

LOWER YUKON-KUSKOKWIM LABOR MARKET ANALYSIS- A SUMMARY

by Jeff Hadland

The Alaska Department of Labor, Research and Analysis Section, recently completed a study of employment opportunities and labor market conditions in the Lower Yukon-Kuskokwim Region. The report was presented to the Alaska Legislature as the result of a request for a study of "...real unemployment, employment opportunities and the feasibility of establishing an employment security office in the Lower Yukon-Kuskokwim Region." The study provides evidence that current unemployment estimating procedures may understate the level of unemployment in that area of the state. In addition, potential employment opportunities were found to be extremely limited, with private sector jobs perhaps available only to those willing to relocate or work on a temporary or job sharing basis. In general, the regional economy was found to have a high unemployment rate, a low labor force participation rate, and few job opportunities.

Primary data sources for the report were employment data for the region and a comprehensive survey of 1,412 residents of the Wade Hampton census division. The survey was conducted by bilingual interviewers in nine communities of the Wade Hampton census division. (see Figure 1) Approximately 61 percent of the working age population of the entire census division was included in the survey which asked questions regarding the respondents current employment status, type of activity during the week, and interest in having regular employment.

From survey results, the number of unemployed and residents who were out of the labor force was calculated. Using conventional definitions of unemployment, (See A BROADER DEFINITION OF UNEMPLOYMENT) the survey showed that 24.7 percent of the labor force was without a job and looking for work. Published data for the same time period for the Wade Hampton census division estimated that 13.2 percent of the labor force was unemployed.

CURRENT ESTIMATING PROCEDURES

Current estimating procedures for monthly published reports are established by the U.S. Bureau of Labor Statistics. The procedure includes estimates for employment and unemployment. The estimated level of employment is determined for six regional labor market areas in the state, which are controlled by monthly Bureau of Census based survey results at the statewide level. Employment is then disaggregated to the census divisions using population ratios. Unemployment estimates for the regions are derived from unemployment insurance claims data and 1970 Census of Population characteristics. Census information and other data are used to estimate the number of new entrants and reentrants to the labor market. Disaggregation of unemployment to the census division is based upon current unemployment insurance claims data.

A discrepancy between the survey estimates of the number of unemployed and official estimates prompted a request to the Bureau of Labor Statistics to approve a revision in the employment disaggregation procedure. This methodological revision will provide more accurate labor force estimates for Alaska at the census division level.

A BROADER DEFINITION OF UNEMPLOYMENT

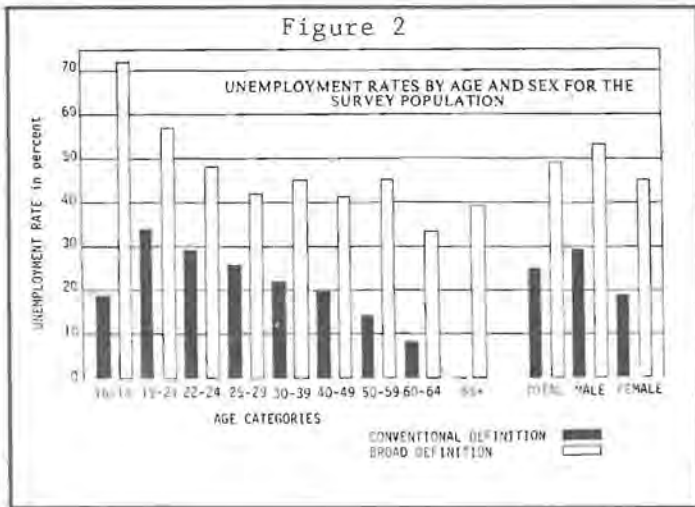
A person is considered unemployed, under the conventional definition, if he or she is 16 years and over, is not working but has sought work sometime during the last four weeks, was waiting to be called back to a job from which they were laid off, or is waiting to report to a new wage or salary job scheduled to start within the next thirty days. Using this definition the unemployment rate was calculated by comparing the percentage that the unemployed comprise of the total labor force. The labor force consists of the employed plus the unemployed.

The conventional definition of unemployed excludes persons who have not actively sought work. As a result,

the unemployment rate understates the available labor pool since areas of little employment opportunity often have a large number of "discouraged" workers.

ployment and transfer payments provide the largest share of income. Since there are few readily exploitable resources that are not currently utilized, any employment growth in the near future will largely come from government.

The area's greatest underutilized resource is its large, educated and unemployed labor force which has expressed a great interest in participating in the cash economy. But providing employment opportunities to meet the rising costs of energy and food, while maintaining the same opportunity for the continuation of a traditional lifestyle, is a difficult and complex problem. Many survey respondents were engaged in subsistence activities which provide a valuable source of consumable items and play an important role in the local economy.

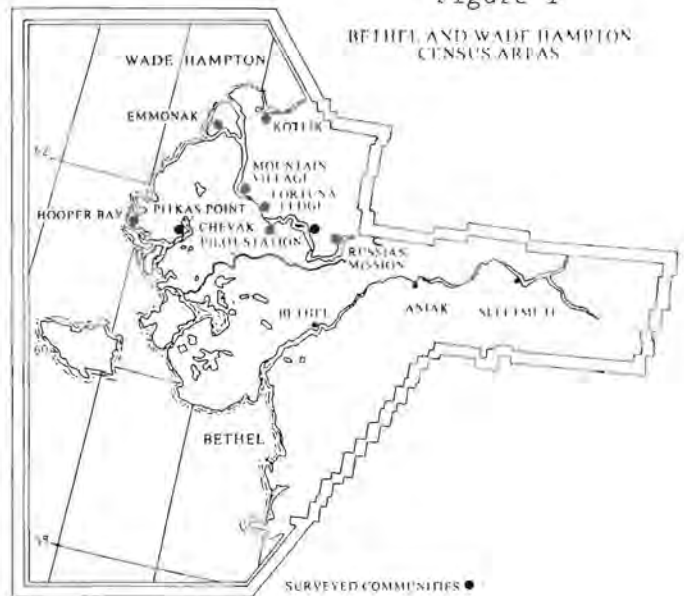


These workers might very well want a job but do not actively seek work believing there are no jobs. These "discouraged" members of the potential labor force were found to comprise a large percentage of the population of the surveyed communities. To measure this group, that is excluded from the labor force by conventional definition, an unemployment rate was calculated using a broader definition of unemployment. By including all who stated they wanted a regular job (whether they had looked for a job or not) in the number of unemployed, the unemployment rate jumped to over 48 percent (see Figure 2). This unemployment rate was nearly twice as high as that computed using the conventional definition. This broader definition may well have an upward bias since there is a tendency for survey respondents to answer affirmatively to inquiries relating to their interest in working. However, this definition may better characterize the unemployment situation in this rural area.

EMPLOYMENT AND INCOME

Current and anticipated employment opportunities are quite limited in the Lower Yukon-Kuskokwim region. Government em-

Figure 1
RETHEL AND WADE HAMPTON
CENSUS AREAS



RECOMMENDATIONS

Because local opportunities are insufficient to supply jobs to those who want them, the Alaska Department of Labor has suggested some options which will allow for the dissemination of job information and perhaps an even more active role in uniting rural workers with regional or urban employers. One option might be a

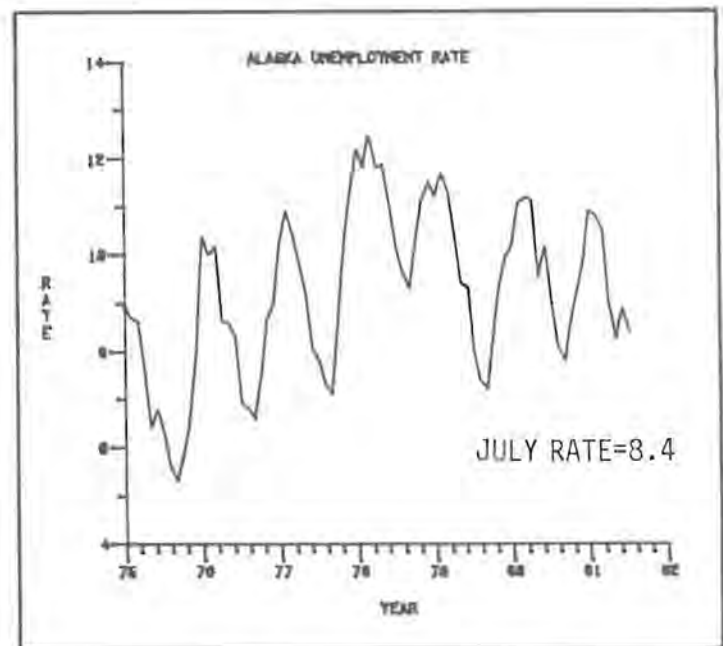
rotating or temporary worker program where a local employment service office would serve as the contact for the rural workers and urban employers. Interested workers might share a job in an urban or seasonally active rural area giving the employer a stable workforce and the employee the benefits of both cash and subsistence economies. Village recruitment and job information functions could be carried out under contract with other state agencies' local offices. Because full scale local offices cannot be justified in most rural areas under federal guidelines, state support and cooperation with other agencies would be required. While this program would not provide a local economic base in rural areas it would provide an option and opportunity for work experience and income.

The complete study, "Lower Yukon-Kuskokwim Region Labor Market Analysis", is available from the Alaska Department of Labor, Research and Analysis Section.

ALASKA LABOR FORCE IN JULY by Brit Harvey

Alaska nonagricultural wage and salary employment was 190,100 in July, the second highest monthly total in Alaska's history. The previous employment high was in July 1976 at the peak of pipeline construction. This year's July employment figure was 3.4 percent above June, and 5.2 percent above last year, indicating an upturn in the state's economy beyond that attributable to seasonal factors.

Mining continued the slight employment decrease begun in June. Both June and July decreases were attributable to cutbacks in oil and gas employment. A similar seasonal trend occurred in some previous years, and oil and gas employment is likely to see renewed expansion in coming months. Overall, mining employment has provided a strong basis for the state's economic expansion, with a 14.1 percent increase in employment over last year.



Another basic extractive industry, logging, accounted for a decrease in forest products employment of 450 jobs. Early in 1981, forest products industry employment was substantially below 1980's high level. In May and June employment approached the 1980 level, giving the appearance that 1981 might be shaping up as a stronger year than anticipated. July's figures dispelled this however. Louisiana Pacific closed its logging camps due to high log inventory and a continued slump in demand. Producers in the Pacific Northwest have also experienced slack demand and diminished employment. While the major causes of producer difficulties in the "lower 48" have been high U.S. interest rates and severely curtailed housing starts, the Alaska forest products industry has been more strongly effected by a similar slow-down in Japanese housing starts. Japanese housing starts reached a low of 68,000 in January 1981, less than one half of the figure of only nine months earlier. Recent figures indicated that the Japanese market may be strengthening, as the number of housing starts increased to 97,000 this March. A fairly lengthy period of expanded Japanese construction may be necessary before any effect on Alaska forest products production could be realized, as Japanese companies reportedly hold large log inventories.