

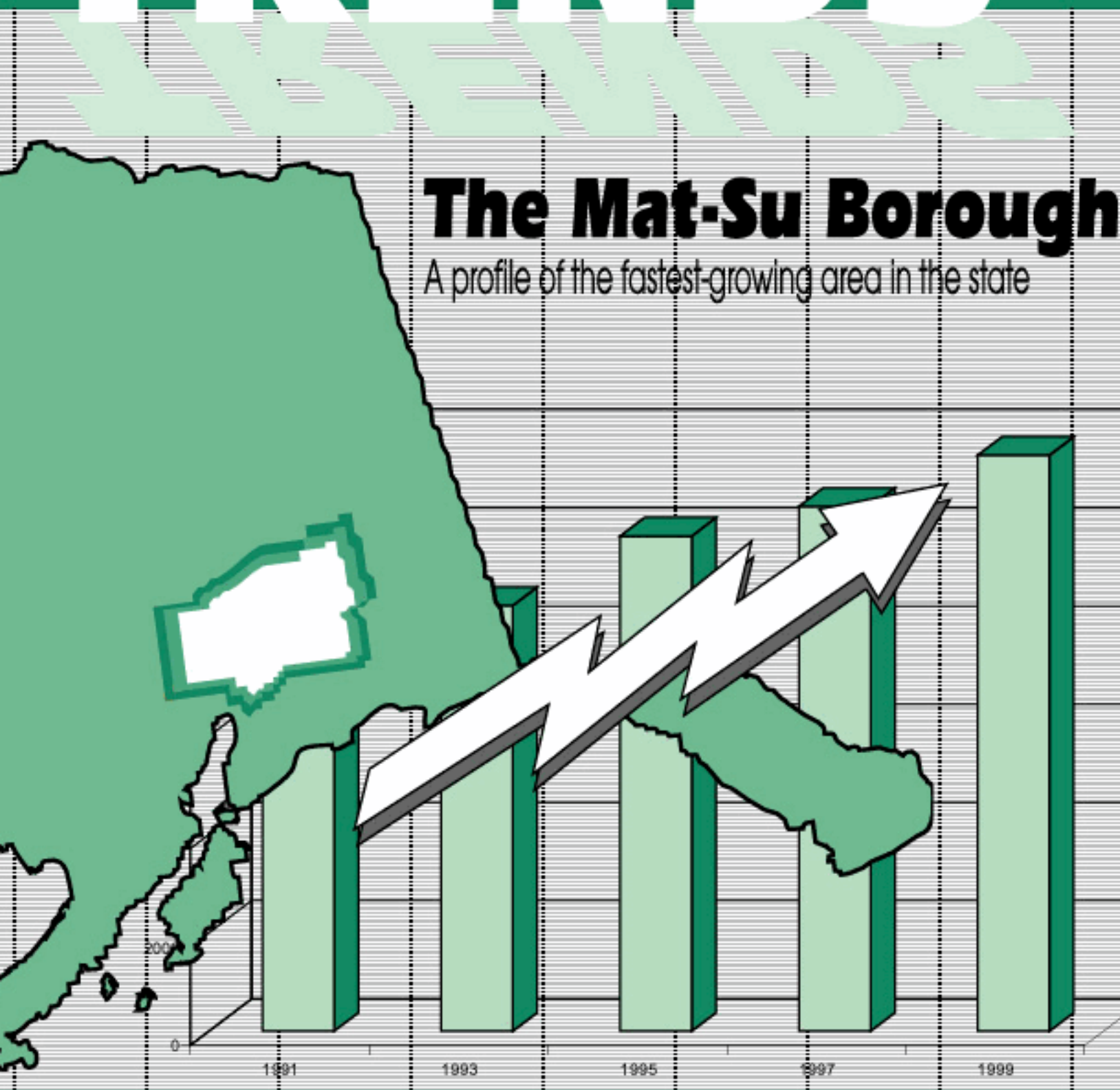
ALASKA ECONOMIC

TRENDS

JULY
2000

The Mat-Su Borough

A profile of the fastest-growing area in the state



DEPARTMENT OF LABOR
AND WORKFORCE DEVELOPMENT

TONY KNOWLES,
GOVERNOR OF ALASKA

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The Matanuska-Susitna Borough

by Neal Fried
Labor Economist

A profile of the fastest-growing area in the state

Economic indicators for the Matanuska-Susitna Borough all tell the same story. Population, employment, immigration, highway counts and the number of new homes being built all say that Mat-Su is the fastest growing area in the state. In fact, it is one of the few areas in the state with a robust or even booming economy. This is not the first time that the Mat-Su Borough has been in the forefront of growth in Alaska, but it is unusual that the borough is among so few areas in the state enjoying vigorous growth. And because of its standing as one of the state's few strong performers, an increasing number of developers, investors and others are eyeballing the area with interest.

The Mat-Su Borough is the third largest borough in the state both physically and by population. At 24,683 square miles it is about the same size as West Virginia. With a population of 55,694 residents, only Anchorage and the Fairbanks North Star Borough are larger or have more residents. (See Exhibit 1.) Although the borough is geographically large, nearly nine out of ten residents live along the road system between Willow and Sutton. Only three of the borough's communities are incorporated—Palmer, Wasilla and Houston—and they represent just 18 percent of its population. There are communities such as Chase and Skwentna that are off the road system but can usually be reached by snow machine, plane, boat, train or some other type of off-road vehicle. There are also communities such as Talkeetna that are on the road system but away from the most densely populated area of the borough.

Labor is a big export

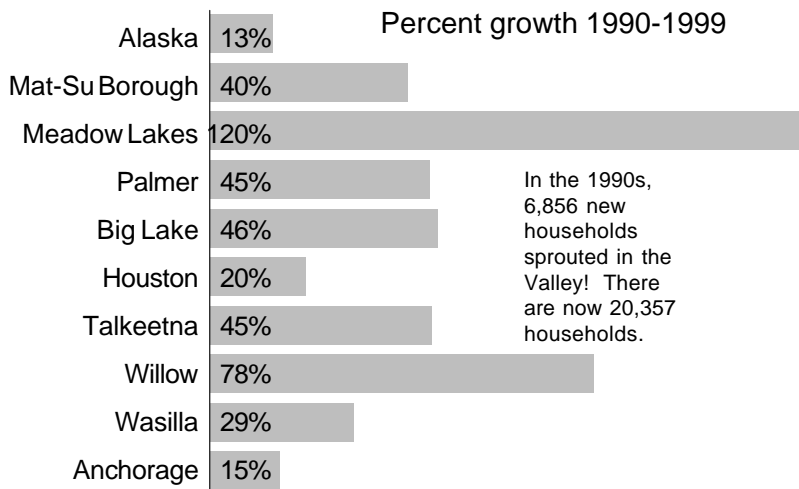
Different industries have helped shaped the Mat-Su economy. Mining and agriculture were the first major economic influences. Although the Mat-Su Valley remains the state's biggest agricultural producer, other economic forces now drive the economy. For the last four decades the single biggest reason for the borough's growth has been its proximity to the state's largest city, Anchorage.

Population Changes 90-99 Mat-Su Borough and Communities

	1990	1999	Percent Growth 90-99	Average Annual Percent Growth 90-99
Mat-Su Borough	39,683	55,694	40.3%	3.8%
Alexander	40	39	-2.5%	-0.3%
Big Lake	1,477	2,162	46.4%	4.3%
Butte	2,039	2,699	32.4%	3.2%
Chase	38	55	44.7%	4.2%
Chickaloon	145	212	46.2%	4.3%
Houston city	697	836	19.9%	2.0%
Knik	272	483	77.6%	6.6%
Lazy Mountain	838	1,109	32.3%	3.2%
Meadow Lakes	2,374	5,232	120.4%	9.2%
Palmer city	2,866	4,151	44.8%	4.2%
Skwentna	85	72	-15.3%	1.8%
Sutton	308	470	52.6%	4.9%
Talkeetna	250	363	45.2%	4.2%
Trapper Creek	296	344	16.2%	1.7%
Wasilla city	4,028	5,213	29.4%	2.9%
Willow	285	507	77.9%	6.1%
Remainder of Borough	23,645	31,747	34.3%	3.3%

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

2 The Only Booming Population In the state is Mat-Su Borough's

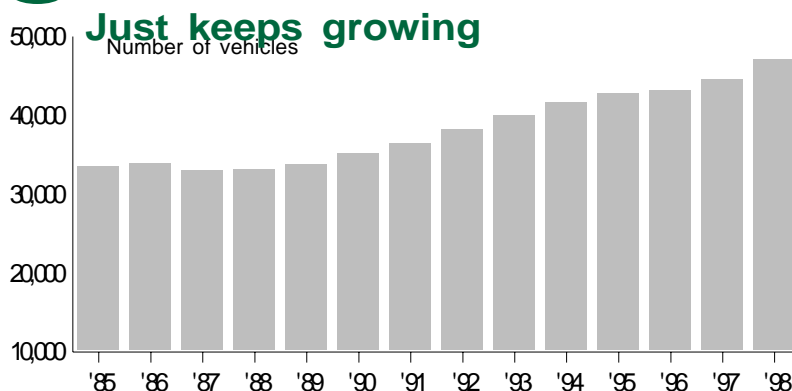


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

The economic interplay between the areas is not diminishing, but accelerating. In the future, the economic boundaries between the Mat-Su Borough and Anchorage will continue to blur.

It is commonplace in many parts of the country, but unique in Alaska, for two areas to have a strong economic link because of daily commuters. This relationship exists because most of the Mat-Su Borough's population lives within a 40 to 50 miles radius of Anchorage. In 1990, the census estimated that approximately 28 percent of Mat-Su residents could be working in Anchorage. In 1998 a new report estimated that number had climbed to 38 percent. This also helps explain the extraordinary growth in the Mat-Su Valley's population. (See Exhibit 2.) Traffic counts document the increase in the commuter population. (See Exhibit 3.) As a result, large investments are being made in roads and a commuter rail system. A significant group of Mat-Su Valley residents travels even longer distances to work. These are the long distance commuters—oil industry workers on the North Slope, fishers in Bristol Bay, or construction workers around the state. At last count, they represented 10 percent of Mat-Su Borough residents.

3 Anchorage-Valley Vehicle Count



Source: Alaska Department of Transportation and Public Facilities

Stated differently, one of the borough's chief exports is labor. Many Mat-Su Valley residents work in other areas of the state and invest their earnings in housing, consumer goods, businesses and services located in the Mat-Su Valley. These expenditures spur additional economic activity in the borough. When the U. S. Department of Commerce, Bureau of Economic Analysis, adjusts the Mat-Su Borough's personal income figures for residency, they factor in an extra \$167 million of earnings from outside the borough. This is unlike any other area of the state, where the income flow is just the reverse.

4 Ever Growing Percentage Of Region's population lives in Mat-Su Borough

Percent of Anchorage/Mat-Su Region population living in Mat-Su Borough



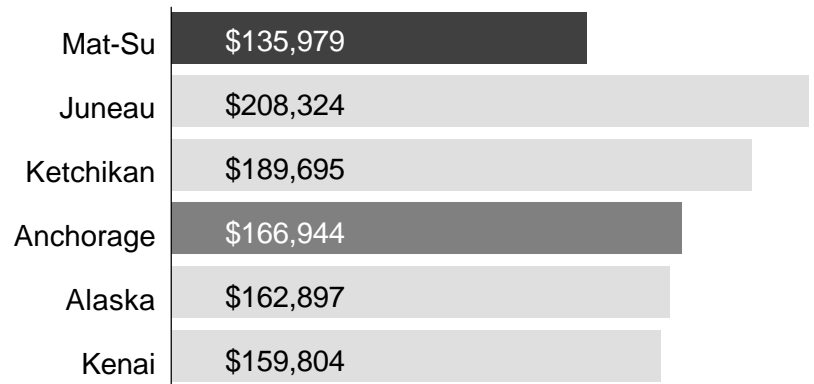
Population growth is a key economic ingredient

During the past decade the Mat-Su Borough's

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Housing is a Big Attraction **5** in the Mat-Su Borough

Average cost of single family house—4th quarter 1999



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

population grew 40 percent, versus 13 percent statewide and 14 percent in Anchorage. This works out to a robust growth rate of 3.8% annually versus Anchorage's 1.5% annual rate of growth. No area of the state comes close to the growth rate in the Mat-Su Valley. Stronger growth has meant the Mat-Su Valley is now home to nine percent of the state's population versus seven percent in 1990, and the percentage of Mat-Su residents in the combined Anchorage/Mat-Su population has been steadily growing. (See Exhibit 4.)

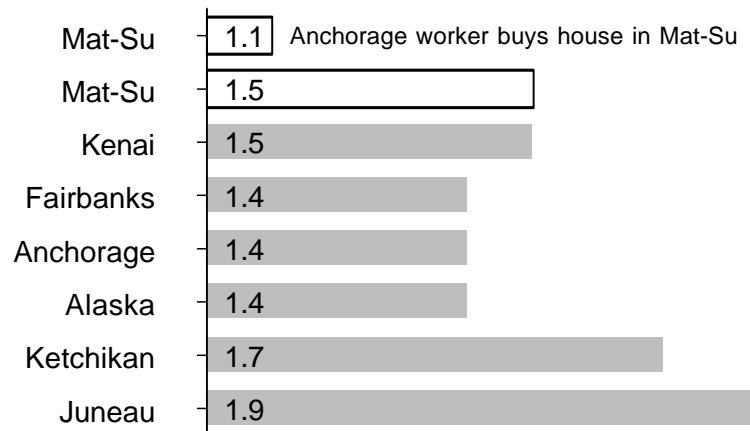
Net migration rates are also dramatically different for the Mat-Su Borough than other areas of Alaska. Net migration is calculated by taking the number of people moving into an area and subtracting those who leave. During four of the past five years the state has experienced negative net migration; in other words, more people are leaving the state than moving into it. However, during the 1990s, the Mat-Su's migration figures remained positive. It is no wonder that people and businesses seeking areas of growth are increasingly focusing on the Mat-Su region.

Surprisingly, growth exists in nearly every part of the Mat-Su Borough. The hottest spot is the Meadow Lakes area, where the population has more than doubled during the past decade. Meadow Lakes is a large suburban area situated between Wasilla and Houston. Even Talkeetna, which is beyond any realistic daily commute, is experiencing robust growth.

Home to a very competitive housing market

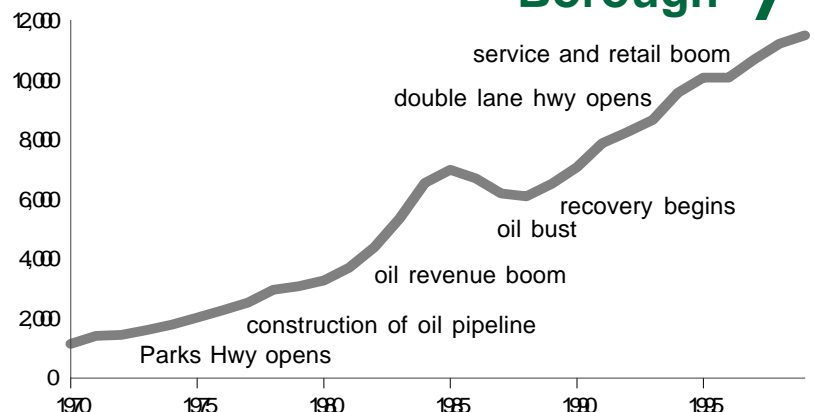
Part of the Mat-Su area's appeal is its affordable housing market. The numbers paint a compelling picture—and this has not been lost on the state's housing consumers. In 1999, the average sales price of a single family home in the Mat-Su Valley was \$135,979, nearly 23 percent below an Anchorage home and significantly below the statewide average. (See Exhibit 5.) This price

Number of Wage Earners **6** Needed to buy an average house



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

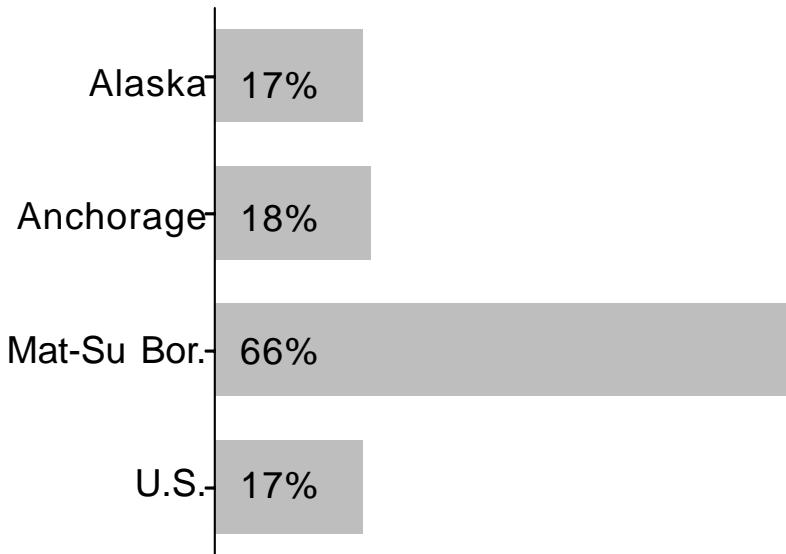
Job Growth in Mat-Su Borough **7**



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

8 Employment Growth in the 90s Way out ahead

Change in employment 1990-1999

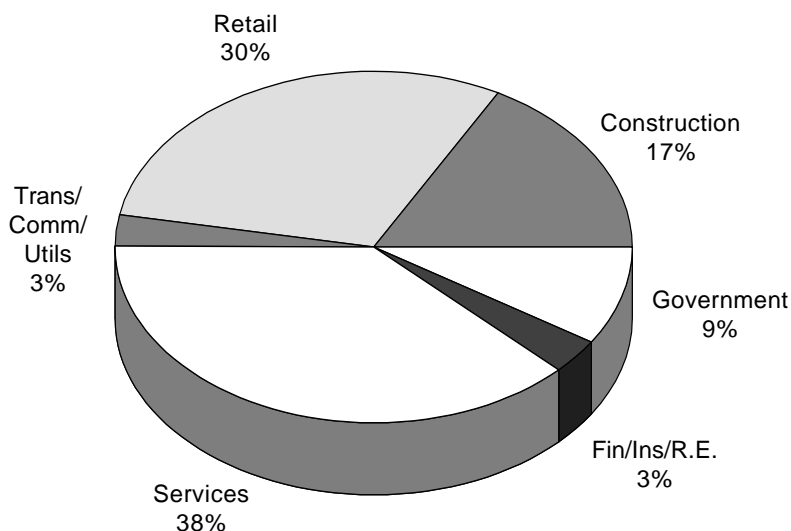


Source: Department of Labor and Workforce Development, Research and Analysis Section

differential is enticing to workers in the Anchorage/Mat-Su area, as well for those who may be working outside of the region but want to live close to a larger community.

Another perspective on the attractiveness of Mat-Su housing can be gleaned using an affordability index. Housing affordability measures how many wage earners it takes to support the average mortgage. If one looked strictly at the number of Mat-Su wage earners it takes to afford the average Mat-Su Valley home, it is no different than the Anchorage housing market. This is because the average wage in the valley is lower than in Anchorage, because service and retail jobs make up a much larger slice of the area's employment pie. However, the fact that so many valley residents work in Anchorage changes the affordability equation considerably. For Mat-Su residents who work in Anchorage, it takes only 1.1 wage earners to afford a Mat-Su home versus 1.5 for an Anchorage home. (See Exhibit 6.)

9 4,500 Jobs Created in 1990s In the Mat-Su Borough



Source: Department of Labor and Workforce Development, Research and Analysis Section

There are other factors that make housing in the Mat-Su Valley more attractive to homeowners. Although impossible to measure, a more rural life style and the ability to live on a larger piece of land is probably appealing to many. Another attraction is the alternate types of housing that exist in the Mat-Su Borough that are rarely available in Anchorage. For example, "cabins" comprised approximately 40 percent of new residential building activity recorded in the borough last year. Much of this activity is related to recreation but many also represent primary residences. This kind of housing typically does not require lending or mortgage activity. In urban areas, where the cost of land is considerably higher and planning and zoning regulations are more rigorous, this type of alternative housing is more difficult to support.

As available developable land shrinks in Anchorage, the Mat-Su Valley will become more attractive. This competitive advantage will not be limited to residential development, and the

Mat-Su Borough may eventually capture a bigger share of other economic development that occurs in Southcentral Alaska. For example, a growing number of car dealerships in Mat-Su cater to local residents as well as attract business from Anchorage. And in the early 1990s, GCI Communications, with headquarters in Anchorage, located a call center in the Mat-Su Valley. Another example of future growth could be the new port facility at Point McKenzie, if it attracts traffic. This kind of economic activity in the Mat-Su Borough can only increase with time.

Services and retail dominate the employment picture

Not unlike population, employment has also grown considerably faster in the Mat-Su Valley

than anywhere else in the state. (See Exhibits 7 and 8.) Since most of the growth in Mat-Su's labor force is tied to population growth, this is not surprising. During the past decade employment in the Mat-Su Borough grew 5.8% per year, three times faster than the rest of the state. Two-thirds of this growth came from retail and services. (See Exhibits 9 and 10.) Services alone represents a quarter of all wage and salary employment. (See Exhibit 11.) Most of the employment in the area provides services to the local population and is not export-related activity. Health care has been a growth industry. Business and social services are also contributors. Retail employment and sales followed a similar path of strong growth. (See Exhibit 12.) Retail got a big boost in 1999 with the opening of a new Fred Meyer store, and more recently, the new larger Wal-Mart replacement.

Mat-Su Borough Wage and Salary Employment 1986-1999 10

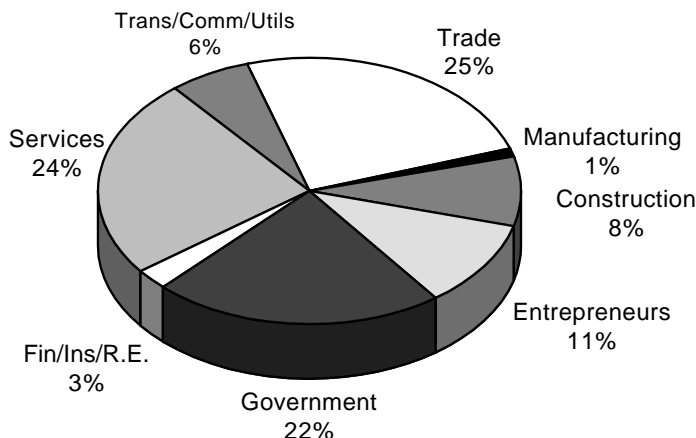
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Average Annual Wage 1999
Total	6,699	6,193	6,095	6,510	7,078	7,878	8,253	8,667	9,575	10,080	10,261	10,685	11,367	11,726	\$26,893
Mining	*	*	2	113	65	162	169	172	164	75	23	19	24	25	\$32,180
Construction	427	261	179	222	304	397	366	438	560	639	646	794	1,017	1,043	\$33,651
Manufacturing	88	83	108	124	96	95	73	85	100	107	105	133	132	128	\$22,211
Trans/Comm/Util	680	688	638	639	695	784	815	844	887	935	955	844	856	819	\$42,297
Trade	1,590	1,643	1,523	1,600	1,853	2,012	2,100	2,198	2,584	2,604	2,677	2,768	2,959	3,310	\$19,241
Wholesale Trade	112	83	87	97	134	133	157	167	188	220	257	240	283	297	\$24,587
Retail Trade	1,479	1,560	1,436	1,503	1,720	1,879	1,943	2,031	2,396	2,384	2,437	2,528	2,676	3,013	\$18,713
Fin/Insur/R.E.	296	206	159	174	191	195	209	223	251	320	303	323	334	347	\$27,116
Services	1,101	1,019	1,088	1,184	1,316	1,540	1,727	1,824	2,178	2,421	2,597	2,889	3,070	3,018	\$21,567
Government	2,427	2,248	2,357	2,416	2,493	2,640	2,718	2,785	2,778	2,869	2,841	2,806	2,863	2,909	\$34,975
Federal	105	102	99	104	104	107	107	116	115	125	138	138	137	148	\$46,191
State	763	759	791	813	815	810	813	797	821	834	836	847	824	829	\$34,477
Local	1,559	1,387	1,467	1,499	1,574	1,723	1,798	1,872	1,842	1,910	1,813	1,821	1,902	1,932	\$34,343
Misc/Unclassified	*	*	43	71	66	53	77	22	104	111	111	127	116	128	*

* Nondisclosable

Source: Department of Labor and Workforce Development, Research and Analysis Section

11 Where Mat-Su Borough Jobs Are

1999 employment

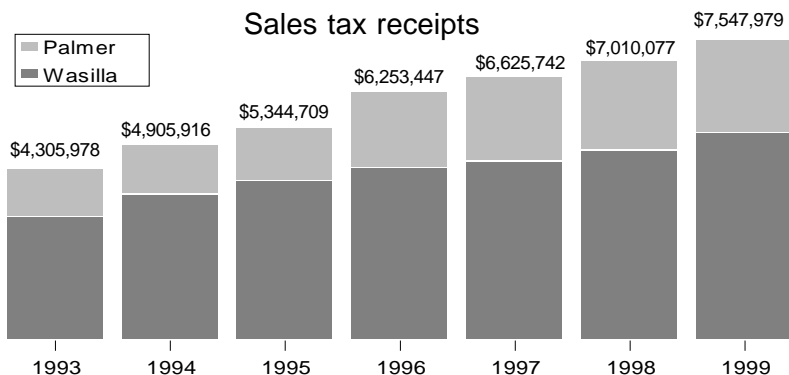


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Bureau of the Census

The retail and services expansion has meant that more of the dollars spent by Mat-Su residents remain in the borough instead of leaking to Anchorage and elsewhere. Another contributor to employment growth is the area's construction industry. Robust residential and commercial markets have kept this industry busy, making it a significant contributor to job growth. (See Exhibit 13.) Another beneficiary and close relative of this industry has been the finance, insurance and real estate sector.

12 Palmer and Wasilla Enjoy

Strong sales growth



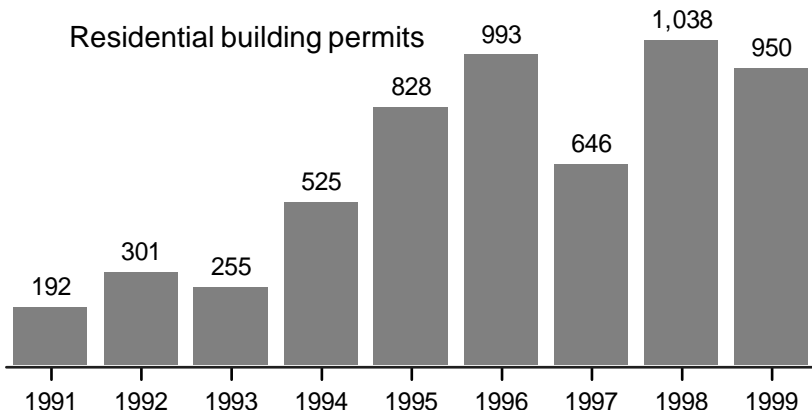
Source: Matanuska-Susitna Borough

Visitor industry broadens and blossoms

The visitor industry is also behind the Mat-Su Valley's growth. (See Exhibits 14 and 15.) Tourism's mix in the Mat-Su is different from many other areas of the state. It relies heavily on Anchorage residents and others who have recreational property in Mat-Su. Thousands of visitors from Southcentral and elsewhere spend vacations, holidays and summer weekends in the Mat-Su Valley. The number of nonresident tourists is also growing. In addition, the Mat-Su Valley hosts a significant contingent of winter visitors, peaking with the start of the Iditarod sled dog race. The borough's biggest strengths are its proximity to the state's largest community and the wide variety of options it offers. According to a recent survey by the Matanuska-Susitna Visitors Bureau, 86 percent of all Anchorage residents visit the Mat-Su area during the spring and summer. It is home to Denali State Park, and serves as the gateway to Denali tours and climbs (last year 1,183 climbers attempted to climb Denali). It is also a major fishing and hunting destination.

13 Residential Construction Soars

In Mat-Su Borough



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

A significant percentage of the housing units counted in Mat-Su are for recreational and seasonal uses, and hundreds of new cabins are added each year. The owners of these recreational properties spend money in the local economy and pay property taxes. Other visitors spend for services such as guides, hotels, food and other hospitality services.

The vast majority of the Mat-Su Borough's visitors are independent travelers. However, this began changing when Princess Tours opened its 238-room Mt. McKinley Princess Lodge near Talkeetna in 1997. Last year Cook Inlet Region opened the Talkeetna Lodge, a 98-room hotel. Business has been so good that the Talkeetna Lodge is doubling its number of rooms this year. Both of these hotels rank among the top 25 employers in the borough. (See Exhibit 16.) Hotel employment in the Valley has grown 77 percent since 1995. Other smaller lodges and hotels have opened and expanded. If the present trend continues, this industry will continue to diversify and grow.

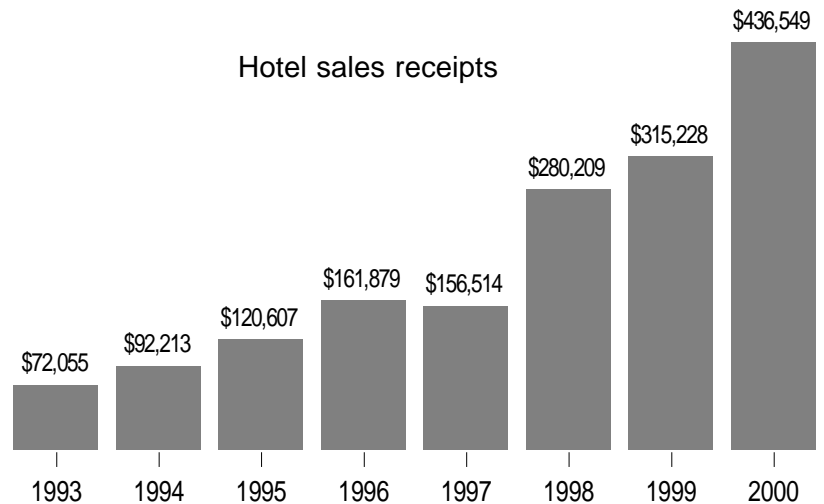
Some of the traditional industries still play a role

Agriculture, once a dominant sector, is still a player, but its role has diminished. In 1998, the value of agricultural production in the Matanuska Valley was \$9 million, which represented more than half of all agricultural production in the state. Mining in the borough is at present limited to very small operations. In the past, major gold and coal mines operated in the region and similar operations could open again in the future.

Unemployment picture improves

During the past three years, unemployment in the Mat-Su Borough has fallen dramatically. (See Exhibit 17.) In fact, 1998's unemployment rate of 6.9% was a record low. Another positive development is the narrowing of the jobless rates between the Mat-Su Borough and Anchorage. In 1996 and earlier, it was not unusual for the borough's jobless rate to be more than twice as high as Anchorage's. Part of the explanation may be that the region's labor market is more integrated than ever. The tight labor market of the past three years is another part of the reason

Hotel Activity Soars 14 In Mat-Su Borough



Source: Matanuska-Susitna Borough

Hotel Employment Tripled in 90s 15 In Mat-Su Borough



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

16 The Top 25 Employers In Mat-Su Borough

Rank	Employer	1999 Annual Average Employment
1	Mat-Su Borough Schools	1,568
2	Valley Hospital	418
3	Safeway\Carrs	416
4	Wal-Mart	353
5	Matanuska Telephone Association	275
6	Matanuska-Susitna Borough	227
7	University of Alaska	168
8	Alaska Department of Corrections	167
9	Advanced Concepts In Education (Job Corps)	125
10	Mat-Su Community Counseling Center	121
11	Wolverine Supply	120
12	AK Dept. of Administration (Pioneers' Home)	119
13	Mat-Su Services for Children and Adults	118
14	Nye Frontier Ford	117
15	Fred Meyer	125
16	Fishers Fuel	95
17	Matanuska Electric Association	94
18	Tony Chevrolet	74
19	New Horizons Telecom	70
20	Talkeetna Lodge*	70
21	Lake Lucille Inn (Best Western)	63
22	McKinley Princess	62
23	Spenard Builders Supply	60
24	GCI Communications	59
25	Homesteaders Lumber and Hardware	55

for this change.

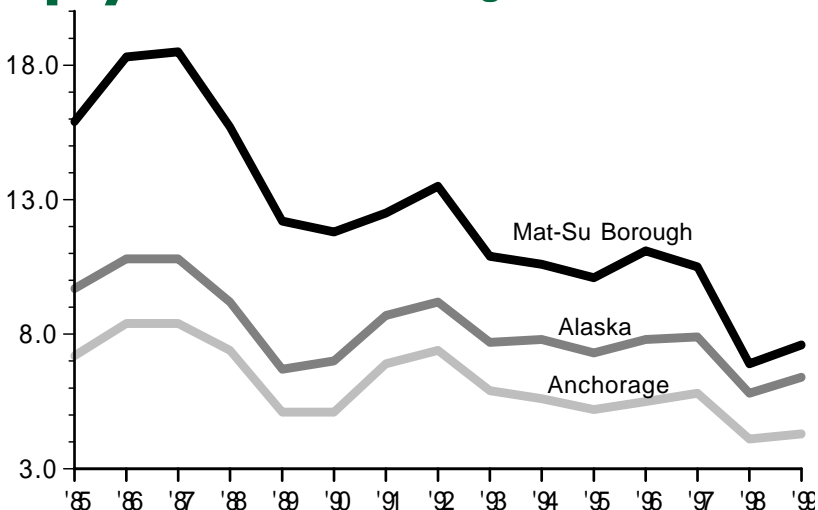
Wages and incomes lag

The average monthly wage in the Mat-Su Borough was \$26,893 in 1999 compared to Anchorage's \$35,557. (See Exhibit 18.) The biggest reason for this differential is that a much larger percentage of the Mat-Su industry mix is in lower paying sectors such as services and retail and not in the higher paying sectors of oil, government and transportation. Some of this difference is ameliorated by the fact that many residents work in the higher paying sectors in Anchorage and elsewhere in the state. But the fact that many residents work outside of the borough does not account for income figures that are below the statewide and national average. Mat-Su's per capita income of \$18,752 is just 67 percent of the state's and 68 percent of the nation's. (See Exhibit 19.) Lower wages, higher unemployment and larger households account for some of the difference, but the wide disparity is difficult to explain. These income figures may also be understated because income earned by residents who work outside the borough may not be fully accounted for.

* Estimated employment

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

17 Unemployment Rate Down In Mat-Su Borough



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

The future

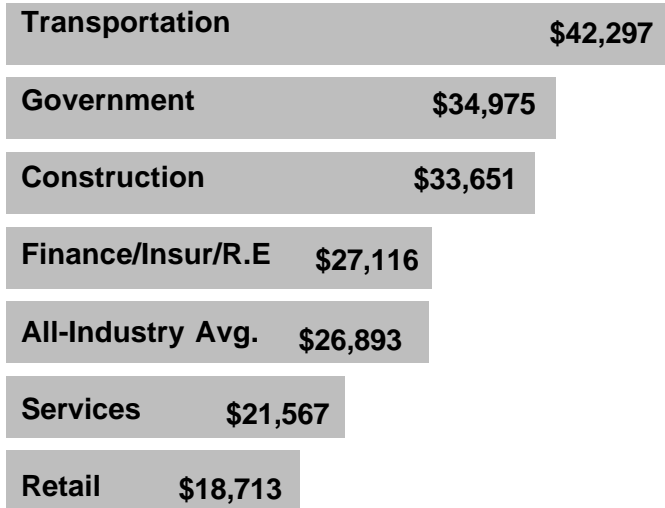
As long as Southcentral's economy expands, the Mat-Su Borough is unlikely to relinquish its role as one of the stronger performers in the state. If the present trend continues, the Mat-Su Borough could become the second most populous area in the state by the year 2018. (See Exhibit 20.)

The Mat-Su and Anchorage economies are inextricably linked, and so are their futures. Some events could provide the Mat-Su Valley with a more independent path, such as new port activity or growth in the nonresident component of the visitor industry. At present the fate of the Mat-Su Valley's economy is more dependent on what happens in Anchorage than vice-versa. But as it becomes a bigger slice of the combined area, a greater balance will develop in this relationship.

How Mat-Su Compares to State **19**

Current statistics and census data

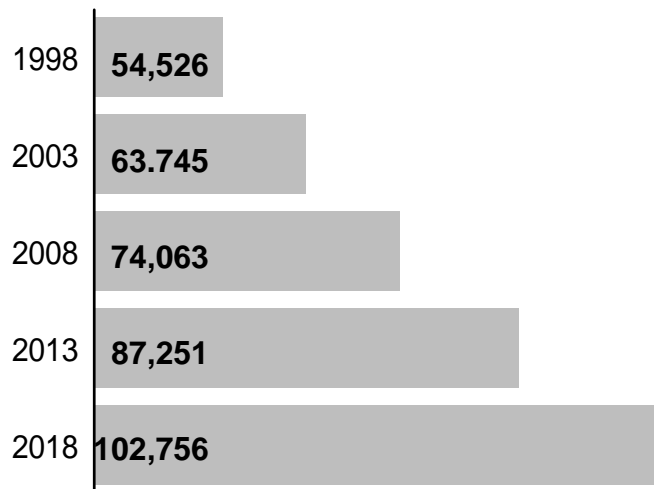
18 The Annual Wage Picture In Mat-Su Borough



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

20 100,000 People in 20 Years? Is it possible?

Mat-Su Borough population projections



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

	Alaska	Mat-Su
Population 1999	622,000	55,694
Age		
Median age (1999)	33.0	34.4
Percent under 20	34.0%	34.8%
Percent 20 to 64	60.6%	59.6%
Percent 65 years & over	5.4%	5.7%
Race and Ethnicity (1999)		
White	73.7%	92.4%
Native American	16.8%	5.8%
Black	4.4%	1.0%
Asian & Pacific Islander	5.0%	0.8
Gender		
Percent female (1999)	48.0%	47.8%
Education		
High school graduate or higher (1990) ¹	86.6%	87.8%
Bachelors degree or higher (1990) ¹	23.0%	18.1%
Employment (1999)		
In labor force, age 16 or over	70.7%	75.1%
Unemployed	6.0%	7.6%
Income and wages		
Personal per capita income (1998)	\$27,835	\$18,752
Annual average monthly earnings (1999)	\$2,673	\$2,320

Housing Vacancy Rate (1999)

Anchorage	4.2%
Mat-Su Borough	3.9%

Rentals Average Cost (1999)²

Anchorage	\$665
Mat-Su Borough	\$663

¹ Source: U.S. Department of Commerce, Bureau of the Census

² Average monthly rent for apartment, condominium or other rental unit, not including single family residences or mobile homes. Rent adjusted to include utilities.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Ten Year Industry Forecast

by Jeff Hadland
Economist

1998 to 2008

Employment growth in Alaska is expected to increase at an annual average rate of 1.6% from 1998 through 2008. About 19,000 new jobs are expected by 2003 and about 46,000 new jobs by 2008. This rate of growth is well below the average annual Alaska employment growth rate of 2.5% experienced from 1988 to 1998, but greater than the 0.9% annual growth rate estimated for 1999.

Employment growth will be focused primarily in the services, trade and transportation industry sectors, with growth in Anchorage slightly outpacing growth in the rest of the state. The new jobs will be likely to pay less than many of the jobs that have been lost in declining resource extraction industries. A growing population, Alaska's new industries, increased tourism, and an economy that provides locally many services that once had to be purchased outside the state will drive employment growth. This growth in the number of new jobs, coupled with turnover associated with migration and retirement, will result in a wide variety of employment opportunities for the unemployed, under-employed and recent graduates of Alaska schools.

The resilience of the Alaska economy has been surprising. Despite oil prices reaching historically low levels, oil industry layoffs, state and local budget cutbacks, closure of pulp mills and sawmills in Southeast Alaska, declines in fishing harvests, and reduced median household income, total employment has increased each and every year in the 1990s.

How has employment growth been possible in the face of all the bad news in Alaska's resource extraction and processing industries? Many factors have contributed. The fast paced growth of several emerging Alaska industry sectors, coupled with the continuing diversification of the economy and stable government spending, provided a

1 Alaska Employment Growth 1998—2008

Mining	-1,190
Construction	2,250
Manufacturing	420
Trans/Comm/Util	
Wholesale Trade	1,450
Retail Trade	
Fin/Insur/R.E.	750
Services	
Federal Govt.	0
State Govt.	-250
Local Govt.	-300

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Note: Portions of this article first appeared in the January 2000 issue of Alaska Business Monthly.

strength that has allowed Alaska to weather the recent economic storm. Industries leading the expansion include Alaska's air cargo and visitor industry sectors, telecommunications, health services, and the retail sector. Also, the number of nonresident workers in Alaska has declined, reducing the "leakage" of income out of Alaska, since workers spend most of their money where they live. The ever-increasing Permanent Fund Dividend check has provided a huge boost in consumer spending, equivalent to a "thirteenth" monthly paycheck for most families.

Alaska's population has reached the critical mass where retail and service needs can be met locally, rather than from outside Alaska. Retail trade employment growth of nearly two percent and services employment growth of more than three percent during the coming decade are indicative of retailers' and service providers' success capturing an ever greater share of Alaskans' income. The less money that "leaks" out of Alaska, the more jobs are created in the state. This import substitution, as economists call it, can have a significant impact on overall employment and has been a major factor in employment growth over the last several years.

INDUSTRY FORECAST

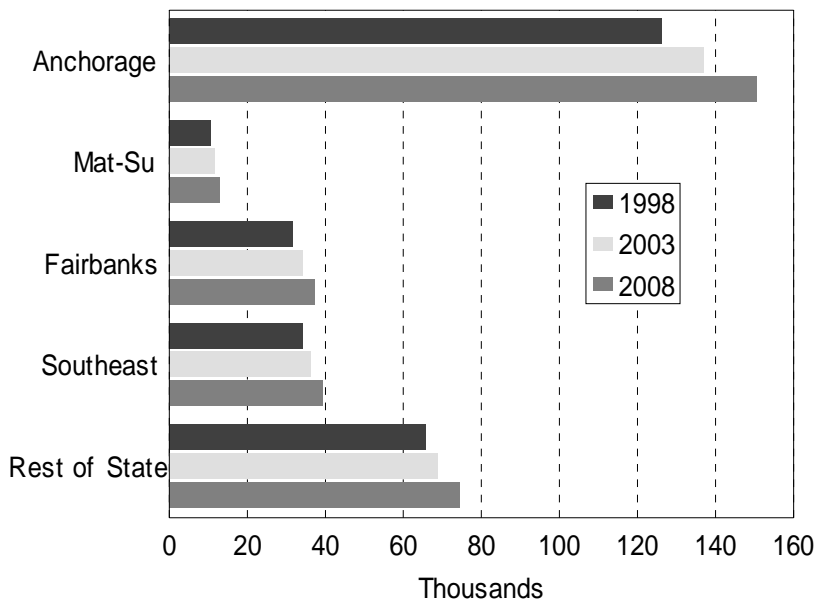
Mining

The price of oil has followed a roller coaster path the last two years. Long-term low oil prices similar to those experienced in 1998 and early 1999, when Alaska spot prices were hovering around \$10 per barrel, would likely lead to a decline in employment. But current Alaska Department of Revenue oil price and production forecasts call for an Alaska North Slope oil price in excess of \$23 for fiscal year 2000, with a gradual decline to a long term average around \$18 per barrel over the next several years. North Slope oil production is expected to remain flat during the forecast period. Alaska's North Slope production has declined by almost half since 1988, with current production a little over one

million barrels per day. At those price and production levels, total Alaska employment is forecast to grow moderately, with total wage and salary employment expected to reach about 318,000 in 2008, up about 17% from 1998 levels. If higher than forecast oil prices and increased production develop, the result would be even stronger employment growth. Direct employment in the oil industry is forecast to be 7,200 in 2008, representing a significant decline from the 8,900 workers employed in 1998.

Consolidation coupled with production declines will drive employment declines in Alaska's oil sector. But those job losses will have a disproportionately negative impact on the economy. Alaska's highest paying jobs are in the oil industry, and any employment loss there has a big impact on the rest of the state.

Employment by Region 1998, 2003 and 2008



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Three metal mines, Alaska Gold Mining Co., Illinois Creek, and Nixon Fork, shut down or suspended operations in the last year, resulting in a loss of 200 jobs. Despite the near term problems, metal mining activity is expected to grow by several hundred workers during the next ten years. The Pogo project near Delta Junction and the Kensington Mine near Juneau could come into production. Expansion at Red Dog may also add employment.

Although planning and design of a natural gas pipeline could occur during the forecast period, price and international market uncertainties suggest that actual construction is unlikely in the next ten years.

Government

Local, state and civilian federal government make up about one quarter of the wage and salary workers in Alaska and 31 percent of total wages paid. If the military and employment impacts associated with the spending and re-spending of worker earnings are included, government supports about half of Alaska's economy. The importance to Alaska of a continuing stream of federal dollars and stable state revenues in the long term cannot be overstated.

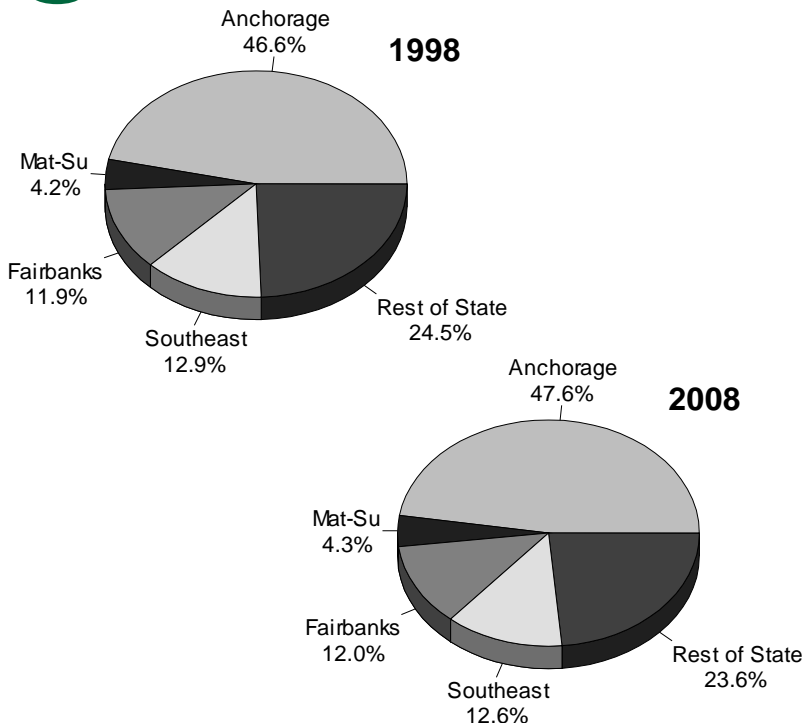
All government sectors are expected to remain flat or decline slightly over the ten year forecast period, with most of the losses occurring during the first half of the decade. Privatization, declines in Forest Service employment as a result of reduced timber harvest in the Tongass National Forest, and declining local government revenues will negatively impact employment in the near term. However, government employment is forecast to grow at one half percent per year from 2003 to 2008 in response to increased population and additional defense-related activity.

The military is the largest employer in Alaska, despite recent downsizing. In 1999, there were 44,457 active duty military and dependents stationed in Alaska. Almost 40 percent live off-base, creating additional jobs within their local economies.

The Army Corps of Engineers is spending more than \$800 million over the next three years on projects to modernize support and training facilities. Not only will this create opportunities for local contractors and businesses, but the improved infrastructure will also help shield Alaska from the next round of base closures scheduled for 2003 and 2008.

Due to the high level of uncertainty surrounding the anti-ballistic missile defense system proposed at Fort Greeley, it is not included in this forecast. However, the \$10.5 billion project could create

3 Employment by Region Percent distribution 1998 and 2008



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

hundreds of additional jobs during construction and 360 to 465 direct jobs would result if operational in 2005.

Seafood Processing

Seafood processing employment is expected to grow only 2% from 1998 to 2008. The greatest threat of the past decade, competition from

farmed fish, will continue to strain the industry. Processors are expected to adapt to the dynamics of the market by cutting costs, improving the supply of higher quality fish, and offering a greater variety of products. More value-added processing of seafood products will offer full time, year-round jobs, which should attract more residents to an industry traditionally dominated by nonresidents.

Alaska Forecast 4

Nonagricultural wage and salary employment 1998 to 2008

Industry Sectors	Actual		Forecast				
	1998	2003	Annual Growth Rate 1998-2003	1998-2003 Employment Growth	2008 Employment	Annual Growth Rate 1998-2008	1998-2008 Employment Growth
	Employment	Employment	Growth Rate	Employment	Employment	Growth Rate	Employment
Agriculture, Forestry, Fisheries	1,400	1,510	1.2%	110	1,640	1.4%	240
Mining	10,450	9,240	-2.4%	-1,210	9,260	-1.2%	-1,190
Metal mining	1,250	1,400	2.2%	150	1,700	3.0%	450
Oil & Gas Extraction	8,850	7,500	-3.3%	-1,350	7,200	-2.1%	-1,650
Construction	13,450	14,500	1.5%	1,050	15,700	1.6%	2,250
Manufacturing	14,400	14,520	0.2%	120	14,820	0.3%	420
Seafood Processing	9,000	9,200	0.5%	200	9,200	0.2%	200
Lumber/Wood	1,600	1,200	-5.5%	-400	1,200	-2.8%	-400
Transportation/Comm/Utilities	25,500	29,200	2.7%	3,700	33,800	2.7%	8,300
Air Transportation	9,150	11,100	3.9%	1,950	14,000	4.3%	4,850
Wholesale Trade	9,150	10,000	1.7%	850	10,600	1.5%	1,450
Retail Trade	47,400	51,800	1.8%	4,400	56,000	1.7%	8,600
Finance, Insurance, Real Estate	11,350	11,800	0.8%	450	12,100	0.7%	750
Services	67,050	79,000	3.3%	11,950	92,800	3.3%	25,750
Total Private Sector	200,500	221,950	2.0%	21,450	247,100	2.1%	46,600
Government	71,450	68,900	-0.7%	-2,550	70,900	-0.1%	-550
Federal	17,200	16,800	-0.5%	-400	17,200	0.0%	0
State	21,550	21,000	-0.5%	-550	21,300	-0.1%	-250
Local	32,700	31,100	-1.0%	-1,600	32,400	-0.1%	-300
TOTAL ALL SECTORS	271,900	290,850	1.4%	18,950	318,000	1.6%	46,100

Actual and forecast employment based upon historical Employment and Earnings Summary Reports industry and employment definitions. Use of the 1998 base year is consistent with national forecasts prepared by the Bureau of Labor Statistics.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Lumber and Wood Products

The closure of the two pulp mills in Southeast Alaska and new Forest Service policies have made the future of the timber industry in Alaska uncertain. The mills provided residents with high paying, year-round jobs that are difficult to replace. Efforts to expand into other types of processing, including the planned Gateway Forest Products veneer plant in Ketchikan, offer some prospect for slowing the decline in employment from its current low level. The industry is hindered by declining supply, rising costs and unstable foreign markets, but should reach a stable level of employment by 2003.

Visitor Industry

Visitors to Alaska spend money at firms in many different industry sectors, from transportation to retail trade to services. The number of visitors to Alaska is expected to increase at about three percent per year, resulting in increased employment in hotels, airlines and transportation services. Growth will result from increased investment in cruise ships, marketing and facilities. Alaska's two major cruise/tour operators, Holland America and Princess Cruises, continue investing in plans for capital improvements, expanded tour operations, and new cruise ships. The cruise industry's key demographic target, baby boomers earning \$55,000 a year or more, will double by 2010. Alaska cruise prices will continue to decrease, making cruise vacations increasingly affordable.

Although industries that serve visitors employ a large number of workers, nearly a quarter of these largely seasonal, low paying, jobs are filled by nonresidents. Total visitor industry wage and salary earnings in 1998 are estimated at \$309 million or just 3.4% of the \$9.1 billion total of Alaska's wage and salary earnings.

Transportation

Air transportation, particularly air cargo, has been a very bright spot in Alaska's economy. Although the employment growth rate will likely slow, during the next ten years air transportation should grow at more than four percent per year. An increase in visitors as well as increased air cargo activity will fuel growth. Anchorage is one of the nation's most important air cargo airports, with an average of 93 cargo planes landing daily—up from 60 daily landings as recently as 1994. An increase in warehousing and package handling facilities could add a significant number of new jobs to Alaska's economy during the coming decade.

Regional Growth

All regions of Alaska are expected to see significant employment growth during the ten year forecast period. Anchorage is expected to be the fastest growing area of the state. About 53% of new jobs will be located in Anchorage, raising Anchorage's share of total Alaska wage and salary employment to about 48% of the Alaska total. The movement from resource extraction to service, trade and transportation jobs will tend to favor large, urban communities during the coming decade.

Summary

Despite short term setbacks in natural resource prices, Alaska's strategic location, oil wealth and expanding service economy will provide thousands of new jobs for Alaskans over the next ten years. In addition, normal turnover of workers due to retirement and out-migration will provide tens of thousands of additional employment opportunities for Alaskans.

Economy Continues Seasonal Climb

April shows employment gains in four sectors

Alaska Employment Scene

by
Rachel Baker
Labor Economist

Wage and salary employment grew by 6,200 jobs in April as the economy began to gear up for spring. In April, strong employment gains came from the construction, retail, services and transportation sectors. (See Exhibit 2.) Only the federal government and mining sectors lost jobs from the previous month. The federal government job loss was due to a decline in the temporary federal workforce added for the 2000 Census.

In over-the-year gains, April's job count was 5,400 ahead of the April 1999 job count, a growth rate of two percent. (See Exhibit 1.) A large portion of the over-the-year gains came from the transportation, communications and utilities sector and the services sector, especially health services. Job gains in health services have been particularly strong and continued to get a boost from the privatization of the Alaska Native Medical Center. Over-the-year employment gains also came from retail trade, eating and drinking places and the federal government.

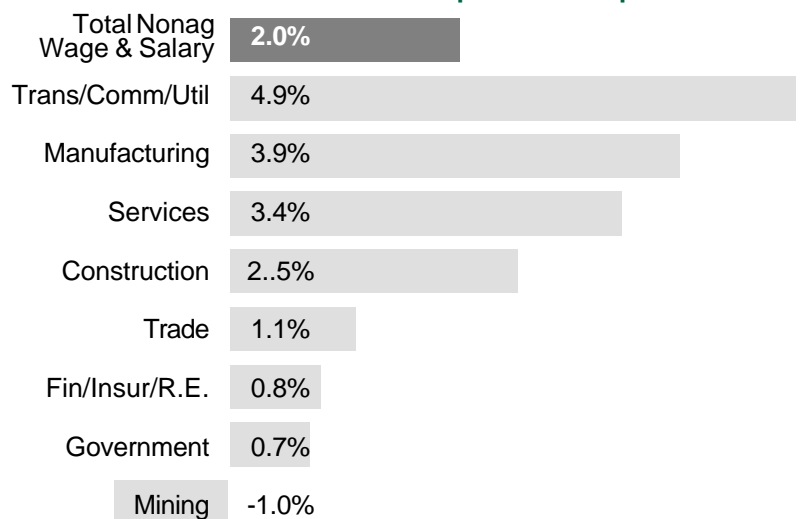
Hotels and lodging places also contributed to employment gains in April; this sector is currently running 200 jobs over April, 1999, levels. Future job growth in hotels and lodging places seems assured, especially with the recently announced plans to expand three hotels. Princess Tours will spend \$12 million to add 125 rooms to the Fairbanks Princess Hotel, and Cook Inlet Region

Inc. will expand the Talkeetna Alaskan Lodge and the Windsong Lodge in Seward. All three projects should be completed in 2001.

Employment in the seafood processing sector also jumped in April as the delayed opilio crab harvest got underway during the first week of the month. This year's limited supply of opilio

(continued on page 20)

Growth Positive in All Sectors Except mining **1** April 1999 to April 2000



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

2 Nonagricultural Wage and Salary Employment

By place of work

Alaska	preliminary	revised	Changes from:			Municipality of Anchorage	preliminary	revised	Changes from:		
	4/00	3/00	4/99	3/00	4/99		4/00	3/00	4/99	3/00	4/99
Total Nonag. Wage & Salary	275,500	269,300	270,100	6,200	5,400	Total Nonag. Wage & Salary	131,600	129,800	128,600	1,800	3,000
Goods-producing	35,200	33,200	34,500	2,000	700	Goods-producing	11,300	11,000	11,300	300	0
Service-producing	240,300	236,100	235,600	4,200	4,700	Service-producing	120,300	118,800	117,300	1,500	3,000
Mining	9,500	9,600	9,600	-100	-100	Mining	2,700	2,700	2,800	0	-100
Oil & Gas Extraction	8,100	8,200	8,200	-100	-100	Oil & Gas Extraction	2,600	2,600	2,700	0	-100
Construction	12,500	11,400	12,200	1,100	300	Construction	6,500	6,100	6,500	400	0
Manufacturing	13,200	12,200	12,700	1,000	500	Manufacturing	2,100	2,200	2,000	-100	100
Durable Goods	2,700	2,200	2,900	500	-200	Transportation/Comm/Utilities	14,200	14,000	13,000	200	1,200
Lumber & Wood Products	1,500	1,200	1,800	300	-300	Air Transportation	6,100	6,000	5,800	100	300
Nondurable Goods	10,500	10,000	9,800	500	700	Communications	3,400	3,400	2,600	0	800
Seafood Processing	7,900	7,400	7,200	500	700	Trade	30,900	30,400	30,600	500	300
Transportation/Comm/Utilities	25,700	25,100	24,500	600	1,200	Wholesale Trade	6,300	6,300	6,300	0	0
Trucking & Warehousing	2,900	2,800	2,700	100	200	Retail Trade	24,600	24,100	24,300	500	300
Water Transportation	1,600	1,500	1,600	100	0	Gen. Merchandise & Apparel	4,700	4,600	4,400	100	300
Air Transportation	9,300	9,100	9,100	200	200	Food Stores	2,700	2,600	2,800	100	-100
Communications	5,100	5,100	4,300	0	800	Eating & Drinking Places	8,900	8,700	8,800	200	100
Electric, Gas & Sanitary Svcs.	2,600	2,600	2,600	0	0	Finance/Insurance/Real Estate	7,600	7,600	7,700	0	-100
Trade	55,600	54,000	55,000	1,600	600	Services & Misc.	38,200	37,700	36,800	500	1,400
Wholesale Trade	8,700	8,600	8,700	100	0	Hotels & Lodging Places	3,000	2,800	2,800	200	200
Retail Trade	46,900	45,400	46,300	1,500	600	Business Services	6,000	5,800	5,900	200	100
Gen. Merchandise & Apparel	9,200	9,100	8,800	100	400	Health Services	8,500	8,500	8,100	0	400
Food Stores	6,600	6,500	6,800	100	-200	Legal Services	1,200	1,200	1,200	0	0
Eating & Drinking Places	16,200	15,400	15,700	800	500	Social Services	4,000	4,000	3,800	0	200
Finance/Insurance/Real Estate	12,600	12,600	12,500	0	100	Engineering & Mgmt. Svcs.	5,900	5,900	5,600	0	300
Services & Misc.	70,300	68,800	68,000	1,500	2,300	Government	29,400	29,100	29,200	300	200
Hotels & Lodging Places	6,100	5,600	5,900	500	200	Federal	9,800	9,900	9,600	-100	200
Business Services	8,400	8,100	8,300	300	100	State	8,800	8,800	8,700	0	100
Health Services	16,400	16,300	15,300	100	1,100	Local	10,800	10,400	10,900	400	-100
Legal Services	1,600	1,600	1,600	0	0						
Social Services	8,100	8,000	7,800	100	300						
Engineering & Mgmt. Svcs.	7,800	7,800	7,700	0	100						
Government	76,100	75,600	75,600	500	500						
Federal	17,000	17,200	16,500	-200	500						
State	22,500	22,400	22,400	100	100						
Local	36,600	36,000	36,700	600	-100						

Notes to Exhibits 2, 3, & 4—Nonagricultural excludes self-employed workers, fishers, domestics, and unpaid family workers as well as agricultural workers. Government category includes employees of public school systems and the University of Alaska.

Exhibits 2 & 3—Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Exhibit 4—Prepared in part with funding from the Employment Security Division.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

3 Hours and Earnings

For selected industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	preliminary 4/00	revised 3/00	4/99	preliminary 4/00	revised 3/00	4/99	preliminary 4/00	revised 3/00	4/99
Mining	\$1,179.63	\$1,269.00	\$1,265.71	45.9	50.0	48.7	\$25.70	\$25.38	\$25.99
Construction	1,190.34	1,127.03	1,176.94	44.3	43.0	45.6	26.87	26.21	25.81
Manufacturing	535.46	559.62	526.01	41.0	49.7	43.4	13.06	11.26	12.12
Seafood Processing	405.11	479.00	392.70	39.6	53.7	42.5	10.23	8.92	9.24
Transportation/Comm/Utilities	679.70	671.22	644.50	35.0	33.9	34.3	19.42	19.80	18.79
Trade	459.01	455.62	430.32	33.9	33.7	33.0	13.54	13.52	13.04
Wholesale Trade	648.27	621.05	624.86	37.8	37.1	36.8	17.15	16.74	16.98
Retail Trade	425.62	426.00	396.25	33.2	33.1	32.4	12.82	12.87	12.23
Finance/Insurance/Real Estate	645.58	587.88	575.94	33.8	34.5	36.2	19.10	17.04	15.91

Average hours and earnings estimates are based on data for full-time and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing). Averages are for gross earnings and hours paid, including overtime pay and hours.

Benchmark: March 1999

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

4 Nonagricultural Wage and Salary Employment

By place of work

	preliminary		Changes from:				preliminary		Changes from:		
	4/00	3/00	4/99	3/00	4/99		4/00	3/00	4/99	3/00	4/99
Fairbanks						Interior Region					
North Star Borough						Total Nonag. Wage & Salary	38,350	36,850	37,750	1,500	600
Total Nonag. Wage & Salary	33,450	32,500	32,800	950	650	Goods-producing	3,050	2,850	2,900	200	150
Goods-producing	2,900	2,650	2,700	250	200	Service-producing	35,300	34,000	34,850	1,300	450
Service-producing	30,550	29,850	30,100	700	450	Mining	950	950	850	0	100
Mining	850	850	700	0	150	Construction	1,550	1,350	1,500	200	50
Construction	1,500	1,250	1,450	250	50	Manufacturing	550	550	550	0	0
Manufacturing	550	550	550	0	0	Transportation/Comm/Utilities	3,550	3,400	3,500	150	50
Transportation/Comm/Utilities	3,000	2,950	2,950	50	50	Trade	7,500	7,050	7,500	450	0
Trucking & Warehousing	600	600	600	0	0	Finance/Insurance/Real Estate	1,250	1,250	1,200	0	50
Air Transportation	850	850	850	0	0	Services & Misc.	9,500	8,950	9,250	550	250
Communications	450	450	450	0	0	Hotels & Lodging Places	800	750	850	50	-50
Trade	6,700	6,500	6,700	200	0	Government	13,500	13,350	13,400	150	100
Wholesale Trade	750	750	750	0	0	Federal	3,850	3,850	3,850	0	0
Retail Trade	5,950	5,750	5,950	200	0	State	4,950	4,850	4,900	100	50
Gen. Merchandise & Apparel	1,050	1,050	1,150	0	-100	Local	4,700	4,650	4,650	50	50
Food Stores	700	700	700	0	0						
Eating & Drinking Places	2,150	2,050	2,100	100	50	Anchorage/Mat-Su Region					
Finance/Insurance/Real Estate	1,200	1,200	1,150	0	50	Total Nonag. Wage & Salary	144,300	142,200	140,350	2,100	3,950
Services & Misc.	8,450	8,150	8,250	300	200	Goods-producing	12,450	11,950	12,300	500	150
Hotels & Lodging Places	700	600	700	100	0	Service-producing	131,850	130,250	128,050	1,600	3,800
Health Services	2,050	2,000	1,900	50	150	Mining	2,700	2,700	2,800	0	-100
Government	11,200	11,050	11,050	150	150	Construction	7,500	6,950	7,350	550	150
Federal	3,300	3,300	3,250	0	50	Manufacturing	2,250	2,300	2,150	-50	100
State	4,700	4,650	4,650	50	50	Transportation/Comm/Utilities	15,250	15,000	14,050	250	1,200
Local	3,200	3,100	3,150	100	50	Trade	34,300	33,800	33,700	500	600
						Finance/Insurance/Real Estate	8,100	8,100	8,150	0	-50
						Services & Misc.	41,450	40,850	39,700	600	1,750
						Government	32,750	32,500	32,450	250	300
						Federal	10,000	10,150	9,750	-150	250
						State	9,700	9,750	9,600	-50	100
						Local	13,050	12,600	13,100	450	-50
Southeast Region						Southwest Region					
Total Nonag. Wage & Salary	34,500	32,900	34,300	1,600	200	Total Nonag. Wage & Salary	17,150	17,100	16,350	50	800
Goods-producing	4,450	3,750	4,600	700	-150	Goods-producing	4,400	4,200	3,800	200	600
Service-producing	30,050	29,150	29,700	900	350	Service-producing	12,750	12,900	12,550	-150	200
Mining	300	300	300	0	0	Seafood Processing	4,200	4,000	3,600	200	600
Construction	1,600	1,400	1,550	200	50	Government	5,800	5,950	5,800	-150	0
Manufacturing	2,550	2,050	2,750	500	-200	Federal	350	450	300	-100	50
Durable Goods	1,400	1,050	1,550	350	-150	State	500	550	500	-50	0
Lumber & Wood Products	1,150	750	1,300	400	-150	Local	4,950	4,950	5,000	0	-50
Nondurable Goods	1,150	1,000	1,200	150	-50						
Seafood Processing	850	700	900	150	-50	Gulf Coast Region					
Transportation/Comm/Utilities	2,400	2,250	2,450	150	-50	Total Nonag. Wage & Salary	26,250	25,350	26,250	900	0
Trade	6,000	5,650	6,000	350	0	Goods-producing	5,500	5,100	5,600	400	-100
Wholesale Trade	600	600	550	0	50	Service-producing	20,750	20,250	20,650	500	100
Retail Trade	5,400	5,050	5,450	350	-50	Mining	1,000	1,000	1,100	0	-100
Food Stores	1,200	1,200	1,250	0	-50	Oil & Gas Extraction	1,000	1,000	1,100	0	-100
Finance/Insurance/Real Estate	1,200	1,200	1,200	0	0	Construction	950	850	900	100	50
Services & Misc.	7,800	7,550	7,450	250	350	Manufacturing	3,550	3,250	3,600	300	-50
Health Services	1,750	1,750	1,600	0	150	Seafood Processing	2,650	2,400	2,650	250	0
Government	12,650	12,500	12,600	150	50	Transportation/Comm/Utilities	2,300	2,200	2,350	100	-50
Federal	1,850	1,750	1,750	100	100	Trade	5,150	5,000	5,150	150	0
State	5,450	5,450	5,550	0	-100	Wholesale Trade	550	550	600	0	-50
Local	5,350	5,300	5,300	50	50	Retail Trade	4,600	4,450	4,550	150	50
						Eating & Drinking Places	1,500	1,350	1,450	150	50
						Finance/Insurance/Real Estate	850	800	850	50	0
						Services & Misc.	5,550	5,350	5,500	200	50
						Health Services	1,150	1,150	1,100	0	50
						Government	6,900	6,900	6,800	0	100
						Federal	750	800	650	-50	100
						State	1,600	1,550	1,600	50	0
						Local	4,550	4,550	4,550	0	0
Northern Region											
Total Nonag. Wage & Salary	14,950	15,200	15,100	-250	-150						
Goods-producing	5,300	5,500	5,300	-200	0						
Service-producing	9,650	9,700	9,800	-50	-150						
Mining	4,550	4,600	4,500	-50	50						
Oil & Gas Extraction	4,100	4,150	4,100	-50	0						
Government	4,450	4,500	4,500	-50	-50						
Federal	150	200	150	-50	0						
State	300	300	300	0	0						
Local	4,000	4,000	4,050	0	-50						

(continued from page 17)

crab brought higher prices for harvesters than last year. The Alaska Department of Fish and Game estimated an overall ex-vessel price of \$1.85 per pound for the 2000 opilio crab fishery. This is almost a dollar more than the \$0.88 per pound estimated for the 1999 harvest. Despite the higher ex-vessel price, the drastically reduced quota will cut the overall value of the snow crab fishery to an estimated \$55 million this year, down from \$162 million in 1999.

Although seafood processing showed strong monthly and over-the-year gains in April, the industry recently received bad news when two Bristol Bay processors announced that they would not return to the area this salmon season. American Seafoods and Cherrier Fisheries informed fishermen that they would not operate this summer, and their withdrawal will further reduce processing capacity in Bristol Bay. Combined employment at the two processors was about 300 during the peak of the salmon season in 1999.

Construction season will be strong

The construction season continued in full swing in April, with publicly funded highway, airport, harbor and school construction leading the way. Although the private sector component of construction is difficult to predict, a recent forecast by Associated General Contractors estimates that construction spending in 2000 could be 40 percent higher than last year. The primary concern facing the construction industry this year is labor shortages for some specialty skills. Labor shortages did become a factor last year in the construction industry and in other sectors with strong seasonal labor force fluctuations. This year, the strong national economy will continue to create a challenge for employers to find workers in these industries.

Unemployment stays low in urban areas

Alaska's statewide unemployment moved lower in April, dropping three-tenths of a percentage point to 6.6%. The rate was the second-lowest statewide unemployment rate recorded for April since 1978. The comparable national unemployment rate in April was 3.7%, which was the first time in more than three decades that the national rate dropped below the four-percent mark. January, 1970, was the last time the nation's unemployment rate was that low. Unemployment rates fell in urban Alaska as these areas began gearing up for the construction and tourism seasons. Unemployment rates remained high in many rural Alaska areas, however. The Wade Hampton census area's rate of 18.2% was the highest in the state, and several other rural areas had unemployment rates in excess of ten percent.

Statewide per capita income figures released

The U.S. Department of Commerce, Bureau of Economic Analysis (BEA), recently released 1999 personal income statistics for Alaska. Total personal income for Alaska in 1999 was estimated at \$17.7 billion, which translated into statewide per capita income of \$28,523. Total personal income is the sum of net earnings (primarily wage and salary payments), rental income, dividend and interest income and government transfer payments for all persons in the state. Per capita income is measured by dividing total personal income by the state's total population.

Alaska's per capita income grew at a 2.5% rate in 1999, which was the slowest growth rate among the 50 states. Nationally, per capita

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Employment and Unemployment 5

By region and census area

	Labor Force			Unemployment			Rate			Employment		
	4/00	3/00	4/99	4/00	3/00	4/99	4/00	3/00	4/99	4/00	3/00	4/99
Alaska Statewide	314,798	314,168	308,236	20,884	21,771	20,642	6.6	6.9	6.7	293,914	292,397	287,594
Anchorage/Mat-Su Region	172,288	172,957	167,363	9,128	9,394	9,016	5.3	5.4	5.4	163,160	163,563	158,347
Municipality of Anchorage	141,987	142,518	138,904	6,587	6,761	6,520	4.6	4.7	4.7	135,400	135,757	132,384
Mat-Su Borough	30,301	30,439	28,459	2,541	2,633	2,496	8.4	8.7	8.8	27,760	27,806	25,963
Gulf Coast Region	32,513	32,212	32,604	3,223	3,409	3,392	9.9	10.6	10.4	29,290	28,803	29,212
Kenai Peninsula Borough	20,901	20,832	21,048	2,322	2,562	2,519	11.1	12.3	12.0	18,579	18,270	18,529
Kodiak Island Borough	6,636	6,471	6,599	426	364	405	6.4	5.6	6.1	6,210	6,107	6,194
Valdez-Cordova	4,976	4,909	4,957	475	483	468	9.5	9.8	9.4	4,501	4,426	4,489
Interior Region	48,838	48,072	48,026	3,470	3,629	3,338	7.1	7.5	7.0	45,368	44,443	44,688
Denali Borough	1,207	1,211	1,170	123	149	102	10.2	12.3	8.7	1,084	1,062	1,068
Fairbanks North Star Borough	43,042	42,357	42,360	2,703	2,840	2,626	6.3	6.7	6.2	40,339	39,517	39,734
Southeast Fairbanks	2,512	2,489	2,470	285	308	277	11.3	12.4	11.2	2,227	2,181	2,193
Yukon-Koyukuk	2,077	2,015	2,025	359	332	333	17.3	16.5	16.4	1,718	1,683	1,692
Northern Region	8,527	8,768	8,541	933	894	868	10.9	10.2	10.2	7,594	7,874	7,673
Nome	3,251	3,339	3,268	396	379	383	12.2	11.4	11.7	2,855	2,960	2,885
North Slope Borough	3,191	3,296	3,185	258	255	222	8.1	7.7	7.0	2,933	3,041	2,963
Northwest Arctic Borough	2,085	2,132	2,088	279	259	263	13.4	12.1	12.6	1,806	1,873	1,825
Southeast Region	37,911	37,301	37,791	2,678	3,021	2,755	7.1	8.1	7.3	35,233	34,280	35,036
Haines Borough	1,169	1,184	1,217	135	178	189	11.5	15.0	15.5	1,034	1,006	1,028
Juneau Borough	16,317	16,008	16,315	732	844	817	4.5	5.3	5.0	15,585	15,164	15,498
Ketchikan Gateway Borough	7,042	6,924	6,990	605	661	589	8.6	9.5	8.4	6,437	6,263	6,401
Pr. of Wales-Outer Ketchikan	3,254	3,247	3,242	455	524	459	14.0	16.1	14.2	2,799	2,723	2,783
Sitka Borough	4,193	4,081	4,173	205	201	207	4.9	4.9	5.0	3,988	3,880	3,966
Skagway-Hoonah-Angoon	2,173	2,177	2,158	151	210	148	6.9	9.6	6.9	2,022	1,967	2,010
Wrangell-Petersburg	3,447	3,377	3,402	353	366	325	10.2	10.8	9.6	3,094	3,011	3,077
Yakutat Borough	316	303	293	41	36	20	13.0	11.9	6.8	275	267	273
Southwest Region	14,721	14,858	13,912	1,452	1,424	1,274	9.9	9.6	9.2	13,269	13,434	12,638
Aleutians East Borough	1,538	1,566	1,465	41	50	39	2.7	3.2	2.7	1,497	1,516	1,426
Aleutians West	1,927	1,975	1,834	115	141	109	6.0	7.1	5.9	1,812	1,834	1,725
Bethel	6,090	6,122	5,747	596	559	514	9.8	9.1	8.9	5,494	5,563	5,233
Bristol Bay Borough	631	643	591	71	76	57	11.3	11.8	9.6	560	567	534
Dillingham	1,783	1,793	1,682	176	166	152	9.9	9.3	9.0	1,607	1,627	1,530
Lake & Peninsula Borough	588	594	556	60	59	53	10.2	9.9	9.5	528	535	503
Wade Hampton	2,163	2,164	2,035	393	372	349	18.2	17.2	17.1	1,770	1,792	1,686

March 1999 Benchmark Comparisons between different time periods are not as meaningful as other time series produced by Research and Analysis. The official definition of unemployment currently in place excludes anyone who has not made an active attempt to find work in the four-week period up to and including the week that includes the 12th of the reference month. Due to the scarcity of employment opportunities in

rural Alaska, many individuals do not meet the official definition of unemployed because they have not conducted an active job search. They are considered not in the labor force.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

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income grew at a 4.8% rate, and the nation's average per capita income was \$28,518 in 1999. The BEA indicated that slower earnings growth was the primary reason for Alaska's slower per capita income growth, which has been the case throughout most of the last 20 years. (See Exhibit 6.) Alaska's per capita income figure of \$28,523 ranked it 17th among the 50 states.

The new BEA total personal income and per capita income figures included a revision of data for all years since 1969. The revisions increased personal and per capita income figures in Alaska rather significantly. For example, the upward revision to Alaska's personal income in 1998 was 8.2%. This was the largest revision among all states in that year. Most of the revisions to state personal income reflected a reclassification of government employee retirement plans, which increased personal income by the amount of plan contributions, interest and dividends. The reclassification makes the treatment of government employee retirement plans consistent

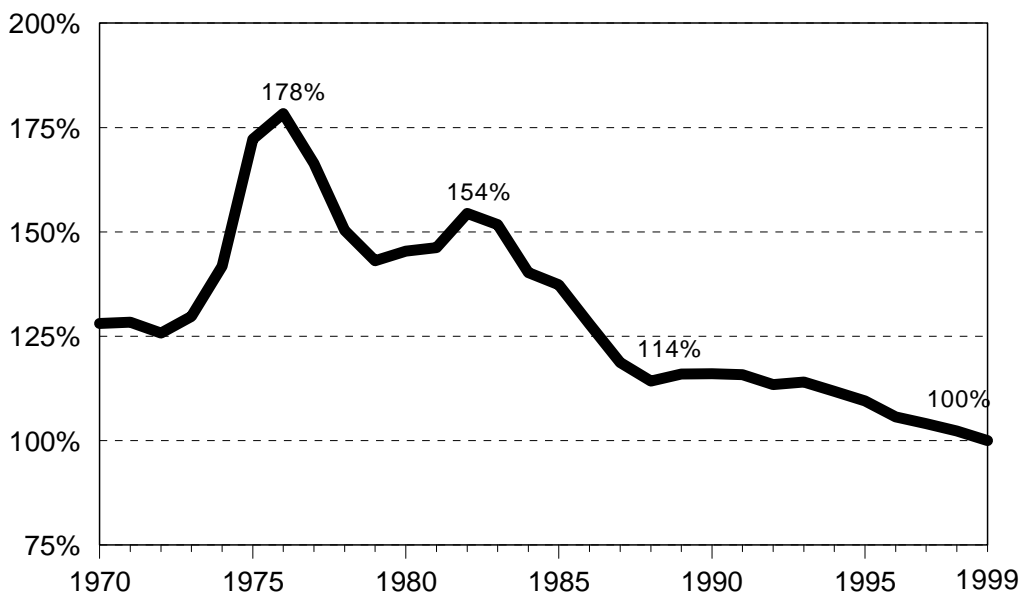
with private pension plans in the calculation of total personal income.

Since government wages account for a larger portion of total wages in Alaska than in other states, the greater effect of the revisions on Alaska's personal income figures is not surprising. The revisions were large enough to raise Alaska's per capita income just over \$2,000 from previous estimates in 1997 and 1998, but the state's per capita income growth rate continued to lag behind the national rate.

The effects of the personal income revisions could be even more dramatic on local area personal and per capita income data, which are scheduled for release in mid-June. The reclassification of government employee retirement plans will most heavily affect areas with a strong civilian government and/or military presence. These areas will probably see a noticeable increase in total personal income and per capita income figures for all years since 1969.

6 Alaska Per Capita Income has Drifted Toward the national average

Alaska's per capita income as a percent of U.S. average



Source: U.S. Department of Commerce, Bureau of Economic Analysis

Employer Resources

The Job Order Form has been updated. The improved version is ready for employers' use on-line. Just enter the information requested. Before you submit the order, you will have an opportunity to review your entries and make any changes. After submitting, you will receive a confirmation. A Job Order will be processed and posted on Alaska's Job Bank to recruit applicants with the qualifications that you, the employer, have specified.

The image shows a screenshot of a web browser displaying the Alaska Job Center Network Employer Connection website. The browser window is titled "Employer Connection - AJCN - Microsoft Internet Explorer" and the address bar shows "http://www.jobs.state.ak.us/employer.ht". The website content includes a welcome message, navigation links, and a "Job Order Form" section. A white arrow points from the "Job Order Form" link in the top navigation to the "Job Order Form" page below.

Employer Connection

Welcome to the Alaska Job Center Network

Jobs
Alaska Job Center Network
Where people and jobs connect.

America's Job Bank
Direct job order input, resume search and resume scout.

Job Order Options

Call our Business Services Unit at: 1-888-830-4473

Post a job using our on-line [Job Order Form](#) **UPDATE**

[Job Order Fax Form](#)

[Contact an Alaska Job Center](#)

Welfare-to-Work

To recruit Welfare-to-Work clients, call 1-888-838-JOBS (5627).

Seafood Industry Employers

Employers in the seafood industry, please see the [Seafood Jobs](#) web site. Or go directly to the [Seafood Job Order Form](#).

Alaska Employees

Job Order Form - Netscape

Jobs
Alaska Job Center Network
Where people and jobs connect.

Job Order Form

Please fill out this form to recruit through the Alaska Job Center Network. Once you have submitted the form your recruitment will be posted on Alaska's Job Bank, America's Job Bank and in each Job Center across the state.

Fields with an * require an entry.

Employer/Business Name *	<input type="text"/>
ESD Tax ID or FEIN Number	<input type="text"/> Contact an ESD Tax Office
Business Name on Workers' Compensation Policy *	<input type="text"/>
Contact Person *	<input type="text"/>
Telephone *	<input type="text"/>
Fax	<input type="text"/>
Email Address	<input type="text"/>