

ALASKA ECONOMIC TRENDS

July 2001



Financing UI Benefits

ALSO INSIDE:

Per Capita Income in Alaska
Census Data Is Here
Employment Scene - The Labor Market Is Tight

Alaska Department of Labor
and Workforce Development

Tony Knowles
Governor of Alaska

ALASKA ECONOMIC TRENDS

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Financing UI Benefits

by Thom Wylie
and James Wilson
Labor Economists

Alaska's system differs from that of other states

The Unemployment Insurance System in the United States was created as part of the Social Security Act of 1935. Under the act, each state administers its own program, subject to approval by the U.S. Department of Labor. The objective of the UI system is economic stability for both businesses and individuals. Since benefits are paid to unemployed workers, almost every dollar is quickly returned to the economy. This stabilizes both the business climate and the workforce.

This article reviews where the money comes from to pay unemployment insurance (UI) benefits. First, the UI financing system is discussed, with an explanation of benefit costs and the benefit cost rate. Second, the UI trust fund is described, along with a discussion of the general level and trends of employer and employee taxes. Third, the procedures for calculating UI tax rates, employer experience rating, and the trust fund solvency adjustment are explained. And last, program administration and revenue from direct reimbursements to the fund are discussed.

Unemployment Insurance is a self-financing system

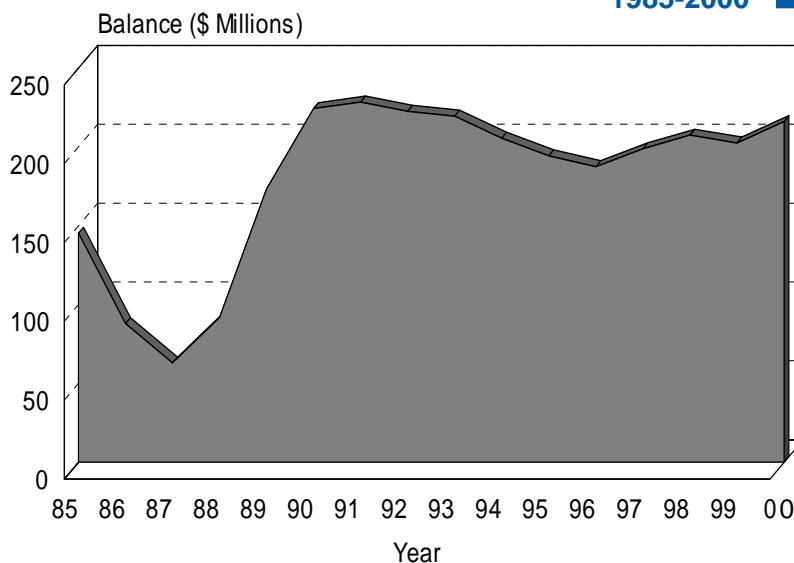
Unemployment compensation is an insurance program, not a social welfare program. As such, it must be self-supporting. This means that, in the long run, employer and employee contributions and reimbursements must be roughly equal to benefits paid out to claimants. Each state has its own financing system to achieve that goal by varying employer taxes, and in two cases, employee taxes. The only other state besides

Alaska that taxes employees each year in order to pay for part of benefit costs is New Jersey.

In early years, Alaska's system was based solely upon the "reserve multiple" (a system still used in many states), which varies tax rates according to a schedule based on the ratio of UI trust fund reserves to payroll. In 1980, state law transformed the unemployment insurance tax structure into a highly reliable, self-adjusting financial system based less upon trust fund reserves and more upon UI benefit costs. The tax base automatically adjusts to changes in average earnings, and the tax rate automatically adjusts to changes in benefit costs, payroll, and the trust fund reserve ratio.

UI Trust Fund End-of-Year Balance

1985-2000



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

Benefit Costs and Benefit Cost Rate drive the UI system

The primary purpose of any financing system is to cover benefit costs. The cost of benefits is expressed as the ratio of the amount of benefits paid in the current year to the total payroll during the previous year. This ratio is called the benefit cost rate (BCR). The BCR is a measure of the potential funding needed to pay unemployment benefits, and the financial impact of unemployment benefits on the economy of the state.

The BCR for taxable employment was 2.0% in 1999, and averaged 2.1% for the 10-year period from 1990 to 1999. In general, the average benefit cost rate in Alaska is higher than in other states. This is attributable to two factors: the seasonality of much employment, and the fact that a larger proportion of the unemployed receives UI benefits in Alaska than in any other state.

Employers make payments to the UI system in two different ways. Employers are designated as either "taxable" or "reimbursable." As the term implies, taxable employers make quarterly tax payments, determined by their assigned tax rate, and the amount of taxable payroll. Reimbursable employers pay back the UI system for the amount of UI benefits paid to their former employees. Reimbursable employers are generally large organizations with stable workforces, such as state and municipal governments, but also include private non-profit organizations.

Benefit cost rates in reimbursable employment tend to be less than one-third the rate in taxable employment. The benefit cost rate in reimbursable employment was 0.5% in 1999, and averaged about 0.6% over the ten year period from 1990 to 1999. These low benefit cost rates result from the generally stable and non-seasonal employment practices of our major reimbursable employers, state and local government.

The UI Trust Fund is a savings account for paying benefits

Each state has a trust fund for the sole purpose of paying unemployment insurance benefits. Withdrawals are made from reserves as needed to make payments to claimants. Taxes, reimbursements, interest, and other sources of contributions are deposited into the fund to build reserves.

Maintaining the solvency of the trust fund is one of the most important tasks of any UI system. Occasionally, a recession may be severe enough that money drawn from the fund to pay benefits exceeds revenues and reserves. If a state's fund becomes insolvent, the state may borrow from the federal government.

During the territorial era between 1955 and 1960, Alaska borrowed \$9 million from the federal government to keep its trust fund solvent. Annual benefit payments from 1952 through 1959 exceeded collections, breaking the fund temporarily in 1955 and then again in 1957. To replenish the fund, the amount of wages subject to taxes was increased, and taxes were levied on employees beginning in 1955. While many states borrowed to pay benefits in the early 1980s, Alaska has not borrowed to pay UI benefits since 1960.

The level of employment and payroll in the economy has a direct effect on the amount of benefits that will potentially need to be paid. Therefore, the ability of trust fund reserves to pay benefits during recessions cannot be measured simply by the level of reserves. A better measure is the reserve rate, which is the ratio of reserves to total wages subject to contributions. A trust fund reserve rate of approximately 3.2% of wages subject to contributions is generally considered adequate in Alaska.

The recession of 1986-87 had a serious impact on Alaska's UI trust fund, but reserves were adequate to maintain solvency. At the end of 1985, Alaska's

trust fund reserves were \$145.4 million, and the reserve rate was 3.3%. By 1987, trust fund reserves had fallen to \$63.0 million with a reserve rate of 1.7%. The fund reserve balance bottomed out in April 1988 at \$45.9 million. By the end of 1990, fund reserves had rebuilt to \$224.3 million, with a reserve rate of 4.8%. At the end of 1999, the reserve rate was 3.16%, quite close to where it has rested for the past three years.

State taxes are principal income source for UI Trust Fund

State UI tax revenues collected from employers and employees are the principal source of income to the unemployment insurance trust fund. In 1999, tax contributions to the UI trust fund were \$105.2 million, 72% of total revenues. This marks a decrease in tax contributions from the previous year.

Employers are experiencing lower than average tax rates, and have been since 1991. For employers, the 2000 tax year marked the ninth year in a row when the average employer tax rate (2.14% of the taxable wage base in 2000) fell below the prior 10-year average.

State taxes are assessed on wages up to a set taxable wage base. The tax base is defined in AS 23.20.175(c) as 75% of the average annual earnings in covered employment for the immediately preceding year ending June 30. The state taxable wage base was \$24,800 in 2000, and is 25,500 for tax year 2001.

Tax rates calculated on Benefit Cost Rate and Trust Fund Reserve Rate

Employer and employee taxes in Alaska have three essential components: the average benefit cost rate (ABCR), individual employer experience factors, and the trust fund solvency adjustment (TFSA). Tax rates are calculated in November and apply to the following calendar year. The formulas for calculating tax rates are as follows:

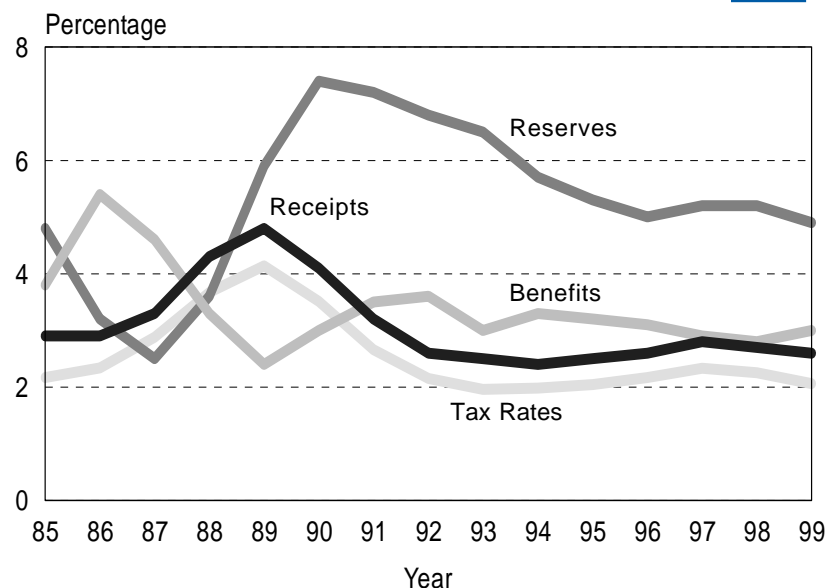
Employer tax rate = (.8 times the average benefit cost rate times the experience factor) plus the trust fund solvency adjustment

Employee tax rate = .2 times the average benefit cost rate

For tax rate calculation purposes, the average benefit cost rate (ABCR) is defined as the cost of benefits over the most recent three year period ending June 30, divided by the total payroll of contributing employers over the first three of the last four years ending June 30.

The ABCR measures benefit outlays which must be replaced by contributions. Basing the calculations on three-year periods makes the system “counter-cyclical.” This means that contribution rates increase slowly or even decrease during recessions as the trust fund is drawn down, then increase more rapidly during periods of economic stability or growth to replenish the fund. When the ABCR is low, or when the trust fund reserves are high relative to payroll, contribution rates decline and act as a stimulus to the economy.

Reserves, Receipts, Benefits, and tax rates as % of taxable payroll **2**



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

Prior to January 1, 1997, employers paid 82% of the ABCR, and employees paid 18%. Beginning in 1997, these rates shifted to 80% and 20%. Employee rates are the same for each employee. Employer rates vary according to the employer's individual experience with employee turnover and include a surtax to guarantee the solvency of the trust fund.

Experience Rating varies individual employer taxes

An individual employer who lays off employees seasonally, or at a greater rate than other employers, will contribute more to unemployment and the payment of UI benefits. Experience rating systems have been established in each state in recognition that such employers should contribute more to the trust fund to cover the benefit costs of their former employees.

Three types of tax rates are assigned to employers. A-rated firms are those which have at least four quarters of wage history prior to June 30 of the year immediately preceding the tax year. A-rated firms qualify for experience rating. B-rated firms are those which have fewer than four quarters of wage history; they pay the standard industry tax rate. C-rated firms are those which fail to report on a timely basis or are delinquent in their payments; they are taxed at the maximum rate, which can be no less than 5.4%. In 2000, 86.7% of all contributing firms were A-rated; 11.5% were B-rated; and 1.8% were C-rated.

Alaska is the only state that uses the payroll decline quotient method of experience rating. The logic behind Alaska's payroll decline system is this: employers whose payrolls decline markedly are likely responsible for more compensable unemployment than are employers whose payrolls decline little. Therefore, follows the logic, they should contribute more to cover the higher benefit costs of their former employees.

Under the payroll decline system, each employer's percentage decline in payroll from one quarter

to the next is averaged for the prior four to 12 quarters. The resulting decline quotients of all employers are then arrayed in ascending order and divided into 21 rate classes. Employers are assigned to the rate classes so that 5% of the total statewide payroll is accounted for in each class, except for the 20th and 21st rate classes, which account for 4.99% and 0.01% respectively. (The 21st rate class was added in 1984 in response to federal legislation requiring a standard tax rate of 5.4% from which the state could reduce tax rates in accordance with experience.) Experience factors are assigned to each rate class—the higher the rate class the greater the experience factor. Experience factors range from 0.4 to 1.65, according to a schedule in AS 23.20.290(c).

Methods of experience rating used in other states are the reserve ratio system (30 states, and Washington DC, Puerto Rico, and the Virgin Islands), the benefit ratio system (17 states), and the benefit-wage ratio system (two states). All of these systems use actual benefit payments, or approximations of benefit payments, as the basis for experience rating—they are called "chargeback" systems. In contrast, the payroll decline quotient system considers only changes in payroll as an approximation of benefit charges, without considering actual benefit payments.

Alaska's payroll decline quotient system has worked well. The system withstood the tremendous shock of the 1986-87 recession, and fully recovered by the end of 1989. The ratio of benefits paid to contributions paid averages around 1.0 for most industries in Alaska, so although there may be individual employers with problems, industry-wide the system functions well.

Without a doubt, "chargeback" systems are more complex and expensive to administer than the payroll decline quotient system. This is due to the constant policy decisions about individual employer responsibility for charges, the types of benefits to exempt from charging, and the increased staffing needed for the higher level of employer contact prevalent in the administration of "chargeback" systems.

In the end, the simple fact is that employer and employee taxes cover benefit payments. This is true of any state's system. If benefit costs are higher in Alaska than in other states, taxes will be higher. If a state wants to reduce employer taxes, then benefits must be reduced.

The Trust Fund Solvency Adjustment is a uniform tax surcharge

In order to provide benefits during recessions, the trust fund reserve balance must be maintained at a sufficient level. Benefit cost rates are not always adequate to do this. Therefore, a surcharge is added to employers' tax rates if the trust fund reserve rate falls below 3.0%. A credit is provided to reduce employers' tax rates if the reserve rate equals or exceeds 3.3%. The trust fund solvency adjustment (TFSA) is applied uniformly to all employers at a rate between minus 0.4% to plus 1.1%, depending on the trust fund reserve rate, according to a schedule in AS 23.20.290(f). The TFSA may be increased or decreased by only 0.3%, or less, from one year to the next. The TFSA was 0.3% in 1987, 0.6% in 1988, and 0.9% in 1989. In 1996, the TFSA was minus 0.2%, and in 2000 and 2001 there were no adjustments.

Federal taxes fund UI program administration

Besides state unemployment taxes, employers also pay taxes to the federal government to cover administrative costs. In 1985, these FUTA (Federal Unemployment Tax Act) taxes were raised to 6.2% of payroll up to a base of \$7,000. However, as long as state law conforms to federal law, employers receive a credit of 5.4% against their FUTA taxes, making the effective tax rate 0.8%. This is \$56 for each employee earning \$7,000 or more annually. In federal fiscal year 1999, the federal government estimated employers in Alaska contributed \$13.1 million in FUTA tax revenues. More recent information has been difficult to obtain.

The FUTA credit is a powerful incentive to keep state programs within federal limits. Conformity

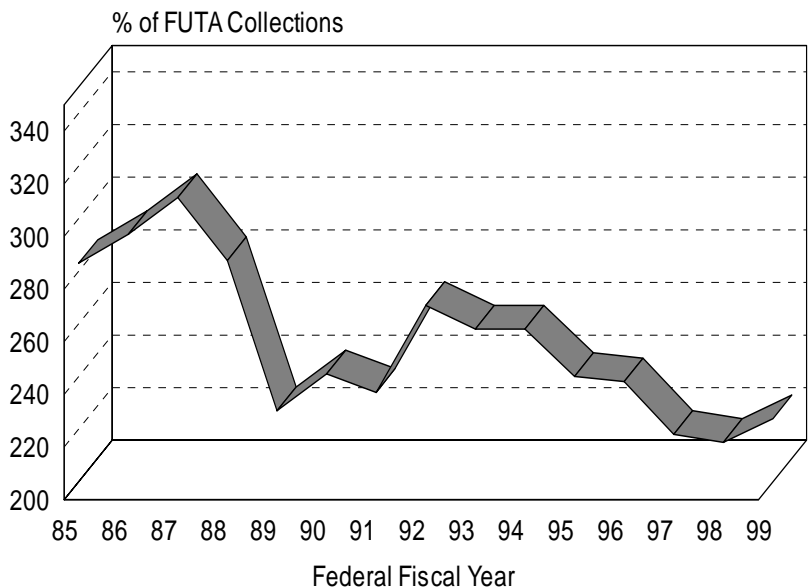
to federal law is frequently the reason for adopting new state provisions. Alaska's Employment Security Act currently conforms to federal law. There have been no recent changes in federal law that would require state conformity legislation.

The federal government pays for administration of the state's unemployment program through administrative grants. A portion of FUTA collections, which are kept in a federal account and not in the state trust fund, funds the grants. In federal fiscal year 1999, Alaska received \$29.4 million in administrative grants (\$20.0 million for unemployment insurance administrative costs and \$9.4 million for employment services). In federal fiscal year 1999, Alaska's total administrative grants amounted to 224% of state FUTA contributions, a good bargain for workers and employers in the state.

Direct reimbursements supplement employer tax contributions

Regular benefits, extended benefits, and supplemental state benefits are all disbursed

Federal Administrative Grants 3 As a percent of FUTA collections



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

through the state trust fund, even though these programs differ in the way they are financed. As mentioned earlier, the major source of revenues deposited into the fund is employer taxes. But revenues also come from a variety of other sources.

The federal government reimburses the trust fund for 100% of regular and extended benefits paid to former federal employees (UCFE) and former military employees (UCX), as well as a portion (about 50%) of all non-federal extended benefit (EB) payments. In 1998 and 1999, the federal government reimbursed over \$15.8 million (not including interest) to Alaska's trust fund. The federal share of EB funds amounted to about \$5.5 million.

Nonprofit organizations and state and local government agencies which choose to reimburse the trust fund directly (instead of paying tax contributions) reimburse 100% of the regular UI benefits and EB paid to their former employees. Through 1988, nonprofit agencies reimbursed only half of EB. In 1989, however, the legislature changed the law. In 1999, reimbursable employers reimbursed \$10.3 million to the UI trust fund.

Some parts of the UI system subsidize other parts

UI claimants occasionally receive more in benefits than their employer contributed in taxes. The benefits paid to the claimant are subsidized by other employers. The flow of funds is never perfect in any UI system, and every type of experience rating system has problems with subsidies. Some categories of employers tend to be subsidized more than others.

One form of subsidy occurs across years. One way to measure the equity of the system is to measure the ratio of benefits paid in one year to the contribution paid in the prior year. In the years surrounding the recession (1985-87) the

benefit/contribution ratio exceeded 1.0, meaning that benefits paid out in those years were more than tax revenues in the immediately preceding years. During this time, the difference was being made up by trust fund reserves. Employers in prior years were subsidizing employers during the recession years. Starting in 1988, and continuing through 1991, the ratio declined to less than 1.0, as employers subsidized employers in future recessions. In 1992 the ratio increased to 1.1, a reflection of the fact that the trust fund administrators attempted to reduce the level of reserves. This trend held through 1997. In 1998, the ratio of benefits to prior year contributions fell to 0.9, and, in 1999, returned to 1.1.

One of the most important subsidy categories is the cross-industry subsidy. Although cross-industry subsidies occur under all economic conditions, the expression of the subsidies is better seen during years when Alaska is experiencing relatively stable economic conditions. Under good economic conditions (1981 to 1985, for example), some industries have historically had ratios higher than 1.0. These industries with higher ratios also tend to have higher benefit cost rates than other industries.

Over the past 10 years within taxable employment, the industries most subsidized, in order, are: paper products (with a ratio of 3.34), construction (1.35), taxable public administration (1.34), food products (1.25), lumber and wood (1.23), and other mining (1.12). On the other hand, the industries which normally pay more than their fair share in contributions are transportation, communications and utilities (0.75), oil and gas (0.83), trade (0.84), finance, insurance and real estate (0.87), and agriculture, forestry and fish (0.93).

The industries that are historically the most subsidized in Alaska also have some of the most seasonal employment patterns. The subsidies are partly a reflection of the highly seasonal nature of Alaska's economy. Even after being subsidized,

firms in these industries historically pay the highest tax rates in Alaska. The payroll decline system attempts to recover benefit costs by taxing high-cost employers at higher rates.

Measuring benefit adequacy

Policy makers have to look at the question of what benefit amount is appropriate. Universally, all states determine a worker's benefit amount with a formula based on the individual worker's earnings. Many states build the benefit amount on the highest quarter earnings in the qualifying period, while others look at wages over a longer four-quarter term. Each state has a mechanism for setting the minimum and maximum benefit amount as well.

The ideal replacement has long been held to be 50% of wages. Because of the differences in state systems, good comparisons between the states can be a challenge. No publication seems complete without the expected discourse on how the structure of the Alaska economy differs from even its closest geographic neighbors. The measures readily available have to be viewed with some understanding that the unique characteristics of Alaska are not captured in these statistical yardsticks.

There are several ways of looking at benefit adequacy. One measure is a replacement rate developed by the federal Unemployment Insurance Services that is used to evaluate the performance of state systems. In federal fiscal year 1999 data, the US average wage replacement rate was 46%, with 34 states (and DC) above the average and 18 states below. Alaska's replacement rate was calculated to be 32%, placing it last among states. Conversely, Alaska ranked first among all states in reciprocity, a federal measure of the share of the unemployed workforce served by the state's UI system.

A second very similar measure is the percent of wage replacement, a simple relationship between

the average benefit amount paid during a year, and the average statewide wage. Alaska has a high average weekly wage (\$640, ranked fourteenth nationally in 1999). Alaska's average benefit amount in 1999 (\$182) was in 41st place in the ranking of states. These data result in a replacement rate of 28.4%, which, when measured against a national average of 33.4%, places Alaska 47th nationally. (See *Unemployment Insurance Actuarial Study and Financial Handbook, 1999*).

A third and last way of looking at benefit adequacy, distinctly different from the prior two, is to examine the maximum weekly benefit amount (MWBA). In 1999 the MWBA among states ranged from a high of \$477 (Massachusetts) to a low of \$190 (Mississippi). Alaska's MWBA is \$248, placing it in 45th place among states. Our nearest neighbor state, Washington, has both high wages (\$684, ninth highest in 1999) and a high MWBA (\$441, second highest in 1999). Washington's economy is mature, with stable and low unemployment rates, and its population is well over six million. (It is appropriate to note that Washington raised its MWBA to \$478 in 2000.) Economic comparisons between Alaska and Washington are commonly made. If Alaska used Washington's benefit calculation formula with Alaska's average wage, we would have a maximum weekly benefit amount of \$444, a benefit structure the current tax base could not support.

In the end, the topic of benefit adequacy must be discussed in context of the financing system that supports it. Or more simply, what level of benefit adequacy can we afford, given the special nature of the Alaska economy? Because the Alaska economy is changing over time, issues of financing and benefit adequacy will always be under review.

Per Capita Income in Alaska

by Neal Fried
Labor Economist

Recently the U.S. Department of Commerce, Bureau of Economic Analysis released 2000 personal income figures for Alaska and the other 49 states. In 2000, all Alaska residents, that is all men, women and children, earned a total of \$18.8 billion. The figure was up by more than \$1.1 billion from the year before.

Total personal income is the most comprehensive measure of income. It includes net earnings (mostly wages and salaries), rental income, transfer payments, dividends and interest income. (See Exhibit 2.) Per capita income figures are the result of dividing total personal income by the entire resident population of an area. They are considered a good measurement of economic well being because of the inclusiveness of their definition. In 2000, Alaska's average per capita income was \$30,064.

Personal income grew 6.3% in 2000

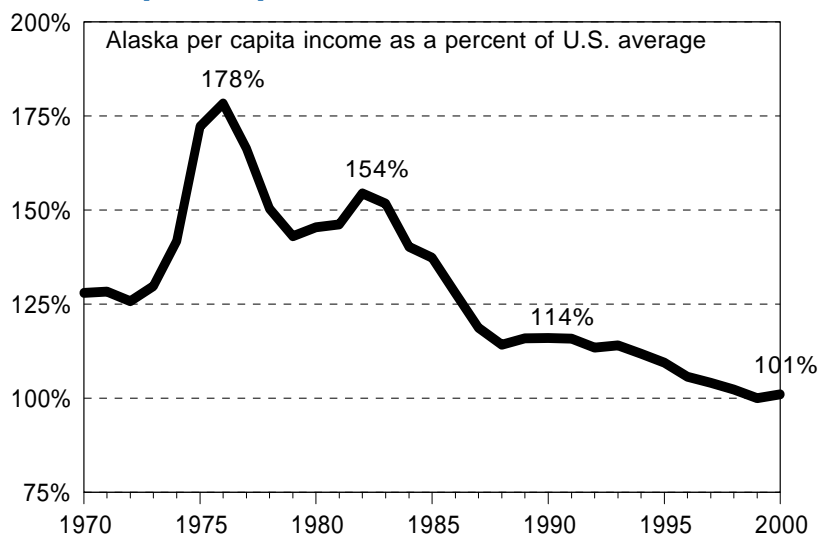
Total personal income grew by 6.3% in Alaska in 2000. That made it the most robust growth in over a decade and double the 1999 rate. The last time it experienced such strong growth was in 1990 at 6.7%. Average annual growth for the past decade was 4.1%. The rebound in the oil patch, strong employment growth and no big negatives in Alaska's economy help explain this past year's strength. Record high permanent fund dividend checks did not hurt either. And with last year's rate of inflation (Anchorage's) coming in just shy of 2%, real gains were significant.

Despite the positive nature of the news, Alaska was again out-performed by the rest of the nation. Personal income in the nation grew by 7.3%, a full percentage point faster than Alaska's. But it was also the strongest growth year for the nation in more than a decade. With the national economy slowing down and a robust economy in Alaska, maybe the state will manage to outpace the nation's income growth in 2001.

Alaska ranks 15th in per capita income

Alaska's per capita income of \$30,064 put Alaska in 15th place among the 50 states. This is an improvement over last year's figure which ranked Alaska 17th. But some caution has to be applied, because the new decennial census numbers were used to calculate the 2000 per capita income figures, and population estimates for the intercensal years that would be consistent have not yet been revised. So when these per capita income figures are revised with the new population estimates, the rankings could change for earlier years.

1 Alaska Now at Mid-Range In per capita income



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

Per Capita Income for 2000 2 States by rank

Alaska's per capita figure came in one percent ahead of the nation's average. As recently as 1990, Alaska ranked sixth in the nation. Alaska's long term downward drift, relative to the nation's, began in the mid-1980s with the onset of the state's severe economic recession. (See Exhibit 1.) There are a number of reasons for this relative decline. During the past decade Alaska's economy grew more slowly than in previous decades. And for many of these years Alaska's economy also grew more slowly than the nation's. This occurred when Alaska's oil production started to decline in 1988 and the industry's workforce started to retrench. Other negatives were the reduction in the federal government's workforce and the struggles in the fishing and timber industries. Furthermore, much of the employment growth during the past decade was concentrated in the lower wage industries such as retail and services. In recent years growth in high tech, a high wage industry, has been a big force in the nation's economy but was largely absent in Alaska. Besides economic conditions, demographics can also affect per capita income's performance.

The Bureau of Economic Analysis also publishes disposable per capita income figures for all of the states. Alaska per capita disposable income in 2000 was \$26,171, which ranked 11th in the nation and 4% higher than the nation as a whole. Because Alaska residents enjoy a relatively low state and local tax burden, it's not surprising that their disposable income figure ranks higher.

Will this relative long term decline in Alaska's income performance continue? That is a difficult question to answer. With the present slowdown in the national economy and the possible acceleration of Alaska's growth, some relative improvement may occur for the state's standing. But the longer-term trend is less clear.

Rank in U.S.	States	2000 Per Capita Income	Percent of National Average
1	Connecticut	\$40,640	137%
2	Massachusetts	37,992	128%
....	District of Columbia	37,383	126%
3	New Jersey	36,983	125%
4	New York	34,547	116%
5	Maryland	33,872	114%
6	New Hampshire	33,332	112%
7	Colorado	32,949	111%
8	California	32,275	109%
9	Illinois	32,259	109%
10	Minnesota	32,101	108%
11	Washington	31,528	106%
12	Delaware	31,255	105%
13	Virginia	31,162	105%
14	Nevada	30,529	103%
15	Alaska	30,064	101%
16	Rhode Island	29,685	100%
....	U.S.	29,676	100%
17	Michigan	29,612	100%
18	Pennsylvania	29,539	100%
19	Ohio	28,400	96%
20	Oregon	28,350	96%
21	Wisconsin	28,232	95%
22	Hawaii	28,221	95%
23	Florida	28,145	95%
24	Georgia	27,940	94%
25	Texas	27,871	94%
26	Nebraska	27,829	94%
27	Kansas	27,816	94%
28	Missouri	27,445	92%
29	Wyoming	27,230	92%
30	North Carolina	27,194	92%
31	Indiana	27,011	91%
32	Vermont	26,901	91%
33	Iowa	26,723	90%
34	Tennessee	26,239	88%
35	South Dakota	26,115	88%
36	Arizona	25,623	86%
37	Maine	25,623	86%
38	North Dakota	25,068	84%
39	South Carolina	24,321	82%
40	Kentucky	24,294	82%
41	Idaho	24,180	81%
42	Utah	23,907	81%
43	Oklahoma	23,517	79%
44	Alabama	23,471	79%
45	Louisiana	23,334	79%
46	Montana	22,569	76%
47	Arkansas	22,257	75%
48	New Mexico	22,203	75%
49	West Virginia	21,915	74%
50	Mississippi	20,993	71%

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

The long awaited decennial event has occurred. Census data for 2000 is now available. The data is used to draw boundaries for legislative districts, determine the number of representatives for House seats, apportion federal and state funds to communities, and provide information to business and community leaders on age, gender, race, housing, and social, economic, and financial characteristics of the population.

Census questions have evolved over the years to reflect changing lifestyles and emerging sensitivities among the people of the United States. The first census was conducted in 1790. The earliest censuses were simple tallies of individuals in each household. In the early 1800s questions concerning industry, citizenship, and disability were added. The mid-1800s saw the inclusion of questions concerning place of birth, education, and occupation. By the late 1800s, questions were asked regarding marital status, home ownership, and languages spoken in the home. Many more housing questions were added to the census in the 1900s along with questions regarding income, education, and work status. In 1980, a question was added to determine if there was a telephone in the home.

Concerned about burdening citizens with too many questions, the Census Bureau introduced modern sampling techniques in the 1940 census. For Census 2000, five out of every six households in the U.S. received the short form, six pages containing only the most basic demographic questions. One out of every six households received the long form, twelve pages asking the same questions as the short form plus 26 additional population questions and 20 additional housing questions.

Important changes

The Census 2000 featured two major changes. The first involves data concerning racial and Hispanic origins. The federal government considers race and Hispanic origin to be two separate and distinct concepts. The Office of Management and Budget defines Hispanic or Latino as “a person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin regardless of race.” Persons identifying themselves as Hispanic could also be Black, a Jamaican for instance. For the first time, persons with diverse backgrounds had the option of choosing more than one race category.

The second change was a question concerning grandparents as caregivers. This question reflects an important evolution in the changing family dynamics of the United States.

Data available

The Census Bureau to date has released Redistricting Data, which includes Total Population and Age 18+ by Race and Hispanic Origin. Data is available at various geographic levels including Borough/Census Area, (which the Census Bureau recognizes as county equivalents in Alaska), Census Tract, Block Group, Block, Senate and House District, and Voting Precinct. The Census Bureau will continue to release information over the next three years, as it becomes available. Housing Unit data was released in May 2001, followed by data that includes population, age, sex, race, household, group quarters, and some housing data.

For complete data files, visit the U.S. Census Bureau web site at <http://www.census.gov>. To be notified of upcoming releases, you can subscribe to the Census Product Update, a

biweekly e-mail newsletter. For easy access to data on population, housing, economic, and geographic information, and a user-friendly search engine, visit <http://factfinder.census.gov>. Some products that cannot be accessed on line, such as printed maps and CD-ROMs, can be ordered from the census site at <http://www.census.gov/mp/www/censtore.html>.

Information is also available on the State of Alaska's web site. Go to <http://www.state.ak.us> and click on the icon for Alaska 2000 Census & Redistricting Data. (If you use Windows Explorer you should be able to access the data files directly. If Netscape is your browser, you will need to accept the terms in order to download the information. The high-risk warnings you receive from Netscape are a result of the software used by the state to load these files, and are not an information gathering effort from your hard drive as suggested by the messages.)

Sample data

Exhibit 1, an alphabetic list of all boroughs and census areas in the state with population numbers by race, is a sample of the available data. The state as a whole is predominantly white. However, particular areas exhibit varying degrees of racial diversity. American Indian/Alaska Native populations predominate in seven areas: the Wade Hampton, Bethel, Yukon-Koyukuk, Nome, and Dillingham census areas, and the Northwest Arctic and Lake and Peninsula boroughs.

For more detailed census and related information, visit the Department of Labor and Workforce Development's Research and Analysis web site at <http://www.labor.state.ak.us/research/cgin/cen.htm>.

Alaska 2000 Redistricting Data

1

Borough/Census Area	Population Total	One Race Total	White	Black African-American	American Indian, Alaska Native	Asian	Native Hawaiian, Other Pacific Islander	Some Other Race	Two or More Races	Hispanic or Latino (of any race)
Aleutians East Borough	2,697	2,618	646	45	1,005	715	8	199	79	339
Aleutians West Census Area	5,465	5,276	2,188	165	1,145	1,344	34	400	189	573
Anchorage Municipality	260,283	244,708	188,009	15,199	18,941	14,433	2,423	5,703	15,575	14,799
Bethel Census Area	16,006	15,389	2,006	61	13,114	168	9	31	617	140
Bristol Bay Borough	1,258	1,228	661	7	550	3	6	1	30	7
Denali Borough	1,893	1,794	1,623	27	90	29	7	18	99	47
Dillingham Census Area	4,922	4,593	1,065	18	3,452	30	1	27	329	111
Fairbanks North Star Borough	82,840	78,375	64,439	4,843	5,714	1,720	245	1,414	4,465	3,440
Haines Borough	2,392	2,281	1,974	3	275	17	2	10	111	33
Juneau City and Borough	30,711	28,590	22,969	248	3,496	1,438	116	323	2,121	1,040
Kenai Peninsula Borough	49,691	47,764	42,841	229	3,713	480	86	415	1,927	1,087
Ketchikan Gateway Borough	14,070	13,326	10,460	70	2,109	603	22	62	744	372
Kodiak Island Borough	13,913	13,195	8,304	134	2,028	2,232	110	387	718	848
Lake and Peninsula Borough	1,823	1,696	342	1	1,340	4	3	6	127	21
Matanuska-Susitna Borough	59,322	56,610	51,938	411	3,264	414	74	509	2,712	1,485
Nome Census Area	9,196	8,809	1,777	35	6,915	62	2	18	387	92
North Slope Borough	7,385	6,901	1,262	53	5,050	437	62	37	484	175
Northwest Arctic Borough	7,208	6,941	888	15	5,944	64	4	26	267	57
Prince of Wales-Outer Ketchikan CA	6,146	5,707	3,265	9	2,377	22	3	31	439	107
Sitka City and Borough	8,835	8,170	6,052	28	1,641	335	31	83	665	290
Skagway-Hoonah-Angoon CA	3,436	3,257	1,998	5	1,203	13	5	33	179	97
Southeast Fairbanks Census Area	6,174	5,880	4,877	122	785	42	9	45	294	167
Valdez-Cordova Census Area	10,195	9,626	7,738	33	1,351	362	27	115	569	286
Wade Hampton Census Area	7,028	6,851	333	4	6,503	7	2	2	177	23
Wrangell-Petersburg Census Area	6,684	6,162	4,882	15	1,074	108	9	74	522	132
Yakutat City and Borough	808	744	407	1	320	10	6	0	64	6
Yukon-Koyukuk Census Area	6,551	6,295	1,590	6	4,644	24	3	28	256	78

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

Alaska Employment Scene

by
Neal Fried
Labor Economist

The Labor Market is Tight

Some employers scramble to assemble a summer workforce

Even though the employment picture is beginning to soften up in the rest of the nation, the labor market in Alaska remains tight. In April, the unemployment rate was 6.1% compared to last April's 7.3% rate—putting it near the record low for that month. During the first four months of 2001, and for the past three years, Alaska has enjoyed historically low jobless rates. This has often meant employers have had to scramble more than usual to find the needed workforce. And with the onset of the summer season, or what might be referred to as the “job season” in Alaska, the job market will likely tighten. Employers in the state's construction industry,

which ramps up dramatically each summer season, are increasingly worried about the ability to find enough workers.

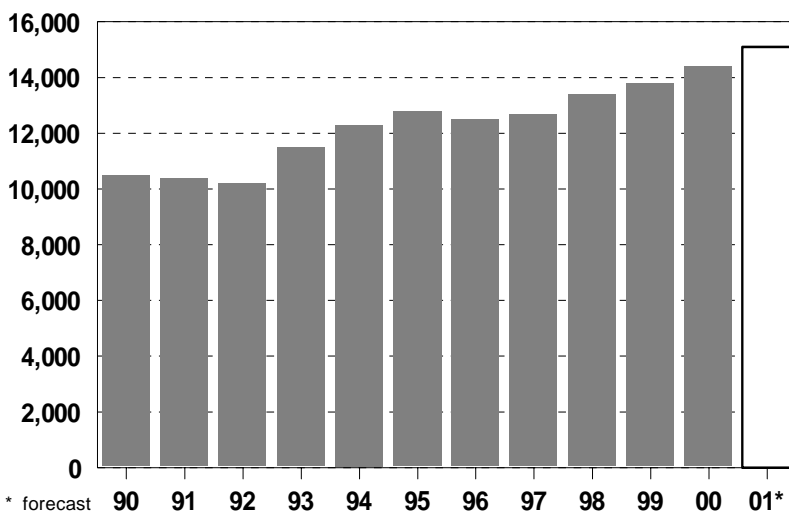
Construction keeps growing

Since the beginning of the state's economic recovery in 1988, construction is one of the few industries that have grown most years with little interruption. During this period, the industry has grown at a fairly steady pace of approximately four percent per year. This compares to two percent for the overall wage and salary workforce. This has made construction one of the state's more stable and predictable industries of the past decade and a half. These are not the adjectives associated with construction in earlier decades. Booms and busts were the more common industry descriptors during the 1970s and 1980s.

Construction has played the role in recent years of accommodating economic growth, instead of providing an economic catalyst as it did in previous decades. Despite this steady growth, it is one of the few industries in the state that employs fewer people in absolute terms than it did during its peak years of the 1970s and 1980s. In those decades the construction industry employed 8 to 10 percent of the wage and salary workforce versus approximately 5 percent in recent years—not dramatically different from construction's share of total employment in the rest of the nation.

But when the value of construction activity is

1 Construction—Steady Growth makes it one of Alaska's most stable industries



* forecast

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

compared to a number of other western states, Alaska's numbers are impressive. According to *Pacific Builder and Engineers* magazine's 2000 contract awards summary, the value of activity in Alaska was more than double the values in Montana and Idaho. Montana's population is 1.5 times larger than Alaska, and Idaho's is twice as large. Oregon's awards were less than double the value of Alaska's, but its population is more than five times greater.

Construction's steady growth has not only contributed disproportionately to the growth in employment but its effect on the state's payroll is even greater. This is because construction wages remain considerably above the average. In 2000, total construction payroll was \$666 million (7 percent of all payroll) and the average annual construction wage in Alaska was \$47,071 versus \$34,683 for the overall workforce. Only the mining industry (includes oil) wage was higher.

Incomes vary widely from region to region

This issue of *Alaska Economic Trends* contains an article analyzing the statewide 2000 personal income figures released by the U.S. Department of Commerce, Bureau of Economic Analysis. Similar data for 1999 were released a few weeks later for the state's 27 boroughs and census areas. Although these figures are more dated, they do provide economic insights into the different areas of the state.

These income figures are calculated by simply dividing the area's total personal income by its entire resident population. One of the benefits of these data is that they are produced for every state and county in the nation, making comparisons between areas easy. However, caution still has

to be taken when making these comparisons. Personal income data tells nothing about the distribution of income in an area. Demographics can also have a powerful effect on these numbers. Family size, the number of dependents, age, labor force participation, a large military or student population, and other factors influence personal income figures. Beyond these elements, the economy is the biggest explainer of variations in the state's per capita income picture.

Not surprisingly, most of the state's lowest income areas are rural. Seven of the eight areas with incomes of 75% or less of the statewide and national averages are in rural Alaska. The common threads in these places are low labor force participation and fewer opportunities to earn wages. The areas

(continued on page 18)

Alaska Per Capita Income by Area 1998–1999 2

	1998	1999	Percent Change 98–99	Percent of U.S. 1999	Percent of Alaska 1999
United States	\$27,321	\$28,546	4.5%	100%	100%
Alaska	\$27,950	\$28,629	2.4%	100%	100%
Aleutians East Borough	24,267	27,792	14.5%	97%	97%
Aleutians West Census Area	28,815	32,478	12.7%	114%	113%
Anchorage, Municipality of	32,992	33,813	2.5%	118%	118%
Bethel Census Area	17,508	17,131	-2.2%	60%	60%
Bristol Bay Borough	43,242	43,996	1.7%	154%	154%
Denali Borough	32,098	38,410	19.7%	135%	134%
Dillingham Census Area	25,069	25,935	3.5%	91%	91%
Fairbanks North Star Borough	25,357	26,082	2.9%	91%	91%
Haines Borough	29,720	30,681	3.2%	107%	107%
Juneau Borough	33,201	33,974	2.3%	119%	119%
Kenai Peninsula Borough	25,266	25,478	0.8%	89%	89%
Ketchikan Gateway Borough	31,739	32,412	2.1%	114%	113%
Kodiak Island Borough	23,866	25,204	5.6%	88%	88%
Lake and Peninsula Borough	17,945	19,533	8.8%	68%	68%
Matanuska-Susitna Borough	18,583	18,615	0.2%	65%	65%
Nome Census Area	20,560	21,258	3.4%	74%	74%
North Slope Borough	29,218	29,025	-0.7%	102%	101%
Northwest Arctic Borough	20,700	21,090	1.9%	74%	74%
Prince of Wales-Outer Ketchikan C.A.	18,477	19,548	5.8%	68%	68%
Sitka Census Area	28,272	29,895	5.7%	105%	104%
Skagway-Hoonah-Angoon C.A.	24,426	25,787	5.6%	90%	90%
Southeast Fairbanks Census Area	21,647	22,629	4.5%	79%	79%
Valdez-Cordova Census Area	28,070	28,211	0.5%	99%	99%
Wade Hampton Census Area	12,699	13,029	2.6%	46%	46%
Wrangell-Petersburg Census Area	25,948	27,414	5.6%	96%	96%
Yakutat Borough	26,957	26,478	-1.8%	93%	92%
Yukon-Koyukuk Census Area	18,394	19,126	4.0%	67%	67%

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

3 Nonagricultural Wage and Salary Employment

By place of work

Alaska

	preliminary 4/01	revised 3/01	revised 4/00	Changes from:	
				3/01	4/00
Total Nonag. Wage & Salary	280,700	276,500	276,000	4,200	4,700
Goods-producing	36,400	36,100	35,200	300	1,200
Service-producing	244,300	240,400	240,800	3,900	3,500
Mining	11,100	11,100	9,500	0	1,600
Oil & Gas Extraction	9,700	9,700	8,000	0	1,700
Construction	12,800	12,000	12,400	800	400
Manufacturing	12,500	13,000	13,300	-500	-800
Durable Goods	2,500	2,300	2,900	200	-400
Lumber & Wood Products	1,200	1,300	1,600	-100	-400
Nondurable Goods	10,000	10,700	10,400	-700	-400
Seafood Processing	7,300	7,900	7,600	-600	-300
Transportation/Comm/Utilities	26,000	25,600	26,100	400	-100
Trucking & Warehousing	2,900	2,900	2,800	0	100
Water Transportation	1,700	1,600	1,800	100	-100
Air Transportation	9,100	9,000	9,300	100	-200
Communications	5,400	5,300	5,500	100	-100
Electric, Gas & Sanitary Svcs.	2,700	2,600	2,600	100	100
Trade	56,100	54,500	55,500	1,600	600
Wholesale Trade	8,500	8,400	8,600	100	-100
Retail Trade	47,600	46,100	46,900	1,500	700
Gen. Merchandise & Apparel	9,400	9,300	9,200	100	200
Food Stores	6,400	6,300	6,600	100	-200
Eating & Drinking Places	16,800	15,900	16,200	900	600
Finance/Insurance/Real Estate	12,500	12,400	12,500	100	0
Services & Misc.	72,900	71,700	70,700	1,200	2,200
Hotels & Lodging Places	6,100	5,800	5,900	300	200
Business Services	9,400	8,800	9,200	600	200
Health Services	17,700	17,700	16,700	0	1,000
Legal Services	1,600	1,600	1,600	0	0
Social Services	8,500	8,400	8,200	100	300
Engineering & Mgmt. Svcs.	7,200	7,200	7,300	0	-100
Government	76,800	76,200	76,000	600	800
Federal	16,400	16,300	16,800	100	-400
State	23,300	23,100	22,600	200	700
Local	37,100	36,800	36,600	300	500

Municipality of Anchorage

	preliminary 4/01	revised 3/01	revised 4/00	Changes from:	
				3/01	4/00
Total Nonag. Wage & Salary	134,700	132,800	132,100	1,900	2,600
Goods-producing	11,700	11,500	10,900	200	800
Service-producing	123,000	121,300	121,200	1,700	1,800
Mining	2,900	3,000	2,300	-100	600
Oil & Gas Extraction	2,800	2,800	2,300	0	500
Construction	6,600	6,400	6,400	200	200
Manufacturing	2,200	2,100	2,200	100	0
Transportation/Comm/Utilities	14,200	14,200	14,300	0	-100
Air Transportation	5,800	5,800	6,000	0	-200
Communications	3,600	3,500	3,600	100	0
Trade	31,500	30,900	31,300	600	200
Wholesale Trade	6,300	6,200	6,300	100	0
Retail Trade	25,200	24,700	25,000	500	200
Gen. Merchandise & Apparel	4,900	4,800	4,800	100	100
Food Stores	2,500	2,500	2,800	0	-300
Eating & Drinking Places	9,400	9,100	9,100	300	300
Finance/Insurance/Real Estate	7,600	7,500	7,600	100	0
Services & Misc.	40,000	39,400	38,400	600	1,600
Hotels & Lodging Places	3,000	2,900	2,900	100	100
Business Services	6,900	6,500	6,800	400	100
Health Services	9,700	9,600	8,900	100	800
Legal Services	1,200	1,200	1,200	0	0
Social Services	4,000	4,100	3,900	-100	100
Engineering & Mgmt. Svcs.	5,400	5,400	5,400	0	0
Government	29,700	29,300	29,600	400	100
Federal	9,700	9,700	9,800	0	-100
State	9,200	9,200	8,900	0	300
Local	10,800	10,400	10,900	400	-100

Notes to Exhibits 3, 4, & 5—Nonagricultural excludes self-employed workers, fishers, domestics, and unpaid family workers as well as agricultural workers. Government category includes employees of public school systems and the University of Alaska.

Exhibits 3 & 4—Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Exhibit 5—Prepared in part with funding from the Employment Security Division.

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

4 Hours and Earnings

For selected industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	preliminary 4/01	revised 3/01	revised 4/00	preliminary 4/01	revised 3/01	revised 4/00	preliminary 4/01	revised 3/01	revised 4/00
Mining	\$1,468.97	\$1,360.64	\$1,223.03	48.1	45.4	47.7	\$30.54	\$29.97	\$25.64
Construction	1,080.70	1,040.83	1,176.60	40.4	39.5	44.2	26.75	26.35	26.62
Manufacturing	522.22	588.29	551.27	42.7	52.2	41.7	12.23	11.27	13.22
Seafood Processing	375.70	519.04	415.34	44.2	57.1	40.6	8.50	9.09	10.23
Transportation/Comm/Utilities	717.24	716.57	699.89	34.4	34.5	35.1	20.85	20.77	19.94
Trade	479.48	485.76	467.51	34.2	34.5	34.2	14.02	14.08	13.67
Wholesale Trade	635.27	610.43	646.72	38.2	36.4	37.6	16.63	16.77	17.20
Retail Trade	452.92	462.74	435.79	33.5	34.1	33.6	13.52	13.57	12.97
Finance/Insurance/Real Estate	660.67	629.22	632.93	37.2	36.1	35.3	17.76	17.43	17.93

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

Benchmark: March 2000

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

5 Nonagricultural Wage and Salary Employment

By place of work

	preliminary	revised	revised	Changes	from:		preliminary	revised	revised	Changes	from:
	4/01	3/01	4/00	3/01	4/00	Interior Region	4/01	3/01	4/00	3/01	4/00
Fairbanks											
North Star Borough											
Total Nonag. Wage & Salary	33,450	32,500	32,900	950	550	Total Nonag. Wage & Salary	38,400	37,150	38,100	1,250	300
Goods-producing	3,000	2,850	2,800	150	200	Goods-producing	3,200	3,000	3,050	200	150
Service-producing	30,450	29,650	30,100	800	350	Service-producing	35,200	34,150	35,050	1,050	150
Mining	1,000	1,000	850	0	150	Mining	1,100	1,100	1,000	0	100
Construction	1,450	1,300	1,350	150	100	Construction	1,500	1,350	1,450	150	50
Manufacturing	550	550	600	0	-50	Manufacturing	600	550	600	50	0
Transportation/Comm/Utilities	2,850	2,800	2,950	50	-100	Transportation/Comm/Utilities	3,600	3,450	3,750	150	-150
Trucking & Warehousing	550	500	550	50	0	Trade	7,300	6,850	7,350	450	-50
Air Transportation	900	900	950	0	-50	Finance/Insurance/Real Estate	1,200	1,200	1,300	0	-100
Communications	350	350	400	0	-50	Services & Misc.	9,250	8,900	9,050	350	200
Trade	6,450	6,150	6,550	300	-100	Hotels & Lodging Places	900	750	900	150	0
Wholesale Trade	700	650	750	50	-50	Government	13,850	13,750	13,600	100	250
Retail Trade	5,750	5,500	5,800	250	-50	Federal	3,800	3,750	3,850	50	-50
Gen. Merchandise & Apparel	1,000	1,000	1,100	0	-100	State	5,150	5,100	4,950	50	200
Food Stores	550	550	600	0	-50	Local	4,900	4,900	4,800	0	100
Eating & Drinking Places	2,300	2,100	2,250	200	50						
Finance/Insurance/Real Estate	1,150	1,100	1,200	50	-50	Anchorage/Mat-Su Region					
Services & Misc.	8,400	8,200	8,200	200	200	Total Nonag. Wage & Salary	148,000	145,650	144,500	2,350	3,500
Hotels & Lodging Places	750	650	750	100	0	Goods-producing	13,000	12,500	12,000	500	1,000
Health Services	2,100	2,050	2,000	50	100	Service-producing	135,000	133,150	132,500	1,850	2,500
Government	11,600	11,400	11,200	200	400	Mining	2,950	3,000	2,350	-50	600
Federal	3,350	3,300	3,250	50	100	Construction	7,750	7,250	7,300	500	450
State	4,900	4,850	4,750	50	150	Manufacturing	2,300	2,250	2,350	50	-50
Local	3,350	3,250	3,200	100	150	Transportation/Comm/Utilities	15,300	15,250	15,350	50	-50
						Trade	34,950	34,300	34,600	650	350
						Finance/Insurance/Real Estate	8,100	8,000	8,050	100	50
						Services & Misc.	43,500	42,900	41,700	600	1,800
						Government	33,150	32,700	32,800	450	350
						Federal	9,850	9,900	9,950	-50	-100
						State	10,150	10,100	9,750	50	400
						Local	13,150	12,700	13,100	450	50
Southeast Region						Southwest Region					
Total Nonag. Wage & Salary	35,000	34,000	34,700	1,000	300	Total Nonag. Wage & Salary	17,100	17,950	17,050	-850	50
Goods-producing	4,600	4,300	4,700	300	-100	Goods-producing	4,250	5,000	4,300	-750	-50
Service-producing	30,400	29,700	30,000	700	400	Service-producing	12,850	12,950	12,750	-100	100
Mining	300	300	300	0	0	Seafood Processing	4,050	4,800	4,150	-750	-100
Construction	1,750	1,550	1,700	200	50	Government	5,800	5,850	5,700	-50	100
Manufacturing	2,550	2,450	2,700	100	-150	Federal	300	300	300	0	0
Durable Goods	1,200	1,150	1,450	50	-250	State	500	500	500	0	0
Lumber & Wood Products	850	850	1,150	0	-300	Local	5,000	5,050	4,900	-50	100
Nondurable Goods	1,350	1,300	1,250	50	100						
Seafood Processing	1,000	950	950	50	50	Gulf Coast Region					
Transportation/Comm/Utilities	2,600	2,300	2,550	300	50	Total Nonag. Wage & Salary	26,200	25,450	26,250	750	-50
Trade	5,850	5,700	5,750	150	100	Goods-producing	5,200	5,050	5,600	150	-400
Wholesale Trade	600	600	600	0	0	Service-producing	21,000	20,400	20,650	600	350
Retail Trade	5,250	5,100	5,150	150	100	Mining	1,200	1,200	1,150	0	50
Food Stores	1,250	1,250	1,200	0	50	Oil & Gas Extraction	1,200	1,200	1,150	0	50
Finance/Insurance/Real Estate	1,250	1,250	1,250	0	0	Construction	1,050	950	1,050	100	0
Services & Misc.	8,000	7,800	7,850	200	150	Manufacturing	2,950	2,900	3,400	50	-450
Health Services	1,700	1,700	1,650	0	50	Seafood Processing	2,150	2,050	2,400	100	-250
Government	12,700	12,650	12,600	50	100	Transportation/Comm/Utilities	2,350	2,250	2,300	100	50
Federal	1,600	1,550	1,750	50	-150	Trade	5,300	5,000	5,150	300	150
State	5,550	5,500	5,450	50	100	Wholesale Trade	550	550	600	0	-50
Local	5,550	5,600	5,400	-50	150	Retail Trade	4,750	4,450	4,550	300	200
						Eating & Drinking Places	1,600	1,400	1,500	200	100
						Finance/Insurance/Real Estate	750	750	750	0	0
						Services & Misc.	5,700	5,600	5,550	100	150
						Health Services	1,150	1,150	1,100	0	50
						Government	6,900	6,800	6,900	100	0
						Federal	700	650	750	50	-50
						State	1,600	1,550	1,600	50	0
						Local	4,600	4,600	4,550	0	50

6 Unemployment Rates

By region and census area

(continued from page 15)

Not Seasonally Adjusted	Percent Unemployed		
	preliminary 04/01	revised 03/01	revised 04/00
United States	4.2	4.6	3.7
Alaska Statewide	6.1	6.7	7.3
Anchorage/Mat-Su Region	4.6	5.1	5.8
Municipality of Anchorage	4.1	4.5	5.1
Mat-Su Borough	7.2	8.4	9.2
Gulf Coast Region	9.6	10.5	10.8
Kenai Peninsula Borough	10.1	11.6	12.0
Kodiak Island Borough	6.4	6.2	7.2
Valdez-Cordova	11.5	11.4	10.6
Interior Region	6.5	7.3	7.8
Denali Borough	9.7	10.7	11.7
Fairbanks North Star Borough	5.8	6.5	7.0
Southeast Fairbanks	10.6	11.6	12.2
Yukon-Koyukuk	15.0	16.2	18.3
Northern Region	10.7	10.8	11.6
Nome	11.0	11.1	12.9
North Slope Borough	7.9	7.7	8.6
Northwest Arctic Borough	14.4	14.9	14.2
Southeast Region	6.6	7.7	7.7
Haines Borough	12.7	13.9	12.1
Juneau Borough	4.5	4.9	4.9
Ketchikan Gateway Borough	7.4	8.7	8.9
Prince of Wales-Outer Ketchikan	13.4	15.1	15.7
Sitka Borough	3.8	5.1	5.4
Skagway-Hoonah-Angoon	9.8	12.7	8.3
Wrangell-Petersburg	7.9	9.6	11.1
Yakutat Borough	12.0	13.9	14.5
Southwest Region	10.7	9.9	10.8
Aleutians East Borough	4.7	3.6	3.1
Aleutians West	8.2	6.9	6.5
Bethel	10.6	9.6	10.6
Bristol Bay Borough	8.5	10.8	15.1
Dillingham	9.3	8.9	10.8
Lake & Peninsula Borough	11.5	11.4	10.8
Wade Hampton	18.7	17.8	19.4
Seasonally Adjusted			
United States	4.5	4.3	4.0
Alaska Statewide	5.8	5.8	6.9

2000 Benchmark

Comparisons between different time periods are not as meaningful as other time series produced by Research and Analysis. The official definition of unemployment currently in place excludes anyone who has not made an active attempt to find work in the four-week period up to and including the week that includes the 12th of the reference month. Due to the scarcity of employment opportunities in rural Alaska, many individuals do not meet the official definition of unemployed because they have not conducted an active job search. They are considered not in the labor force.

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

included in this group are the Bethel, Nome, Yukon-Koyukuk and Wade Hampton census areas and the Lake and Peninsula and Northwest Arctic boroughs. Although most of these areas are home to large regional centers, such as Kotzebue and the cities of Bethel and Nome, they are also home to a large number of small communities with very few employment opportunities. Government transfer income is usually a major source of income and private sector activity is scarce. Subsistence is also important in all of these places and it is not accounted for in these figures. Wade Hampton's per capita income of \$13,029 was the lowest in the state at less than half the statewide average. Wade Hampton has no regional center but is instead a group of nine relatively small villages. In fact, in data recently released by the U.S. Census Bureau, Wade Hampton's median age of 20 made it the youngest "county" of all counties in the nation. It is a place where the interaction of employment scarcity, demographics, and very low incomes shapes the scene.

Not all areas in rural Alaska have low incomes—there are plenty of exceptions. Exceptions include the Denali, Bristol Bay, Haines and North Slope boroughs and the Aleutians West Census Area (Dutch Harbor). All of these places have sizable sources of basic sector economic activity that include coal mining, power generation, tourism, fishing, oil production, and the military.

Not all urban areas enjoy above average per capita incomes. Per capita income registered below the statewide average in two of Alaska's larger urban areas, the Mat-Su Borough and the Fairbanks North Star Borough. The Mat-Su Borough's per capita income of \$18,615 was actually one of lowest in the state and nearly half of its big neighbor's to the south—Anchorage. Lower wages and higher unemployment in the Mat-Su Borough partly explain the difference. But the breadth of the difference is puzzling. Part of the explanation may be that 1990 commuter relationships are still being used to calculate these figures, which probably understate resident income. In Fairbanks, a large student population at the University of Alaska campus, and the uniformed military are factors. Relatively low wages for both groups may help explain the area's lower per capita income.


Like the statewide figures, income growth in nearly all of these areas is lagging the nation's. In a few areas, such as the Bristol Bay and Yakutat boroughs, total personal income actually fell in 1999. Poor fisheries and low timber activity may explain these declines. Other areas enjoyed double digit growth—they included the Aleutians East Borough, the Aleutians West Census Area, and the Denali Borough. Healthy ground fish and crab catches may explain the Aleutians' strength, and a strong visitor season, construction, and mining activity may explain Denali's strength. Growth in most areas of the state was in the moderate to sluggish category—a reflection of Alaska's economy in 1999.

Employer Resources

Thinking about hiring a new employee? Would you like the opportunity to tap into a pool of workers who are good candidates for a job but may need additional training to be qualified? How would you like the opportunity to train employees to meet your specific needs and have all or a portion of the employee's wages paid for? Go to <http://www.jobs.state.ak.us/employer.htm> and click on \$\$\$ for employers for more information.

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On the Job Training (OJT) gives employers the opportunity to tap into a pool of workers who are good candidates for a job but may need additional training to be qualified. Funding for OJTs comes from various programs that help job seekers become qualified for the marketplace. Employers benefit in many ways:

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