the other hand, some of the major fishing and logging areas such as the Kenai Peninsula, Kodiak, Valdez/Cordova 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. In addition, the oil spill and its subsequent cleanup and layoffs impacted most of the areas where MLS claims were 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 can probably be attributed to the smaller proportion of women participating in the oil spill cleanup.

### Reasons for MLS Layoffs, 1989

	Number of Layoff Events	Percent of Total	People Laid Off	Percent of Total	Initial UI Claims	Percent of Total
Seasonal	29	53.7	3,144	25.9	2,005	36.6
Contract Completed	11	20.4	7,865	64.8	2,438	44.5
Slack Work	4	7.4	279	2.3	437	8.0
Weather-Related	3	5.6	354	2.9	157	2.9
Material Shortage	2	3.7	70	0.6	161	2.9
Bankruptcy	1	1.9	0	0.0	42	0.8
Other	4	7.4	433	3.6	236	4.3
<b>Total</b>	<b>54</b>	<b>100.0</b>	<b>12,145</b>	<b>100.0</b>	<b>5,476</b>	<b>100.0</b>

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

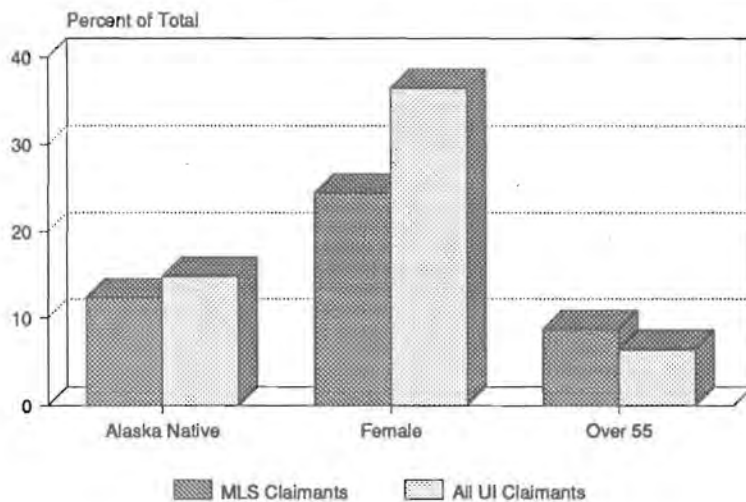
Table • 3

### Location of MLS Initial Claimants Compared to All UI Claimants in 1989

	MLS Initial Claimants	Percent of Total	All UI Claimants	Percent of Total
Aleutian Islands Census Area	0	0.0	76	0.2
Anchorage Borough	1,139	20.8	11,247	25.1
Bethel Census Area	22	0.4	517	1.2
Bristol Bay Borough	2	0.0	46	0.1
Dillingham Census Area	7	0.1	221	0.5
Fairbanks North Star Borough	381	7.0	5,264	11.7
Haines Borough	57	1.0	193	0.4
Juneau Borough	82	1.5	1,594	3.6
Kenai Peninsula Borough	739	13.5	3,837	8.6
Ketchikan Gateway Borough	154	2.8	1,223	2.7
Kodiak Island Borough	931	17.0	894	2.0
Matanuska-Susitna Borough	437	8.0	3,570	8.0
Nome Census Area	47	0.9	574	1.3
North Slope Borough	27	0.5	233	0.5
Northwest Arctic Borough	33	0.6	406	0.9
Prince of Wales-Outer Ketchikan C.A.	88	1.6	746	1.7
Sitka Borough	99	1.8	541	1.2
Skagway-Yakutat-Angoon Census Area	118	2.2	547	1.2
Southeast Fairbanks Census Area	27	0.5	427	1.0
Valdez-Cordova Census Area	190	3.5	769	1.7
Wade Hampton Census Area	24	0.4	264	0.6
Wrangell-Petersburg Census Area	257	4.7	767	1.7
Yukon-Koyukuk Census Area	58	1.1	774	1.7
Alaska-Unknown Census Area	30	0.5	0	0.0
<b>Alaska Total</b>	<b>4,949</b>	<b>90.4</b>	<b>34,730</b>	<b>77.4</b>
<b>Out of State</b>	<b>527</b>	<b>9.6</b>	<b>10,128</b>	<b>22.6</b>
<b>Total</b>	<b>5,476</b>	<b>100.0</b>	<b>44,858</b>	<b>100.0</b>

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

**Selected Characteristics of  
MLS and All UI Claimants, 1989**



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

**Summary**

The number of MLS layoff events dropped from 79 in 1988 to 54 in 1989 as a result of an improved economy. However, more people were affected in 1989 due to the influence of the Exxon Valdez oil spill cleanup, which accounted for approximately half of the 12,000 people laid off. About 45% of the people who were laid off filed for unemployment insurance. They shared many characteristics of other UI claimants.

Preliminary 1990 MLS data suggest there were 60 layoff events in that year. Most of these layoffs are seasonal in nature and would probably occur each year regardless of fluctuations in the economy. If Alaska's predicted employment growth comes in seasonal or project-oriented industries the number of layoffs could actually increase. This may be offset by a decline in the number of layoffs caused by other reasons.

**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 December 1990 there have been four WARN layoffs involving 400 workers. One example of a WARN layoff in Alaska was the early 1990 closure of the Nordstrom store in Fairbanks.

The EDWAA program began in July of 1989 and had 497 participants during the State Fiscal Year (SFY) 1990, which ran from July 1989 through June 90. The average wage at placement was \$10.81 per hour. During SFY 1989 the EDWAA program had 312 participants. The average wage at placement was \$11.58 an hour.

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

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