

# ALASKA ECONOMIC **TRENDS**

DECEMBER 2005

## The Mat-Su Borough

### WHAT'S INSIDE

**Unemployment Insurance**  
The Experience Rating Method

**Employment Scene**  
Seasonal Employment Winding Down



ALASKA DEPARTMENT OF LABOR  
& WORKFORCE DEVELOPMENT

Frank H. Murkowski, Governor  
Greg O'Claray, Commissioner

# ALASKA ECONOMIC TRENDS



ALASKA DEPARTMENT OF LABOR  
& WORKFORCE DEVELOPMENT

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## Growth and Prosperity in Alaska: Preparing for the Future

by Governor Frank H. Murkowski

Alaska is enjoying great prosperity. We've grown our budget reserve to \$2.2 billion, increased K-12 education spending by more than 22 percent and for the first time in 20 years, the state has offered a successful oil and gas lease sale in the Alaska Peninsula. We're also closer than we've ever been to getting Alaska's natural gas reserves to market in the Lower 48, and more than 8,900 new jobs were created last year – all in the private sector.

A prime example of Alaska's growth potential is the Matanuska Valley, the focus of this month's *Trends* cover story. The Matanuska-Susitna Borough is attracting a growing list of developers, businesses and investors, as well as new residents. It's now the state's third-largest population center, with more than 70,000 people.

This population influx helps support a growing labor market both in the Mat-Su and across the state, as a significant number of borough residents travel to Anchorage and beyond to work. This includes long distance commuters such as oil industry workers on the North Slope, fishermen in Kodiak, miners in Kotzebue and Delta Junction, and construction workers across the state.

The kind of growth and corresponding benefits that the Mat-Su area is currently enjoying is the kind of growth we anticipate throughout the state. Building a natural gas pipeline and other large construction projects will result in about 43,000 new jobs in our state. It's important that we prepare for that growth now by expanding the transportation, construction, mining and energy industries.

The Alaska Department of Labor and Workforce Development is already focused on helping to make sure Alaskans are ready for the jobs that growth in these industries will bring. One example of that focus is the Youth First Initiative, a pilot project spearheaded by the department's Division of Business Partnerships

and six Alaska school districts. The project is aimed at promoting job opportunities for youth and will place "career guides" in high schools. These guides will show students fun and challenging career opportunities in vocational and technical fields. Funded in part by a grant from the President's High Growth Job Training Initiative, the project will increase skill training and apprenticeship opportunities in order to help prepare our young people for Alaska's future work force needs. Activities across school districts will vary and be tailored to specific conditions in each area and may include job shadowing, internships and summer jobs in high-growth industries.

The pipeline worker training recently completed in Fairbanks is another example of the state's efforts to train workers for high-growth industries. As a partnership between the state, labor and industry, the November program successfully graduated 97 Alaskans now ready to work in every phase of pipeline construction. We're proud of the Alaskans who graduated from this training program and proud to have played a role in helping them succeed.

The Department of Labor is also providing training to Alaskans for good-paying careers in the mining industry, with programs at the Delta Mine Training Center near Fairbanks, the Northern Industrial Training Center in Palmer and University of Alaska Fairbanks' Bristol Bay campus. Collectively, these programs cover three of the state's big regions and offer training and federal certifications for underground mining, mine site construction and gold mine work.

By increasing awareness of and training for Alaskans, the state is closing the gap between the need for skilled workers and Alaska's ability to supply them. Our growth is exciting, and we are working to meet our 90-percent Alaska Hire Initiative and making sure our work force is ready to fill the jobs we know are coming to our great state.

## The Matanuska Valley's Economy is Throwing its Weight Around

**T**he Matanuska-Susitna Borough's economic indicators all tell the same story: They describe the fastest growing area in the state. Growth measures including employment, population, business formation, in-migration, highway counts and new homes being built all point to the Mat-Su Borough. In fact, it's the only area in the state where the term "booming" is applicable.

It's not the first time in its history that the Mat-Su Borough has experienced strong economic growth, but it's the first time the boom hasn't been part of a larger trend that included other parts of the state or the state as a whole.

Because of its singular standing, a growing list of developers, businesses and others are either investing in the area or eyeing it with great interest.

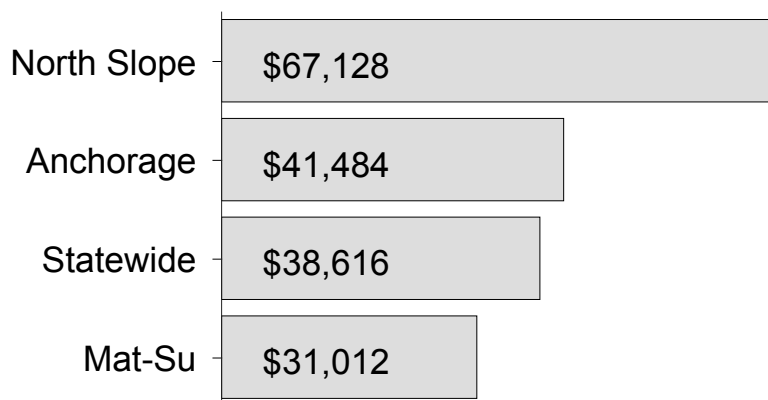
### There's also room for growth

The Mat-Su Borough is the state's third largest in population and area. With 24,683 square miles, it's about the same size as West Virginia. It has a population of more than 70,000 residents; only Anchorage and the Fairbanks North Star Borough are larger. It's home to 2.9 residents per square mile compared to 163 in Anchorage. Although the borough is large, nearly all its residents live along the road system between Willow and Sutton. Only three of the communities in the borough are incorporated – Palmer, Wasilla and Houston – and they represent 18 percent of its population. A few communities, such as Chase and Skwentna, are off the road system but can usually be reached by snow machine, plane, boat, train or some other type of off-road vehicle. Other communities, such as Talkeetna, are on the road system but are far from the more densely populated areas of the borough.

### Labor is a big export

Different forces have shaped the Mat-Su area's economy during the area's history. Mining and agriculture were the first major economic

### 1 Why Some Work Outside Mat-Su Average annual earnings, 2004



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

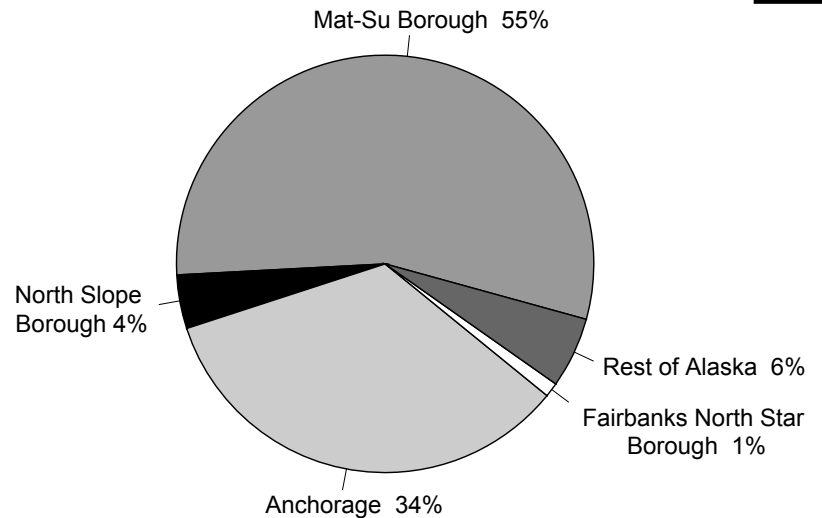
## Where Mat-Su Residents Work 2003<sup>1</sup> **2**

forces. Although the Mat-Su Borough remains the state's largest agricultural producer, other economic forces are now the primary drivers. For more than 40 years the single biggest reason for the borough's growth has been its proximity to the state's largest city, Anchorage.

This economic interplay and symbiotic relationship between the areas isn't diminishing. It's accelerating. No longer can either of the two economies be analyzed without considering the other. It wouldn't be surprising if in the not-so-distant future someone visiting from outside the area would find it hard to tell where Anchorage ends and Mat-Su begins.

Such a strong, daily economic connection between two or more areas isn't unusual in many parts of the country but it's unmatched in Alaska. This relationship exists because most of the Mat-Su Borough's population lives within a 40- to 50-mile radius of Anchorage and the Anchorage job market attracts many of these commuters. The average annual earnings for jobs in Anchorage run 34 percent higher than the earnings in the Mat-Su Borough. (See Exhibit 1.) That isn't because wages for similar jobs pay more in Anchorage. Anchorage just has a higher percentage of high-wage jobs.

One of the borough's chief exports is simply its work force. The Alaska Department of Labor and Workforce Development estimated that roughly 34 percent of employed Mat-Su residents worked in Anchorage in 2003. (See Exhibit 2.) This is a conservative number because it excludes commuters who work for the federal government or are self-employed. The absolute number of these commuters has grown rapidly since the early 1990s. (See Exhibit 3.) There's also a small but growing number of "reverse commuters" – Anchorage residents who work regularly in Mat-Su.



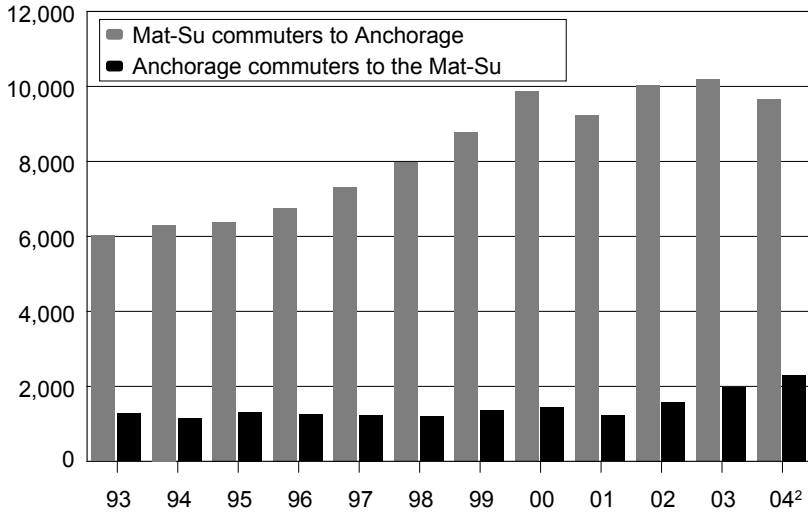
<sup>1</sup> Excludes federal and self-employed workers

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

It's also important to note that a significant group of Mat-Su residents even go beyond Anchorage to find work. They're the long distance commuters: oil industry workers on the North Slope, fishermen in Kodiak, miners at the Red Dog mine and elsewhere, and construction workers around the state. At last count, these commuters represented another 11 percent of the borough's residents. And, like the commuters to Anchorage, these workers are pursuing better economic opportunities.

Many of the Mat-Su residents who work in other places in the state then return home to invest their earnings in housing, consumer goods, businesses and services. These expenditures spur additional economic activity in the borough. When the U.S. Bureau of Economic Analysis adjusts Mat-Su's personal income figures for

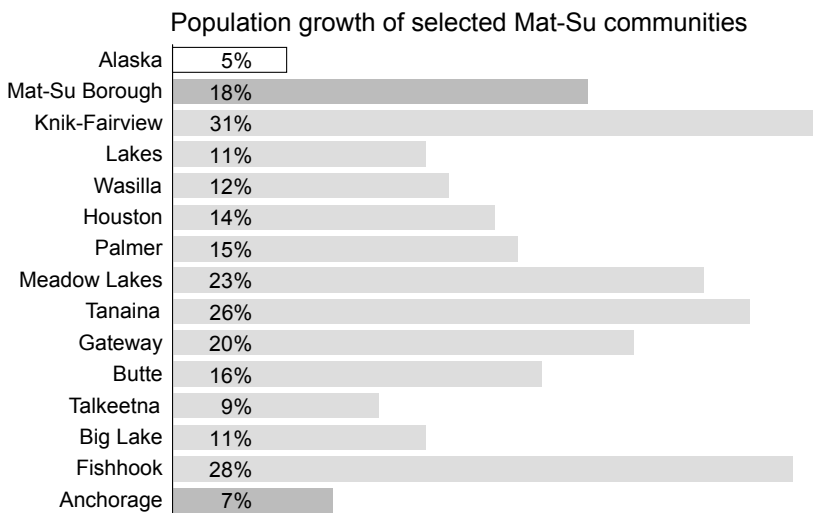
### 3 Commuter Traffic Grows Both Ways Number of commuters, 1993-2004<sup>1</sup>



<sup>1</sup> Excludes federal and self-employed workers  
<sup>2</sup> Preliminary

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

### 4 Strong Population Growth Mat-Su areas, 2000-2004



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

residency, it estimates that \$750 million of all personal income, or more than a third, comes from outside the borough. In fact, this net inflow of income from elsewhere in the state makes Mat-Su a unique place in Alaska. In nearly every other area of the state, the net income flow is negative.

#### Population growth is the leading economic indicator

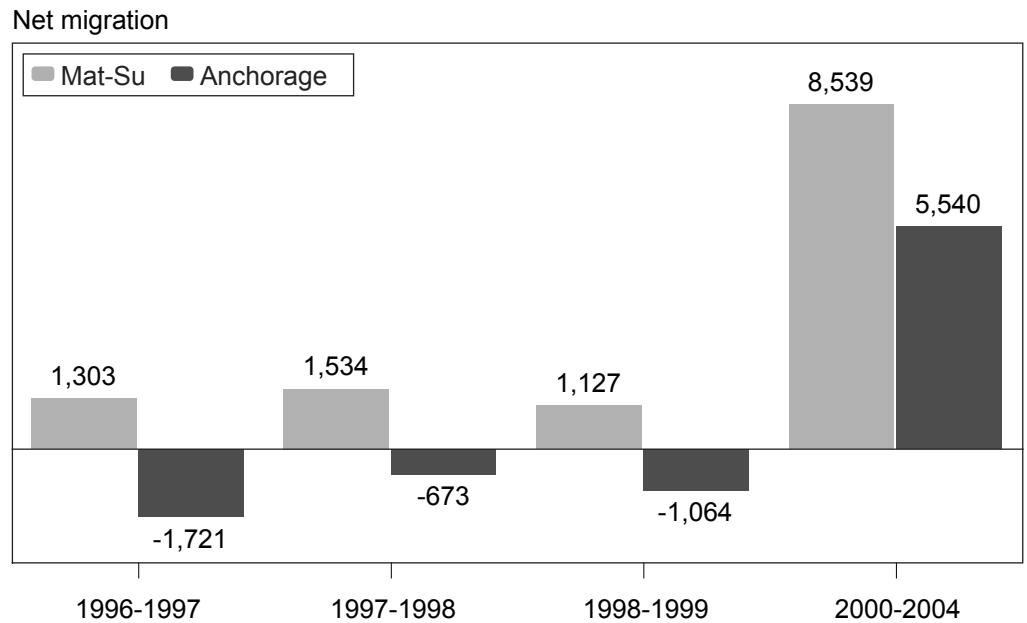
Mat-Su's population grew by 18 percent between 2000 and 2004, compared to 5 percent statewide and 7 percent in Anchorage. (See Exhibit 4.) That meant a 3.9-percent annual population growth rate for the Mat-Su Borough versus Anchorage's plodding 1.5 percent or the state's 1 percent. This isn't a new trend; it's been true since the early 1990s. The much stronger population growth has meant the Mat-Su Borough is now home to nearly 11 percent of the state's population versus 7 percent in 1990.

These differences are even more pronounced for in-migration, which is simply the number of people moving into an area minus those moving out. During three of the past five years the state has experienced net out-migration, but during each of those years, the Mat-Su Borough's numbers have remained positive. This means that more people moved to the borough during most of these years than to the rest of the state. In fact, Mat-Su was the only area in the state where population growth came primarily from in-migration. Although their exact numbers aren't known, a large share of Mat-Su's new residents came from Anchorage. Since 2000, Anchorage's net gain through in-migration amounted to 5,500 versus Mat-Su's gain of 8,500. (See Exhibit 5.) It's no wonder that people and businesses looking for the state's growth areas focus on Mat-Su.

Most areas in the borough have contributed to the population growth, but the hot spots have been the Knik-Fairview, Fishhook, Gateway, Tanaina and Meadow Lakes areas. (See Exhibits 4 and 6.) It comes as no surprise that these high-growth areas are situated mostly between Wasilla, Palmer and Houston.

# The Mat-Su Migration **5**

## More move to the Mat-Su than to Anchorage



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

The Mat-Su Borough's strong surge in population is also reflected in the borough's school enrollment figures. (See Exhibit 7.) Unlike statewide school enrollment, which declined in 2003 and 2004 and has seen little net change over the past five years, the borough's enrollment grew by 17 percent from 2000 to 2005. Preliminary numbers indicate that Mat-Su school enrollment grew another 5 percent in the 2005-2006 academic year.

### Housing is Mat-Su's largest economic "export"

Part of Mat-Su's appeal is its affordable housing market. The numbers paint a compelling picture: The average sales price of a single-family home in the borough was \$210,530, or nearly a third less than the average sale price of an Anchorage home. (See Exhibit 8.) Caution must be taken with these comparisons, however, because the prices are for houses that actually sold, not necessarily houses that are strictly comparable in terms of square footage and lot size.

Nevertheless, this price differential is obviously extremely enticing to workers in both the Anchorage and Mat-Su areas, as well for those who may be working outside the Anchorage/Mat-Su region but want to live near a larger community. Because only the cities of Palmer and Wasilla issue building permits, it's hard to compare residential building activity in the Mat-Su Borough with Anchorage. A rough comparison, though, is available from data the borough assessor collects on new homes built in the borough. These data indicate that nearly half the new housing units built in the Anchorage/Mat-Su region in 2004 were built in the Mat-Su Borough. That's an especially impressive portion given that the 2004 job count in Anchorage was nearly nine times higher than in Mat-Su.

Another way to look at the housing picture is from the perspective of affordability. For the sake of this discussion, housing affordability is the combination of wages paid in a community and the cost of local housing. In other words, housing affordability is a measure of how

# 6 Matanuska-Susitna Borough

## Cities and Census Designated Places (CDPs)

All are Census Designated Places unless marked:	Estimate 2004	Estimate 2003	Estimate 2002	Estimate 2001	Census 2000	Change 2000-2004	Percent Change 2000-2004
<b>Totals</b>	70,148	67,526	64,293	61,772	59,322	10,826	18.2%
Big Lake	2,912	2,889	2,717	2,580	2,635	277	10.5%
Buffalo Soapstone	744	740	748	740	699	45	6.4%
Butte	2,963	2,919	2,802	2,750	2,561	402	15.7%
Chase	27	34	36	34	41	-14	-34.1%
Chickaloon	298	280	237	228	213	85	39.9%
Farm Loop	1,138	1,161	1,146	1,070	1,067	71	6.7%
Fishhook	2,606	2,335	2,233	2,189	2,030	576	28.4%
Gateway	3,554	3,305	3,220	3,106	2,952	602	20.4%
Glacier View	266	250	260	249	249	17	6.8%
Houston, City of	1,368	1,351	1,253	1,178	1,202	166	13.8%
Knik-Fairview	9,223	8,561	7,896	7,637	7,049	2,174	30.8%
Knik River	626	676	628	625	582	44	7.6%
Lake Louise	99	111	91	101	88	11	12.5%
Lakes	7,467	7,053	6,900	6,818	6,706	761	11.3%
Lazy Mountain	1,233	1,202	1,180	1,167	1,158	75	6.5%
Meadow Lakes	5,945	5,579	5,236	5,064	4,819	1,126	23.4%
Palmer, City of <sup>1</sup>	5,197	5,267	4,959	4,621	4,533	664	14.6%
Petersville	15	14	19	25	27	-12	-44.4%
Point MacKenzie	216	201	199	211	111	105	94.6%
Skwentna	81	95	85	94	111	-30	-27.0%
Susitna	31	38	37	40	37	-6	-16.2%
Sutton-Alpine	1,154	1,159	1,147	1,129	1,080	74	6.9%
Talkeetna	844	856	851	787	772	72	9.3%
Tanaina	6,265	5,865	5,602	5,252	4,993	1,272	25.5%
Trapper Creek	436	425	405	405	423	13	3.1%
Wasilla, City of <sup>2</sup>	6,109	6,387	6,120	5,515	5,469	640	11.7%
Willow	1,856	1,813	1,744	1,685	1,658	198	11.9%
Y	1,072	1,038	996	1,010	956	116	12.1%
Remainder of the Mat-Su Borough	6,403	5,922	5,546	5,462	5,101	1,302	25.5%
Native villages that overlap multiple CDPs:							
Chickaloon	19,373	18,649	17,755	17,041	16,918	2,455	14.5%
Knik	38,268	36,838	35,073	33,662	31,969	6,299	19.7%
Kanatak	12,287	11,827	11,261	10,808	10,252	2,035	19.8%

<sup>1</sup> Palmer had a series of small annexations in November 2002.

<sup>2</sup> Wasilla had a small annexation May 31, 2002.

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



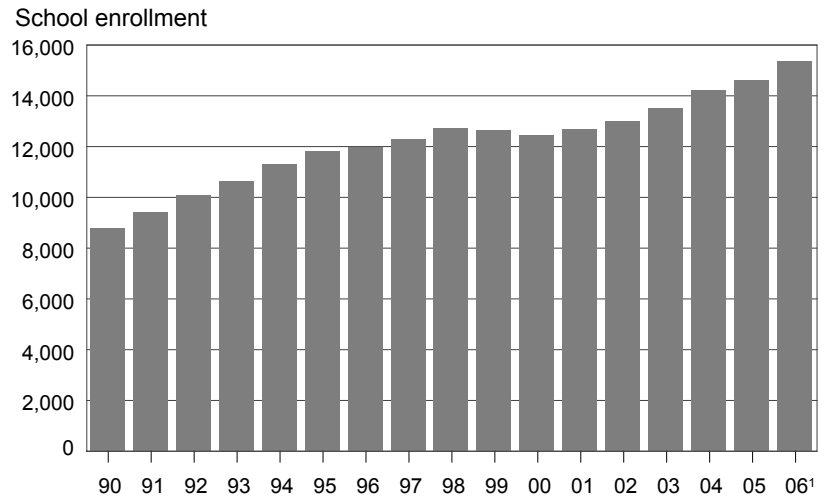
many wage earners it takes to support the average mortgage. It's a question of increasing importance given the rapid increase in housing prices.

If one looks at the number of Mat-Su wage earners it takes to afford the average home in the Mat-Su Borough, there's little difference in housing affordability between Mat-Su and Anchorage. That's because the average wage in Mat-Su – where service and retail jobs make up a much larger slice of the area's employment pie – is lower than in Anchorage. However, since so many Mat-Su residents work in Anchorage and elsewhere, the affordability equation changes considerably. (See Exhibit 9.) It takes only 1.2 Anchorage wage earners to buy a Mat-Su home versus 1.6 Anchorage wage earners to buy an Anchorage home.

Like many other parts of Alaska and the U.S., the Mat-Su Borough has experienced a dramatic increase in housing prices. According to Multiple Listing Service data from the Valley Board of Realtors, the price of a single-family home in the Mat-Su Borough has doubled since 1996, increasing much faster than wages or income. (See Exhibit 10.) These prices have also increased significantly faster than Anchorage's, narrowing the price differential in the same time period. (See Exhibit 11.) The reason for this isn't completely clear, and again, the comparisons may not be for identical housing stock. The quality of these "average" single-family homes could be quite different and those differences could also be widening the price differential. For example, the average square footage and lot size of Mat-Su single-family homes may be increasing relative to Anchorage single-family homes.

There are other factors aside from the cost of housing that may make Mat-Su homes more attractive to homeowners. A more rural life style and the ability to live on a larger piece of land is certainly appealing. Another attraction is that the alternate types of housing that exist in Mat-Su

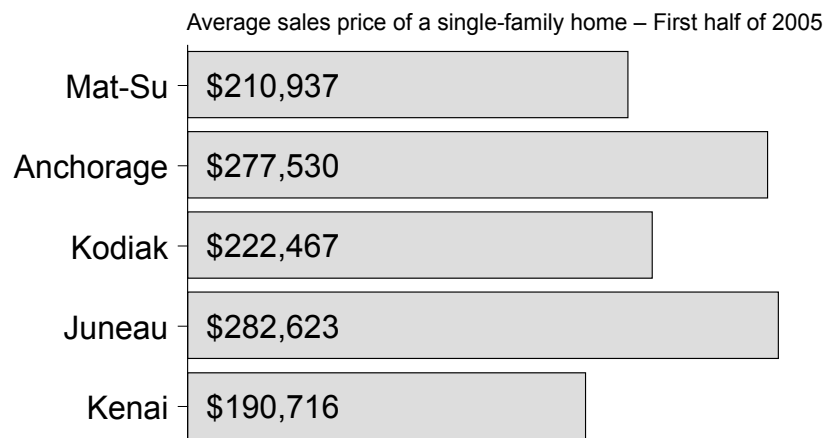
## Mat-Su School Enrollment Climbs 7 One of the few areas where it's increasing



<sup>1</sup> Preliminary

Source: Matanuska-Susitna Borough School District

## Housing Is Still a Big Attraction 8 Single-family home prices



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

# 9 Buying a Single-Family Home

## Number of wage earners needed

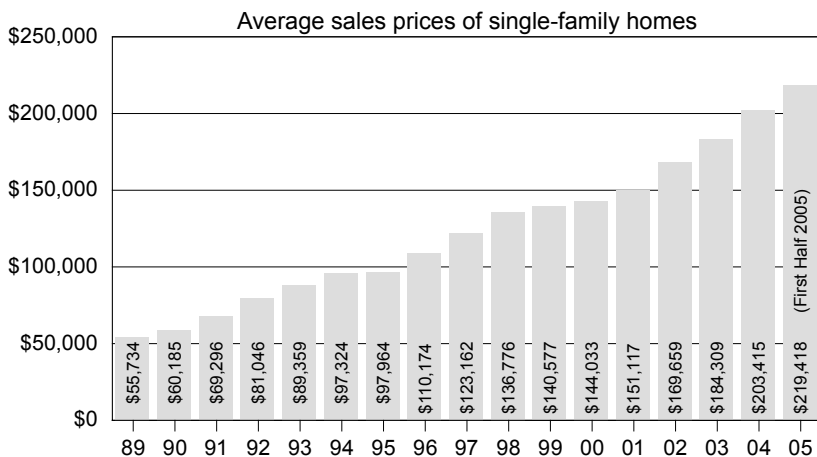


<sup>1</sup> All other bars represent the number of wage earners it would require to buy a house if a worker lived and worked in that community.

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

# 10 Home Prices Double Since 1996

## Matanuska-Susitna Borough



Source: Valley Board of Realtors, Multiple Listing Service Data

are rarely available in Anchorage. For instance, last year roughly 16 percent of new residential building activity recorded in the borough was for cabin-like structures. That equates to 300 “cabins.” Although many were built for recreation, a substantial number also represent primary residences. This kind of housing typically doesn’t require lending or mortgage activity.

It’s also not as easy to build the “cabin-type” structures so prevalent in the Mat-Su Borough in urban areas such as Anchorage because the cost of land is considerably higher and planning and zoning regulations make building more difficult.

One recent negative development for commuters has been the dramatic rise in the price of fuel. How this will affect workers’ willingness to commute isn’t well understood because it’s not yet clear how long fuel prices will remain high or how high they’ll be when they stabilize. But unless prices rise considerably higher than current levels, Mat-Su should continue to capture a growing slice of the region’s population.

If Southcentral’s economy continues to grow – considering Mat-Su’s availability of land for development and the possibility of a Knik Arm bridge – it’s hard to imagine a scenario that would change Mat-Su’s strong growth trend. Increasingly, Mat-Su’s competitive advantage won’t be limited to residential development as the borough is likely to capture a bigger share of the other economic development that occurs in Southcentral Alaska. For example, a growing number of Mat-Su car dealerships also attract customers from Anchorage. Another example is the borough’s new port facility at Point MacKenzie, if it attracts traffic. This kind of economic activity will only increase with time.

### New jobs coming from health care, retail, construction, and leisure and hospitality

Employment has also grown faster in the Mat-Su Borough than anywhere else in the state, which makes sense because most of the borough’s

employment is driven by population growth and not vice versa like in most other areas of the state. (See Exhibits 12 and 13.)

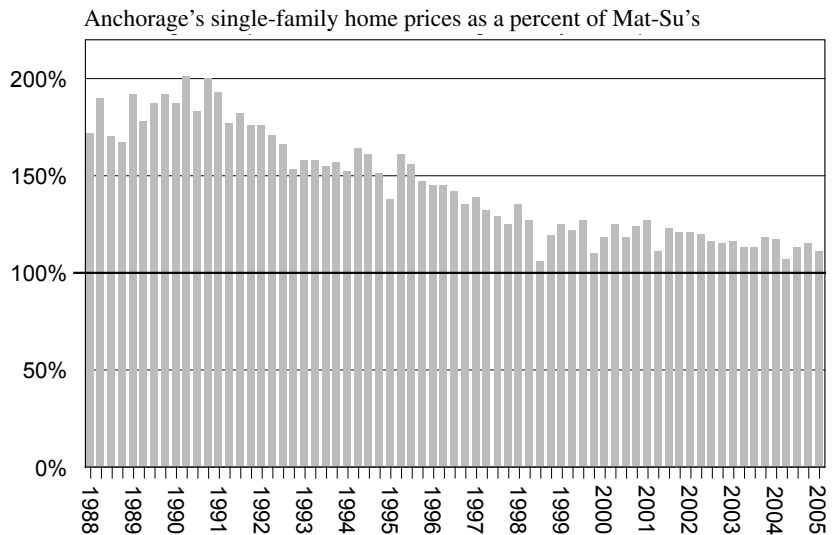
Employment in the Mat-Su Borough grew 5.3 percent a year in the past decade, more than three times as fast as the rest of the state. In the last three years, net employment gains for the borough have exceeded 1,000 per year and growth over that period has averaged a booming 7.7 percent. In 2004, nearly a third of all job gains in the state came from Mat-Su. The story for 2005 won't likely be much different.

Over two-thirds of Mat-Su's growth from 2000 to 2004 came from the service sector. That's not surprising since this sector dominates the borough's labor market. (See Exhibit 14 and 15.) Most of the employment that exists in the borough is there to provide services to the local population and isn't export-related activity. The health care and social services sector has been the single-largest absolute contributor to this growth; with the opening of the new hospital in 2006, this trend is likely to continue.

Leisure and hospitality, mostly restaurants and hotels, came in a close second with retail right behind. Retail got a big additional boost in 2004 with the opening of the new Lowe's and Home Depot stores. And due to the broadening that has taken place in these industries, far more of the dollars spent by Mat-Su residents are remaining in Mat-Su instead of leaking to Anchorage and elsewhere. Sales taxes collected by the cities of Wasilla and Palmer illustrate this effect quite well. (See Exhibit 16.) Tax collections have grown faster than population or employment and may even explain sub-par retail growth in Anchorage in recent years as Mat-Su residents spend fewer of their retail dollars in "the big city" and choose to spend their money closer to home.

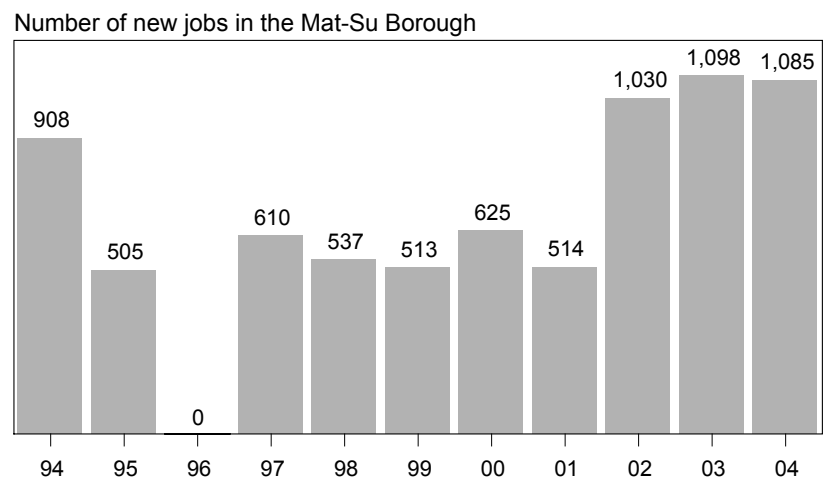
The construction industry has been another big contributor to employment growth. Booming residential and commercial markets have kept this industry busy and have also spurred growth

## Price Differential Narrows 11 1988-2005



Source: Anchorage and Valley Board of Realtors, Multiple Listing Service Data

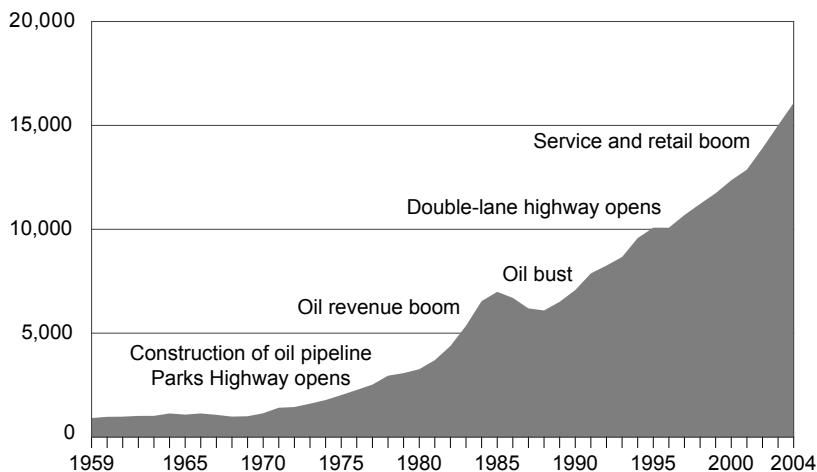
## 2004: Another Strong Year for Jobs 12 New Mat-Su jobs, 1994-2004



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

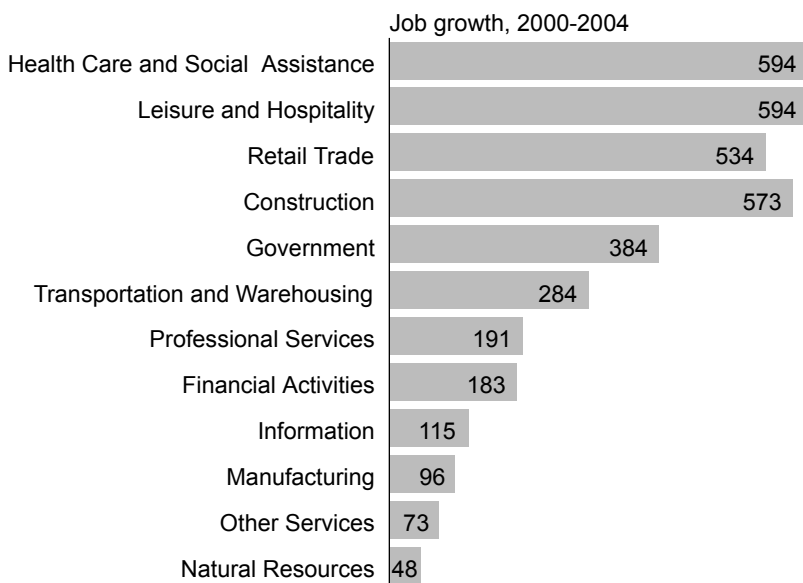
# 13 Employment Just Keeps Growing Mat-Su, 1959-2004

Number of wage and salary jobs in the Matanuska Valley



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

# 14 Job Growth in Most Industries Mat-Su Borough, 2000-2004



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

in the financial activities sector, which includes jobs in real estate, banks, credit unions and insurance companies.

## Another industry continues to broaden

An industry largely independent of the effects of a burgeoning population has also contributed to Mat-Su's growth – the visitor industry.

The tourism mix in Mat-Su is different from many other areas of the state. It relies on a heavy mixture of Anchorage residents and others who have recreational property in the borough. Thousands of other visitors from Southcentral and elsewhere spend their vacations, holidays and weekends in Mat-Su during the summer. And during the past decade a rapidly growing number of destination tourists have been making their way to the Upper Susitna Valley.

The Mat-Su Borough also hosts a strong winter contingent of visitors that peaks with the start of the Iditarod sled dog race in Wasilla. Its biggest strengths are its proximity to Anchorage, the state's largest community, and to Denali National Park and Denali itself – the state's most popular mountain. The borough is also home to Denali State Park, which serves as the gateway to Denali tours and climbs and is a major fishing and hunting destination.

In the past, the vast majority of Mat-Su visitors were independent travelers. However, that started changing when Princess Tours opened its Mt. McKinley Princess Lodge near Talkeetna in 1997 and Cook Inlet Region opened the Talkeetna Lodge in 1999. Both of these hotels have since expanded and both ranked among the top-50 employers in the Mat-Su Borough in 2004. (See Exhibit 17.) The growth in this destination tourism activity is clearly illustrated by the more than doubling in bed tax revenues over the past five years. (See Exhibit 18.)

Unlike most of the rest of the state, which experienced at least two lean years after 9/11,

Mat-Su's numbers defied this trend and just kept on racking up impressive gains. Accommodation employment grew by 75 percent from 2000 to 2004. In addition to the large hotels mentioned above, a number of smaller lodges and hotels have opened in recent years. If current plans for a \$41 million Hatcher Pass ski area come to fruition, the Mat-Su will be adding even more to its strong and expanding visitor industry.

### Some of the traditional industries still play a role

Once a dominant sector, agriculture is still a player but its role has diminished. In 2004, the value of agricultural production in the Mat-Su Borough was \$11.7 million. Mining in the borough has also declined. The area used to

have major gold and coal mining operations and that could happen again. But for now the mining operations are very small.

### The unemployment picture improves in 2005

During the past two years the unemployment rate in the Mat-Su Borough was a bit above 8 percent. Preliminary numbers for 2005 indicate that the rate may fall as much as a full percentage point. Another positive development is the narrowing of the jobless rate between Mat-Su and Anchorage. In earlier years, it wasn't unusual for the Mat-Su Borough jobless rate to be more than twice as high as Anchorage's rate. At least part of the explanation may be

## Average Annual Employment Mat-Su Borough, by industry sector **15**

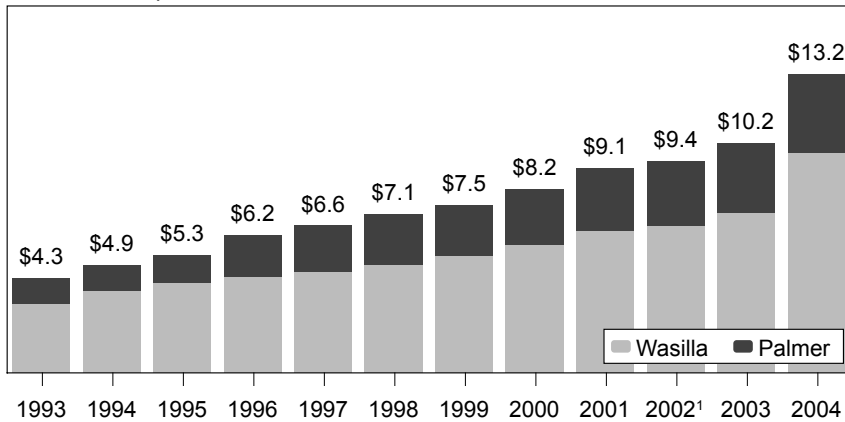
	2000	2001	2002	2003	2004	Employment Change 2000-2004
<b>Total Wage and Salary Employment</b>	12,361	12,873	13,904	15,002	16,087	3,726
Natural Resources	69	83	105	120	117	48
Construction	1,163	1,298	1,439	1,546	1,736	573
Manufacturing	118	140	167	221	214	96
Trade	2,467	2,510	2,609	2,755	3,036	569
Retail	2,394	2,435	2,547	2,670	2,928	534
Transportation, Warehousing	259	280	397	453	543	284
Utilities	152	147	137	147	148	-4
Information	405	407	401	498	520	115
Financial Activities	368	362	404	494	551	183
Professional Services	703	731	805	836	894	191
Educational and Health Services	1,771	1,807	1,970	2,293	2,424	653
Health Care and Social Assistance	1,561	1,603	1,736	1,979	2,161	600
Leisure and Hospitality	1,323	1,446	1,579	1,760	1,917	594
Accommodations, Eating and Drinking	1,149	1,218	1,364	1,524	1,645	496
Accommodations	255	200	228	396	447	192
Eating and Drinking	894	1,018	1,136	1,127	1,198	304
Other Services	477	423	548	518	550	73
Government	3,042	3,140	3,344	3,357	3,426	384
Federal Government	206	163	171	182	192	-14
State Government	876	896	904	952	963	87
Local Government	1,960	2,081	2,269	2,223	2,272	312

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

# 16 The Valley: Capturing More of Its Sales Dollars

## Wasilla and Palmer, 1993-2004

Sales tax receipts for Wasilla and Palmer, in millions of dollars



<sup>1</sup> City of Wasilla's sales tax increased from 2.0 percent to 2.5 percent.

Sources: The cities of Wasilla and Palmer

that the labor markets of the two areas are more integrated than ever.

### Yet earnings and incomes lag

In 2004, average annual earnings for the Mat-Su Borough were \$31,012 versus \$41,484 in Anchorage. (See Exhibit 19.) The biggest reason for this differential is that a much larger percentage of the industry mix in the Mat-Su Borough is in the lower-paying sectors such as services and retail. Mat-Su also has relatively fewer jobs in the higher-paying sectors of oil, government and transportation. There is some anecdotal evidence as well that the wages for similar jobs may pay something less in the Mat-Su because of its larger relative supply of potential workers. The income figures of the borough also come in below both the statewide and national averages. Mat-Su's per capita income of \$29,483 in 2003 was 89 percent of the state's.

### The future could continue to be impressive

If it's assumed that Southcentral's economy will continue to expand, the Mat-Su Borough is unlikely to relinquish its role as the strongest economic performer in the state. Population projections produced by the Alaska Department

of Labor and Workforce Development show the borough will become the state's second most populous area by 2018. And according to recent employment and population projections produced by the University of Alaska-Anchorage, Mat-Su's population could reach 162,000 in 2025, or as high as 174,000 if the Knik Arm bridge is built. Employment projections are equally impressive.

Even so, it's crucial to keep an eye on some of the economic fundamentals when contemplating Mat-Su's future. The economic health of the entire Southcentral region will be paramount for these trends to continue. If economic growth were to slow statewide or in Anchorage, the Valley would certainly not be immune. Other factors such as interest rates could also prove to be important.

The Mat-Su and Anchorage economies are inextricably linked and so are their futures. It's possible that developments underway could provide Mat-Su with a more independent path – developments such as its new port, growing commercial activity and growth in the non-Anchorage part of the visitor industry. Right now, however, the fate of Mat-Su's economy is more dependent on what happens in Anchorage than vice versa. But as Mat-Su becomes a bigger slice of the combined area, a more balanced relationship will develop.

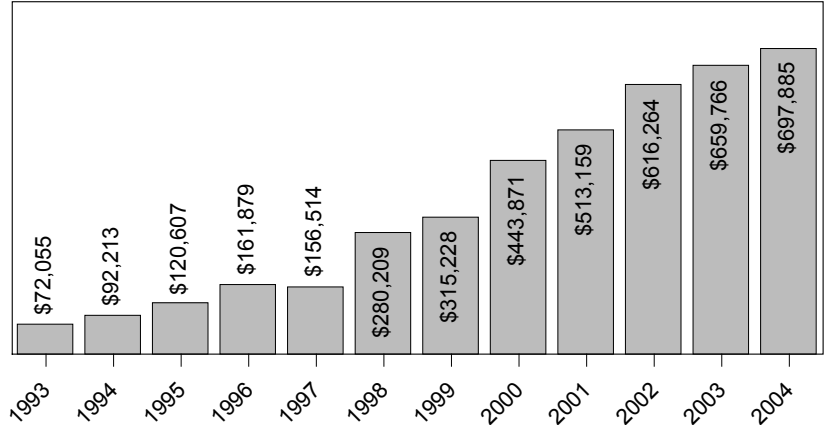
# 17 Top 50 Employers Mat-Su Borough, 2004

1	Matanuska-Susitna Borough School District	1,736
2	Valley Hospital	558
3	Wal-Mart	359
4	Fred Meyer Stores	347
5	Safeway	310
6	Matanuska Telephone Association	302
7	Matanuska-Susitna Borough	293
8	Alaska Department of Health and Social Svcs.	218
9	First Student	218
10	Spenard Builders Supply	192
11	Alaska Department of Corrections	169
12	Mat-Su Services for Children & Adults Inc.	157
13	Advanced Concepts (Job Corps)	147
14	University of Alaska	145
15	Job Ready	141
16	McDonald's	136
17	Matanuska Electric Association	124
18	Alaska Home Care	119
19	City of Wasilla	114
20	Nye Frontier Ford	113
21	Alaska Hotel Properties (Princess Hotels)	110
22	Alaska Department of Natural Resources	105
23	Matanuska Valley Federal Credit Union	92
24	GCI Communications	87
25	Talkeetna Alaska Lodge	85
26	Alaska Department of Public Safety	85
27	Sears	83
28	Tesoro	79
29	Immediate Care	74
30	Meca Employment Connection	73
31	Behavioral Health Services of Mat-Su Inc.	70
32	U.S. Post Office	68
33	City of Palmer	66
34	Wells Fargo	59
35	The Alaska Club	59
36	K&G Enterprises	59
37	The Valley Hotel	58
38	Lithia Motors	54
39	New Horizons Telecom Inc.	54
40	Denali Foods (Taco Bell)	52
41	Alaska Department of Trans. & Pub. Facilities	52
42	Wolverine Supply Inc.	52
43	Chugiak Children's Services Inc.	51
44	Palmer Senior Citizens Center	50
45	Steve's Food Boy In & Out	48
46	Subway	47
47	A&W Windbreak	45
48	Hope Community Resources Inc.	44
49	Fishers Fuel	44
50	Aurora Foods	43

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

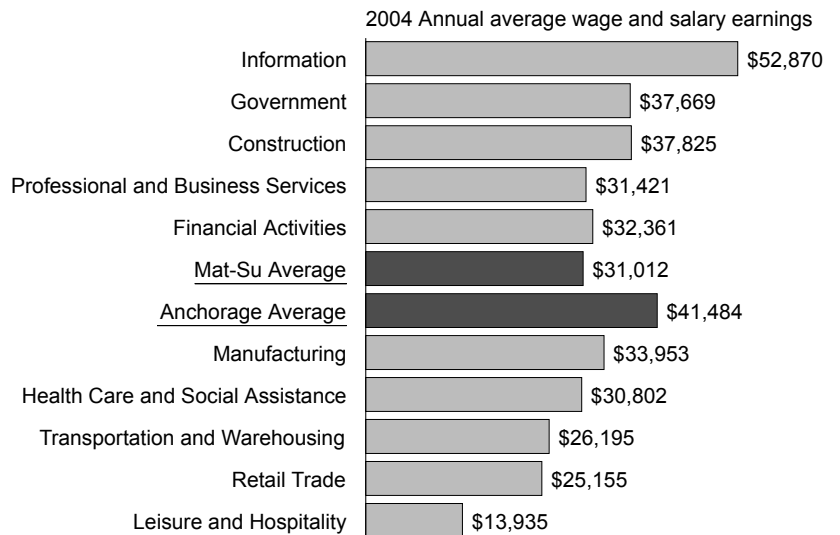
# Hotel Activity Soars 18 Revenues defy statewide trends, 1993-2004

Mat-Su Borough bed tax revenues



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

# How the Valley's Earnings Stack Up 19 Mat-Su's average annual earnings, 2004



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

## The experience rating method

**E**xperience rating, a component of state unemployment insurance systems throughout the U.S., is used to fairly allocate the share of tax burden among employers based on each employer's "experience" with unemployment benefits.

The purpose of an unemployment insurance (UI) financing system is to collect enough tax revenue to pay for the benefits being paid out and to maintain the solvency of the UI trust fund, where the tax revenue is held. (Tax money can only be used to pay benefits, not administrative costs.)<sup>1</sup>

Every state's financing system generally has two parts: the tax funding side that determines how much in taxes will be needed and the experience rating side that determines what share of the taxes each employer should pay. Other than that, it's probably fair to say that no two states' financing systems are exactly alike. There are, however, only four experience rating methods in use in the U.S., as outlined in this article. Alaska has used the payroll decline method since 1960; its underlying theory is that declines in payroll likely result in unemployed workers who will then use the unemployment system. The payroll decline method is fair, simple, inexpensive to administer and has proven its effectiveness over time. Alaska's

<sup>1</sup> The federal government pays for the administration of each state's unemployment program through administrative grants.

system, as it was revised in 1980, has never been bankrupt and it has never had to borrow money, unlike some states in the last 25 years.

No experience rating method itself can ensure solvency or prevent bankruptcy, because it is only one part of the financing system. The experience rating method doesn't change the total amount of tax revenue that will be needed; it only determines each employer's share. But a good experience rating method, as part of a sound and effective financing system, is crucial.

### The UI system and the insurance principle

Unemployment insurance is an economic stabilization program that has been part of the national economy since 1935. It was designed to be a self-financed system administered by each state, based on the insurance principle. To maintain solvency, tax revenues into the UI trust fund must cover the amount of benefits paid out, plus provide a reserve to carry the system through periods of recession. Under the insurance principle, everyone pays something in order to share the risk for all. To determine how much each employer pays – the experience rating – some states use the amount of UI benefits paid to former workers; other states, including Alaska, use more indirect measures.

In order for a state's UI financing system to be successful over the long term, it's critical that



all the costs (the value of benefits paid) get allocated through the experience rating method. Any limitations on recapturing the true costs will eventually lead to erosion and insolvency concerns. Alaska's financing system recovers the full cost, which is why Alaska doesn't have the solvency deficit issues faced by several states. Maintaining solvency through a self-adjusting system provides the benefit of lower and more stable average tax rates over time than with a less flexible system.

### **Experience rating methods in the U.S.**

The four experience rating methods base employers' tax rates on some experience factor in relation to an individual employer's payroll. Each method develops a "ratio" that allows each employer to be ranked by experience. Actual tax rates are assigned according to tax schedules under which employers with the most experience are assigned higher rates than those with lesser experience.

The following are examples of the experience rating methods. The first two methods use benefits paid to former workers to calculate experience ratings. The second two use indirect approaches by measuring the wages paid to benefit recipients or the changes in employers' payrolls.

Reserve Ratio Method – This is the earliest method and is used by 30 states, plus Washington, D.C., the Virgin Islands and Puerto Rico. Each employer has a reserve account, which is the result of total tax contributions paid in minus the cost of benefits to former workers paid out, for the cumulative life of the company. The employer's reserve is then divided by the average payroll for the last three years. The computed "reserve ratio" is used to assign the employer a tax rate from a tax schedule.

Benefit Ratio Method – In this method, used by 17 states, tax contributions aren't a factor like in

the reserve ratio. Benefits paid to former workers are used, as in reserve ratio, but only the last few years of data are considered. A benefit ratio is computed by dividing benefit charges by payroll for the same time period; three years is typical. The tax rate could be assigned directly from the experience factor, in theory, but in practice rate tables are likely used.

Benefit Wage Ratio Method – Delaware and Oklahoma are the only states that use this method, which uses wages paid to workers receiving benefits instead of actual benefits paid. The benefit wage ratio is obtained by dividing "benefit wages" by payroll.

Payroll Decline Method – Alaska is the only state to use this method, although several states have used it in the past. Experience is measured, indirectly, by calculating changes in payroll from quarter to quarter. A minimum of four quarters of wage experience is required and a maximum of 12 quarters are used in the calculation.

New Alaska employers with fewer than four quarters of wage history are not experience-rated; instead they're assigned an industry average rate based on the average of rates assigned to experience-rated firms in the same industry.

### **A quick contrast**

It is important to remember that there is no perfect experience rating method. Each has strengths and weaknesses, which is a technical topic beyond the focus of this article.

But overall, the initial appeal of the most common methods – reserve ratio and benefit ratio – is that they use cost data, the actual benefits paid from the UI system, rather than an indirect measure. These methods are referred to as charge-back methods because they attempt to account for costs that are charged against specific employers.

These methods, however, require a lot to administer: each employee is tracked; when an employee receives UI benefits, the cost of those benefits is traced back to each employer the employee worked for that year. Policymakers must determine how the costs are allocated when one employee works for several companies in a year, which costs should be paid by the entire employer pool and which should be paid by individual employers.

The methods that use indirect measures – benefit wage ratio and payroll decline – can avoid the complexity of the administrative detail required to track and assign benefit costs. The appeal of these methods is that they’re simple and they allocate costs fairly.

An important feature of the payroll decline method is that employers are not charged for the workers who actually do collect benefits.

## The 1980 reforms

The Alaska Legislature in 1980 approved changes to Alaska’s UI financing system, creating the self-adjusting system in place today. Those changes have been a key to the success of Alaska’s system, particularly following the 1986 crash in the state’s oil prices.

The Legislature changed the number of rate classes in Alaska’s system, but, overall, determined that due to its simplicity and fairness, the payroll decline method was the best of the four methods for Alaska.

## Assigning UI tax rates in the payroll decline method

For each Alaska employer, declines in payroll, as a percent, or ratio, are computed for quarters in which a decline occurs. Payroll increases get a score of zero, which is good, as it indicates no

decline has occurred. The average of all payroll declines, up to 12 quarters, is computed for the year.

All employers are then arrayed, from the smallest decline to the largest decline, so that roughly 5 percent of the employers fall into each of the 20 UI tax rate classes. Class 1 has the lowest tax rate; Class 20 has the highest. Class 21 is the penalty class; employers are put in this class as an administrative penalty.

Alaska Statute 23.20.290 provides a table that defines the 21 tax rate classes and a corresponding “experience factor” for each class.<sup>2</sup> (See Exhibit 1.)

The average employer tax rate is the result of a series of calculations that ends up being expressed as the statewide “average benefit cost rate,” or ABCR, for the program. By definition, 80 percent of the ABCR is the “average employer tax rate” and 20 percent is the “employee tax rate” that’s assigned to all employees covered by unemployment insurance. Alaska is just one of the three states that require workers to share the tax burden of the UI system. All workers in Alaska covered by unemployment insurance<sup>3</sup> pay the same UI tax rate.

Tax rate Classes 10 and 11 in the middle of the tax rate table receive the “average employer tax rate” and an experience factor of 1.00. The experience factor is a multiplier applied to the

<sup>2</sup> The statute also requires that computed tax rates must fall within defined minimums and maximums. For employers, the minimum UI tax rate is 1 percent of an employer’s taxable payroll; the maximum tax rate is 6.5 percent of an employer’s taxable payroll. For employees, the minimum tax rate is 0.5 of an employee’s taxable gross earnings; the maximum tax rate is 1 percent of an employee’s taxable gross earnings.

<sup>3</sup> The workers who are typically not covered by UI insurance include full-commission salespeople, elected and appointed officials, fishermen, domestics, unpaid family workers and the self-employed. This group has been 1.7 percent of the Alaska work force for the last 10 years.

“average rate” which reduces the tax rate when going toward Class 1. Conversely, the experience factor ratio increases as the tax rate class moves higher toward Class 20.

## Summary

Alaska has a financially sound UI trust fund because its financing system was designed to be self-adjusting to economic changes. Benefit levels are fixed in statute, providing some control over the source of cost to the system, while taxes are determined by economic computations that maintain system solvency. Alaska’s experience rating method, while mathematically more complex in its foundation than other major methods, is easy to understand, simple to administer and is an effective component of its financing system.

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***Economists periodically discuss in Alaska Economic Trends the different aspects of Alaska’s unemployment insurance system. See the February 2005 issue for a detailed look at the program’s financing system, specifically the computation of UI tax rates. See the March 2004 issue for an overview of when UI supplemental benefit programs kick in after the 26 weeks of regular UI benefits. The March 2003 issue takes a look at UI claimants from 1992 to 2001, their characteristics and the changes in the population.***

## Tax Rate Classes and Experience Factors, AS 23.20.290



Tax Class	Experience Factor
1	0.40
2	0.45
3	0.50
4	0.55
5	0.60
6	0.65
7	0.70
8	0.80
9	0.90
10	1.00
11	1.00
12	1.10
13	1.20
14	1.30
15	1.35
16	1.40
17	1.45
18	1.50
19	1.55
20	1.60
21	1.65

Source: Alaska Statute 23.20.290

## Ted Burke: An architect of change

**A** lot of Ted Burke's philosophy is right there at the front door when you walk into the Juneau Job Center: someone is sitting at a receptionist desk in the middle of a big open room. It happens to be a woman this time, and she asks what she can do to help you. It doesn't matter what you're there for – whether it's a job listing, vocational rehabilitation training or to find out how to apply to Medicaid – she'll direct you to the right place.

"Our whole intention is to make that person walking in through the door feel welcome," says Ted Burke, the Alaska Job Center's Southeast regional manager. "When people looking for jobs walk in that door, they don't need more stress. They need someone to immediately connect them with the service they need."

When you first see Burke, you notice three things: his giant smile, his short-cropped white hair that seems to stick straight out and a huge nametag on a string around his neck that says "Welcome" and "Ted" in big bold letters with "May I help you?" Looking around, everyone has similar nametags.

Burke's very essence is customer service. It drives just about everything he does. He led a massive overhaul of the three-story Juneau Job Center building that houses the job center and two other agencies – all to improve customer service. He convinced the building's tenants – another Department of Labor and Workforce

Development division and an entirely different state agency – to join forces and work together as a team, to take a whole new approach to what they did, to combine forms and to share paperwork, conference rooms and some counseling. He even convinced them to trade furniture.

And for that, Burke, a 31-year Coast Guard veteran who started with the Department of Labor in 1992, received a national award in September and an Alaska governor's award in October. For the latter award, the Governor's Committee on Employment and Rehabilitation of People with Disabilities chose Burke because the committee members say he developed a "cross-agency management team that redesigned a three-story, multi-agency and multi-tenant building into a customer-focused and accessible job center. His disarming and non-threatening style allowed him to break down barriers."

For the national award, the employment security division directors in all 50 states submitted nominees and their national association, the National Association of State Workforce Agencies, chose Ted. The award is the "James F. Walls One-Stop Employee of the Year Award for Customer Service Excellence," named after a South Carolina state worker who was killed on the job.

"One-Stop" to some people might sound something akin to a convenience store, but

Burke explains that it's been an idea for government agencies since about the mid-1990s: to make "one-stop" centers where people could go to one place to get all the help and answers they need from various government agencies, instead of having to shuffle from place to place on a bureaucratic treasure hunt.

"We've got a unified and streamlined service delivery at the Juneau Job Center unlike anywhere in the state," says Tom Nelson, the director of the Department of Labor's Employment Security Division, which oversees the state's 24 job centers, among other units.

Why redesign the building? "So customers could navigate it all easier. They could walk into the building with an idea and come out knowing where it all was," Nelson says.

"We weren't talking to one another. Here we had three federally funded programs, two run by the Department of Labor," Nelson says, referring to the building's three occupants: the Juneau Job Center, the Division of Vocational Rehabilitation and the Division of Public Assistance, which is a part of Health and Social Services. "It was compartmentalized. The 'silo effect' is what we call it," he says, referring to a farm silo, where a group or division in an agency operates on its own, but has no idea what the group next door is doing. They could be duplicating efforts, but no one would know.

Nelson says one example is the interest inventories that employment or vocational counselors give people exploring new fields or careers. "They all (all three divisions) did similar interest inventories. Sometimes to the same people," he says.

"Now they do the interest inventory, but it



**Ted Burke works with Tosha Scharen in the job center's resource room.** Photo by Michael Hutcherson

doesn't have to be done three separate times. The results of one are shared with the others (other divisions)," he says.

Nelson says the job center serves more disabled clients now. "In the past, we'd refer them directly to DVR," but now, since they're all working as a team, they've discovered that some disabled clients don't need DVR's services; they can help them right there at the job center.

"Ted put all like functions in the same room," Nelson says. "They all learn from each other. They're all focused on the customer. They can cover (fill in) for each other."

One day a week the "greeter" at the front desk on the first floor is from Public Assistance, which is on the Juneau Job Center's second floor; another day he or she is from Vocational Rehabilitation on the third floor. The rest of the week the greeter is from the job center on the first floor. Burke says working in different areas helps to ensure people remain connected, that they keep learning about what everyone else does.



**Nadine Lefebvre, an employment security specialist, and Ted Burke discuss the new job postings on the Alaska's Job Bank Web site. Danny Lakip, a community development specialist, is in the background.**

Photo by Michael Hutcherson

Two case managers on contract for Health and Social Services work full time on the first floor; they work in the job center's resource room (where job seekers can use 12 computers) and help facilitate the 8:30 a.m. "Job Club." That's where people looking for jobs get together for 30 minutes to an hour each day to network, share job-hunting tips and learn about everything from resumes to positive body language.

If you go up to the second floor, where Adult Public Assistance is based, you'll find a hotel conference-room type sign planted in front of you announcing the job center workshops that day on the first floor. (The job center holds 10 different workshops every two weeks, usually at least two a day, covering everything from Workplace Alaska – the State of Alaska's job application system – to employer expectations and customer service. The resume workshop is once a week.)

Burke says a lot of his ideas for changing things came from listening and watching. He says he figured out how to make a more effective job center bulletin board simply by plopping down across from it and watching people. Another day he discovered that the greeters were constantly asked the whereabouts of the resource room, which moved from the second to the first floor. So he had Sign Pro make a 4-foot by 5-foot banner that he hung that night, so you see it as soon as you open the building's front door: "Welcome to the Juneau Job Center. Resource Room 1st Floor."

He says listening was critical for his building redesign team. He says they got input from everyone throughout the process:

job seekers, employers and the many job center "partners," such as the Tlingit and Haida Central Council, the Center for Community and the University of Alaska Southeast.

One person had the idea of a cowbell for job seekers to ring when they landed a job. When it rings, everyone stops what they're doing to give a standing ovation. Now some eight job centers have cowbells, Burke says.

Nelson says Burke took one idea started years ago that fell by the wayside and beefed it up: getting business clothes together for people who don't have interview clothes, or even appropriate clothes for their first few days of work. Burke recruited the Valley Rotary Club; they bring in women's and men's clothes, many of them just dry-cleaned, for job seekers to have for free.

"I feel extremely strong about never setting a person up for failure," Burke says.

Burke started another popular program: essentially on-the-spot mock interviews. The staff does six or seven every week. People sign

up, and within 30 minutes, an employment specialist will have 10 questions culled from a database of 350, tailored for the specific job the client is interested in. The interviews usually last 45 minutes; then the interviewer critiques the interview, giving the person ideas about how to approach a difficult question or to make better eye contact. Videotaping is optional.

Burke says people love the mock interviews once they've done them because they make the real interview so much easier. He says one young woman wanted to prepare for her dental school interview, so the employment specialist talked to a local dentist to prepare the questions.

He says the first time around, the woman didn't do so hot, but she came back the next week and did a second mock interview that went extremely well. He says the difference in the woman's confidence level was dramatic.

In the midst of the redesign, Burke's team planned the logistics of the move: How do you move three different agencies to all new places – easily? Nelson says Burke came up with the idea that since it was all state equipment, it'd be easiest and the least expensive to leave all the furniture where it was and just move the people and computers.

"He convinced them," to think outside the box, Nelson says. "It was a little rough at first. But a change can be kind of refreshing and we didn't have to move a lot of stuff."

The redesign took nearly a year to plan and put into place. It was finished in August 2004. To keep the pace up, Burke says he was adamant that he wanted three people from each agency on the team and all three had to be given the authority to make decisions. He says he wanted three so the momentum wouldn't stop when someone was traveling or was sick.

Nelson says he's so impressed with what

Burke has done for the Juneau Job Center, he wants him to do the same thing for job centers statewide. "We need to get our job centers energized and prepared to meet the demands of the new jobs created by Alaska's increased economic activity," he says. "Ted will be perfect for that."

Sharon Durley, who ran a daycare out of her home for the last 20 years, worked at the Juneau Job Center for six months as part of the MASST program, which stands for "Mature Alaskans Seeking Skills Training," an on-the-job training program for workers 55 and older re-entering the work force. Now a full-time employment security specialist at the center, Durley says Burke's approach has had a big impact on her, including his openness and willingness to help.

"He'll sit next to you in the resource room and help you with what you're doing. It doesn't matter who you are," she says.

Mary Rodman-Lopez, who oversees the employment and training part of the job center, says it all comes back to customer service – even Burke's around-the-neck nametags. "It makes us more open. They all call us by our first names. It gives you that one-on-one contact with individuals," she says.

About Burke, "His No. 1 priority is customer service. He fills in, in front, just like everyone else. He very much cares about every person who walks through that door.

"He makes it positive for everyone. Everyone in the building," she says.

# Seasonal Employment Winding Down

## Jobs decline as expected in October

## Alaska Employment Scene

by  
Dan Robinson  
Economist

**N**onfarm payroll employment fell by 15,000 in October, a typical seasonal drop-off. (See Exhibit 1.) The biggest declines were in seafood processing (3,600); accommodations (2,900); transportation, warehousing and utilities (2,700); food services and drinking places (2,200); and construction (1,400). The only industry sectors with noticeable increases in employment were state and local government where the first full month of the academic calendar boosted job counts.

### Strengthening over-the-year growth

The state's job count in October was about 5,500 higher than in October 2004, an increase of 1.8 percent. These preliminary numbers suggest that job growth has accelerated slightly in 2005 after modest increases in 2003 and 2004. What's more, it's almost certain that Alaska will extend its streak of growth to an impressive 18 years when the final numbers for 2005 are in the books.

The health care industry continues to be the state's biggest contributor to job growth, adding 1,000 jobs since October 2004. Other significant contributors include leisure and hospitality (900); professional and business services (800); construction (600); mining (600); and retail trade (600). Although very few sectors of the

state's economy showed over-the-year job losses through October, two that were notable are air transportation, down 300, and the federal government, down 200.

### Anchorage/Mat-Su and Fairbanks lead the way

Roughly 80 percent of the state's over-the-year job growth has come from the Anchorage/Mat-Su region and Fairbanks. (See Exhibit 3.) The preliminary numbers do suggest, however, that for the first time in years, Anchorage may be growing at a slightly lower rate than the state as a whole. Although Anchorage continues to add jobs at a healthy clip, the maturing of the Mat-Su Borough's retail trade industry, among other factors, appears to be affecting Anchorage's job growth rate.

For its part, Fairbanks has weathered the scare of almost losing Eielson Air Force Base and is growing faster than any other area of the state except the Mat-Su Borough. Activity at the Pogo mine is accelerating in preparation for the beginning of mining operations in 2006 and employment in pipeline service companies is also up significantly. Other Fairbanks industries showing over-the-year growth of at least 3 percent include construction, retail trade, financial activities, health care, accommodations, and food services and drinking places.



## Unemployment rate changes little

The state's unadjusted October unemployment rate rose two-tenths of a percentage point, a statistically insignificant increase. (See Exhibit 2.) The rate remains noticeably lower than year-ago levels, most likely due to stronger job creation in 2005.

As expected, unemployment is lowest in the Anchorage/Mat-Su and Interior regions. Anchorage/Mat-Su's October unemployment rate of 5.2 percent was five-tenths of a percent-

age point lower than in October 2004; the Interior's October rate of 5.8 percent was also a decline of five-tenths of a percentage point from October 2004's rate of 6.3 percent.

Continued low unemployment in Sitka and Juneau helped produce a relatively low 6.6 percent unemployment rate in Southeast. Only Anchorage had a lower rate than these two Southeast cities in October. The Northern and Southwest regions had the state's highest unemployment rates in October at 10.6 and 10.7 percent, respectively.

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Trends Index 2005

# 1 Nonfarm Wage and Salary Employment

	preliminary 10/05	revised 09/05	revised 10/04	Changes from:	
Alaska				09/05	10/04
<b>Total Nonfarm Wage &amp; Salary<sup>1</sup></b>	310,400	325,400	304,900	-15,000	5,500
Goods Producing	42,000	47,200	40,700	-5,200	1,300
Service-Providing	268,400	278,200	264,200	-9,800	4,200
<b>Natural Resources &amp; Mining</b>	10,800	10,900	10,100	-100	700
Logging	500	500	500	0	0
Mining	10,300	10,400	9,700	-100	600
Oil & Gas Extraction	8,600	8,800	8,200	-200	400
<b>Construction</b>	20,300	21,700	19,700	-1,400	600
<b>Manufacturing</b>	10,900	14,600	10,900	-3,700	0
Wood Product Mfg	400	400	400	0	0
Seafood Processing	7,000	10,600	7,000	-3,600	0
<b>Trade, Transportation, Utilities</b>	62,400	66,100	61,600	-3,700	800
Wholesale Trade	6,200	6,400	6,100	-200	100
Retail Trade	36,000	36,800	35,400	-800	600
Food & Beverage Stores	6,200	6,400	5,900	-200	300
General Merchandise Stores	9,500	9,400	9,500	100	0
Trans/Warehousing/Utilities	20,200	22,900	20,100	-2,700	100
Air Transportation	5,900	6,500	6,200	-600	-300
Truck Transportation	3,100	3,200	3,100	-100	0
<b>Information</b>	7,000	6,900	6,900	100	100
Telecommunications	4,200	4,200	4,100	0	100
<b>Financial Activities</b>	15,000	15,200	14,800	-200	200
<b>Professional &amp; Business Svcs</b>	24,100	25,000	23,300	-900	800
<b>Educational &amp; Health Svcs</b>	35,900	35,900	34,700	0	1,200
Health Care	26,200	26,100	25,200	100	1,000
<b>Leisure &amp; Hospitality</b>	29,800	35,500	28,900	-5,700	900
Accommodation	7,200	10,100	7,200	-2,900	0
Food Svcs & Drinking Places	18,700	20,900	18,100	-2,200	600
<b>Other Services</b>	11,700	11,700	11,900	0	-200
<b>Government<sup>2</sup></b>	82,500	81,900	82,100	600	400
Federal Government <sup>3</sup>	16,400	17,300	16,600	-900	-200
State Government	24,800	24,800	24,400	0	400
State Gov't Education	7,900	7,400	7,800	500	100
Local Government	41,300	39,800	41,100	1,500	200
Local Gov't Education	23,600	21,300	23,300	2,300	300
Tribal Government	4,300	4,300	4,400	0	-100

## Notes

<sup>1</sup> Excludes self-employed workers, fishermen, domestics and unpaid family workers as well as agricultural workers

<sup>2</sup> Includes employees of public school systems and the University of Alaska

<sup>3</sup> Excludes uniformed military

<sup>4</sup> Metropolitan Statistical Area

Prepared in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics.

Regional data prepared in part with funding from the Employment Security Division.

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

# 2 Unemployment Rates By borough and census area

	prelim. 10/05	revised 09/05	revised 10/04
<b>NOT SEASONALLY ADJUSTED</b>			
<b>United States</b>	4.6	4.8	5.1
<b>Alaska Statewide</b>	6.2	6.0	6.8
<b>Anchorage/Mat-Su (MSA)<sup>4</sup></b>	5.2	5.4	5.7
Municipality of Anchorage	4.9	5.2	5.4
Mat-Su Borough	6.4	6.5	7.0
<b>Gulf Coast Region</b>	8.4	7.2	9.1
Kenai Peninsula Borough	8.2	7.2	8.7
Kodiak Island Borough	8.3	7.0	9.2
Valdez-Cordova	9.6	7.0	10.4
<b>Interior Region</b>	5.8	5.3	6.3
Denali Borough	6.2	2.7	7.6
Fairbanks North Star Bor. (MSA) <sup>4</sup>	5.2	5.0	5.6
Southeast Fairbanks	9.3	8.0	10.4
Yukon-Koyukuk	10.8	9.6	11.2
<b>Northern Region</b>	10.6	11.5	11.0
Nome	10.6	10.9	10.2
North Slope Borough	10.1	10.2	10.7
Northwest Arctic Borough	11.2	14.0	12.5
<b>Southeast Region</b>	6.6	5.5	7.3
Haines Borough	9.0	5.3	9.7
Juneau Borough	5.1	4.8	5.8
Ketchikan Gateway Borough	6.5	5.0	7.1
Prince of Wales-Outer Ketchikan	12.6	10.7	11.8
Sitka Borough	5.0	4.5	5.3
Skagway-Hoonah-Angoon	15.8	6.8	15.2
Wrangell-Petersburg	7.9	6.9	10.4
Yakutat Borough	5.3	6.0	12.3
<b>Southwest Region</b>	10.7	10.2	11.2
Aleutians East Borough	10.0	7.2	8.4
Aleutians West	3.8	4.4	5.8
Bethel	12.4	12.5	12.1
Bristol Bay Borough	7.3	4.8	8.1
Dillingham	9.7	9.3	10.7
Lake & Peninsula Borough	7.1	4.4	9.8
Wade Hampton	18.5	19.6	18.3
<b>SEASONALLY ADJUSTED</b>			
United States	5.0	5.1	5.5
Alaska Statewide	6.9	6.8	7.5

## 2004 Benchmark

The official definition of unemployment excludes anyone who has not actively sought work in the four-week period up to and including the week that includes the 12th of the reference month. Many individuals do not meet this definition because they have not conducted an active job search due to the scarcity of employment opportunities in rural Alaska.

# 3 Nonfarm Wage and Salary Employment By Region

	preliminary 10/05	revised 09/05	revised 10/04	Changes from:		Percent Change:	
				09/05	10/04	09/05	10/04
Anch/Mat-Su (MSA) <sup>4</sup>	167,400	169,400	164,000	-2,000	3,400	-1.2%	2.1%
Anchorage	149,400	150,900	147,000	-1,500	2,400	-1.0%	1.6%
Gulf Coast	27,750	30,700	27,650	-2,950	100	-9.6%	0.4%
Interior	44,400	48,400	43,500	-4,000	900	-8.3%	2.1%
Fairbanks	38,300	39,700	37,300	-1,400	1,000	-3.5%	2.7%
Northern	16,150	16,050	16,000	100	150	0.6%	0.9%
Southeast	35,100	39,650	34,800	-4,550	300	-11.5%	0.9%
Southwest	19,300	21,000	19,200	-1,700	100	-8.1%	0.5%

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

[almis.labor.state.ak.us](http://almis.labor.state.ak.us)

# Employer Resources

## Employers Can Now Pay Their Taxes Online

Alaska employers can now pay their unemployment insurance taxes online through TaxWeb.

One of the Department of Labor and Workforce Development's Online Employer Services, TaxWeb allows employers to do business with Employment Security Tax on the Internet, 24 hours a day, seven days a week.

Employers can use TaxWeb to calculate their unemployment insurance taxes and compile and submit their quarterly contribution reports. They have the option to pay their taxes through TaxWeb's electronic funds transfer or through the mail. The electronic funds transfer option was added in October.

Employers can also register a new business, view payment history, update contact information and close an existing account.

TaxWeb is secure. Access codes and passwords help ensure that only the employer and those authorized by the employer can approve Internet transactions.

The Unemployment Insurance Tax Program is administered through the Department's Employment Security Division. Employers can find more information about TaxWeb or unemployment security taxes on the Employment Security Tax Web site, [www.labor.state.ak.us/estax/home.htm](http://www.labor.state.ak.us/estax/home.htm) (click on "Online Employer Services") or by calling Employment Security at (907) 465-2757 or (888) 448-3527.

