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# The Impact Closure of the Defense Finance and Accounting Service Office Would Have on the Local Labor Market in the Limestone Region

Maine Department of Labor

Maine Labor Market Information Services

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# The Impact Closure of the Defense Finance and Accounting Service Office Would Have on the Local Labor Market in the Limestone Region

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June 15, 2005

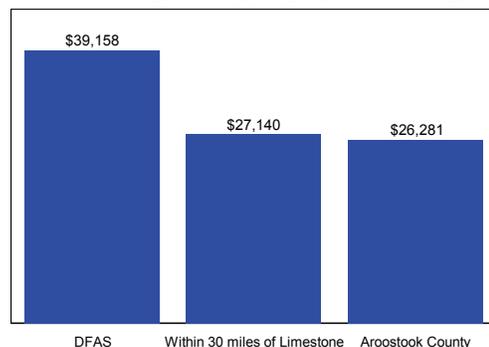
Closure of the Defense Finance and Accounting Service office in Limestone would have a major impact on the population of Aroostook County, which is among the most economically depressed regions in the nation. The county has long been heavily dependent on natural resource-based industries including forest products and agriculture, which have been in decline for years. The rise of mechanized potato and timber harvesting, increased competition from subsidized Canadian wood products mills, the closure of Loring Air Force Base, and other factors sent the economy into a tail spin that it has been struggling to escape for more than two decades.

Economic development efforts to diversify the economic base into growing services industries are beginning to take root and the dramatic population losses the region suffered in the 1980s and 90s have nearly stopped. But the state of the economy remains in a tenuous state; closure of the DFAS office would be a tremendous blow at an inopportune time.

## *The Local Population and Labor Force*

Among Maine towns centered within 30 miles of Limestone, the population totaled just 38,290 in 2000 and the 2004 civilian labor force averaged 19,840, with 1,020 unemployed. The direct loss of 310 DFAS jobs would increase the number of unemployed in the region by nearly one-third and cause the unemployment rate to spike from 5.1 to 6.7 percent. Those figures do not include the secondary job losses that would occur as the displaced workers reduced their spending on goods and services in the local economy.

Average wages at the Defense Finance and Accounting Service are substantially higher than the average among employers in the region



## *Regional Employment and Wages of DFAS Workers*

DFAS is among the largest, highest paying employers in the region. As such, a sizeable share of workers commute great distances to work there. Those workers accounted for 1.5 percent of jobs (see attached map) and 2.2 percent of total wages paid by employers within 30 miles of Limestone in 2004.

## *Industry Structure of Employment and the Regional Job Outlook*

Many of the DFAS workers have accumulated knowledge and experience in business, information systems, accounting, and other finance-related occupations. In the slow- or no-

growth labor market that currently exists in the Limestone region, it is likely that most of the displaced workers will experience a substantial drop in earnings upon re-employment and that some will choose to move to another region in order to find suitable employment.