

Anchorage At 90: Changing Fast, With More to Come

June 2005

UA Research Summary No. 4

Institute of Social and Economic Research • University of Alaska Anchorage

By Scott Goldsmith,

Lance Howe, and Linda Leask



It was in 1915 that the federal government sold the first lots for the new town of Anchorage, at the head of Cook Inlet—and 90 years later, the city's people, economy, and place in the state are changing faster than many Alaskans realize.

Anchorage began as a boom town, headquarters for construction of the Alaska Railroad. It's seen many ups and downs since. But after 35 years of growth triggered by oil development—and boosted lately by an infusion of

federal money—the city has grown to 277,000 and its economy is bigger, broader, and more dominant statewide.

Despite that growth, the city still depends on resource development and state and federal spending (including military spending). It's still subject to forces beyond its control, chiefly oil prices and production and federal and state policies affecting the flow of money into the economy. As long as Alaska prospers—and that depends a lot on how the state deals with its long-term fiscal problems—Anchorage will prosper.

So how does the city look at 90? Today it reflects—in fact, magnifies—three population trends that analysts say will be powerful influences nationwide in the future: (1) a growing number of young, diverse minority residents; (2) a large number of affluent baby boomers on the cusp of retirement; (3) a growing older population. We have a rare chance to look at those and other changes, with sample data now available from the 2000 U.S. census (see back page). Our findings include:

- **Anchorage offers opportunities for immigrants**, especially from the Pacific Islands, the Philippines, and Mexico; those places accounted for a third of international immigrants in the late 1990s. Continuing immigration is reflected in a 26% increase in Permanent Fund dividend applications from non-citizen residents between 1995 and 2004.

- **The city is becoming more diverse, with fast growth among minorities** and slow growth in the majority white population. And because minorities are concentrated in younger age groups, minority children are approaching the majority in Anchorage schools, up from 26% in 1990 to 44% in 2004.

- **Alaska Natives remain the largest minority, and their numbers are growing** as many leave villages for jobs in the city—especially working-age Native women, who hold more jobs than Native men and who increased their earnings even as those of men fell.

- **Anchorage's population is aging, despite the young age among minorities, because the city has so many aging baby boomers.** Anchorage has more boomers than almost any place else, and they are the city's most affluent and best-educated group. What they decide to do when they retire will have big effects on the future composition of the population, the demand for housing and health care, and much more.

- **The city's over-65 population is already growing at five times the U.S. average, even before the baby boomers hit retirement age.** Having more older residents can help stabilize the economy, because many have relatively high incomes that don't depend on local jobs.

- **Anchorage's population has become more stable, but there's still a lot of movement into and out of the city.** In 2000, 25% of those who had been residents in 1995 were gone. The likeliest people to leave were white residents, middle-aged people, and families.

- **Fast growth in the nearby Mat-Su Borough is making Anchorage more like other U.S. cities**, where the population of the core city is considerably different from that in the surrounding areas. The borough population is less racially diverse and more concentrated among families with children—many of whom moved from Anchorage.

- **The city remains near the top in U.S. household income, even though two thirds of the new jobs in the 1990s paid just \$20,000 to \$40,000** per year and the city lost more than 1,600 jobs that paid \$60,00 to \$120,000. Household income remains up because average wages are still higher; non-wage income is growing; and the share of working adults—especially women—is bigger than it is nationwide.

- **The rich aren't quite so much richer than the poor in Anchorage as they are nationwide**—thanks to Permanent Fund dividends, lack of super-rich residents, and a growing economy. Nevertheless, there is a lot of poverty and near-poverty among those at the bottom rung of the economic ladder—concentrated among minorities, single mothers, old people living alone, and young people without much education.

These and other changing economic and demographic conditions in Anchorage have implications far beyond what we can examine here. But throughout this paper, and in a brief conclusion, we'll at least point out some of the questions our findings raise, to help city residents and other Alaskans can think about the challenges the future will bring.

OVERVIEW

This publication looks at changes in the circumstances of Anchorage's civilian population, mostly since 1990. Military personnel and their families have been an essential part of the community since World War II—and the city's military bases are a critical source of community jobs. But unlike civilians, military personnel and their families come and go at the direction of the military. Looking just at civilians—who move in or out for personal reasons—gives a clearer picture of fundamental demographic change in the city.

Anchorage's civilian population stood at about 255,000 in 2004, and military households brought the city total to 277,000, or about 42% of Alaska's population of 655,000. The city population might have climbed higher, close to 300,000, if not for the growing shift of people—mostly families with children—to the nearby Mat-Su Borough.

With thousands living in the borough but working in Anchorage, ties between the two are growing, and the combined Anchorage/Mat-Su region increasingly dominates the state economy. The region has more than half of all jobs statewide; that share is expected to keep growing.

Anchorage has been Alaska's largest city since the military build-up during World War II. But it was state oil wealth, beginning in the late 1970s, that fueled unprecedented growth. With the state government spending billions in the economy, trade and service jobs mushroomed and the city was transformed into the support center for much of the state. It also has military bases, concentrations of government workers, headquarters for the oil industry, and growing tourism, health care, and air cargo industries. The economy has become broader and more diversified.

But despite that diversification, it is oil development, state oil wealth, and federal spending that are at the heart of the city's economy. And all those factors are beyond Anchorage's control, leaving the city still vulnerable to sudden ups or downs.



Anchorage's population has always been among the country's most transient, waxing and waning with job growth. It's still a mobile population—in 2000, one in five residents was a recent arrival—but less so than it used to be.

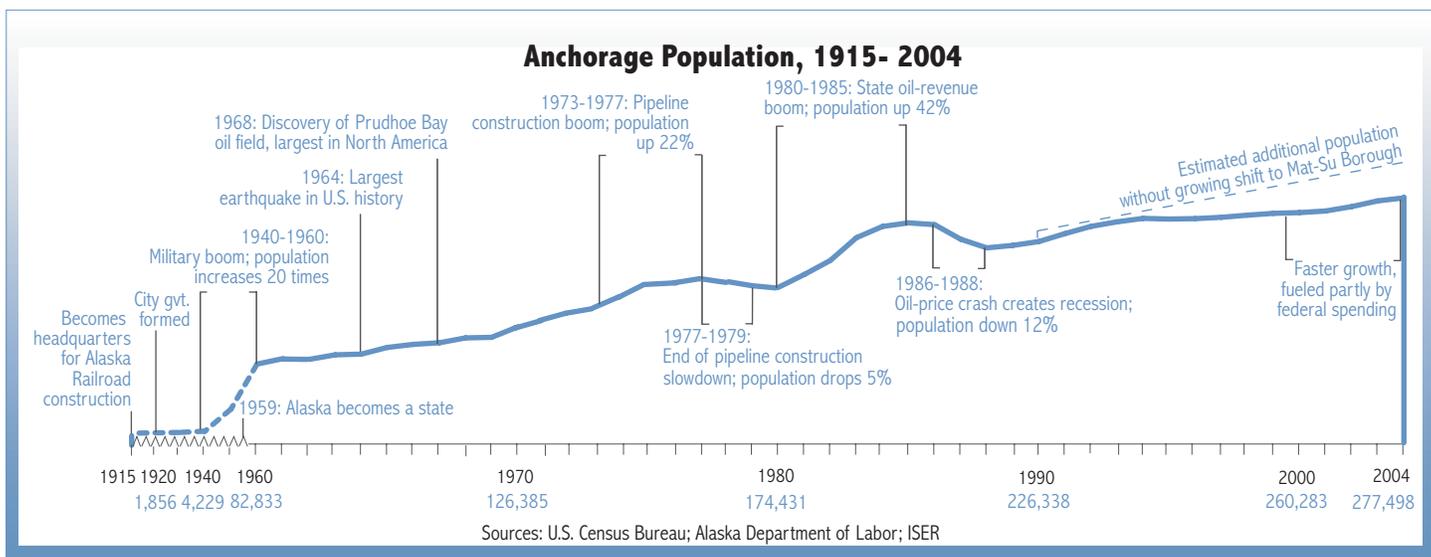
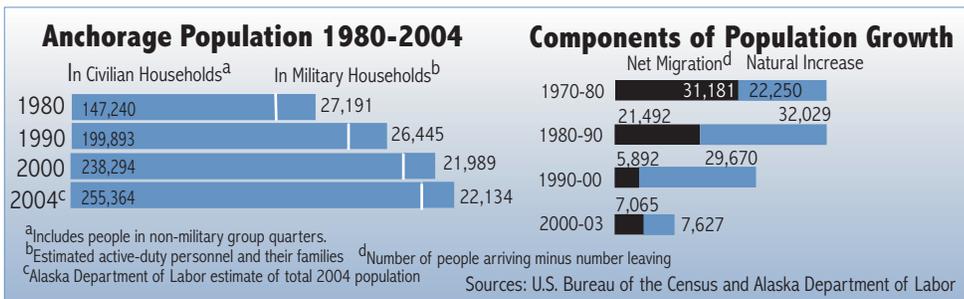
In the 1990s there were no big booms or busts, and population and jobs in the city grew slowly but steadily. Most of those jobs were in lower-paying trade and service industries. At the same time, the city lost hundreds of high-paying jobs in the oil industry, as North Slope oil production declined. Toward the end of the decade, fast growth in the U.S. economy pulled people out of Anchorage, as we'll see on pages 4 and 5.

But since about 2000, increased federal spending for projects and programs has helped boost job growth. Higher-paying jobs in construction and health care have led recent job growth. Also, the U.S. economy slowed in 2001 and 2002. Those changes once again drew more people to Anchorage; the Alaska Department of Labor estimates that half the civilian population growth from 2000 to 2003 was due to more people arriving.

Anchorage/Mat-Su Jobs as Share of Alaska Total

1980 - 48% (81,438 jobs)
2000 - 51% (143,243 jobs)
2020 - 54% (185,700 jobs)

Sources: Alaska Department of Labor and ISER projections



A big draw of Anchorage has historically been higher incomes—and household incomes and average wages remain higher, but less so than they used to be. (But on the flip side, the city's historically high living costs also aren't as much above the U.S. average as they used to be.) However, as we'll see, high household incomes aren't universal—especially among minority groups—and growing numbers of workers are clustered at the low end of the pay range.

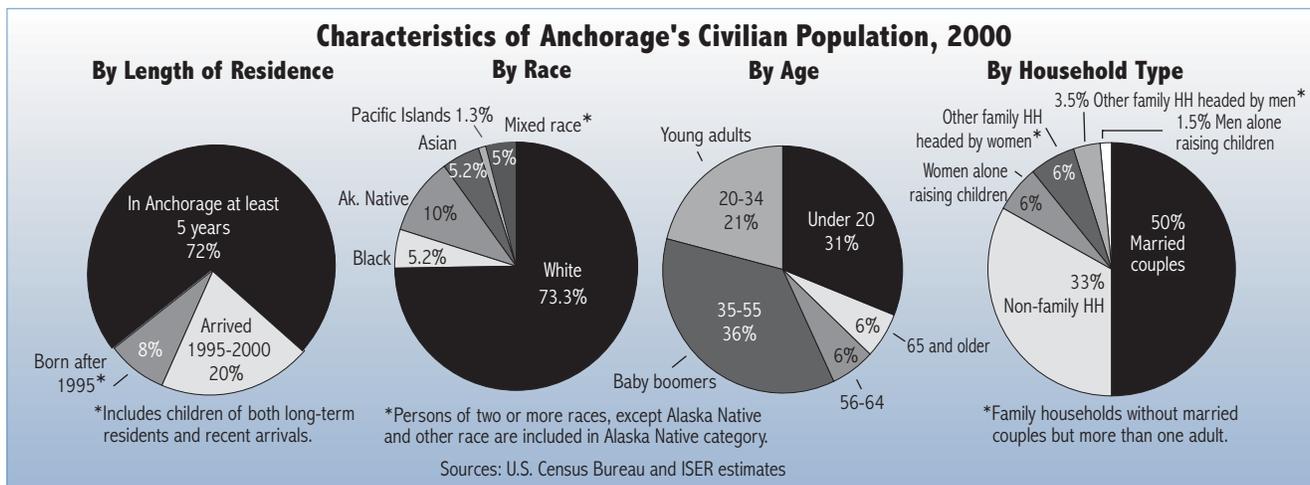
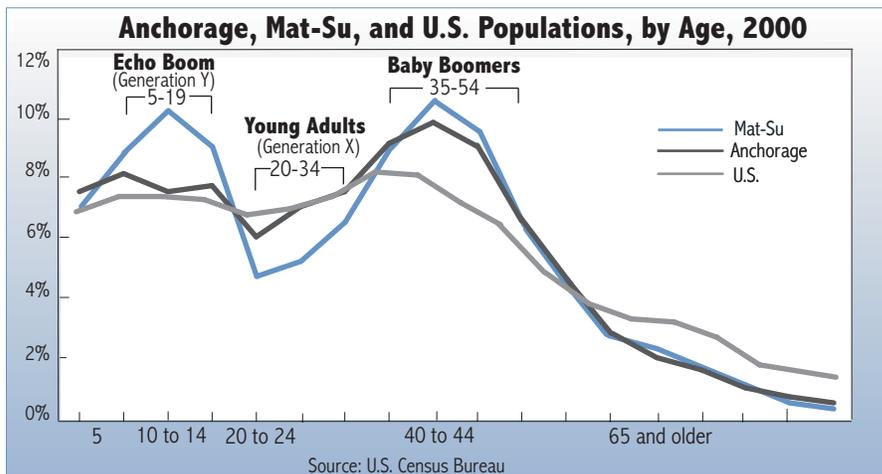
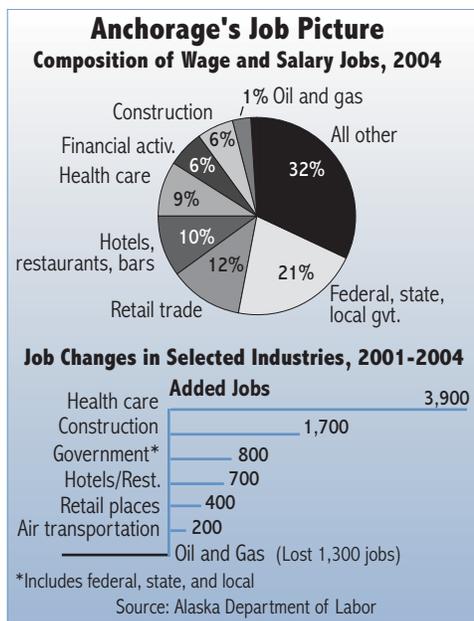
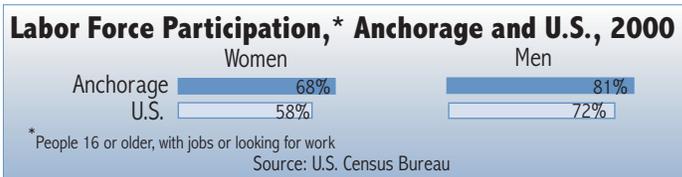
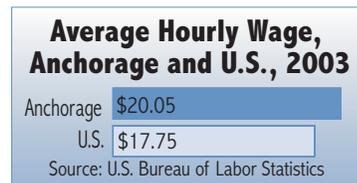
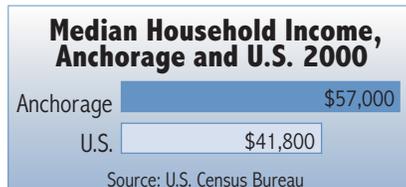
The economic changes of recent decades are reflected in the population. Baby boomers—the generation born after World War II—are a huge group nationwide, but even bigger in Anchorage, because so many came to the city as young adults during the economic booms of the 1970s and 1980s. The big questions are how long they'll keep working and whether they'll stay in the city when they retire (see page 15).

A much smaller but growing group is made up of those already over 65—their numbers have quadrupled since 1980, and that growth could accelerate sharply as baby boomers age. Several factors are making the city more attractive to older residents—and they help stabilize the economy, because they get much of their income from Social

Security and other sources that don't depend on the local economy. Also, many have relatively high incomes (pages 13 and 14).

A third group that mirrors change nationwide is the fast-growing minority population, which is younger and much more culturally diverse than the older white residents. Their growing numbers are already changing school enrollment and the labor force—and bringing the city the challenge of making everyone feel part of the community.

A final group we look at is young adults, whom some fear are abandoning the city for better opportunities elsewhere. There are conflicting signs about that (see page 16).



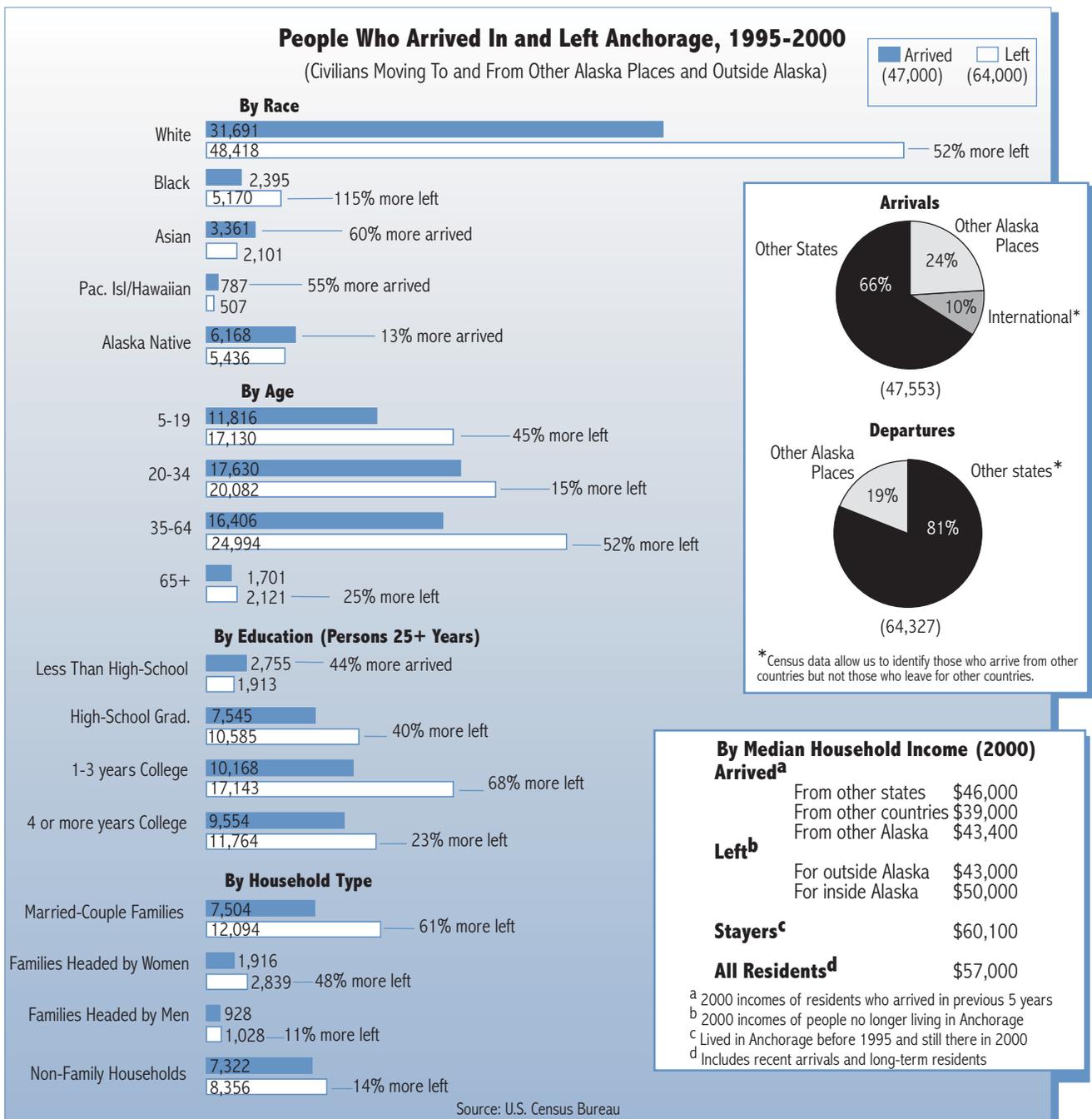
MIGRATION CONTRIBUTES TO CHANGE

Anchorage's population has gotten more stable, but there's still a lot of churning. The Alaska Department of Labor estimates numbers arriving or leaving each year. But the only detailed information on characteristics of movers is the 10-year U.S. census, which asks people where they lived 5 years earlier. That tells us about movers in the last half of the decade. But in the 1970s and 1980s, there were economic booms early in the decade followed by busts later on, especially the 1986-88 recession. The city saw no such big booms or busts in the 1990s, but the U.S. economy grew faster late in that decade.

As a result, more people left than arrived in Anchorage in the last half of the 1970s, 1980s, and 1990s. So it may look as if the city lost more people than it gained in every decade—but that isn't true. The

boom times attracted more people than the busts cost the city, and in every decade arrivals exceeded departures. The census information happens to be during the economic slowdowns. But we believe—based on how the city looked at the beginning and end of every decade—that the characteristics of the movers were similar throughout the decade, even though their numbers were larger or smaller at times.

In this profile we report on those who came or went from 1995 to 2000, when 64,000 left the city and 47,000—a third fewer—arrived. Part of the reason more people left was the booming U.S. economy in the late 1990s. Also, most of the jobs being created in Anchorage were at the low end of the pay scale—and the city was losing hundreds of high-paying jobs in the oil industry and elsewhere. And



at the same time, thousands were leaving Anchorage for the adjacent Mat-Su Borough, as we discuss more below.

Most of those who left—80%—moved outside Alaska and about 20% left for other Alaska places. People leaving in the largest numbers were white residents; married-couple families; middle-aged people; children; and people who had some college education but not four-year degrees.

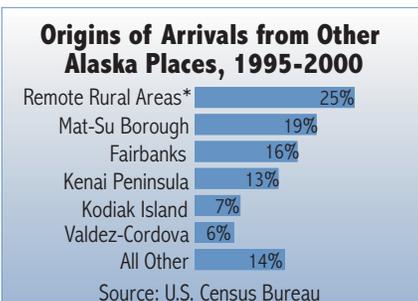
Among those moving in, about 66% came from other states, about a quarter from elsewhere in Alaska, and 10% from other countries. Those arrivals were of all races, ages, and household types. But the only groups who arrived in bigger numbers than left were Alaska Native, Asian, and Pacific Island people, and people who hadn't finished high school.

Household incomes of both those who left Anchorage and those who moved in were lower than the overall median income for Anchorage—\$57,000 in 2000—with the lowest incomes among recent international arrivals.

So how did all this movement contribute to change?

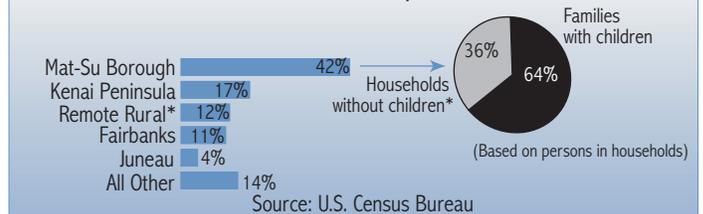
- The share of households that were married couples dropped from over 53% in 1990 to under 50% by 2000. Migration doesn't account for all the decline, but it contributed, because many married couples left for other states or the Mat-Su Borough.
- Minorities became a bigger share of the population, due not only to more arriving, but also to natural increase among existing residents and to the loss of about 15,000 white residents in the late 1990s.
- Movement in and out probably didn't have much effect on Anchorage's overall household income, because incomes of most of those who moved in and out were similar.
- Education levels in Anchorage changed little between 1990 and 2000, even though many people with some college education left and a few hundred without high-school diplomas arrived in the late 1990s. The lack of overall change is probably because: (1) more educated people arrived in the early 1990s; and (2) more of the long-term residents improved their education. The only noticeable change was a drop in educational attainment among young adults (page 16).

Among those arriving in Anchorage from other Alaska places in the late 1990s, about 25% came from remote western and northern Alaska. The migration of Alaska Natives from villages to Anchorage in recent times has boosted the city's Native population, especially working-age women (page 10).



*Remote rural areas are the North Slope, Northwest Arctic, and Lake and Peninsula boroughs and the Wade Hampton, Bethel, Nome, Dillingham, and Yukon-Koyukuk census areas.

Where Did People Go Who Left Anchorage For Other Alaska Places, 1995-2000?



Among those who left Anchorage for other Alaska places, 42%—mostly young, white families with children—went to the adjacent Mat-Su Borough. Borough house prices have historically been below Anchorage's, and commute times from the borough are reasonable. Clear measures of movement to the borough are the 60% increase in commuters from the borough between 1990 and 2000 and growth in Mat-Su school enrollment.

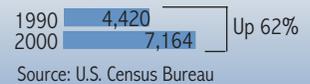
Mat-Su enrollment was up 50% from 1990 to 2005. Partway through the 2004-05 year, nearly 1,000 students were transfers from other Alaska districts. We know many were from Anchorage, but the Mat-Su district can't readily report transfers by individual district.

Movement to the Mat-Su showed no signs of abating in mid-2005, but some analysts predict that the borough's house prices will move ever closer to Anchorage's, as demand in the borough continues to grow.

The patterns of migration to the Mat-Su, and patterns of change in Anchorage, have created some demographic differences.

- Nearly all the growth in Anchorage from 1990-2000 was among people over 40. Movement in among the younger minorities wasn't enough to offset (1) migration out among families with children and (2) aging among the city's older white residents.
- By contrast, the fast growth in the Mat-su Borough was spread among most age groups, except the very old. Close to half the growth was among those under 40 and just over half among those over 40.
- Despite fast growth in the Mat-Su and the aging of Anchorage's population, labor force participation in Anchorage remains much higher—about 73% compared with 66%.

Workers Commuting from Mat-Su to Anchorage, 1990 and 2000



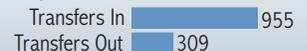
Mat-Su Enrollment Growth



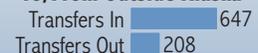
*As of February 2005.
Source: Mat-Su School District

Transfers In and Out, Mat-Su School District, 2004-05*

To/From Other Alaska Districts



To/From Outside Alaska

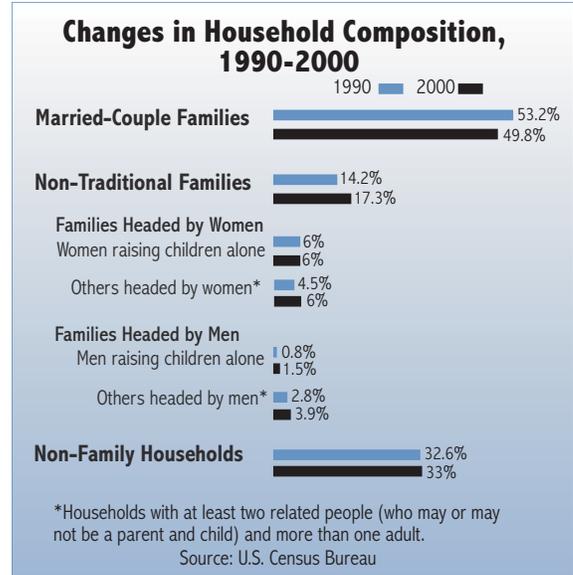


*As of February 2005
Source: Mat-Su School District

Most children in Anchorage—about 70%—still grow up with both parents, but that share has declined over time, as the share of married couples fell, and it's now slightly below the U.S. average of 72%. The remaining 30% of children in Anchorage live in households with just one parent, with or without other adults also in the household.

About 14% are being raised by mothers alone—with no other adult in the house. That's above the U.S. average of 12.5%. There's also a small but noticeable trend toward more single fathers raising children; about 3% of Anchorage children are being raised by their fathers alone, with no other adult in the house, compared with less than 2% nationwide. Still, despite that increase, Anchorage children who live with only one parent are five times more likely to live with their mothers. The remaining 13% of children are growing up in households with either their mothers or their fathers, but also some other adults—who could be other relatives, unmarried partners, or roommates.

Poverty among Anchorage children fell slightly between 1990 and 2000—from 9.5% to 9.3%—which may seem surprising, given the growth in single-parent families, which we know are much more likely to be poor (page 8). But several things likely contributed. First, poverty is measured under the federal poverty threshold; in 2000, that was just around \$17,500 for a family of four. That



threshold isn't adjusted for Alaska's higher cost of living; some analysts argue that it is too low nationwide. Also, welfare reform beginning in the late 1990s required many parents receiving welfare payments to find jobs; it's likely that even lower-paying jobs are enough to raise families above the federal poverty line. Supporting that argument is the decline in poverty among children nationwide, from 18.3% to 16.6%. And, as we talk about on page 8, growing Permanent Fund dividends may have also held down poverty.

Poverty declined among Anchorage children of all races, except among Asian and Pacific Island children—where it increased sharply. Many of those were likely newer immigrants, whom we know have lower incomes. Poverty among minority children in general remains two to three times higher than among white children.

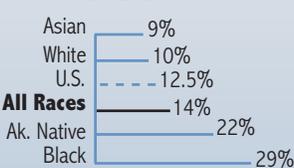
Living Arrangements of Anchorage Children, By Race, 2000

(Shares of Children in Types of Family*)

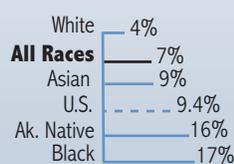
Married - Couple Families



Single Women With Children/ No Other Adult in HH**



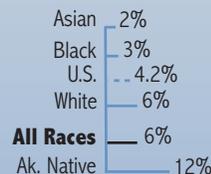
Single Women With Children/ Other Adult in HH**



Single Men With Children/ No Other Adult in HH**



Single Men With Children/ Other Adult in HH**



*Numbers don't all add to a 100 percent because a small share of Anchorage children live in non-family households or groups quarters. Figures for mixed-race, non-Native children not shown.
**Sample of Pacific Island households too small to be reliable.

Source: U.S. Census Bureau

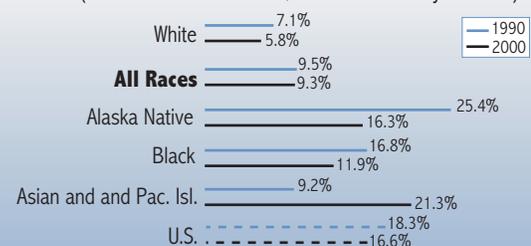
Share of Anchorage Households with Children, By Race, 2000



Source: U.S. Census Bureau

Poverty, * Anchorage Children, 1990 and 2000

(Children 18 and Under, Based on Family Income)



* Poverty threshold for a family of four in 2000 was about \$17,500. Source: U.S. Census Bureau

Anchorage Civilian Population By Race

	1990	2000	Increase
White	164,136	170,145	+4%
Black	9,952	11,942	+20%
Asian	9,624	12,198	+27%
Ak. Native	14,750	23,803	N/A*
Pac. Isl	492	3,024	+415%
Other	N/A	10,954	N/A*

Figures exclude people living in group quarters. **Other* category includes people of mixed race, except Alaska Natives of mixed race, who are in Alaska Native category. We can't calculate growth rates for these categories, because the mixed-race category did not exist until 2000. Source: U.S. Census Bureau

Higher poverty among the city's minority children is partly because more live in single-parent households, which tend to be poorer. Only half the city's Alaska Native and black children live with both parents, compared with at least 70% among other races.

We also know that household incomes of all minorities are significantly below those of white households. Alaska Native and Pacific Island households have the lowest incomes in the city, at 60% those of white households.

Incomes of minority households are lower because more are headed by younger people, who aren't yet at their peak earning power; fewer have jobs; and the jobs they have tend to be lower-paying (see pages 11 and 12).

The share of households with children also varies sharply by race. The older average age of white residents is reflected in the fact that only about 4 in 10 white households have children. Pacific Island people are the city's youngest group; 7 in 10 of their households have children.

Another sign of the aging of the white population—and of the migration out of the city of thousands of white families—is in school enrollment. Minorities make up about 27% of Anchorage's population but 44% of school enrollment. The number of white students in Anchorage schools was smaller in 2004 than it had been in 1980.

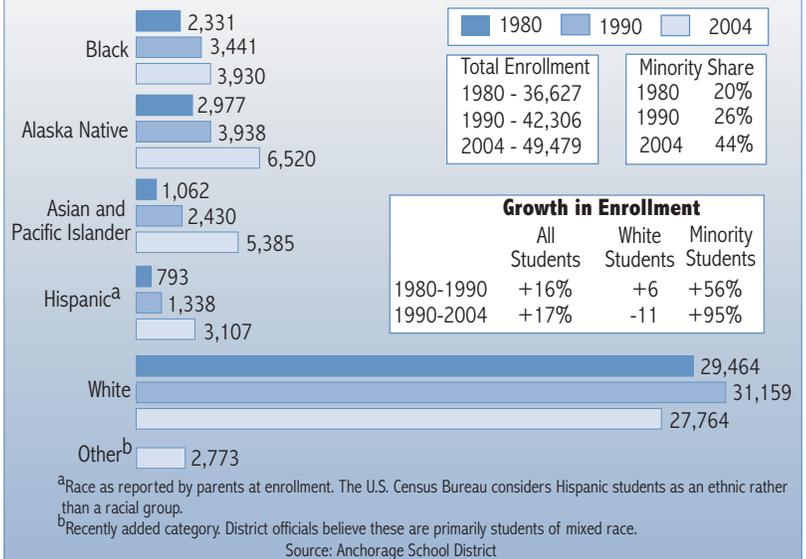
The growing diversity of the Anchorage population—and the sharp differences in ages, incomes, and cultures—pose significant challenges for the city.

Education levels among Alaska Natives have improved in recent times, but still fall considerably short of those among whites; many Asian and Pacific Island people lack the education they need to help them get better jobs.

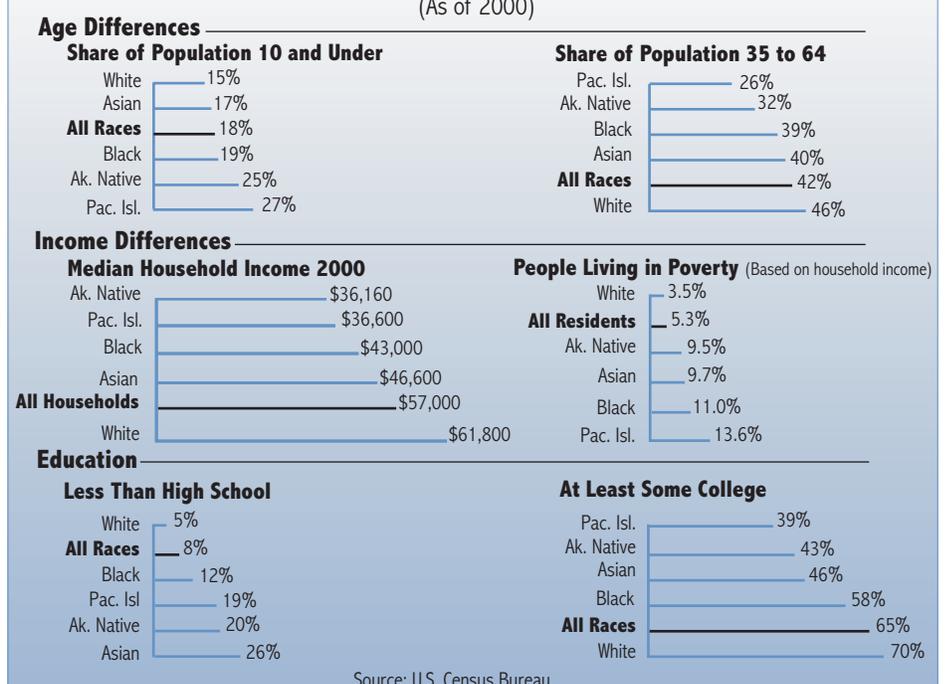
Also, more than one in ten students in Anchorage schools speaks a primary language other than English—and those languages are diverse (page 9). Schools face the challenge of helping all children learn and meeting the No-Child-Left-Behind standards.

And single mothers and minority residents are clustered at the bottom of the income ladder, with many holding lower-paying jobs without health insurance. Making sure all children and families get adequate health care and other services they need will be a challenge for the city and the state, as health care costs continue to escalate.

Enrollment Changes, By Race,^a Anchorage School District, 1980-2004



How Do Ages, Incomes, and Education Vary Among Anchorage Residents by Race? (As of 2000)



LOW-INCOME RESIDENTS

Average Anchorage Household Income From Permanent Fund Dividends, 2000

	Dollar Amount	Share of Total Income
Wealthiest 20% of HH	\$4,999	3%
Poorest 20% of HH	\$3,174	21%

Source: ISER calculations with U.S. census data

Poverty cuts across all races, ages, and family types, but Anchorage's poorest households are concentrated among minorities, single women with children, those with less education, and single residents over 65. Half the children being raised by single mothers are in the bottom 20% of households, as are 24% of residents over 65 and nearly 30% of Alaska Native and black residents.

By contrast, white residents, people with college degrees, and those with full-time jobs are more likely to be in the wealthiest 20% of households.

Incomes of the poorest 20% of Anchorage households are still above those of the poorest households nationwide. They have also stayed ahead of inflation since 1980—but only because of the unique state program that makes cash payments to all residents. Since the 1980s, Alaska's government has used part of the earnings of the Permanent Fund—the savings account established with oil revenues—to pay dividends to state residents. The fund had a balance of nearly \$31 billion in mid 2005.

Dividends made up \$1 of every \$5 of income among the poorest 20% of Anchorage households in 1999 (the income year reported during the 2000 census); dividends that year were \$1,769 per person. For the wealthiest 20% of households, dividends contributed on average 3% of income. But even though the share of income is much smaller among wealthier households,

Real Average Income of Households At Bottom of Income Range, Anchorage and U.S., 1979-2002

(Incomes of Poorest 20% of Households, In 2002 Dollars)



Sources: U.S. Census Bureau, 10-year census and 2003 Current Population Survey
*Income reported in 2003 for the previous year.

they actually collect more on average: \$5,000 per household in 1999, compared with about \$3,200. That's likely because more of the poorer households are single-person. Still, it refutes a common belief that poorer households typically collect more.

About 5% of Anchorage residents fell below the federal poverty line in 2000, compared with 12.4% nationwide. But without dividends, Anchorage's poverty rate could have risen to 9%. The poverty standard is quite low—\$17,500 for a family of four in 2000—so this is an estimate of how much dividends alleviate extreme poverty.

Income distribution in Anchorage is also somewhat more equitable than it is nationwide—the poor aren't quite as poor relative to the rich. That's true for two reasons: Unlike the U.S. as a whole, Anchorage doesn't have any billionaires to skew the distribution. And Permanent Fund dividends reduce inequity by supplementing incomes of the poor. Dividends weren't intended as income supplements, but that's what they've become—and state policymakers will need to keep that in mind in the future, if they are considering changes in the Permanent Fund dividend program.

How Many More Anchorage Residents Could Fall Below the Federal Poverty Line, Without Permanent Fund Dividends?

Below 2000 poverty threshold* with dividends



12,414

Below 2000 poverty threshold* without dividends



23,379

- Overall poverty could nearly double, from 5% of residents to nearly 9%
- 5,600 of the additional poor would be children, bringing total poor children to 11,650
- Poverty among Alaska Natives could more than double, from 2,240 to 4,660

*The federal poverty threshold was about \$17,500 for a family of four in 2000.

Source: ISER calculations with U.S. census data

Who Lives in Households at the Bottom and the Top of Income Range?

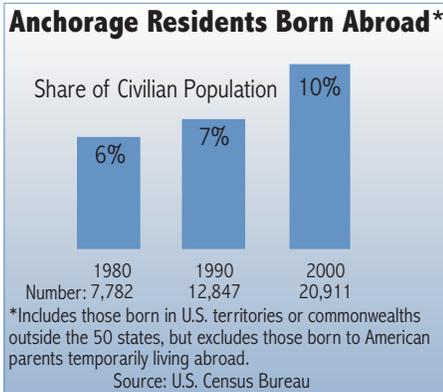
(As Share of Total Group)

	Bottom 20% of HH	Top 20% of HH
Children being raised by single mothers	51%	3%
People 65 and older	24%	22%
Full-time workers	7%	30%
Adults with 4 or more years of college	7%	39%
Residents by Race		
White	12%	27%
Black	29%	15%
Ak. Native	27%	13%
Asian	19%	18%
Pac. Isl.	21%	5%

Source: U.S. Census Bureau

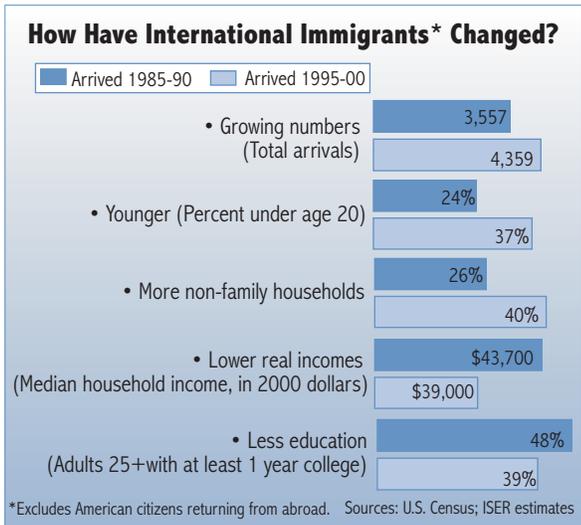
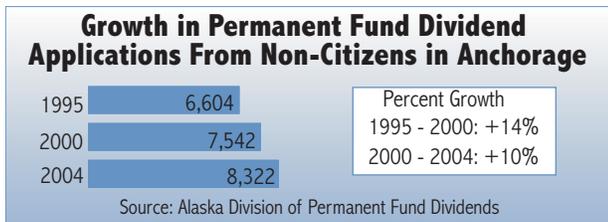
The city's foreign-born population is up sharply since 1990, with people who were born abroad arriving from both other states and other countries.

The number of Anchorage residents born outside the 50 states grew 60% in the 1990s, up from 13,000 to nearly 21,000. The foreign-born share of the population increased from 7% to 10%. Many of these residents—especially the long-term residents—are U.S. citizens.



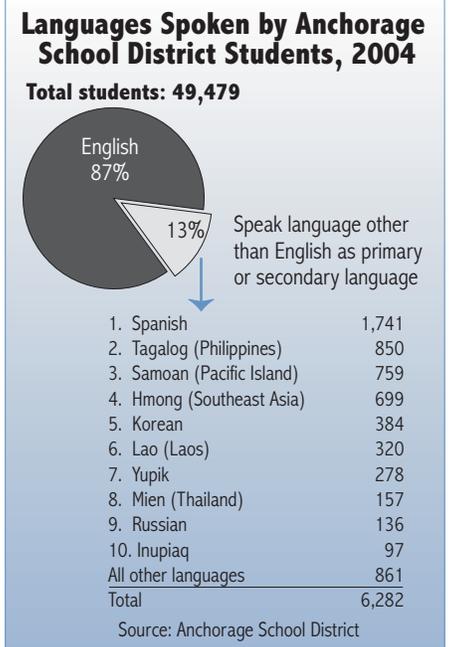
International immigration in the past decade is shown by growth in the number of Permanent Fund dividend applications from Anchorage residents who are not citizens—up 14% between 1995 and 2000 and up 10% from 2000 to 2004. Arrivals in Anchorage in the late 1990s were younger, less well-educated, and less likely to come with families; they also had lower incomes than those who came a decade earlier. Lower education levels among many immigrants, compared with U.S. citizens, have also been reported nationwide.

People from throughout the world arrived in the late 1990s, but more were from Samoa and other Pacific Islands than any place else, followed by the Philippines and Mexico. There was significant immigration from Korea and other Asian countries as well.



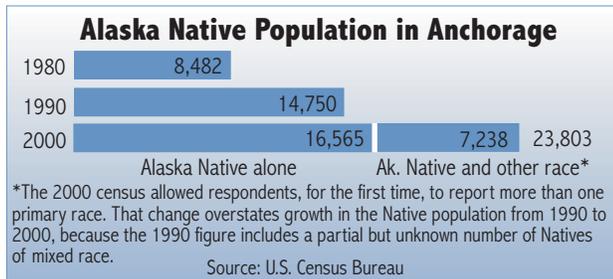
International arrivals are also reflected in languages spoken by students in city schools. In 2004, about 13 percent of the students spoke languages other than English. Spanish was most common; Tagalog (the Philippines) was second, then Samoan, Hmong (Southeast Asia), and Korean.

No single reason explains why the city attracts immigrants. An obvious one is what the U.S. in general offers: freedom, safety, opportunities, public schools, and much more. Also, federal laws and programs determine where refugees settle—based on availability of sponsors and other factors—and also play a big role in determining where immigrants go, favoring those who can settle in a place with close relatives who are already citizens. Residents of U.S. territories or commonwealths (like American Samoa) are U.S. nationals who don't face the immigration requirements of those from other countries.



But why Anchorage? Jobs, for one thing: the city has seen steady job growth for more than a decade. Lower taxes are another draw: Anchorage residents pay less tax than residents of many U.S. cities, because there are no state or local personal income or sales taxes. On top of that, the state makes annual Permanent Fund dividend payments to qualified residents, whether they're citizens or not.

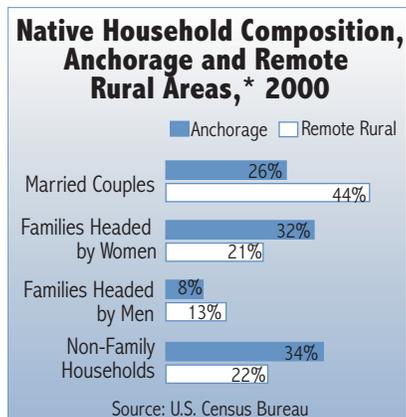
And Anchorage has less pollution, relatively lower crime rates, and less crowding than many larger cities. Also, it's been the pattern throughout U.S. history that when the first immigrants find economic opportunities in a community, they encourage others to come.



Alaska Natives are the city's largest minority, making up about 10% of the population. Many moved to the city from their homes in small villages of western and northern Alaska, drawn by jobs, education opportunities, and better access to medical care. By 2000, about one in five of all Alaska Natives lived in Anchorage.

Has their increasing urbanization benefited Alaska Natives? That's a complex question with many aspects; here we look at only a narrow part of their overall circumstances. Alaska Natives in Anchorage have seen economic gains like improved job opportunities (especially for women) and increased homeownership. But they continue to face high unemployment, high rates of poverty, and incomes far below the city average. They also have among the city's highest share of households headed by single women, their education levels and homeownership rates are improving but still lag those of non-Natives, and they face a number of health and other social problems documented in a recent ISER report, *Status of Alaska Natives 2004*.

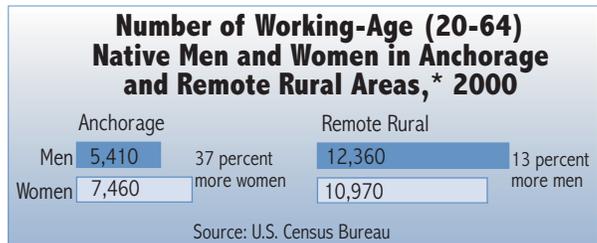
Here we first compare characteristics of Native households in Anchorage and in remote villages, and then look at changes among the city's Native households since 1990.



Native households in Anchorage are much less likely than village households to be married couples—26%, compared with 44%. Households headed by women are more common than married-couples among Native households in Anchorage—32% compared with 26%; nearly one quarter

of Native children in Anchorage are growing up with their mother as the only adult in the household. Non-family households make up a much bigger percentage of households in the city than in the remote villages—34% compared with 22%.

There are also big differences in the ratio of men to women in Anchorage and in remote villages. Working-age Native women in Anchorage outnumber working-age men by more than a third. That



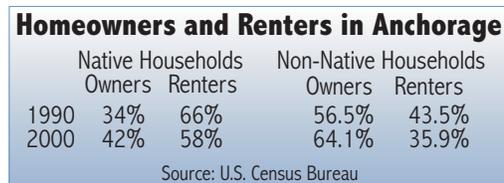
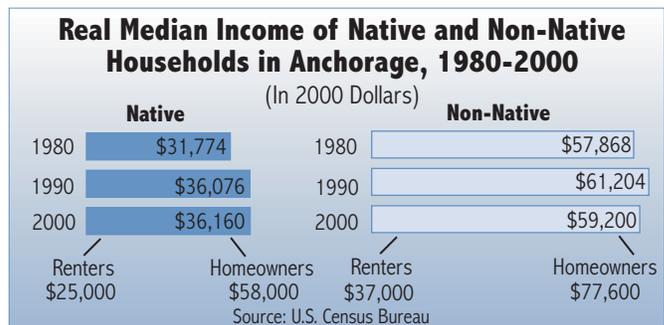
disparity helps explain why Native women in Anchorage also hold more jobs than Native men, as we'll see on page 13.

Incomes of village households average only about 70% those of Native households in Anchorage. That's due to both higher unemployment and lower average wages in remote villages.

Looking at changes among Native households in Anchorage, we found that the number of Native workers in Anchorage with full-time jobs nearly doubled between 1990 and 2000, from 2,700 to 4,900.

Real (adjusted for inflation) incomes of Native households in Anchorage also improved slightly in the 1990s, while real incomes of non-Native households dropped. We'll also see, on page 13, that Native working women boosted their earnings even as income of men (both Native and non-Native) fell. But median Native household income in 2000 was still only 60% that of non-Natives.

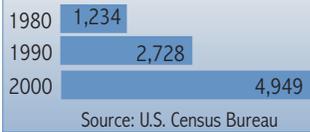
Homeownership among Native households improved from 34% to 42% in the 1990s. But the 58% of Native households that still rent have incomes less than half those of Native homeowners—in 2000, a median of \$25,000, compared with \$58,000.



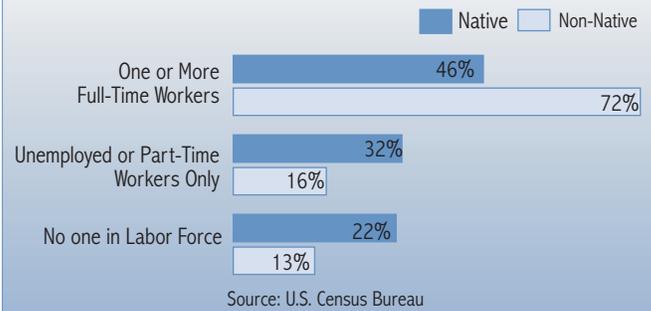
*Remote rural areas are the North Slope, Northwest Arctic, and Lake and Peninsula boroughs and the Wade Hampton, Bethel, Nome, Dillingham, and Yukon-Koyukuk census areas.

And finally, while lower average earnings partly explain the lower incomes among Native households, the gap also has to do with lack of full-time jobs. In 2000, only 46% of the city's Native households had full-time workers, compared with 72% among non-Native households. Another 32% of Native households had only unemployed or part-time workers, compared with 16% among non-Natives. Native households were almost twice as likely to have no one in the labor force. This gap will pose an increasing challenge, as large numbers of young Natives move into the labor force. State, city, and Native leaders still face the longstanding issue of how to improve job opportunities for Alaska Natives.

Number of Full-Time Native Workers in Anchorage



Labor Force Status of Native and Non-Native Households in Anchorage, 2000



ANCHORAGE WORKERS

When Alaska became a state, Anchorage residents couldn't just go out and buy all the goods and services available in other U.S. cities—they ordered more things by mail, for instance, and often had to leave the state for medical treatment or other services. But for several decades the city economy has been maturing and adding stores, medical facilities, restaurants, hotels, and more.

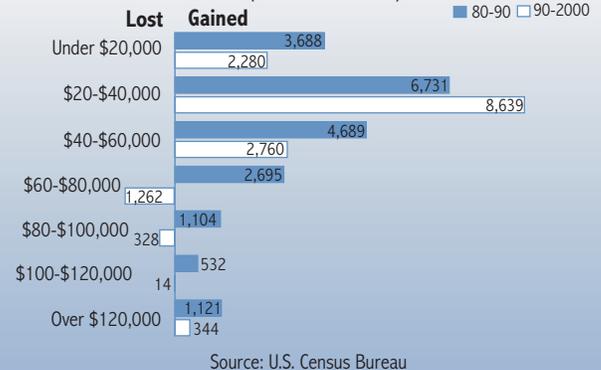
This economic broadening is good, because it offers Anchorage residents and visitors more choices and has helped reduce living costs relative to other places. But with some exceptions—like health care—service and trade jobs are at the low end of the pay scale. The adjacent figure shows the effects on Anchorage workers of the job shift since 1980.

In the first part of the 1980s, the number of jobs in Anchorage grew rapidly, as the city went through a boom related to high oil prices and state spending of its oil revenues. Many of those new jobs were in trade and service industries, but thousands were also being added in the oil industry, government, construction, and other industries with higher average pay.

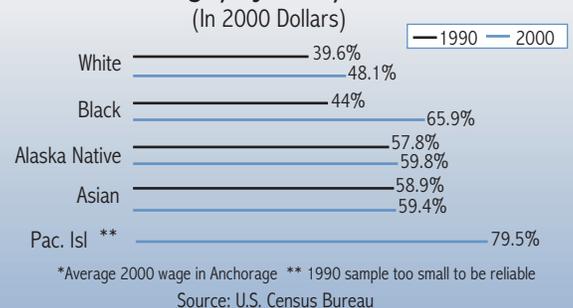
Things changed in the 1990s, with only about half as many jobs being added—and virtually none in the \$60-\$120,000 range. In fact, the city lost about 1,600 jobs in that upper range. Two-thirds of the jobs added paid \$20-\$40,000, and most of the rest paid either less than \$20,000 or \$40-\$60,000. A few hundred were added at the very top (over \$120,000).

Another measure of the change is the share of workers earning the same real (adjusted for inflation) wage in 1990 and 2000. The city's average wage in 2000 was about \$36,000; if we compare the share of workers earning the equivalent wage in 1990, we can see that workers of all races were affected by the shifting job market.

Full-Time Anchorage Jobs Gained and Lost, By Annual Pay Range, 1980-1990 and 1990-2000 (In 2000 Dollars)



Share of Anchorage Workers At or Below \$36,000* Real Annual Wage, By Race, 1990 and 2000 (In 2000 Dollars)



The hardest hit were black workers; nearly 66% earned less than the city's average wage in 2000, compared with 44% in 1990. Among white workers, about 48% earned \$36,000 or less in 2000, compared with under 40% in 1990. Still, white workers fared better than workers of other races; 60% to 80% of workers of other races earned less than \$36,000 in 2000.

ANCHORAGE WORKERS

Aside from differences in earnings by race, there are also differences by residence: workers who live in the Mat-Su Borough and commute to Anchorage have higher average earnings than both (1) those who live and work in Anchorage and (2) those who live and work in the Mat-Su. In 2000, Mat-Su commuters had average earnings of \$43,442, compared with \$34,118 among those living in Anchorage and \$27,841 among those living and working in the Mat-Su. That difference makes sense, if we assume that only those with relatively better-paying jobs can afford to move to the Mat-Su and commute to work in the first place.

The figure above also shows that workers who live in either Anchorage or the Mat-Su and commute to work in rural areas—many to the North Slope oil fields—have the highest average wages, at around \$56,000 in 2000.

Since about 2000, continued growth in the health care industry and a construction boom have pulled average Anchorage wages up somewhat. Jobs in construction are among the best paid, and many health care jobs also pay well or at least better than average. But in recent years the city has also lost jobs in the petroleum industry—oil companies have cut back on headquarters employment as North Slope production falls—and those jobs are at the top of the pay scale.

Another change in the 1990s was in labor force participation—that is, in the share of adults 16 and older with jobs or looking for work. Men and women still work in bigger proportions in Anchorage than in the U.S. as a whole (page 3), but labor force participation did decline between 1990 and 2000. The drop was among both men and women, but was about twice as big among men.

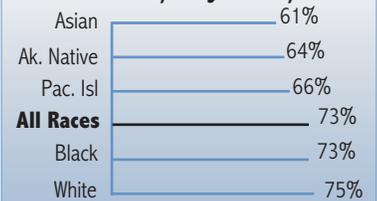
Average Earnings of Anchorage and Mat-Su Residents, 2000

Live in Anchorage	
Work in Anchorage	\$34,118
Work in Mat-Su/Kenai	\$45,967
Work in rural Alaska	\$55,952
Live in Mat-Su/Kenai*	
Work in Mat-Su/Kenai	\$27,841
Work in Anchorage	\$43,442
Work in rural Alaska	\$56,225

*Census data for this information groups Mat-Su and Kenai residents. But almost all those who work in Anchorage but live in Mat-Su or Kenai Peninsula boroughs are from the Mat-Su

Source: U.S. Census Bureau

Share of Anchorage Adults in Labor Force, * By Race, 2000



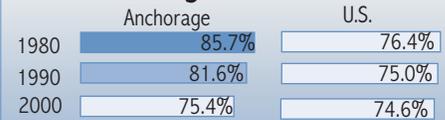
*People 16 or older, with jobs or looking for work

Source: U.S. Census Bureau

Several things probably contributed to that drop. For one, the minority population grew, and labor force participation among Alaska Native, Asian, and Pacific Island people is considerably below that among white and black residents. And, as we talked about earlier, the majority white population is aging and some moved out of the labor force. Also, the population over 65 grew rapidly in the 1990s; although about a quarter of residents over 65 still work, most don't.

Another sign of the aging population is the declining share of total income from wages, dropping from 86% of all income in 1980 to just over 75%—nearly at the U.S. average—by 2000.

Share of Income from Wages and Salaries



Source: U.S. Census Bureau

But the clearest sign of Anchorage's changing job market in the past 25 years may be this: in 1980, high-school dropouts earned on average 72% as much as college graduates; by 2000, they earned just 43% as much. Not so long ago, there were more relatively well-paid jobs available to Anchorage residents with little education. But now—as is true across the country—such jobs are much scarcer.

Anchorage Average Annual Wage/Salary

	Not Adjusted	Adjusted for Inflation*
1980	\$22,944	\$40,494
1990	\$30,816	\$39,209
2000	\$36,456	\$36,456
2003	\$39,600	\$36,773

*In 2000 dollars

Source: Alaska Department of Labor

Changes in Anchorage Labor Force Participation, 1990-2000

	Women	Men
1990	70%	87%
2000	68%	81%

Source: U.S. Census Bureau

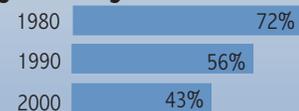
What Difference Does Education Make?

Median Earnings of Anchorage Workers,* By Education Level, 2000



*Full-Time workers

Median Earnings of High-School Dropouts as a Share of Earnings of College Graduates

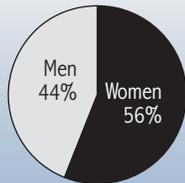


Source: U.S. Census Bureau

Anchorage's working women fared better than men in the 1990s, gaining 56% of new jobs and maintaining their incomes better. Still, men continue to earn much more than women.

Native women in particular had the best showing in recent years. They've moved into the work force rapidly in the past 30 years, and in 2000 Native women held 52% of all full-time Anchorage jobs held by Natives. By comparison, among non-Native workers, women held 44% of the jobs.

Shares of New Jobs, 1990-2000



Source: U.S. Census Bureau

Also, real (adjusted for inflation) earnings of Native women increased 13% in the 1990s, even as real earnings of both Native and non-Native men—and of non-Native women—all declined. That meant Native women improved their earnings to be on a par with those of non-Native women and sharply narrowed the gap with Native men.

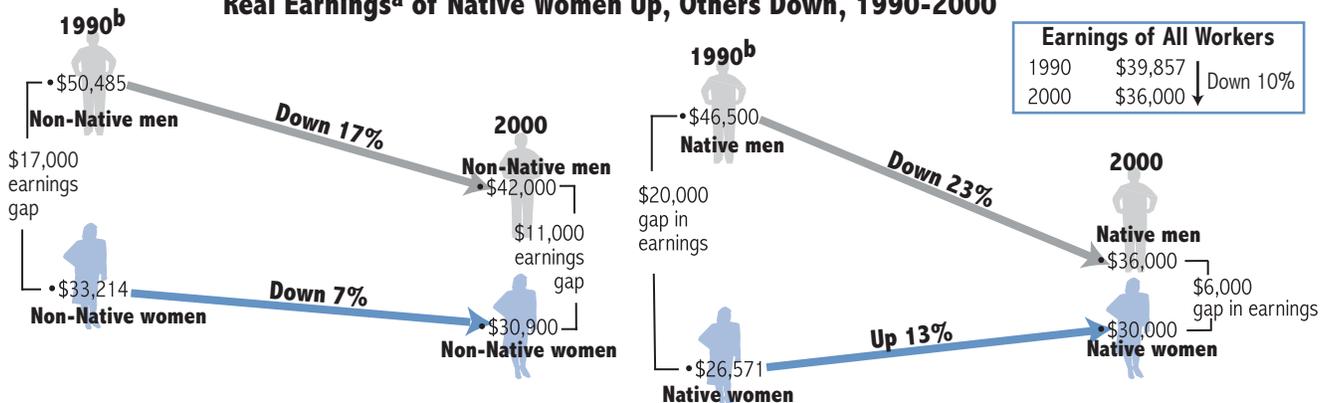
Still, despite these advances for Native women, labor force participation and household incomes of Natives continue to lag far behind those of white residents.

Women as Share of Native and Non-Native Workers, 2000



Source: U.S. Census Bureau

Real Earnings^a of Native Women Up, Others Down, 1990-2000



^aReal median earning of full-time workers with at least a high-school education, in 2000 dollars. ^bEarnings reported in the 1990 census included income from temporary jobs related to clean-up of the 1989 Exxon Valdez oil spill and are an estimated 5% higher than they otherwise would have been; still, the pattern would be the same, even without that oil-spill income.
 Source: U.S. Census Bureau

RESIDENTS 65 AND OLDER

Leaving Anchorage used to be what people routinely did when they got older—and many still do. But in the past 25 years, older people have been leaving at much lower rates, and the city's older population has been growing at five times the national average. (But that share was so small to begin with that it is still only about half the U.S. average). A combination of things has made the city more attractive to older people, including the fact that Anchorage is less expensive than it used to be relative to other places; the state pays all residents Permanent Fund dividends; and homeowners over 65 get a break on their property taxes. And older residents—like all residents—enjoy the absence of state or local personal income or sales taxes. Other draws are Anchorage's major medical facilities and a state-owned nursing home where costs are partly subsidized.

So what do we know about Anchorage's older residents? Most of them live in married-couple households, but nearly one in 5 women and one in 10 men live alone. They are as a group younger than all those over 65 nationwide, with more people in their 60s and fewer in their 80s. Also, those in their 60s—both men and women—are more likely than their U.S. counterparts to hold jobs (although older residents are less likely to work now than in 1980 or 1990).

Anchorage Residents 65 and Older

Year	Number	Share of Population
1980	3,658	2.5%
1990	7,931	3.9%
2000	13,539	5.7%
2003	15,716*	6.2%

U.S. Average 65+: 12.4% *Estimate

Sources: 2003, Alaska Department of Labor; other years, U.S. Census Bureau

Movement of People 65+ To and From Anchorage



Share of People 65-69 with Jobs



Source: U.S. Census Bureau

RESIDENTS 65 AND OLDER

In 2000, the median income of Anchorage households headed by people over 65 was \$45,000—70% above the U.S. average. That's much bigger than the 30% differential all Anchorage households have over the U.S. average.

But as the adjacent table shows, it is specifically Anchorage's older married couples who have seen big increases in their incomes in the past 20 years. Real (adjusted for inflation) median household incomes of married couples over 65 increased 48% from 1980 to 1990 and 18% between 1990 and 2000, reaching nearly \$68,000.

By contrast, the city's single residents over 65 actually lost income; in 1980, their median income of under \$22,000 was nearly 60% that of married couples—but by 2000, their real income was still under \$22,000 and was just about 30% that of married couples.

Anchorage's older married couples also saw much bigger income gains than younger couples, whose income grew 11% in the 1980s and dropped 3% in the 1990s. Couples under 65 still have higher incomes than couples over 65—but the gap is much smaller than it used to be.

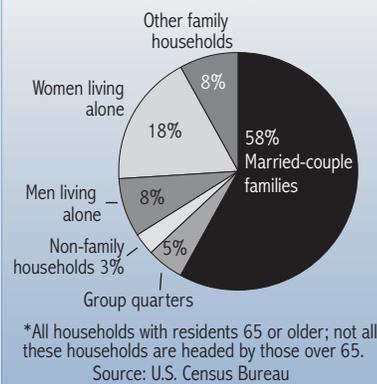
So what boosted income of Anchorage's older couples so much? Incomes of older people nationwide also increased in the past 20 years, but not as much. Special payments from the state are part of the answer. The Longevity Bonus program—which was eliminated in 2003—made monthly payments to older people, and that program was expanded and the payment increased in the 1980s. Permanent Fund dividends also increased over the years. Since payments are per person, married couples collect more.

But even if we eliminate those state payments, real 2000 incomes of people over 65 in Anchorage were still far above the U.S. average. Other factors also contributed to the growth in income. The share of married-couple households grew. More of those who left Anchorage in recent times appear to have been single people with lower incomes.

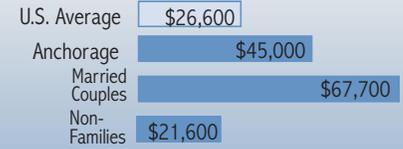
Also, payments from Social Security were up in Anchorage and nationwide. The fastest growth, however, was in other types of retirement income. Investment income was also up, but the share of income from wages declined. Anchorage's older people get less of their income from Social Security and more from other types of retirement and from earnings; labor force participation is still higher in Anchorage.

Overall, it's important to keep in mind that there is a sharp split in the city's older residents. As the table on page 8 shows, almost equal shares of residents over 65 live in both the poorest 20% and the wealthiest 20% of households. Those in the poorest households are mostly single people and those in the wealthiest mostly married couples.

Living Arrangements of Anchorage Residents Over 65* (As of 2000)



Median Income, Households Headed by Residents 65+, 2000



Change in Real Median Household Income, Anchorage Married Couples

	Over 65	Under 65
1980-1990	+48%	+11%
1990-2000	+18%	-3%

Source: U.S. Census Bureau

Real Median Income, Anchorage Households Headed by Residents Over and Under 65

(In 2000 Dollars)

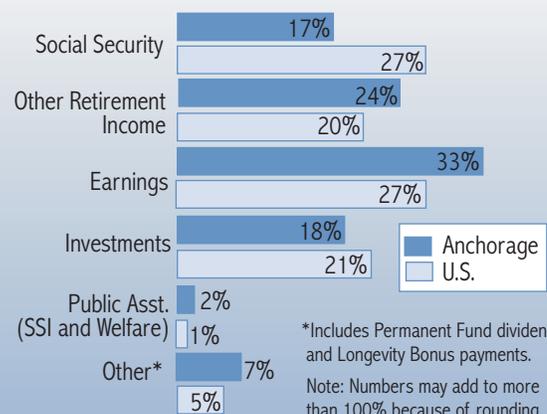
	Over 65		Under 65	
	Married Couples	Single ^a	Married Couples	Single ^a
1980	\$38,792	\$21,887	\$73,110	\$38,257
1990	\$57,432	\$23,007	\$82,202	\$40,848
2000	\$67,700	\$21,600	\$79,850	\$40,000

^aOlder single people are almost entirely older women or men living alone; about 8% live with some unrelated adult. More of the younger unmarried people live in households with unrelated adults.

Source: U.S. Census Bureau

Income Sources, Households Headed by People Over 65, Anchorage and U.S. Average, 2000

(Shares of Aggregate Income)



Source: U.S. Census Bureau

Baby boomers are the huge generation of Americans born in the 20 years after World War II, roughly from 1946 to 1964. Across the country, baby boomers make up about one in four Americans. The generations born before and immediately after are smaller. The boomers have been getting a lot of attention lately, because they're approaching retirement age—and their big numbers have implications for pension programs, health care systems, housing, and much more.

Analysts have also pointed out that—aside from the effects of their sheer numbers—baby boomers nationwide have fewer children and are much more affluent than generations before; where they retire and what they buy will have big effects on the national and local economies. (See, for example, the Milken Institute's Policy Brief No. 9, *America's Demography in the New Century*, March 2000.)

Baby boomers are even more concentrated in Anchorage than nationwide, accounting for about one in three residents, and their effects as they age could also be more concentrated. Many of them came to Anchorage as young adults during the economic booms of the early to mid 1970s and early 1980s. In fact, baby boomers made up close to half of Anchorage's population in 1980.

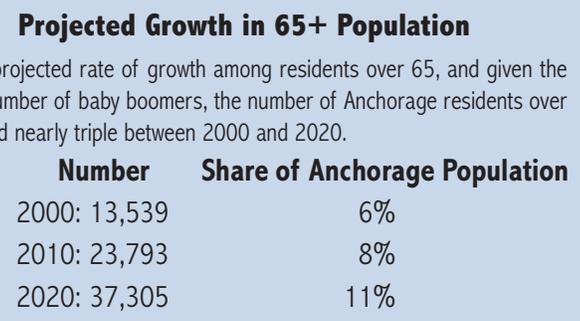
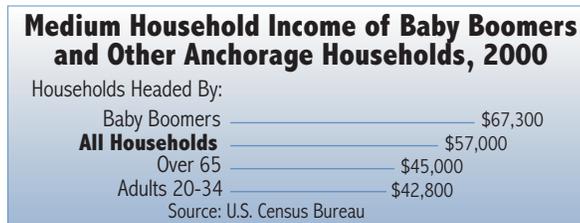
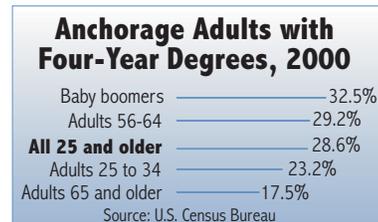
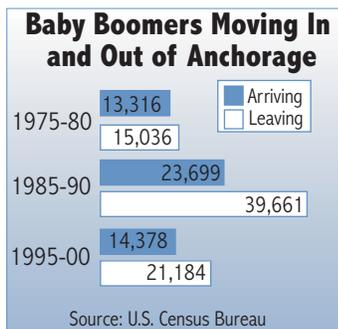
Many boomers did leave in the economic downturns—especially the 1986-88 recession following an oil-price crash, as the figure at the top of the page shows. But many stayed and some arrived, even in the downturns. They are Anchorage's largest, wealthiest, and best-educated group. Exactly how many of them will stay in the city after they retire is unpredictable.

But if they follow recent patterns among people over 65 (see adjacent box), Anchorage's over-65 population could more than double by 2020, and older residents could make up 11 percent of the city's population, compared with 6 percent today.

Having so many more older people carries the same kinds of implications for Anchorage as for other parts of the country—big numbers added to Social Security, for instance—but it also has others. The incomes of baby boomers will likely decline

when they stop working, but as we've seen, Anchorage's older residents as a group have incomes far above the U.S. average.

More income that doesn't depend on the job market would tend to help make the city economy more stable. Older people who collect Social Security and private pensions, and often investment income, bring money into the state economy. That money has multiplier effects—that is, when new money comes into the economy, it helps support new jobs.



Some Alaskans are worried that bright young people are leaving Anchorage (and other Alaska places), to go to school or find work, and that few are moving in—creating a dangerous “brain drain.” People ages 20 to 34 in 2000—born roughly from 1965 to 1980—belong to what has been called “Generation X.” They make up about 21 percent of the population, both in Anchorage and across the country—a share considerably smaller than the baby boomers. So part of the reason numbers of young adults have declined is that there simply aren't as many of them as there were in the previous generation.

It is true that many young adults left the city during the late 1990s, when the U.S. economy was growing faster than

Anchorage's. As the figure on page 4 shows, some 20,000 young adults left from 1995 to 2000 and about 17,000 moved in—for a net loss of 3,000. But as the figure also shows, young adults were less likely to leave than either younger or older people.

And if we look at education levels among young adults coming and going at the end of the 1990s, we see more arrivals among both the best and the least educated young adults. Among those with four or more years of college 3,800 arrived and 3,200 left. So even in a period of slow growth, Anchorage still attracted young, educated adults. But at the same time, more young adults—about 200 more—without high-school degrees also moved in than out.

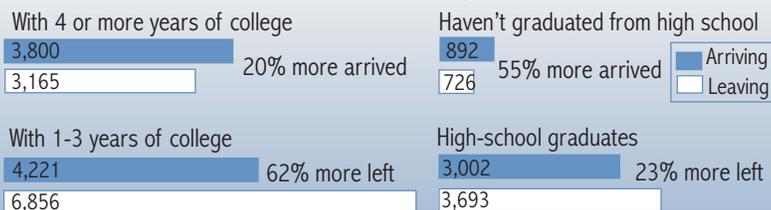
YOUNG ADULTS (CONTINUED)

The share of residents 25 to 34 with college degrees declined in the past couple of decades, from 25% in 1980 to 23% in 2000. This is worrisome, and only with the next census will we see if that decline is continuing. The less education young people have, the less chance they have at good jobs. High-school dropouts now earn about \$4 for every \$10 college graduates earn (page 12).

Real incomes of households headed by young adults dropped about 11 percent from 1980 to 2000. Partly that reflects the fact that so many of the new jobs in recent times have been in lower-paying retail and service industries.

Future opportunities for young people in Anchorage will depend not only on their education levels but also on what kinds of jobs are created—and on how long baby boomers keep working.

Education Among Adults 25-34 Who Moved To or From Anchorage, 1995-2000



Source: U.S. Census Bureau

Changes in Real* Median Income of Households Headed by Adults 20-34

1980-1990: Unchanged
1990-2000: Down 11%

*Adjusted for inflation Source: U.S. Census Bureau

CONCLUSION

Anchorage at 90 looks surprisingly like other U.S. cities, given how recently it was still a frontier town. It has an aging white population, a young and diverse minority population, and a growing number of residents over 65. Many of its minorities, single mothers, and older people living alone are clustered at or near poverty levels. Fast growth in housing prices is prompting many residents, especially families, to move outside the core city and creating a burgeoning commuter population.

Those changing conditions mean many new challenges for the city. For instance, who will replace the large number of baby boomers—the city's most affluent and best-educated group—when they retire? Can the city provide necessary services for an over-65 population that could double in the next 15 years? Minority students are approaching the majority in Anchorage schools: how will the school district provide all its students—who speak dozens of languages and come from very diverse cultural and personal backgrounds—with equal opportunities and help them meet state and national standards?

Like other U.S. cities, Anchorage also faces the challenge of spiraling medical costs, which have caused many employers to drop health care benefits. The situation is exacerbated in Alaska, because medical costs in the state are already much higher than the U.S. average.

That's just a sample of the issues the city faces with changing economic and demographic conditions. And despite its bigger and broader economy, the city's still depends a lot on federal and state spending—so future economic health will depend a lot on how the state and federal governments deal with their fiscal problems.

Note: In this paper, "U.S. Census Bureau" mostly refers to the 2000 Public Use Microdata Series (PUMS), detailed information collected from a 5% sample of city residents. Specifically, we used the Minnesota Population Center's Integrated Public Use Microdata Series: Version 3.0 database (S. Ruggles, M. Sobek; T. Alexander; C. Fitch; R. Goeken; P. Hall; M. King; C. Ronnander). We believe this sample information reliably shows change in Anchorage, but it is subject to more error than the full census. Also, census definitions sometimes differ from those other agencies use, making comparisons difficult, and census information is self-reported—and so depends on the memories of those answering the questions.



Understanding Alaska

Institute of Social and Economic Research
University of Alaska Anchorage
Fran Ulmer, Director
3211 Providence Drive
Anchorage, Alaska 99508
Return Service Requested

Non-Profit
Organization
U.S Postage
PAID
Anchorage, Alaska
Permit No. 107