

ALASKA ECONOMIC **TRENDS**

APRIL 2010

Alaska's 2009 Population

WHAT'S INSIDE

The Kenai Peninsula Borough

Oil and gas jobs, tourism and retirees

The Unemployment Insurance Trust Fund

How is Alaska's trust fund faring?



ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT

Sean Parnell, Governor
Commissioner Click Bishop

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& WORKFORCE DEVELOPMENT

Sean Parnell, Governor of Alaska
Commissioner Click Bishop

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Alaska Economic Trends is a monthly publication dealing with a wide variety of economic-related issues in the state. Its purpose is to inform the public about those issues.

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Cover: Pete Karras Sr., 83, sportfishes for salmon in Sitka Sound in June 2005. Karras helped his stepfather take a 26-foot double-ender salmon troller from Washington to Sitka – it took them six weeks – in February 1947. Karras spent four years on boats, helping the federal government map Alaska coastlines, then married and in 1953 settled in Sitka. Karras and his wife Bertha raised six kids, and he was a cook for 29 years at what is now Mt. Edgecumbe Hospital. (Bertha Karras says she still can't figure out why they decided to make the trip in February.) Photo courtesy of SitkaPhotos.com

Alaska's 2009 Population	4
State and local estimates	
The Kenai Peninsula Borough	11
Oil and gas jobs, tourism and retirees	
Alaska's Unemployment Insurance Trust Fund	16
How is Alaska's trust fund faring?	
Employment Scene	
Unemployment rate at 8.5 percent in February	21

Trends Authors



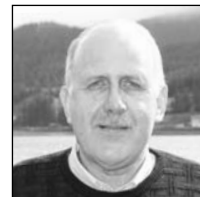
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More Alaskans than Ever

By Commissioner Click Bishop

Alaska's major population changes are the products of big events – the discovery of gold, World War II, the Korean War, trans-Alaska oil pipeline construction, the oil “bust” of the 1980s. All these events have contributed positively or negatively to the Alaska economy. It's no surprise that during a booming economy we've grown, or when our economy has struggled people leave.

In 1946, at the end of World War II, there were just 103,000 of us. By statehood in 1959 we had more than doubled in population to 224,000.

During the past decade, our state's population grew by about 10 percent to 692,314. By comparison, the U.S. population overall increased 8.8 percent. Alaska remains 47th in population, larger than North Dakota, Vermont, Wyoming and the District of Columbia.

If you've recently driven the crowded streets of Anchorage or the Glenn Highway into the Mat-Su Borough, it's probably no surprise that most of that growth is concentrated in two areas. Since 2000, the Mat-Su has grown by more than 42 percent, while Anchorage has grown more than 11 percent.

Eleven of our boroughs grew during the past decade, while nearly twice as many declined. Some areas, like Southeast Alaska, have declined significantly.

Population counts are used for allocating funds for schools and roads, planning for social services, and helping businesses deciding where to locate. And during natural disasters like floods, volcanic eruptions or earthquakes, census numbers help rescuers determine how many people will need help.

That's why ensuring we have an accurate count of all Alaskans in the 2010 Census is so critical. Census counting will continue through at least July – so if you haven't already, it's not too late to mail in your form.

Since 1981, the Alaska Department of Labor and Workforce Development's Research and Analysis Section, which works closely with the U.S. Census Bureau, has played a key role in Alaska census planning. Research and Analysis is the lead agency for the Census and Geographic Information Network, a group of 10 affiliate state agencies and local government planning offices.

Elsewhere in this month's *Trends*, we have good news for Alaskans about our state's unemployment insurance program. While many states are struggling to keep their unemployment insurance trust funds afloat, or are already in default, our state's program remains strong, and ready to help Alaska workers if needed.

Our program is rock solid, despite a significant increase in unemployment insurance payments. Because of the design of our UI trust fund, with tax rates adjusted to current trends, we should remain ahead of any future needs.

In this issue we also look at the Kenai Peninsula Borough. The borough has a diverse economy, with no one industry dominating its mix of government, leisure, energy and fishing.

Planned, sustainable growth is good. Alaska's future will continue to be tied to resource, energy and economic development, and that will continue to provide jobs for our growing population.

State and local estimates

Alaska's population increased 10.3 percent, or 64,781 people, from 2000 to 2009, bringing the state's population to 692,314, based on estimates released in January by the Alaska Department of Labor and Workforce Development.

With only a year left in the decade, Alaska's population has so far been growing at a slower average annual rate in the 2000s (1.1 percent) than in the 1990s (1.3 percent). Despite the trend of slow growth, Alaska's population grew at an above-average rate from 2008 to 2009, increasing about 1.5 percent or 10,337 people.

Compared to the United States as a whole, however, Alaska has grown at a significantly faster rate since 2000. The U.S. population increased 8.8 percent during the 2000 to 2009 period, versus Alaska's 10.3 percent. Alaska is still the 47th most populous state. It has more population than North Dakota, Vermont, Wyoming and the District of Columbia.

The Alaska Department of Labor creates its estimates using the U.S. Census Bureau's annual state level estimates and decennial census¹ numbers, Alaska Permanent Fund dividend applications, vital statistics, as well as military and other surveys. Using those population indicators, the Alaska Department of Labor creates a detailed account of Alaska's population by size, composition and geographical distribution.

The 2009 estimates are provisional. All population estimates in this article are as of July 1 of a particular year – the average annual population for that year – unless indicated otherwise.

¹ The decennial census is a count of the U.S. population conducted every 10 years by the Census Bureau in years ending in zero.

The state as a whole

Population change is measured by natural increase and net migration. These two measures are made up of four main components: births, deaths, in-migration and out-migration. The impact these components have on Alaska's growth vary by year and decade, depending on certain economic and social factors.

Alaska's growth from 2000 to 2009 came from natural increase (births minus deaths), which added 66,149 people. The state lost 1,368 people through net-migration (in-migration minus out-migration). On average, 92,000 people migrate to and from Alaska each year, with nearly equal in-migration and out-migration.

Natural increase was also the main contributor to Alaska's population growth from 2008 to 2009, adding 8,076 people. Yet, unlike in the 2000 to 2009 period, in-migration overtook out-migration, adding 2,261 people.

When breaking down net migration into international and domestic migration, the gain of 2,261 migrants between 2008 and 2009 comes out to be a gain of 1,239 domestic migrants and 1,022 international migrants. (See Exhibit 1.)

The net in-migration that occurred in 2008 to 2009 hasn't occurred since 2003 to 2004.

The increase in migrants can be explained by the increase in military movement into Alaska. Due to the fact that Alaska Department of Labor population estimates capture the resident population, all troops are counted as living in the state regardless of their deployment status. Therefore, boroughs and census areas with a

Components of Population Change

Alaska, 1990 to 2009



large military presence may have populations lower than the estimates, depending on current deployments. The Fairbanks North Star Borough and the Municipality of Anchorage are the most affected by this method of estimation.

Economic regions, boroughs and census areas

Between the 2000 Census and the 2009 estimate,² only 11 of Alaska's 29 boroughs and census areas gained population. Seven of those 11 areas had significant population increases: the Municipality of Anchorage (+30,305), Matanuska-Susitna Borough (+24,992), Fairbanks North Star Borough (+10,939), Kenai Peninsula Borough (+3,887), Southeast Fairbanks Census Area (+1,069), Bethel Census Area (+951) and Wade Hampton Census Area (+666). (See Exhibits 2 and 3.)

While 11 of the 29 boroughs increased in number of people from 2000 to 2009, only three of the 11 had increases in the proportion of Alaska's total population. The three – the Mat-Su Borough, Anchorage Municipality and Fairbanks North Star Borough – accounted for 90.3 percent of the growth in the 11 boroughs and census areas. The Municipality of Anchorage made up 41.3 percent of the growth, and the Mat-Su Borough and Fairbanks North Star Borough made up 34.1 percent and 14.9 percent, respectively.

² The remainder of this article analyzes data from the 2000 Census only, not the July 1, 2000, estimate.

July 1 to June 30	End of Period Population	Population Change	Average Annual Rate of Change	Components of Change								
				Births	Birth Rate (per 1,000)	Deaths	Death Rate (per 1,000)	Natural Increase	Total Net Migrants	Net International Migrants ^{1,2}	Net Internal Migrants ³	
1989-90	553,171	14,271	2.61%	11,776	21.9	2,142	4.0	9,634	4,637	—	—	
1990-91	569,054	15,883	2.83%	11,798	21.3	2,225	4.0	9,573	6,310	—	—	
1991-92	586,722	17,668	3.06%	11,744	20.6	2,214	3.9	9,530	8,138	—	—	
1992-93	596,906	10,184	1.72%	11,347	19.3	2,477	4.2	8,870	1,314	—	—	
1993-94	600,622	3,716	0.62%	10,978	18.4	2,422	4.1	8,556	-4,840	—	—	
1994-95	601,581	959	0.16%	10,439	17.4	2,500	4.2	7,939	-6,980	—	—	
1995-96	605,212	3,631	0.60%	10,079	16.8	2,707	4.5	7,372	-3,741	—	—	
1996-97	609,655	4,443	0.73%	10,018	16.6	2,574	4.3	7,444	-3,001	—	—	
1997-98	617,082	7,427	1.21%	9,924	16.3	2,642	4.3	7,282	145	—	—	
1998-99	622,000	4,918	0.79%	9,864	16.0	2,609	4.2	7,255	-2,337	—	—	
1999-00	627,533	5,533	0.89%	10,102	16.2	2,829	4.5	7,273	-1,740	—	—	
2000-01	632,200	4,667	0.74%	9,980	15.9	2,934	4.7	7,046	-2,379	1,103	-3,482	
2001-02	640,643	8,443	1.33%	9,871	15.6	3,075	4.9	6,796	1,647	174	1,473	
2002-03	647,884	7,241	1.12%	10,025	15.6	3,107	4.8	6,918	323	-1,772	2,095	
2003-04	657,483	9,599	1.47%	10,299	15.9	3,060	4.7	7,239	2,360	2,334	26	
2004-05	664,334	6,851	1.04%	10,368	15.8	3,167	4.8	7,201	-350	1,042	-1,392	
2005-06	671,202	6,868	1.03%	10,656	16.0	3,163	4.8	7,493	-625	1,797	-2,422	
2006-07	676,056	4,854	0.72%	11,057	16.5	3,457	5.2	7,600	-2,746	874	-3,620	
2007-08	681,977	5,921	0.87%	11,285	16.7	3,505	5.2	7,780	-1,859	1,197	-3,056	
2008-09 ⁴	692,314	10,337	1.50%	11,454	16.8	3,378	5.0	8,076	2,261	1,022	1,239	

Notes: All columns represent Alaska Department of Labor and Workforce Development estimates unless stated otherwise. All estimates represent July 1 of that year (the average annual population) unless stated otherwise.

¹ According to the U.S. Census Bureau

² Migration between Alaska and countries outside the U.S.

³ Migration between Alaska and the rest of the U.S.

⁴ Provisional estimate

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section, Demographics Unit; U.S. Census Bureau

Migration had a major impact on Alaska's boroughs and census areas from 2000 to 2009, with most losing population through net out-migration. However, the Mat-Su Borough (+18,571), Municipality of Anchorage (+1,203), Kenai Peninsula Borough (+831) and Southeast Fairbanks Census Area (+471) were areas where in-migration markedly surpassed out-migration. (See Exhibit 4.)

Natural increase characterized the growth in Alaska's Northern economic region. The region's two boroughs and one census area had average annual rates of natural increase greater than 1.5 percent. (See Exhibit 5.)

All the regions in the state had growth at least partly due to natural increase, however, some boroughs in the Southeast region, along with the Aleutians in the Southwest region, had average annual rates of natural increase less than 0.5 percent.

2 Alaska's Population, 1990 to 2009

By economic region, borough and census area

	2009 Vintage Population Estimates								
	Estimate 2009	Estimate 2008	Estimate 2007	Estimate 2006	Estimate 2005	Estimate 2004	Estimate 2003	Estimate 2002	Estimate 2001
Alaska	692,314	681,977	676,056	671,202	664,334	657,483	647,884	640,643	632,200
Anchorage/Mat-Su Region	374,902	366,341	362,836	360,650	352,533	348,346	340,613	332,220	326,646
Anchorage, Municipality of	290,588	283,912	282,968	283,348	278,407	277,880	273,069	267,860	264,886
Matanuska-Susitna Borough	84,314	82,429	79,868	77,302	74,126	70,466	67,544	64,360	61,760
Gulf Coast Region	76,686	76,408	75,488	74,698	74,987	74,791	75,473	74,400	73,694
Kenai Peninsula Borough	53,578	52,959	52,230	51,467	51,269	51,239	51,454	50,682	50,082
Kodiak Island Borough	13,860	13,954	13,664	13,457	13,693	13,573	13,817	13,643	13,565
Valdez-Cordova Census Area	9,248	9,495	9,594	9,774	10,025	9,979	10,202	10,075	10,047
Interior Region	108,463	107,400	106,027	102,188	102,096	99,744	96,314	98,952	97,570
Denali Borough	1,838	1,806	1,766	1,797	1,824	1,850	1,917	1,887	1,902
Fairbanks North Star Borough	93,779	92,762	91,525	87,797	87,739	85,474	82,173	84,765	83,276
Southeast Fairbanks Census Area	7,243	7,159	6,992	6,749	6,474	6,144	5,923	5,945	5,907
Yukon-Koyukuk Census Area	5,603	5,673	5,744	5,845	6,059	6,276	6,301	6,355	6,485
Northern Region	23,664	23,597	23,588	23,691	23,696	23,900	23,863	23,814	23,624
Nome Census Area	9,500	9,493	9,485	9,545	9,468	9,432	9,354	9,343	9,265
North Slope Borough	6,798	6,703	6,726	6,811	6,899	7,133	7,225	7,239	7,231
Northwest Arctic Borough	7,366	7,401	7,377	7,335	7,329	7,335	7,284	7,232	7,128
Southeast Region	69,338	69,163	69,115	70,433	70,923	70,934	71,810	71,939	71,774
Haines Borough	2,286	2,322	2,264	2,252	2,225	2,271	2,335	2,373	2,383
Juneau City and Borough	30,661	30,405	30,198	30,822	31,238	31,130	31,300	31,003	30,458
Ketchikan Gateway Borough ²	12,984	12,980	13,116	13,206	13,136	13,085	13,527	13,677	13,747
Prince of Wales- Outer Ketchikan Census Area ³	5,392	5,358	5,310	5,481	5,513	5,570	5,592	5,682	5,816
Sitka City and Borough	8,627	8,641	8,621	8,992	8,948	8,826	8,892	8,794	8,727
Skagway-Hoonah-Angoon Census Area ⁴	2,908	2,908	2,976	3,008	3,050	3,106	3,150	3,229	3,358
Hoonah-Angoon Census Area	2,043	2,062	2,133	2,153	2,216	2,233	2,307	2,385	2,520
Skagway Municipality	865	846	843	855	834	873	843	844	838
Wrangell-Petersburg Census Area ⁵	5,852	5,957	6,010	6,036	6,169	6,270	6,324	6,462	6,589
Petersburg Census Area ⁵	3,794	3,848	—	—	—	—	—	—	—
Wrangell City and Borough ^{5, 6}	2,058	2,109	—	—	—	—	—	—	—
Yakutat City and Borough	628	592	620	636	644	676	690	719	696
Southwest Region	39,261	39,068	39,002	39,542	40,099	39,768	39,811	39,318	38,892
Aleutians East Borough	2,778	2,698	2,792	2,591	2,657	2,655	2,714	2,723	2,548
Aleutians West Census Area	4,549	4,436	4,499	4,916	5,245	5,242	5,328	5,071	5,253
Bethel Census Area	16,997	16,924	16,790	17,049	17,099	16,883	16,751	16,514	16,107
Bristol Bay Borough	967	1,027	1,032	1,058	1,176	1,101	1,103	1,163	1,173
Dillingham Census Area	4,729	4,767	4,779	4,806	4,793	4,852	4,904	4,918	4,889
Lake and Peninsula Borough	1,547	1,552	1,534	1,559	1,621	1,611	1,627	1,639	1,732
Wade Hampton Census Area	7,694	7,664	7,576	7,563	7,508	7,424	7,384	7,290	7,190

Note: All columns represent Alaska Department of Labor and Workforce Development estimates unless stated otherwise. All estimates are as of July 1 of that year (the average annual population for that year) unless stated otherwise.

¹ This period represents April 1, 2000, to June 30, 2009.

² The Ketchikan Gateway Borough annexed part of Outer Ketchikan in May 2008, adding eight people to the borough. No adjustment has been made to the 2000 population shown here for the eight people.

³ The Prince of Wales-Outer Ketchikan Census Area boundary changed in May 2008 and the census area was renamed the Prince of Wales-Hyder Census Area.

⁴ The Skagway-Hoonah-Angoon Census Area became the Skagway Municipality and Hoonah-Angoon Census Area when the Skagway Municipality was formed in June 2007.

As expected, the fastest-growing region in Alaska from 2000 to 2009 was Anchorage/Mat-Su, which gained 55,297 people, a 17.3 percent increase. Both areas within the region grew – the Mat-Su Borough (+42.1 percent) and the Municipality of Anchorage (+11.6 percent).

However, annual growth in the Mat-Su Borough from 2008 to 2009 slowed to 2.3 percent, which

was down from the average annual growth of 3.8 percent from 2000 to 2009. From 2008 to 2009, Anchorage gained 6,676 people (primarily through natural increase) and Mat-Su gained 1,885 people (mainly through net in-migration).

The Interior region gained 11,046 people from 2000 to 2009, an 11.3 percent increase. The Southeast Fairbanks Census Area (+17.3 percent)

April 1 Census 2000	April 1 Census 1990	Change			Average Annual Rate of Change			Natural Increase (Births minus- Deaths)	Net Migration (In minus Out)	Natural Increase (Births minus Deaths) ¹	Net Migration (In minus Out) ¹
		2008- 2009	2000- 2009	1990- 2000	2008- 2009	2000- 2009	1990- 2000				
626,931	550,043	10,337	65,383	76,888	1.5%	1.1%	1.3%	8,076	2,261	67,916	-2,533
319,605	266,021	8,561	55,297	53,584	2.3%	1.7%	1.8%	4,345	4,216	35,523	19,774
260,283	226,338	6,676	30,305	33,945	2.3%	1.2%	1.4%	3,492	3,184	29,102	1,203
59,322	39,683	1,885	24,992	19,639	2.3%	3.8%	4.0%	853	1,032	6,421	18,571
73,799	64,063	278	2,887	9,736	0.4%	0.4%	1.4%	593	-315	5,246	-2,359
49,691	40,802	619	3,887	8,889	1.2%	0.8%	2.0%	340	279	3,056	831
13,913	13,309	-94	-53	604	-0.7%	-0.0%	0.4%	171	-265	1,489	-1,542
10,195	9,952	-247	-947	243	-2.6%	-1.1%	0.2%	82	-329	701	-1,648
97,417	92,111	1,063	11,046	5,306	1.0%	1.2%	0.6%	1,523	-460	12,717	-1,671
1,893	1764	32	-55	129	1.8%	-0.3%	0.7%	24	8	151	-206
82,840	77,720	1,017	10,939	5,120	1.1%	1.3%	0.6%	1,356	-339	11,591	-652
6,174	5,913	84	1,069	261	1.2%	1.7%	0.4%	70	14	598	471
6,510	6,714	-70	-907	-204	-1.2%	-1.6%	-0.3%	73	-143	377	-1,284
23,789	20,380	67	-125	3,409	0.3%	-0.1%	1.5%	478	-411	3,981	-4,106
9,196	8,288	7	304	908	0.1%	0.4%	1.0%	186	-179	1,467	-1,163
7,385	5,979	95	-587	1,406	1.4%	-0.9%	2.1%	141	-46	1,237	-1,824
7,208	6,113	-35	158	1,095	-0.5%	0.2%	1.6%	151	-186	1,277	-1,119
73,082	68,989	175	-3,744	4,093	0.3%	-0.6%	0.6%	470	-295	4,560	-8,304
2,392	2,117	-36	-106	275	-1.6%	-0.5%	1.2%	2	-38	36	-142
30,711	26,751	256	-50	3,960	0.8%	-0.0%	1.4%	282	-26	2,349	-2,399
14,059	13,828	4	-1,075	231	0.0%	-0.9%	0.2%	84	-80	861	-1,936
6,157	6,278	34	-765	-121	0.6%	-1.4%	-0.2%	27	7	367	-1,132
8,835	8,588	-14	-208	247	-0.2%	-0.3%	0.3%	52	-66	606	-814
3,436	3,680	0	-528	-244	0.0%	-1.8%	-0.7%	7	-7	133	-661
2,574	2,988	-19	-531	-832	-0.9%	-2.5%	-1.5%	4	-23	—	—
862	692	19	3	154	2.2%	0.0%	2.2%	3	16	—	—
6,684	7,042	-105	-832	-358	-1.8%	-1.4%	-0.5%	8	-113	172	-1,004
4,260	—	-54	-466	—	-1.4%	-1.3%	—	-4	-50	—	—
2,451	—	-51	-393	—	-2.4%	-1.9%	—	12	-63	—	—
808	705	36	-180	103	5.9%	-2.7%	1.4%	8	28	36	-216
39,239	38,479	193	22	760	0.5%	0.0%	0.2%	667	-474	5,889	-5,867
2,697	2,464	80	81	233	2.9%	0.3%	0.9%	10	70	112	-31
5,465	9,478	113	-916	-4,013	2.5%	-2.0%	-5.4%	26	87	243	-1,159
16,046	13,656	73	951	2,390	0.4%	0.6%	1.6%	342	-269	3,110	-2,159
1,258	1,410	-60	-291	-152	-6.0%	-2.8%	-1.1%	-2	-58	59	-350
4,922	4,012	-38	-193	910	-0.8%	-0.4%	2.0%	75	-113	597	-790
1,823	1,668	-5	-276	155	-0.3%	-1.8%	0.9%	15	-20	106	-382
7,028	5,791	30	666	1,237	0.4%	1.0%	1.9%	201	-171	1,662	-996

⁵ The Wrangell-Petersburg Census Area became the Petersburg Census Area and Wrangell City and Borough in May 2008, when the borough was incorporated. No adjustment has been made to the borough's 2000 population for the 25 people who were added when the borough was formed.

⁶ The 2000 census population for the Petersburg Census Area and Wrangell City and Borough, when added, total more than the 2000 census population for the Wrangell-Petersburg Census Area.

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section, Demographics Unit; U.S. Census 2000, 1990

and Fairbanks North Star Borough (+13.2 percent) both had major increases in population largely due to natural increase, while the Denali Borough (-2.9 percent) and Yukon-Koyukuk Census Area (-13.9 percent) had population losses due to out-migration.

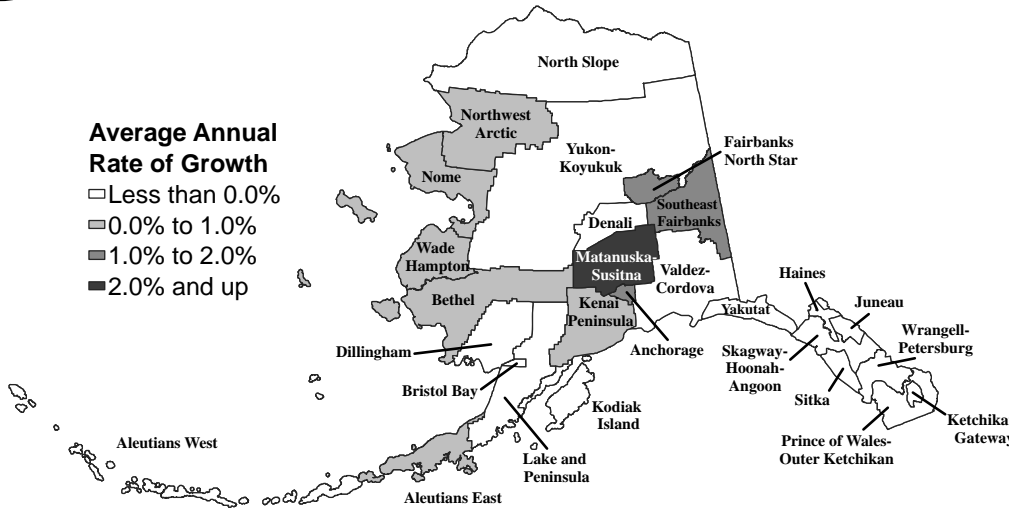
Yet, for the Interior from 2008 to 2009, only the Yukon-Koyukuk Census Area lost popula-

tion (-70 people), while the Fairbanks North Star Borough (+1,017), Southeast Fairbanks Census Area (+84) and Denali Borough (+32) all gained population.

The Gulf Coast region's population as a whole grew by 2,887 people from 2000 to 2009, a 3.9 percent increase. The increase was due to natural increase outpacing net out-migration in the

3 Population Growth Rates

Average annual growth rates, Alaska 2000 to 2009



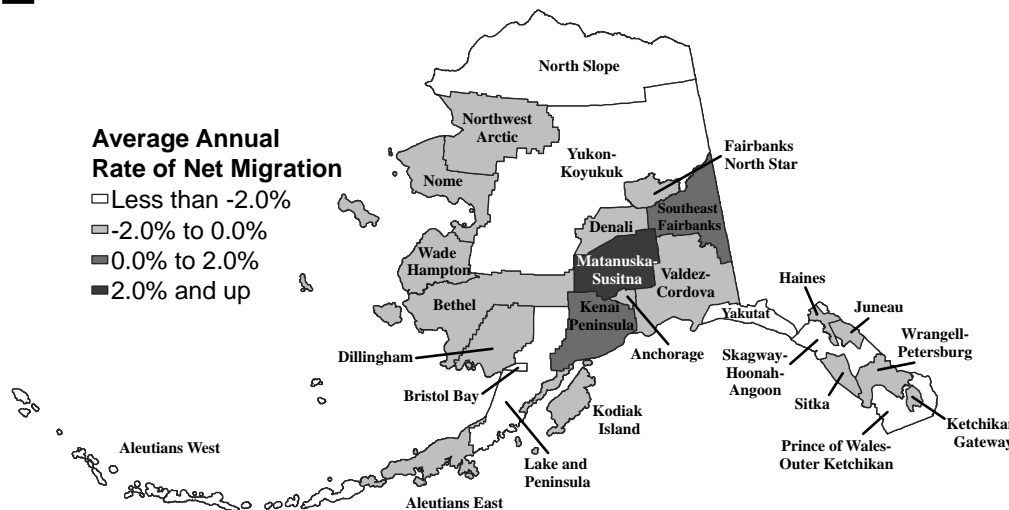
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, Demographics Unit

(+5,889) just surpassing net out-migration (-5,867). Only three of Southwest's seven boroughs and census areas grew – the Wade Hampton Census Area (+9.5 percent), Bethel Census Area (+5.9 percent) and Aleutians East Borough (+3.0 percent) – and the growth was due to natural increase.

That trend was similar during the 2008 to 2009 period, with the Aleutians West Census Area (+113 people), Aleutians East Borough (+80), Bethel Census Area (+73) and Wade Hampton Census Area (+30) growing. The remainder of the region declined in population due to net-out migration.

4 Migration Rates

Average annual net migration, Alaska 2000 to 2009



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

The Northern region declined slightly from 2000 to 2009, losing 125 people, a 0.5 percent decrease, due to out-migration overtaking natural increase. The region's Nome Census Area (+3.3 percent) and Northwest Arctic Borough (+2.2 percent) increased in population. The North Slope Borough lost a significant portion of its population (-7.9 percent)

Kenai Peninsula Borough. The Valdez-Cordova Census Area (-9.3 percent) and Kodiak Island Borough (-0.4 percent) declined in population and only the Kenai Peninsula Borough (+7.8 percent) grew.

That trend held true from 2008 to 2009, with the Valdez-Cordova Census Area (-247 people) and Kodiak Island Borough (-94) losing population and the Kenai Peninsula Borough (+619) growing.

The Southwest region experienced nearly stagnant growth from 2000 to 2009, gaining only 22 people, a 0.1 percent increase, with natural increase

through out-migration.

That trend changed in 2008 to 2009, with the North Slope Borough gaining the most people (+95) due to natural increase. The Nome Census Area only gained seven people; the Northwest Arctic Borough lost 35 people due to net out-migration.

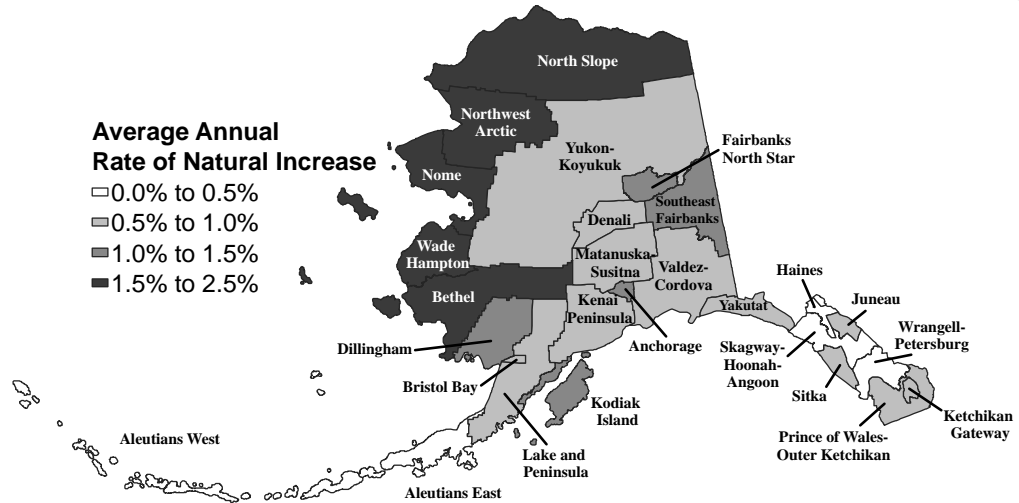
Finally, the region with the greatest decline as a whole from 2000 to 2009 was Southeast. It lost 3,744 people, a 5.1 percent decline, due to net out-migration. Only the Skagway Municipality gained population (+0.3 percent), though not

enough to be considered significant.

However, from 2008 to 2009, Juneau (+256 people), Yakutat (+36), the Prince of Wales-Outer Ketchikan Census Area (+34), Skagway (+19) and the Ketchikan Gateway Borough (+4) had population gains. Out-migration was the driver behind the declining population throughout the remainder of the region, partly due to an aging population.

Natural Increase 5

Average annual rates of natural increase, Alaska 2000 to 2009



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

Places

The lowest level of population estimates released by the Alaska Department of Labor for 2009 is place estimates. A place is an incorporated city (municipalities and city-boroughs fall into this category), Census Designated Place (a closely settled unincorporated population center) or an Alaska Native Village Statistical Area (the settled area associated with each Alaska Native Village).

Looking at the number of places with populations of more than 2,000, there were five more on the list in 2009 (41 total) than in 2000 (36 total). Twenty-three were incorporated as of 2009. (See Exhibit 6.)

In 2009, 54.2 percent of the state's population was in the Anchorage/Mat-Su region (374,902), up from 51.0 percent in 2000. Not surprisingly, half the state's dozen most-populous places were in the Anchorage-Mat-Su region – the Municipality of Anchorage (290,588), Knik-Fairview CDP (13,824), Lakes CDP (8,388), Tanaina CDP (7,407), Meadow Lakes CDP (7,319) and Wasilla city (7,245). If they were incorporated, four places in the Mat-Su Borough would be larger than Wasilla city, and Knik-Fairview would become the fourth-largest city in the state.

Fourteen places with populations of more than 2,000 had average annual growth rates above 2.0 percent for the 2000 to 2009 period: the Knik-Fairview CDP (+6.0 percent), Fishhook CDP

(+4.5 percent), Meadow Lakes CDP (+3.8 percent), Deltana CDP (+3.7 percent), Tanaina CDP (+3.6 percent), Homer city (+3.1 percent), North Pole city (+3.1 percent), Gateway CDP (+2.9 percent), Willow CDP (+2.7 percent), Wasilla city (+2.6 percent), Kalifornsky CDP (+2.3 percent), Butte CDP (+2.2 percent), Big Lake CDP (+2.2 percent) and Lakes CDP (+2.1 percent).

All but four of the 14 rapidly growing places are in the Mat-Su Borough. The remaining four are throughout the state – the Kalifornsky CDP and Homer city are in the Kenai Peninsula Borough, the Deltana CDP is in the Southeast Fairbanks Census Area and North Pole city is in the Fairbanks North Star Borough. While most of the four are growing due to natural increase, net immigration or both, Homer experienced a large increase in population mostly due to the 2002 annexation of significant portions of the Diamond Ridge CDP and Miller Landing CDP.

Thirteen places with populations greater than 2,000 had either stagnant or negative average annual growth rates for the 2000 to 2009 period. They include Eielson Air Force Base CDP (-5.6 percent), Wrangell City and Borough (-1.6 percent), Unalaska city (-1.5 percent), Valdez city (-1.4 percent), Cordova city (-1.3 percent), Barrow city (-1.0 percent), Dillingham city (-0.8 percent), Seward city (-0.8 percent), Petersburg city (-0.7 percent), Ketchikan city (-0.5 percent), Sitka City

6 Places with More than 2,000 People Alaska, 2000 to 2009

Vintage 2009 Population Estimates

	2009 Estimate	2008 Estimate	2007 Estimate	2006 Estimate	2005 Estimate	2004 Estimate	2003 Estimate	2002 Estimate	2001 Estimate	April 1, 2000 Census	Change 2000 to 2009	Average Annual Rate of Change, 2000 to 2009
Alaska	692,314	681,977	676,056	671,202	664,334	657,483	647,884	640,643	632,200	626,931	65,383	0.92%
Anchorage, Municipality of	290,588	283,912	282,968	283,348	278,407	277,880	273,069	267,860	264,886	260,283	30,305	1.02%
Fairbanks city	32,506	31,450	31,801	30,189	31,115	30,109	28,929	29,778	29,521	30,224	2,282	0.67%
Juneau City and Borough	30,661	30,405	30,198	30,822	31,238	31,130	31,300	31,003	30,458	30,711	-50	-0.02%
Knik-Fairview CDP	13,824	13,103	12,304	11,385	10,280	9,260	8,561	8,001	7,639	7,049	6,775	6.00%
College CDP	12,552	12,616	12,180	12,136	12,215	12,161	12,057	11,938	12,054	11,402	1,150	0.89%
Sitka City and Borough	8,627	8,641	8,621	8,992	8,948	8,826	8,892	8,794	8,727	8,835	-208	-0.22%
Lakes CDP	8,388	8,308	8,103	7,975	7,764	7,480	7,043	6,927	6,814	6,706	1,682	2.06%
Ketchikan city	7,503	7,502	7,644	7,641	7,687	7,713	7,979	8,374	8,458	7,922	-419	-0.50%
Kalifornsky CDP	7,495	7,394	7,151	6,995	6,835	6,644	6,249	6,160	6,017	5,846	1,649	2.29%
Tanaina CDP	7,407	7,254	7,127	7,016	6,633	6,298	5,861	5,601	5,263	4,993	2,414	3.60%
Meadow Lakes CDP	7,319	7,179	6,841	6,535	6,386	5,951	5,577	5,309	5,040	4,819	2,500	3.81%
Wasilla city	7,245	6,932	6,927	6,486	6,372	6,146	6,381	5,949	5,516	5,469	1,776	2.58%
Kenai city	7,115	7,068	6,913	6,797	6,779	6,845	7,130	7,077	6,888	6,942	173	0.23%
Kodiak city	6,626	6,541	5,796	5,670	6,139	6,210	6,109	6,100	6,073	6,334	292	0.42%
Bethel city ¹	5,803	5,649	5,634	5,810	5,963	5,872	5,885	5,740	5,463	5,471	332	0.54%
Homer city ²	5,551	5,385	5,454	5,442	5,402	5,355	5,878	5,536	4,070	3,946	1,605	3.13%
Palmer city	5,532	5,395	5,417	5,444	5,308	5,221	5,261	4,837	4,581	4,533	999	1.84%
Sterling CDP	5,348	5,179	5,132	5,059	4,988	4,924	4,879	4,781	4,756	4,705	643	1.18%
Nikiski CDP	4,465	4,413	4,333	4,212	4,196	4,293	4,352	4,362	4,363	4,327	138	0.29%
Barrow city ¹	4,119	4,051	4,036	4,069	4,180	4,369	4,412	4,436	4,443	4,581	-462	-0.98%
Gateway CDP	4,068	4,121	4,007	3,862	3,687	3,564	3,299	3,216	3,120	2,952	1,116	2.94%
Soldotna city	4,021	3,926	3,898	3,762	3,800	3,778	4,001	3,851	3,792	3,759	262	0.62%
Unalaska city ¹	3,662	3,549	3,652	4,028	4,299	4,363	4,370	4,035	4,248	4,283	-621	-1.45%
Valdez city	3,475	3,628	3,580	3,675	3,754	3,719	3,897	3,952	3,825	4,036	-561	-1.38%
Nome city	3,468	3,565	3,481	3,541	3,512	3,481	3,412	3,482	3,485	3,505	-37	-0.10%
Fishhook CDP	3,337	3,308	3,087	2,947	2,798	2,644	2,350	2,243	2,191	2,030	1,307	4.51%
Big Lake CDP	3,331	3,198	3,147	3,083	2,985	2,929	2,889	2,706	2,614	2,635	696	2.16%
Butte CDP	3,255	3,225	3,198	3,203	3,115	2,976	2,921	2,785	2,737	2,561	694	2.21%
Kotzebue city ¹	3,154	3,124	3,121	3,105	3,123	3,142	3,068	3,075	3,059	3,082	72	0.21%
Petersburg city	2,973	3,010	3,042	3,125	3,156	3,132	3,080	3,157	3,225	3,224	-251	-0.75%
Eielson Air Force Base CDP	2,896	3,187	4,252	4,380	4,555	4,680	4,433	5,841	5,151	5,400	-2,504	-5.58%
Seward city	2,609	2,561	2,649	2,593	2,598	2,544	2,744	2,755	2,758	2,830	-221	-0.75%
Deltana CDP	2,355	2,265	2,194	1,929	1,903	1,741	1,707	1,669	1,652	1,570	785	3.70%
Dillingham city ¹	2,264	2,335	2,404	2,405	2,371	2,407	2,385	2,468	2,461	2,466	-202	-0.79%
Willow CDP	2,218	2,136	2,046	1,964	1,898	1,863	1,814	1,719	1,667	1,658	560	2.67%
North Pole city	2,200	2,207	1,977	1,648	1,601	1,530	1,602	1,601	1,469	1,570	630	3.09%
Cordova city (includes Eyak ¹)	2,126	2,155	2,180	2,236	2,292	2,300	2,291	2,302	2,382	2,454	-328	-1.32%
Wrangell City and Borough	2,058	2,109	—	—	—	—	—	—	—	2451	-393	-1.61%
Ridgeway CDP	2,050	2,007	1,981	1,972	2,063	2,060	2,020	1,969	1,962	1,932	118	0.55%
Ester CDP	2,034	1,967	2,034	1,937	1,858	1,817	1,804	1,825	1,704	1,680	354	1.76%
Bear Creek CDP	2,009	2,034	1,951	1,946	1,901	1,906	1,829	1,833	1,836	1,748	261	1.29%

Notes:

The U.S. Census Bureau provided the census numbers.

All estimates represent July 1 of that year unless stated otherwise, and all estimates are Alaska Department of Labor and Workforce Development estimates.

CDP is an abbreviation for Census Designated Place.

¹ Alaska Native Village Statistical Area

² Homer had a substantial annexation in 2002.

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section, Demographics Unit; U.S. Census Bureau (Census 2000)

and Borough (-0.2 percent), Nome city (-0.1 percent) and Juneau City and Borough (0.0 percent).

When studying all of Alaska's 352 places, especially those outside of the Anchorage/Mat-Su region, the majority aren't experiencing any growth or are declining. Of the 352 places, 192 (54.5 percent) had either no growth from 2000 to 2009 or declined in population.

Population estimates are available on Research and Analysis' Web site at laborstats.alaska.gov. Click on "Population & Census" on the left and pull down to "Estimates & Projections." Then, toward the middle of the page, click on "Alaska Population Estimates 2000-2009," and then "Vintage 2009 Estimates."

Oil and gas jobs, tourism and retirees

The Kenai Peninsula Borough is home to 8 percent of Alaska's population and 6 percent of its employment. The borough's economic activity revolves around government, oil and gas production and refining, the visitor industry and fishing. Other secondary industries such as health care, retail trade and construction also contribute jobs and dollars to the economy.

More than 53,500 people live in the borough. About 19,300 live within the four largest incorporated cities – Kenai, Soldotna, Homer and Seward. Both Kachemak (pop. 430) and Seldovia (pop. 407) also have city status. Soldotna is the borough seat of government.

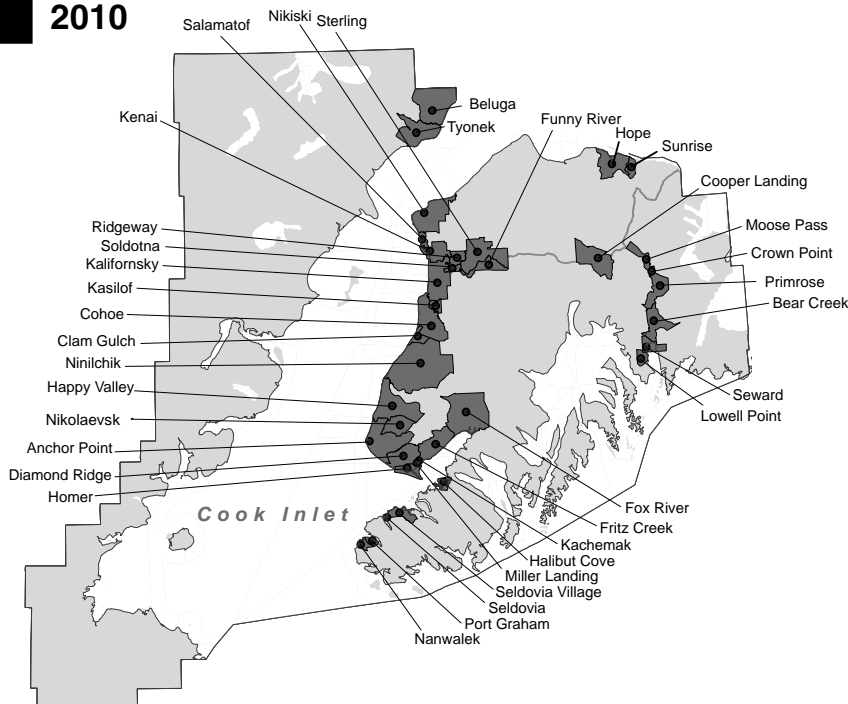
Nearly all the remaining residents live in 30 unincorporated communities with no governing

body. Seven of those – Beluga, Tyonek, Halibut Cove, Seldovia Village, Seldovia, Port Graham and Nanwalek, which range from 407 in population to 24 – are off the road system and are accessible by boat or floatplane. (See Exhibits 1 and 2.)

Employment is diverse

For a relatively small economy, the Kenai Peninsula Borough has a broad range of jobs and there's no dominant industry. The five industry categories that have the most employment are local government, retail trade, leisure and hospitality, natural resources and health care. Together, they represented only 58 percent of the borough's employment in 2008. That diversity allows the borough to be more resilient to declines in any one industry. (See Exhibits 3 and 4.)

1 The Kenai Peninsula Borough 2010



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

The borough's three main areas

The geography of the borough can be broken into three general areas: Kenai/Soldotna, Homer and Seward.

The Kenai/Soldotna area, which encompasses most of the borough's central, northern and western areas, has 12,500 jobs, 67 percent of the borough's total. The jobs, buoyed by the oil and gas industry in the Kenai and Nikiski areas, tend to have higher wages. The average annual wage in 2008 was \$41,000 versus the borough average of \$38,850. (See Exhibit 5.)

Government accounts for about 22 percent of the Kenai/Soldotna area's jobs; health care accounts for 11 percent and retail trade, 14 percent. Some of the larger employers are the Kenai Peninsula Borough

2 Inconsistent Population Growth Kenai Peninsula Borough, 2000 and 2009

	Population		Population	
	Census 2000	Estimate 2009	Census 2000	Estimate 2009
Kenai Peninsula Borough	49,691	53,578		
Anchor Point	1,845	1,772	Lowell Point	92 76
Bear Creek	1,748	2,009	Miller Landing ¹	74 0
Beluga	32	24	Moose Pass	206 189
Clam Gulch	173	166	Nanwalek	177 226
Cohoe	1,168	1,332	Nikiski	4,327 4,465
Cooper Landing	369	344	Nikolaevsk	345 315
Crown Point	75	77	Ninilchik	772 824
Diamond Ridge ¹	1,802	860	Port Graham	171 137
Fox River	616	604	Primrose	93 65
Fritz Creek	1,603	1,818	Ridgeway	1,932 2,050
Funny River	636	796	Salamatof	954 855
Halibut Cove	35	27	Seldovia	430 407
Happy Valley	489	561	Seward city	2,830 2,609
Homer city ¹	3,946	5,551	Soldotna city	3,759 4,021
Hope	137	151	Sterling	4,705 5,348
Kachemak city	431	430	Sunrise	18 19
Kalifornsky	5,846	7,495	Tyonek	193 166
Kasilof	471	536	Balance of borough	249 138
Kenai city	6,942	7,115		

¹ Homer annexed part of Diamond Ridge and all of Miller Landing in March 2002.

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

3 Wage and Salary Employment Kenai Peninsula Borough, 2008

	Average Monthly Employment	Average Annual Wage	Percentage of Total
Total	18,663	\$38,858	100.0%
Natural Resources and Mining	1,200	\$84,592	6.4%
Oil and Gas, and Mining Support Activities	1,151	\$86,690	6.2%
Balance of Mining and Logging	49	\$35,289	0.3%
Construction	985	\$51,390	5.4%
Manufacturing	1,022	\$49,222	5.4%
Trade, Transportation and Utilities	3,777	\$33,730	20.4%
Wholesale Trade	227	\$41,173	1.3%
Retail Trade	2,500	\$25,897	13.4%
Transportation and Warehousing	794	\$40,690	4.3%
Utilities	256	\$82,033	1.3%
Information	259	\$40,174	1.3%
Financial Activities	529	\$44,921	2.9%
Professional and Business Services	518	\$35,978	2.7%
Educational ¹ and Health Services	2,884	\$33,332	15.5%
Leisure and Hospitality	2,476	\$17,619	13.4%
Other Services	808	\$20,008	4.3%
Government	4,187	\$44,466	22.5%
Federal ²	404	\$64,991	2.1%
State ³	1,212	\$45,698	6.4%
Local ⁴	2,571	\$40,659	13.9%

¹ Private education only

² Excludes the uniformed military

³ Includes the University of Alaska

⁴ Includes public school systems

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section, Quarterly Census of Employment and Wages; U.S. Department of Labor, Bureau of Labor Statistics

School District, Central Peninsula General Hospital, Fred Meyer, Safeway, State of Alaska and ASRC Energy Services.

The Homer area, which covers from Ninilchik southward to Homer and Seldovia, has 20 percent of the borough's employment – about 3,800 jobs. Those jobs average \$34,300 a year, compared to the borough's \$38,850. The top employers are government (21 percent), health care (16 percent), leisure and hospitality (15 percent) and retail trade (14 percent).

The Homer area's largest employers are the Kenai Peninsula Borough School District, South Peninsula Hospital, Safeway and South Peninsula Behavioral Health Services.

The Seward area – from Crown Point south to Lowell Point – has 2,300 jobs. The top employers are government (29 percent of the jobs), leisure and hospitality (22 percent) and health care (6 percent). The largest employers are Spring Creek Correctional Facility, Icicle Seafoods and the Seward Association for the Advancement of Marine Science.

Many people don't know that the borough's western border runs across Cook Inlet and on to the mainland, so the borough includes more than just the Kenai Peninsula. Except for three people on Kalgin Island and a few seasonal lodges, people live in Beluga (pop. 24) and Tyonek (pop. 166) on the mainland.

Government jobs are important

About 23 percent of the borough's wage and salary jobs are in local, state or federal government. Five of the borough's top-10 largest employers are government entities, and most of those are in local government.

Government jobs are typically important to smaller economies such as the borough's because they provide stability and have relatively high pay and comprehensive benefits.

The Kenai Peninsula Borough School District is the largest single government employer. It oversees the education of 9,368 students in 44

facilities.¹ Though the borough owns Soldotna's 46-bed Central Peninsula Hospital and Homer's 22-bed South Peninsula Hospital, the hospitals are operated by nonprofit corporations.

The Alaska Department of Corrections operates two prisons in the borough. The 500-inmate Spring Creek Correctional Center, across Resurrection Bay from Seward, has about 200 employees. The 360-inmate Wildwood Correctional Complex, three miles north of Kenai, has about 100 employees.

The borough's state government jobs are also in post-secondary institutions – the Alaska Vocational Technical Center, or AVTEC, in Seward, which is operated by the State of Alaska, and the Kenai Peninsula College system. The latter is part of the University of Alaska Anchorage and has three campuses: the Kenai River Campus in Soldotna, Kachemak Bay Campus in Homer and the Resurrection Bay Extension Site at Seward High School.

The federal government has a much smaller presence in the borough than both local and state government. The Federal Aviation Administration and federal natural resource agencies employ most of the borough's federal workers.

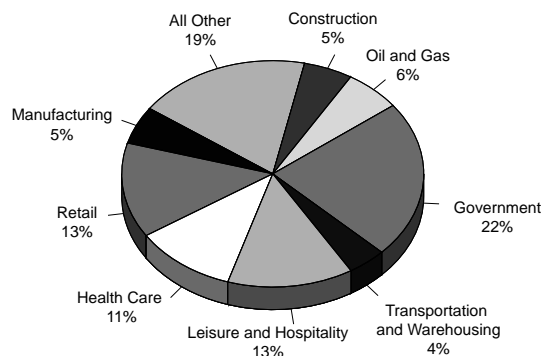
High wages and hydrocarbons

Almost all natural resources jobs are in the oil and gas industry, and most of those earn high wages and are in the Kenai/Soldotna area. Oil and gas jobs accounted for about 6 percent of the borough's employment in 2008 and 14 percent of its wages. The average annual wage was \$86,700 in 2008, far above the borough's average of \$38,850.

Most producing oil and gas fields in the Cook Inlet Basin are mature fields past their expected peak production volumes. Oil production has declined since the 1970s, when Cook Inlet produced 140,000 barrels a day. The decline was fairly consistent until 1991 when the last major oil discoveries, the McArthur River and Sunfish oil fields, were made. Production stabilized until

¹ According to the Alaska Department of Education and Early Development, as of Oct. 1

The Borough's Jobs are Diverse **4**

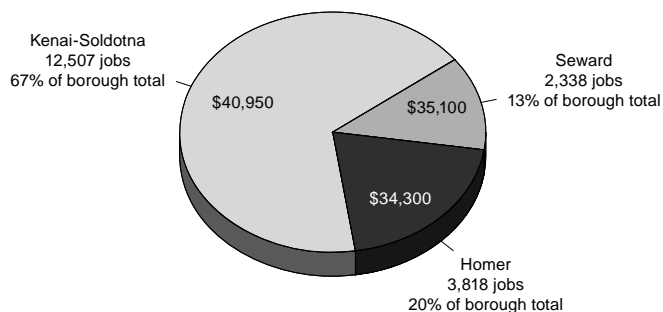


¹ This exhibit shows wage and salary workers only; it doesn't include the self-employed, fishermen and other agricultural workers, and private household workers.

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

Where the Jobs Are **5**

Average Annual Employment and Wages by Region



¹ This exhibit shows wage and salary workers only; it doesn't include the self-employed, fishermen and other agricultural workers, and private household workers.

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

1996, then began declining again. From 1978 to 2008, oil production declined by 129,000 barrels a day.

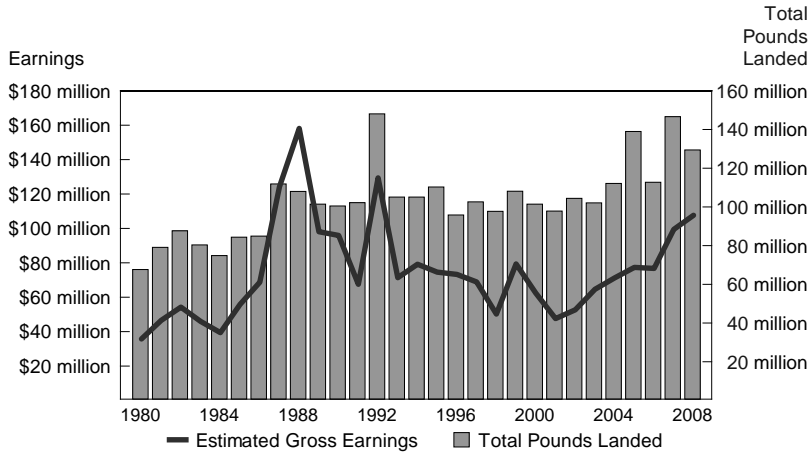
Gas production hit a peak of 270 million cubic feet per day in 2005 and it has declined since. The 270 million cubic feet was the highest level since at least 1990, when production reached 203.9 million cubic feet a day.

The slowdown in activity is reflected in the employment numbers. The oil and gas industry lost 150 jobs from 2002 to 2008 – it went from 1,350 jobs to 1,200.

Although 150 jobs isn't a large number in the greater scheme of things, those jobs support other high-paying jobs in the borough's economy. A

6 Commercial Fishing in the Borough

Earnings and pounds landed, 1980 to 2008



Source: Alaska Department of Fish and Game, Commercial Fisheries Entry Commission

significant portion of Cook Inlet’s unprocessed oil and gas goes to Tesoro’s oil refinery, which produces jet fuel, gasoline and other products, and to ConocoPhillips’ LNG² plant. Both are large employers.

The March eruption of the Mt. Redoubt volcano closed several oil platforms and temporarily stopped oil production on the west side of Cook Inlet. Despite those setbacks, the oil and gas industry lost only a few jobs through the third quarter of 2009 compared to third quarter 2008.

Visitors are important to the economy

The borough, famous for its scenic beauty and outdoor recreation, attracts both out-of-state and in-state visitors throughout the year. It’s relatively close to Anchorage, where 42 percent of the state’s population lives. The drive to Seward is roughly 2½ hours; to Homer it’s about 4½.

Like most of Alaska, summer is the main tourist season. August 2008 peaked at nearly 5,000 jobs above the seasonal low in January.

The Kenai River, renowned for its world-record king salmon, is a very popular destination. Fishing of all types – independent, sport fishing and

² Liquefied natural gas

commercial – brings thousands of people to the Kenai Peninsula every year.

Seward has the Alaska SeaLife Center, the state’s only public aquarium and ocean wildlife rescue center. Nearly 163,000 people visited the center in 2008. The \$56 million center opened to the public in 1998; it focuses on research, rehabilitation, education and exhibits.

The out-of-state visitors are both independent travelers and cruise ship passengers. Independent travelers typically come from Anchorage. Cruise ship passengers embark or disembark at the Port of Seward. As part of their trip, they often travel to or from Anchorage, Denali National Park and Fairbanks via tour bus or the Alaska Railroad.

Summer employment can be twice as high or more than winter levels. Looking at 2008, for instance, the winter low in the leisure and hospitality sector was 1,790 jobs; the high point that summer was 3,700. Average annual employment for the sector from 2004 to 2008 was consistently about 2,500 – 13 percent of the borough’s total employment.

For the second quarter 2009, the Kenai Peninsula Borough reported that both gross sales and sales tax revenue were down compared the same time the year before. The decline in gross sales indicates that the recession is having a negative impact on sales. And a nine-month tax exemption for non-prepared food caused part of the decline in sales tax revenue.

The most noticeable effect of the recession outside of sales was in the decrease in tourism. There were 2,900 fewer cruise ship passengers in 2009 compared to 2008.³

Tourism impacts most sectors of the economy either directly or indirectly. The leisure and hospitality, transportation and retail sectors are directly impacted by tourism. But some less obvious sectors are indirectly affected – construction, local government, utilities and others – sectors that accommodate tourists, but not exclusively.

³ According to the Cruise Line Agencies of Alaska

Commercial fishing keeps on going

The Kenai Peninsula Borough has a long history of commercial fishing and seafood processing.

Nearly 1,400 borough residents hold commercial fishing permits. Most of the permits are for salmon and most of the permit holders live in the Kenai/Soldotna and Homer areas.

Most of the permits in the Homer area are for halibut, herring and groundfish (primarily Pacific cod and pollock). In Seward, the number of permits for halibut and salmon are almost equal.

During the 1990s, the number of permit holders in the borough decreased by 28 percent, but since then the number has been relatively stable.

The borough's commercial fishing harvest value peaked in 1988⁴ at \$158.1 million. Since then, conditions haven't always been good. There were rocky years of low harvest values in 1980, 1984, 1998 and 2001. Harvest values, though, have grown since 2002; earnings pushed past the \$100 million mark in 2008. (See Exhibit 6.)

As expected, high levels of commercial fishing usually coincide with high levels of fish processing. Fish processing occurs in Nikiski, Kenai, Soldotna, Sterling, Kasilof, Ninilchik, Homer, Seldova and Seward. Processing employment made up 52 percent of the borough's manufacturing jobs in 2008.

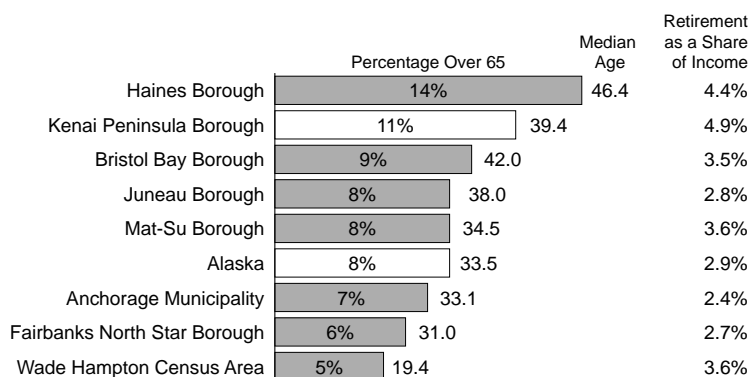
An older population with less diversity

The borough's population was older than the state's as a whole and considerably less racially diverse.

The borough's median age was 39.4 in residents in 2009, versus 33.5 for the state overall. (See Exhibit 7.) The borough's median age was the eighth oldest out of the state's 27 borough and census areas. Eleven percent of the borough's residents were over 65 in 2009, compared to 8 percent statewide.

⁴The earliest year for which data are available is 1980.

An Older Population Alaska



Notes:

The percentage over 65 and median age use 2009 data.

The retirement as a share of income uses 2007 data (the most recent available). It is the percentage of the total income that is from retirement or disability income payments.

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Department of Commerce, Bureau of Economic Analysis

As far as race, 86.5 percent of borough residents are white, compared to 72.0 percent statewide, and 10.0 percent are Alaska Natives and American Indians, versus 17.9 percent statewide, according to 2008 estimates.

Only 64.8 percent of the borough's population was in the labor force in 2009 – working at a paid job or looking for work – compared to 70.1 percent statewide.

The Florida of Alaska

Kenai Peninsula Borough residents get the highest percentage of their income from retirement and disability insurance benefits – 4.9 percent in 2007 – out of all Alaska's boroughs and census areas. The Haines Borough, which also has a reputation as an Alaska retirement haven, had 4.4 percent.

The Kenai Peninsula Borough's Homer is also attractive for retirees, as more than 10 percent of residents there were over 65 in 2000.⁵

⁵The most recent year for which census data at this level are available

How is Alaska's trust fund faring?

Alaska's unemployed workers depend on a healthy unemployment insurance trust fund to weather bad economic times. Alaska's employers depend on a healthy trust fund to keep employment taxes low. Given the poor national economy, and the fact that many states' trust funds have become insolvent, it's fair to ask, "How is Alaska's trust fund doing?"¹

By design, the financing structure of Alaska's trust fund – where tax revenue is held, to pay unemployment insurance benefits – allows for adjustments to the tax rates in response to changing economic conditions. The structure replenishes the fund as needed, seeks tax stability and minimizes the tax burden.

The depressed U.S. economy, in recession since December 2007,² and Alaska's slowing economy have both contributed to the state's increased unemployment rolls. Even so, Alaska's trust fund is healthy and will remain healthy even under much more stressful economic conditions. It would take an unprecedented increase in unemployment and a decline in total wages paid to drive Alaska's unemployment insurance trust fund into the insolvency that other states are facing.

Congress creates an emergency program

Congress created a new federal program in July 2008, plus a series of extensions, to meet the

¹ One of the primary duties of the Alaska Department of Labor and Workforce Development is to pay unemployment benefits. The department is charged with continuously evaluating the health of Alaska's unemployment insurance system and identifying where it can be improved. Throughout this article, all references to the Department of Labor are to the Alaska Department of Labor.

² According to the National Bureau of Economic Research, a private group of economists charged with dating the start and end of national economic downturns

spike in unemployment insurance claims caused by the recession: the Emergency Unemployment Insurance program, or EUC08. Congress paid for the program with federal money, so there's no direct cost to the states, but claimants must deplete their state-funded regular benefits first.³

State trust funds – the financial bad news

Many states that could handle an ordinary recession were simply unprepared for the severity of the current recession. Thirty-four states as of April 5 had exhausted their funds and were borrowing money from the federal government to pay unemployment insurance benefits to claimants.

How Alaska's fund stands

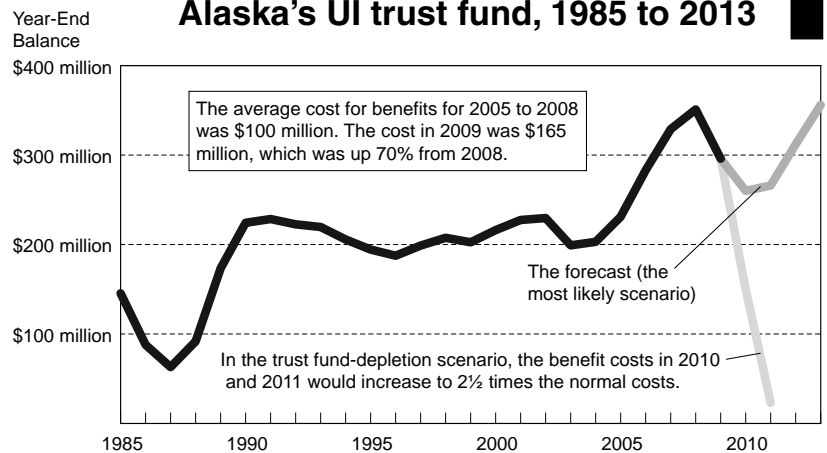
Alaska employers pay unemployment insurance taxes based on their tax rate. Then a solvency tax is on top of that: a solvency tax credit, solvency tax or "zero solvency tax," when nothing is added or subtracted, all based on how the trust fund is doing.⁴ The tax rate, plus the solvency credit or tax, is then the final tax rate that employers pay.

In the fall of 2008, when the national economic crisis was unfolding, the 2008 unemployment insurance tax rates for Alaska employers already included a solvency tax credit – lowering rates – because the trust fund had been slightly overfunded. The solvency tax credit was increased for 2009 because the fund was still overfunded, giving employers record-low tax rates.

³ Throughout this article, all references to benefits and claims are to the state-funded regular benefits.

⁴ How the trust fund is doing, based on its solvency, is measured by the reserve rate, which is discussed later.

The Worst-Case Scenario Alaska's UI trust fund, 1985 to 2013



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

But by the fall of 2009, the trust fund began to decline slightly. Alaska had collected less tax revenue – because of lower tax rates – and the amount of benefits paid out increased substantially.

Tax calculations use three years of data to smooth out the impact of changing economic conditions. While benefit costs for the most recent year, fiscal year 2009,⁵ were more than 35 percent above an unusually low fiscal year 2008, they were similar to costs in the early 2000s. The trust fund balance was within its solvency target range. As of Sept. 30, 2009 – the trust fund is measured on the same day each year – the trust fund balance was \$319 million, within the solvency range of \$318 million to \$349 million. The trust fund was fully solvent, and employers are paying the second-lowest tax rates on record during 2010.

Financing Alaska's system – the general concepts

The big picture dynamics of the trust fund are simple. The fund balance, or reserve, is a product of tax revenues in, versus benefits that the state pays out. Revenues are fairly steady and slower to change. Costs – dictated by how many people collect benefits and for how long – can change dramatically and quickly.

The financing for Alaska's program is based on a formula-driven, reactive system. The amount of fund revenue needed, the portion of wages subject to taxation, and the tax rates for employers and employees⁶ are computed each year, as determined by economic data. The system is primarily cost-driven, keeping benefit payment costs and tax revenues in balance.

The system is also designed to maintain solvency, keeping fund reserves in pace with a usually growing economy. Alaska's system will buffer, or slow down, changes in tax rates, according to the concept of counter-cyclical financing. That's done using multi-year data.

⁵ All references to the fiscal year are to the state fiscal year. (Fiscal year 2009 runs from July 1, 2008, to June 30, 2009.) If the fiscal year isn't noted, then it's a calendar year.

⁶ Alaska is one of three states where workers are required to help finance the unemployment insurance system.

Alaska's UI financing history goes back to 1937.⁷ There were changes in methodologies along the way, primarily in 1960, in 1974, and most importantly in 1981. At times, the state had one tax rate for all employers; other times it used various rate schedules. Later, it had fixed rates for all employees. During all the different rate methodologies, though, Alaska had a fixed taxable wage base on employees' earnings that changed infrequently.

Finally, in 1981, Alaska left behind the set-in-stone approaches and started its present system, which is driven by an economic formula. It was fortuitous timing, because only five years later the price of oil crashed and the state went through the severe 1986-1987 recession. Now, nationally, more than half the state systems are bankrupt. Alaska's system, meanwhile, is busy paying claims but is financially sound.

A good design or just luck?

The success of Alaska's unemployment insurance financing system in meeting the annual financial demands, maintaining solvency and stabilizing tax rates, is due to good design and has little to do with luck.

Yet Alaska has been fortunate that its system hasn't been put under the same severe stress as some states such as California and Michigan.

⁷ Alaska authorized its first benefit payments to workers on Jan. 1, 1939.

Alaska's economy isn't dependent on an inflated housing market, a declining manufacturing sector or an ailing financial industry, but it is dependent on the price and quantity of oil that it produces.

Keeping enough on reserve

All state unemployment insurance systems are designed to cover their ongoing costs,⁸ and all states have some method of experience rating their employers in order to assign tax rates.

Experience rating is used to fairly allocate the share of tax burden among employers based on each employer's experience with unemployment benefits. There are four experience-rating systems used in the U.S. They're all designed to measure direct costs, or approximate costs.

The real issue of solvency is having enough reserves in each state system to meet the challenge of a severe recession. Each state has its own defined measure, or target level, for its trust fund, and some response in place that's used when a benchmark is met. The current national recession is an acid test. Many states will have to re-examine their idea of adequate reserves and their provisions for them.

The details of Alaska's solvency system

Maintaining an adequate reserve, in sync with a growing economy, is a critical part of Alaska's financing system. The state's solvency measure is the reserve rate – simply the trust fund balance as a percentage of the total wages of covered employment.⁹

Alaska's solvency is examined each year, according to an economic formula, and an adjustment is made if needed.

The state has a target range; the midpoint is roughly 3.15 percent. If the reserve rate is at

⁸ State unemployment insurance taxes can only be used to pay benefits, not administrative costs. The federal government pays for the administration of each state's unemployment program.

⁹ The majority of Alaska workers who are paid wages are covered by the state's unemployment insurance laws. Those who aren't covered include the self-employed, business owners, fishermen, unpaid volunteers or family workers and private household workers. Federal workers are also not covered.

least 3.0 percent but less than 3.3 percent, then a zero solvency tax is in effect. If the reserve rate drops below 3.0 percent then a solvency tax, ranging from 0.1 percent to 1.1 percent, is applied. If the reserve rate is 3.3 percent or higher, then tax credits ranging from 0.1 percent to 0.4 percent are applied, lowering the final tax rates of employers.

The solvency adjustment may not change by more than 0.3 percent in a single year. For example, the trust fund balance on Sept. 30, 2009, was \$319 million and the reserve rate was 3.007 percent. Therefore, for 2010, there's no solvency tax in effect.

The solvency tax expectation for 2011

Alaska's Sept. 30, 2009, reserve rate was at the bottom of the range for no solvency tax; it barely avoided having the smallest solvency tax in effect for 2010. Because of persisting benefit claim levels in the fall and early winter of 2009, a solvency tax is looking more likely for 2011. Due to the rise in tax rates, the Department of Labor expects that during 2010 the system will receive more revenue into the fund than during 2009. That revenue, however, may not offset the higher levels of benefit payments.

If Alaska were proportionately repeating what happened in the 1986-1987 recession in 2009, its trust fund balance would have been about \$220 million for the new tax calculation for 2010, and it would have been headed to a low point of roughly \$128 million. Instead, the Department of Labor's expectation is that by fall 2010, there will be a moderate decline from 2009's \$319 million mark, even with higher tax revenue, and persisting higher – but hopefully lessening – benefit payments.

The current picture

Although the current Alaska employment projections are for a modest reduction in jobs this year, the Department of Labor also anticipates a reduction in total benefit payments in the last half of 2010. Even with an anticipated increase in unemployment insurance tax revenues, higher benefit costs in the early part of the year will

likely reduce the trust fund value by Sept. 30, 2010 – again, the value on that date is used to determine whether the fund is solvent.

A solvency tax is likely in 2011. Three years of cost and wage data are used to determine the final tax rates, and the most recent year’s cost data, for fiscal year 2010, will raise the three-year cost figure used in the calculation. The taxable wage base will likely remain flat or see modest growth.

Avoiding a major economic downturn

In the last few decades, Alaska has felt little negative impact during national economic downturns, such as in the early 1980s and early 2000s. Alaska’s biggest economic crisis was in 1986-1987 when world oil prices were cut in half, and Alaska’s wellhead price hovered between \$5 a barrel and \$10 a barrel.

The low oil prices caused an oil industry pull-back, a rapid reduction in state tax revenues and cuts in government spending. Residential and commercial real estate, built in anticipation of ever-growing oil income, soon became vacant. Foreclosed properties were common, and there was a spike in unemployment claims for the construction industry and other employment sectors.

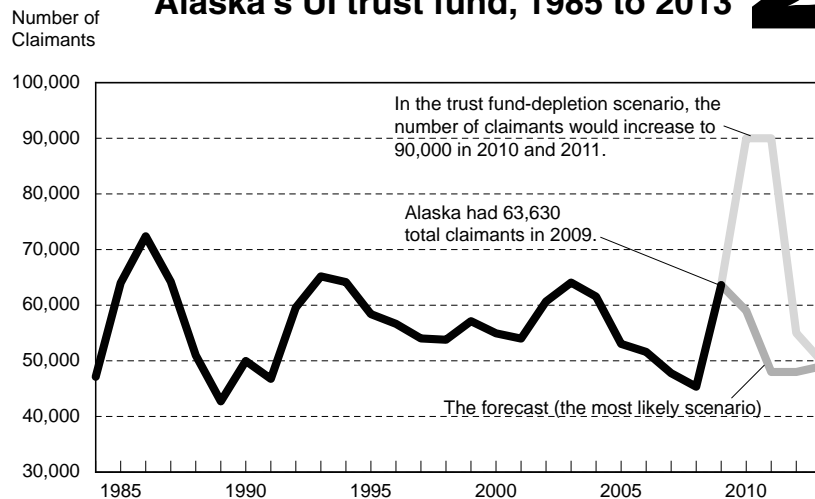
The state’s trust fund lost 60 percent of its value before it began to recover, and it took a decade to achieve tax rate stability.

In contrast, Alaska logged positive job growth in fiscal year 2009, which began with a 4.4 percent increase in total wages over fiscal year 2008. As mentioned earlier, the state’s trust fund remains financially sound, it was at full solvency at the end of 2009, and no additional solvency tax will be required in 2010.

What conditions would bankrupt Alaska’s trust fund?

To put this question in perspective, again, it’s helpful to look at the current situation – the impact on Alaska from the national recession from 2008 to the present and ongoing. The number of claimants increased 40 percent from 45,343

Claimants in a Worst-Case Scenario Alaska’s UI trust fund, 1985 to 2013 **2**



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

in 2008 to 63,630 in 2009. Benefit costs to the trust fund rose 70 percent from \$97 million to \$165 million. Net unemployment insurance tax revenue decreased from \$123 million to \$103 million, mainly because lower tax rates were in effect. The year-end trust fund balance dropped by \$56 million, from \$352 million in 2008 to \$296 million in 2009.

Alaska’s system could easily handle what happened in 1986-1987. A repeat economic crunch of similar proportions would be a strain on Alaska’s system but it would be manageable.

Back in 1986, the annual unemployment rate was 11 percent, with 11.5 percent for the highest month. Alaska had more than 200,000 in the labor force and lost more than 20,000 jobs during the crisis. Total payrolls fell \$750 million and average annual wages declined 3 percent.

To develop the stress needed to deplete Alaska’s trust fund in just 1½ years, the state would have to spend both the value of the fund – roughly the \$300 million in reserve – and the incoming tax revenue (\$180 million is projected). Alaska’s benefit costs averaged about \$100 million a year from 2005 to 2008.

The state’s cost in 2009, versus the tax revenue, saw the trust fund decline by the \$56 million to close the year at \$296 million. Alaska’s spending

3 Looking at Different Scenarios

Alaska's UI trust fund, 2006 to 2013

Year ¹	Covered Employment	Covered Wages	Active Claimants	Trust Fund Benefit Costs	Trust Fund Year-End Balance
2006	290,309	\$11,815,332,100	51,597	\$101,046,776	\$283,208,172
2007	294,016	\$12,568,881,883	47,776	\$92,981,216	\$329,028,495
2008	297,925	\$13,333,856,024	45,343	\$97,255,782	\$351,449,213
2009	295,840	\$13,533,863,864	63,630	\$165,956,856	\$295,937,797
Most Likely Scenario					
2010	295,000	\$13,736,870,000	59,000	\$156,000,000	\$260,000,000
2011	301,000	\$14,355,000,000	48,000	\$132,000,000	\$266,000,000
2012	307,000	\$15,001,000,000	48,000	\$113,000,000	\$313,000,000
2013	314,000	\$15,676,000,000	49,000	\$115,000,000	\$356,000,000
Fund-Depletion Scenario					
2010	276,000	\$12,654,163,000	90,000	\$265,000,000	\$150,000,000
2011	265,000	\$12,275,000,000	90,000	\$265,000,000	\$23,000,000
2012	278,000	\$12,900,000,000	55,000	\$150,000,000	insolvent
2013	295,000	\$13,700,000,000	50,000	\$125,000,000	insolvent

¹ Calendar year

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

pace from 2009, based on spending \$165 million a year, for 18 months would be \$248 million, or 52 percent of the spending rate required to deplete the fund.

In essence, to reach insolvency, Alaska would have to spend, in benefit payments, 2½ times more than it has spent in the recent period of

accelerated spending. And it would have to hold that level for two years. (See Exhibit 1.)

To get to the spending rate that would zero out the trust fund in one to two years – the disaster scenario – the claimant count would have to increase again by at least a half, to reach about 90,000 claimants. (See Exhibits 2 and 3.) That would be about a third of the average yearly labor force.

During 2009, in contrast, about 58,000 of Alaska's 63,000 claimants were paid benefits from the state's trust fund, for an average cost of nearly \$3,000 a claimant.

Even given such a disaster scenario, the fund would begin to return to solvency in several years as taxes increased and claimants exhausted their eligibility for benefits. It might take 10 years for the tax rates to stabilize.

The bottom line: In this time of economic uncertainty, it's important to know that even under the harshest potential economic conditions, Alaska's unemployment insurance trust fund will continue to provide an important safety net to Alaska's workers.

A Safety Minute

Workers' Memorial Day

April 28th is Workers' Memorial Day, a day to remember the people who have been killed or injured on the job, including those who are now disabled. It's also a day that commemorates people working together for safer and healthier workplaces.

Sixteen workers on average die each day in the United States from injuries they received at work, and another 134 die from work-related illnesses, according to the National Institute for Occupational Safety and Health, a federal agency within the Centers for Disease Control and Prevention.

Alaska had 33 workplace fatalities in 2008, the most recent year with completed investigations. The majority of those deaths occurred in the transportation industry.

Under the Occupational Safety and Health Act of 1970, employers are responsible for providing a safe and healthful workplace for their workers. Since the act was passed, workplace fatalities nationally have been cut by more than 60 percent and occupational injury and illness rates have declined by 40 percent. At the same time, U.S. employment has more than doubled to 115 million workers at 7.2 million worksites, according to the federal Occupational Safety & Health Administration.

Safety and health consultants with the Alaska Department of Labor and Workforce Development's Occupational Safety and Health provide free assistance and tools for employers and workers to reduce worksite injuries, illnesses and deaths. AKOSH is within the Labor Standards and Safety Division. For more information, call (800) 656-4972.

Unemployment rate at 8.5 percent in February

Alaska's seasonally adjusted unemployment rate was unchanged for February, holding at 8.5 percent. January's revised unemployment rate was identical at 8.5 percent. The comparable national rate was 9.7 percent and it too was unchanged from January. (See Exhibits 1 and 3.)

The jobless picture is improving around the country

Unemployment rates for a growing number of states stabilized last month – a possible indication that the worst might be behind us on the jobless front. Fifteen states' unemployment rates didn't change in February and seven actually reported declines. Twenty-seven of the rest reported increases. However, as recently as December, unemployment rates rose in 43 states.

The unemployment rates for both Alaska and the U.S. remain higher than they were year-ago but Alaska's picture is still better than the nation's – it remains below the national rate. Last year was the first year since 1982 that Alaska registered an annual unemployment rate that

came in below the nation's. It appears Alaska is on track to repeat that in 2010.

Unemployment rate remains high

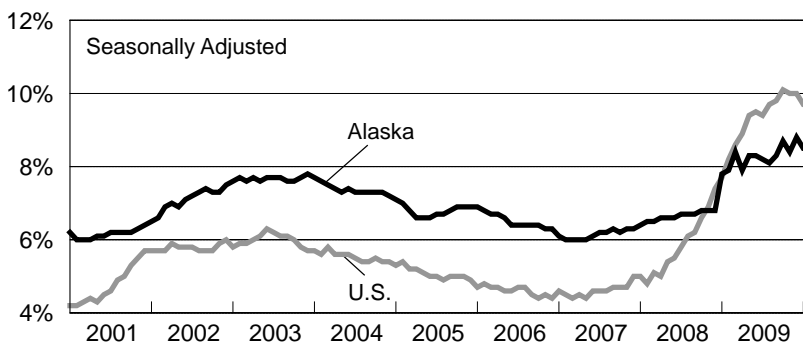
That said, Alaska's February jobless rate is the highest rate for that month since 1992. In addition, there are plenty of signs that continue to point to a very competitive job market for Alaskans. For example, the number of weeks filed for regular unemployment claims – an important ingredient in the calculation of the state's unemployment rate – increased by 9 percent in February over January, and it's running 25 percent higher than year-ago levels.

A varied picture around the state

With the exception of Anchorage/Mat-Su, all the state's other regions (not seasonally adjusted) had unemployment rates in the double digits in February. Only half the regions were in the double digits a year earlier.

Six of the state's boroughs and census areas had jobless rates that exceeded 20 percent in February. Last year it was five. The high rates aren't surprising – February is typically the darkest month of the year for unemployment rates. An improving job picture will certainly develop in the upcoming months as Alaska's spring and summer employment season begins to heat up.

1 Unemployment Rates, Alaska and U.S. January 2001 to February 2010



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Department of Labor, Bureau of Labor Statistics

Changes in Producing the Estimates

The U.S. Department of Labor's Bureau of Labor Statistics has implemented a change to the method used to produce statewide wage and salary employment estimates, which has resulted in increased monthly volatility in the wage and salary estimates for many states, including Alaska.

Therefore, one should be cautious in interpreting any over-the-year or month-to-month change for these monthly estimates. The Quarterly Census of Employment and Wages series may be a better information source (labor.alaska.gov/qcew.htm).

2 Statewide Employment Nonfarm wage and salary

Alaska	Revised			Year-Over-Year Change		
	2/10	1/10	2/09	2/09	90% Confidence Interval	
Total Nonfarm Wage and Salary ¹	308,500	306,900	307,700	800	-6,583	8,183
Goods-Producing ²	41,400	38,700	40,700	700	-2,184	3,584
Service-Providing ³	267,100	268,200	267,000	100	-	-
Mining and Logging	14,600	14,300	15,600	-1,000	-1,793	-207
Logging	100	100	100	0	-	-
Mining	14,400	14,200	15,500	-1,100	-	-
Oil and Gas	12,400	12,200	13,600	-1,200	-	-
Construction	13,300	12,300	13,300	0	-2,583	2,583
Manufacturing	13,500	12,100	11,800	1,700	706	2,694
Wood Product Manufacturing	200	300	300	-100	-	-
Seafood Processing	8,900	8,100	8,300	600	-	-
Trade, Transportation, Utilities	58,900	60,600	59,500	-600	-2,972	1,772
Wholesale Trade	5,900	6,000	6,100	-200	-756	356
Retail Trade	33,600	34,900	33,600	0	-2,028	2,028
Food and Beverage Stores	6,200	6,300	6,100	100	-	-
General Merchandise Stores	9,400	9,900	9,400	0	-	-
Transportation, Warehousing, Utilities	19,400	19,700	19,800	-400	-1,438	638
Air Transportation	6,000	6,100	5,800	200	-	-
Truck Transportation	2,800	2,900	2,900	-100	-	-
Information	6,300	6,400	6,800	-500	-1,081	81
Telecommunications	4,200	4,200	4,400	-200	-	-
Financial Activities	14,000	14,100	14,300	-300	-2,243	1,643
Professional and Business Services	24,700	23,600	25,500	-800	-2,593	993
Educational⁴ and Health Services	39,700	40,100	38,300	1,400	132	2,668
Health Care	28,700	29,000	27,600	1,100	-	-
Leisure and Hospitality	26,100	27,500	27,100	-1,000	-3,037	1,037
Accommodations	5,700	6,100	6,100	-400	-	-
Food Services and Drinking Places	16,600	17,600	17,200	-600	-	-
Other Services	11,200	11,500	11,300	-100	-3,276	3,076
Government	86,200	84,400	84,200	2,000	-	-
Federal Government ⁵	16,500	16,300	16,200	300	-	-
State Government	26,100	25,000	25,500	600	-	-
State Government Education ⁶	8,000	7,000	8,000	0	-	-
Local Government	43,600	43,100	42,500	1,100	-	-
Local Government Education ⁷	25,300	24,600	24,600	700	-	-
Tribal Government	3,700	3,500	3,400	300	-	-

Notes for Exhibits 2 and 4:

A dash indicates that confidence intervals aren't available at this level.

¹ Excludes the self-employed, fishermen and other agricultural workers, and private household workers; for estimates of fish harvesting employment, and other fisheries data, go to labor.alaska.gov/research/seafood/seafood.htm

² Goods-producing sectors include natural resources and mining, construction and manufacturing.

³ Service-providing sectors include all others not listed as goods-producing sectors.

⁴ Private education only

⁵ Excludes uniformed military

⁶ Includes the University of Alaska

⁷ Includes public school systems

⁸ Fairbanks North Star Borough

Sources for Exhibits 2 and 3: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Department of Labor, Bureau of Labor Statistics

Sources for Exhibit 4: Alaska Department of Labor and Workforce Development, Research and Analysis Section; also the U.S. Department of Labor, Bureau of Labor Statistics, for Anchorage/Mat-Su and Fairbanks

4 Regional Employment Nonfarm wage and salary

	Revised			Changes from		Percent Change	
	2/10	1/10	2/09	1/10	2/09	1/10	2/09
Anch/Mat-Su	166,800	165,700	166,500	1,100	300	0.7%	0.2%
Anchorage	147,600	146,300	147,800	1,300	-200	0.9%	-0.1%
Gulf Coast	26,400	26,350	26,450	50	-50	0.2%	-0.2%
Interior	42,200	41,200	42,100	1,000	100	2.4%	0.2%
Fairbanks ⁸	36,400	35,400	36,500	1,000	-100	2.8%	-0.3%
Northern	19,850	19,700	20,500	150	-650	0.8%	-3.2%
Southeast	32,100	31,750	32,450	350	-350	1.1%	-1.1%
Southwest	19,300	18,150	19,550	1,150	-250	6.3%	-1.3%

3 Unemployment Rates Borough and census area

SEASONALLY ADJUSTED	Prelim.	Revised	
	2/10	1/10	2/09
United States	9.7	9.7	8.2
Alaska Statewide	8.5	8.5	7.3
NOT SEASONALLY ADJUSTED			
United States	10.4	10.6	8.9
Alaska Statewide	9.8	9.4	8.5
Anchorage/Mat-Su Region	8.6	8.2	7.3
Anchorage Municipality	7.8	7.4	6.5
Mat-Su Borough	11.5	11.1	10.2
Gulf Coast Region	12.5	11.9	10.8
Kenai Peninsula Borough	13.5	12.9	11.5
Kodiak Island Borough	7.9	7.3	6.4
Valdez-Cordova Census Area	13.7	12.7	13.1
Interior Region	10.0	10.0	8.9
Denali Borough	25.6	23.5	20.1
Fairbanks North Star Borough	8.8	8.9	7.8
Southeast Fairbanks CA	14.0	13.5	12.3
Yukon-Koyukuk Census Area	20.2	19.3	18.0
Northern Region	11.0	9.9	8.9
Nome Census Area	14.7	13.2	12.4
North Slope Borough	5.5	5.2	4.4
Northwest Arctic Borough	15.6	13.7	12.7
Southeast Region	10.6	10.5	10.1
Haines Borough	14.7	14.5	16.2
Hoonah-Angoon Census Area ¹	31.3	29.5	31.1
Juneau Borough	7.4	7.2	6.7
Ketchikan Gateway Borough ¹	10.8	10.7	9.9
Prince of Wales-Outer Ketchikan CA ¹	20.3	20.2	21.3
Sitka Borough	8.4	8.5	7.6
Skagway Municipality ¹	24.3	22.6	23.4
Wrangell-Petersburg CA ¹	14.8	15.5	14.1
Yakutat Borough	16.4	16.3	16.2
Southwest Region	13.7	13.5	12.6
Aleutians East Borough	8.1	8.7	7.2
Aleutians West Census Area	4.6	6.4	4.3
Bethel Census Area	16.6	15.3	15.1
Bristol Bay Borough	13.6	13.2	15.1
Dillingham Census Area	12.5	11.5	11.6
Lake and Peninsula Borough	15.3	14.2	13.4
Wade Hampton Census Area	22.6	21.1	21.6

¹ Because of the creation of new boroughs, this borough or census area has been changed or no longer exists. Data for the Skagway Municipality and Hoonah-Angoon Census Area (previously Skagway-Hoonah-Angoon Census Area) became available in 2010. Data for the Wrangell Borough, and Petersburg and Prince of Wales-Hyder census areas will be available in 2011. Until then, data will continue to be published for the old areas.

For more current state and regional employment and unemployment data, visit our Web site:

laborstats.alaska.gov

Employer Resources

The Business Connection

What's the best part about the employer services offered through the Alaska Department of Labor and Workforce Development's Business Connection? Employers often say it's the customer service, the fact that it's free – and that they talk to real people, not an automated phone system.

Business Connection staff can tell employers about how they could benefit from on-the-job training opportunities, apprenticeship programs and Alaska-hire. They can tell employers about other department programs and services, ranging from work permits and tax credits to job center workshops.

The staff can explain to employers about how to use ALEXsys, Alaska's online job bank: how to advertise a job opening online, search for potential employees and look at their resumes, recruit veterans and search for job seekers with certain training certifications or academic degrees.

The staff can help employers tailor recruitment plans to meet employers' needs, refer qualified applicants to employers and arrange for employers to use job center conference and interview rooms for recruiting.

They can also host job fairs and other recruitment events for employers – events where employers can meet job seekers face to face, providing access to a large number of potential candidates in a short amount of time.

"We recently had over 300 job seekers attend our recruitment event in one day," said Nelson San Juan, a seafood employment specialist with the department's Anchorage Midtown Job Center. "Three major employers were seeking at-sea processors and we had so many people looking for work, we had to use every conference room in the building. It was exciting."

To reach the Business Connection staff, call (877) 724-2539, 8 a.m. to 5 p.m., Monday through Friday. The Business Connection Web site is at jobs.alaska.gov/employer.htm.

The Business Connection Web site has a link to the *Alaska Employer Resource Manual*, which was updated this month. The manual gives a detailed overview of the employer services available through the department (including those through the Business Connection), and provides employers with a working knowledge of state and federal requirements.

Another popular employer service is TaxWeb, the department's online unemployment insurance tax system, where employers can pay their unemployment insurance taxes and file their quarterly contribution reports.

"Employers love it for all sorts of reasons," said Virginia Calloway, chief of the department's Unemployment Insurance Tax program. "I'd say we get the most comments from people that they really like having all their information available to them online, they can file their taxes in the middle of the night if they want to, and that the UI staff is very responsive."

TaxWeb helps people save time because the system automatically fills in each employee's tax information each month. It allows employers to create a file in Quickbooks that can be downloaded to TaxWeb. Employers can also view their previous contribution reports.

People can learn more about TaxWeb on the Web by going to labor.alaska.gov/estax, or by calling (888) 448-3527. In Juneau, call (907) 465-2757.