ALASKA ECONOMIC

TRENDS

July 1996

A VIEW OF ALASKA'S AIR TRANSPORTATION INDUSTRY

A TRENDS PROFILE— CITY & BOROUGH OF JUNEAU

HIGHLIGHTS— ALASKA POPULATION OVERVIEW: 1995 ESTIMATES

APRIL JOBLESS RATE DROPS TO 7.5%

ALASKA DEPARTMENT OF LABOR • TONY KNOWLES, GOVERNOR

ALASKA ECONOMIC TRENDS

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State of Alaska

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A View of Alaska's Air Transportation Industry

by Neal Fried and Brigitta Windisch-Cole

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During the past two years, Alaska's airline industry has attracted much attention. Over 80 years ago when the first plane arrived in the Territory, the industry began to excite Alaska's collective consciousness. To this day, this excitement has not diminished. Grasping the potential of air transportation was almost immediate. Since 1922, when Roy Jones of Ketchikan set up the state's first commercial airline, the industry has made its big mark on the economy.

The lay of the land alone made the plane a dream fit for Alaska. With only 100 of the state's 300 communities served by road, airplanes quickly became the transportation mode of choice. Over 1,100 airstrips and airports in the state, more than 9,700 aircraft, and 9,500 pilots illustrate the strong presence of this industry. But other factors have built onto this natural fit to make air transportation a much bigger player in the economy. The fact that Alaska lies equidistant between Europe and Asia has meant the state is host to the biggest cargo airport in the country and home to one of the top five cargo airports in the world. Possibly more important than this cargo relationship is the future growth potential of this international connection.

Air transportation has also become a major beneficiary of the state's fastest growing industry—tourism. During the past two years, more than a million visitors have come to the state, and 60% of these visitors arrive in the state via air. After this growing number of visitors arrives, more of them choose to travel within the state as well as indulge in flight-seeing to get a bird's eye view of the land. These forces are not only helping to sustain one of the state's most enduring industries, but they are also helping it maintain its reputation as one of Alaska's most dynamic industries. Differently said, Alaska's air transportation industry both provides the economy with essential infrastructure support like roads, and also attracts millions of new dollars that generate thousands of jobs by selling transportation services to the rest of the world and to out-of-state visitors.

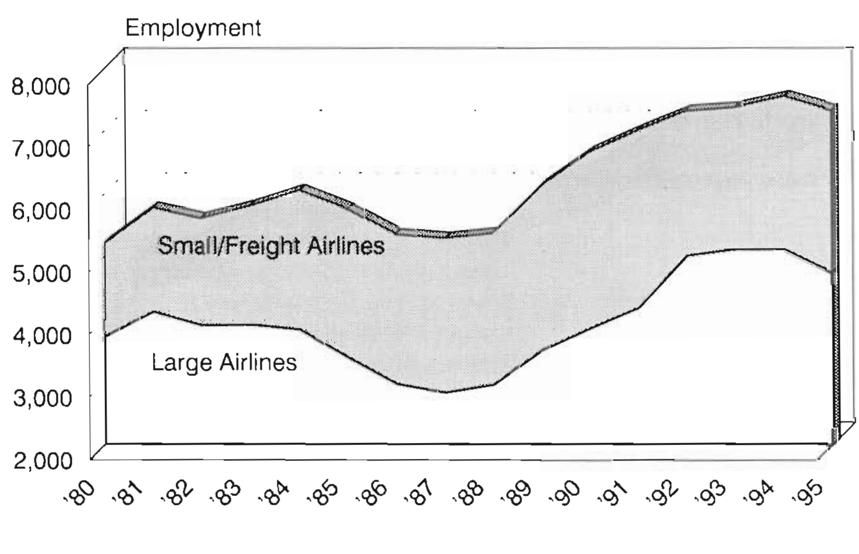
This article will concentrate on Roy Jones' successors—the commercial side of air transportation. It is not always possible to separate the commercial side of aviation from its recreational counterpart, especially since so often business and pleasure mix in this industry. The focus will be on the trends of the state's approximate 300 private sector air transportation employers and their broad impacts on the economy.

Aviation is a big employer

Over 7,000 jobs exist in the air transportation industry. (See Figure 1.) Counted in this figure is employment in all private sector firms that provide scheduled and nonsched-

Figure • 1

Air Transportation Industry Employment 1980-1995



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 1

Air Transportation Employment 1995

Area:	Average Employment	Percent of state
Anchorage	4,837	64.6%
MatSu Borough	72	1.0%
Kenai Peninsula Borough	120	1.6%
Kodiak Island Borough	98	1.3%
Valdez-Cordova	52	0.7%
Denali Borough	9	0.1%
Fairbanks North Star Borough	548	7.3%
Southeast Fairbanks	22	0.3%
Yukon-Koyukuk	9	0.1%
Nome	147	2.0%
North Slope Borough	92	1.2%
Northwest Arctic Borough	125	1.7%
Haines Borough	92	1.2%
Juneau Borough	334	4.5%
Ketchikan Gateway Borough	369	4.9%
Prince of Wales-Outer Ketchikan	25	0.3%
Sitka Borough	54	0.7%
Skagway-Hoonah-Angoon	42	0.6%
Wrangell-Petersburg	31	0.4%
Yakutat Borough	20	0.3%
Aleutian East Borough	10	0.1%
Aleutian West	26	0.3%
Bethel	147	2.0%
Bristol Bay Borough	71	0.9%
Dillingham	39	0.5%
Lake & Peninsula Borough	29	0.4%
Wade Hampton	72	1.0%

Source: Alaska Department of Labor, Research and Analysis Section.

uled passenger and cargo service, charters, flight-seeing, and airport services such as repair and maintenance. In addition, probably an equally large work force not counted in these figures supports this industry. For example, there is the large public sector side of aviation, with 1,500 Federal Aviation Administration (FAA) and approximately 470 State Department of Transportation employees. Other direct support to air transportation employment would include caterers, fuelers, customs, flight-training schools, aviation suppliers, local-government-run airports and others. Added to all this is the U. S. Air Force's 11,000 strong contingent in the state.

Air transportation's percent of total employment is four times higher in Alaska than in the rest of the nation. The industry moves four times the state's population each year, compared to 1.7 for the nation. These relationships are not surprising, given the fact that Alaska has six times as many pilots and 14 times as many aircraft per capita.

Deregulation introduces lots of turbulence in the industry

Before looking at more recent trends, it might be interesting to look at one of the biggest events that shaped Alaska industry into what it is today—deregulation. When deregulation hit Alaska beginning in 1980, the industry transformed nearly overnight and much of its legacy is still with us today. Prior to deregulation, only five airlines in Alaska were certified by the Civil Aeronautics Board (CAB) to provide scheduled passenger, cargo, and mail service. Of those original five certified carriers, only two still exist today—Alaska Airlines and Reeve Aleutian. These five air carriers often subcontracted with smaller noncertified carriers. Back then, such small carriers often operated at the mercy of the "big five."

Before deregulation, when a carrier wanted to change a route, fares and other variations of flight service, it had to obtain approval from the CAB. Subsidies to ensure service to all of the state's communities were common. For example, in 1981, 187 out of 220 communities that received scheduled service were subsidized by the U. S. Department of Transportation (USDOT) in the amount of $10 million. Today, the number of communities receiving subsidies has declined to 30, now costing the USDOT only $2.0 million. Five of these routes ensure jet service to communities in Southeast, and the remaining routes provide frequent service to small places around the state.

With deregulation, all established industry protocol tumbled. Any airline business that could prove financial and managerial competence became eligible for certification—a process that is still in effect today. Nearly overnight, 24 of the previous subcontractors to the big airlines obtained certification. Air carriers covet certification because it gives them the right to carry U.S. mail—the bread and butter for many of these players. Today, all air carriers which provide scheduled services in the state are certified. The rest are charter, flight-seeing companies, fish-spotter planes, and other operators.

Presently, there are 38 certified air carriers, and only a few of them are carry-overs of the original 24. Since deregulation, an equal number (38) of certified air carriers has either gone out of business or been absorbed by others. During the past 14 years, two of the three largest business failures in the state were airlines—Wien Airlines in 1982 and MarkAir in 1995.

The industry has grown by any measure

Not only has the number of air carriers grown, but so has employment. Over the past decade, employment in air transportation grew by nearly 2,000, or 37% . This is twice as fast as the overall work force. The number of firms grew from 230 to nearly 300 during the same period. Growth in the number of domestic passengers en- and de-planing at the state's two largest airports is also impressive. (See Figure 2.)

An irrefutable link exists between the well being of the air transportation industry and Alaska's economy. Between 1985 and 1987, employment and traffic in the industry plummeted right along with the economy.

Table • 2

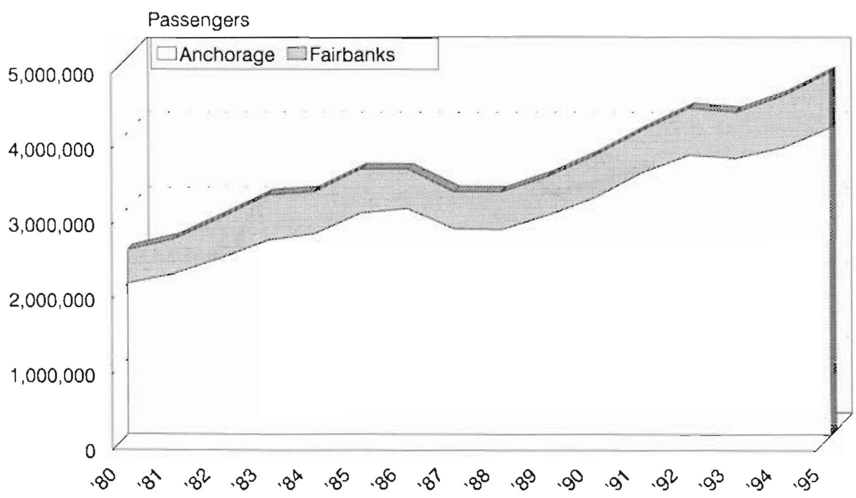
Alaska's Most Traveled Interstate Routes in 1995

Two Way Traffic		Total Passengers
Anchorage	Seattle, WA	1,209,640
	Salt Lake City, UT	245,825
	Minneapolis/St. Paul, MN	106,251
	Chicago, Il	90,744
	Los Angeles, CA	74,498
	Portland, OR	50,634
	Detroit, MI	46,029
	Denver, CO	45,291
	San Francisco, CA	35,732
	Dallas/Fort Worth, TX	27,733
	Houston, TX	16,546
	Cincinnati, OH	10,969
	Phoenix, AZ	10,343
Fairbanks	Seattle,WA	187,391
	Salt Lake City, UT	15,607
	Minneapolis/St. Paul, MN	15,604
Juneau	Seattle, WA	228,196
Ketchikan	Seattle, WA	127,116
Sitka	Seattle, WA	46,726

Source: U. S. Department of Transportation.

Figure • 2

Passenger Traffic Increases at Alaska's Busiest Airports (Enplaned and Deplaned)



Source: State of Alaska Department of Transportation and Public Facilities, Anchorage International Airport and Fairbanks International Airport.

T a b l e • 3

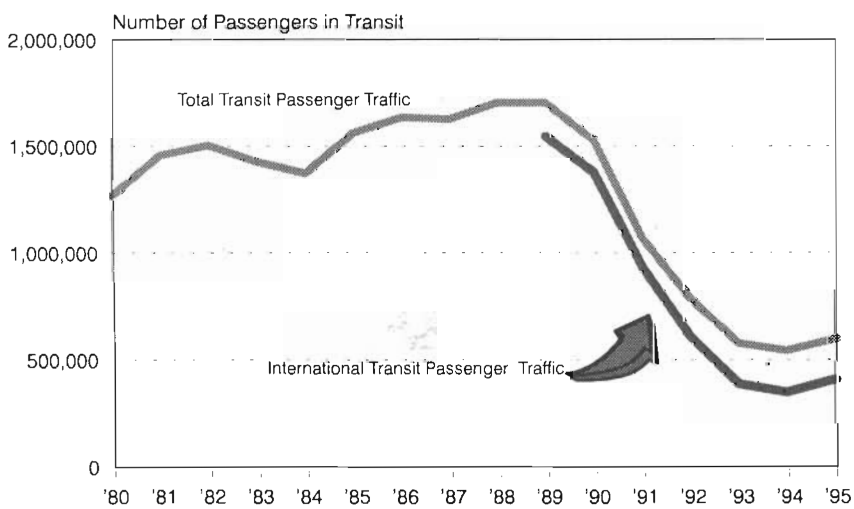
Alaska's Most Traveled Intrastate Routes in 1995

Two Way Traffic		Total Passengers
Anchorage	Fairbanks	320,059
	Kenai	243,008
	Juneau	137,775
	Kodiak	127,820
	Bethel	84,537
	King Salmon	65,740
	Homer	63,681
	Valdez	60,692
	Dutch Harbor	60,318
	Nome	53,720
	Kotzebue	47,209
	Sitka	46,339
	Dillingham	44,752
	Cordova	40,905
	Barrow	35,474
	Deadhorse	21,032
	Ketchikan	19,316
Fairbanks	Barrow	22,096
Juneau	Ketchikan	35,225
Nome	Kotzebue	11,042

Source: U. S. Department of Transportation.

F i g u r e • 3

Glasnost Affects Passenger Traffic in Anchorage



Source: State of Alaska, Department of Transportation and Public Facilities, Anchorage International Airport.

(See Figure 1.) Later, as statewide business activity began to pick up, so did employment in the air transportation industry. Beginning in 1989, it grew for six straight years, reaching record employment levels in 1994. A growing population, a growing visitor industry, competitive air fares, aggressive marketing, and an emerging cargo sorting industry helped keep these numbers climbing. Then, in 1995, air transportation defied the economic forces and went on a temporary tangent when MarkAir and MarkAir Express closed their doors. Both of these players were among Alaska's top 100 employers. The combined loss of about 1,300 jobs caused employment in air transportation to decline 4.0% in 1995 and still haunts 1996's numbers. Other airlines beefed up their employment in response to these closures. Several existing air carriers, such as Reeve Aleutian, Reno Air, Alaska Cargo Express and others, expanded their routes, and more than a few new airlines jumped into the fray. Among them were Lynden Air Cargo, America West and a few others. Because the closures were largely unrelated to economic conditions, these losses probably will be only a blip on the horizon.

Air transportation presence is ubiquitous in the state

From an employment standpoint, Anchorage is the biggest player in the industry. Although Anchorage is home to only 42% of the state's population and is accessible by rail, road and water, it employs 65% of the air transportation work force. (See Table 1.) The state's biggest city enjoys this distinction because it is Alaska's inter-state, intrastate and international air transportation hub. (See Tables 2 and 3.) According to the U.S. Census Bureau, the average Anchorage resident earns $894 per capita from air transportation compared to $121 for the nation.

Fairbanks is the only other community where more than five percent of all total air transportation employment resides. Fairbanks is not only the second largest community in the state, it is the air transportation hub for the Interior and the Northern region. Fairbanks International Airport is also becoming a growing player in the international cargo market.

By 1995, the number of international cargo carriers had climbed to 10.

The other bigger hubs include Juneau, Ketchikan, Bethel, Nome, Kodiak and Kotzebue and many others. (See Tables 3 and 4.) For their size, the volume of mail, passengers and freight traffic that flows through these communities is phenomenal. For example, in 1995, Bethel, a community with a population of 5,195, had 121,400 operations at its airport. This compared to 119,700 operations at Spokane International Airport in Washington State with a population of 187,000.

Mail is the bread and butter for many carriers

Unlike anywhere else in the country, nearly all mail in Alaska finds its way onto an airplane. For many of Alaska's intra-state air carriers, mail transport represents a vital share of their revenues. Some industry officials and observers believe that mail accounts for as much as 70-80 percent of some air carriers' revenues. (See Table 5.) Why is it so big?

The obvious answer is that air is the only way to reach most of Alaska's communities on a year-round basis and the U.S Postal Service has a mandate to provide "uniform and universal services" to the nation. There are other reasons why it is so important and has become an increasingly popular way of moving freight to rural Alaska. By federal fiscal year 1995, the U.S. Postal Service paid Alaska air carriers $104 million to ship the intra-state mail. Forty-one percent of these dollars went to delivering "intra-Alaska bush mail," which would cover regional hub traffic to the outlying communities. An example would be the route Dillingham to Naknek.

Shippers, residents, businesses and others use the mail because the Postal Service delivers service at the lowest rates to transport all kinds of goods, including groceries, to Alaska's roadless communities. In fact, the volumes got so large the Postal Service came up with the unique system of bypass mail for rural Alaska. Bypass mail is freight that a shipper takes directly to an air carrier who

Table • 4

Alaska's Top Ten Passenger Commuter Airlines (1995)

Rank	Name	Base	Enplaned Passengers
1	ERA Aviation	Anchorage	408,404
*2	MarkAir Express	Anchorage	238,636
3	Peninsula Ariways	Anchorage	127,806
4	Yute Air Alaska, Inc.	Anchorage	72,790
5	L.A.B. Flying Service, Inc.	Haines	68,737
6	Frontier Flying Service	Fairbanks	42,831
7	Taquan Air Service, Inc.	Ketchikan	42,418
8	Bering Air, Inc.	Nome	41,943
9	Cape Smythe	Barrow	36,702
**10	Promech	Ketchikan	40,370

*no longer in business.
**incl. Virgin Island's Operations.
Source: United States Postal Service Annual UT-43 Summary & BTS Form 298-C Schedules A-1 & F-1 as filed by each carrier.

Table • 5

Alaska's Top Ten Bush Mail Carriers (1995)
From Hub Locations to Villages

Rank	Name	Base	Bush Mail (lbs.)
*1	MarkAir Express	Anchorage	8,487,079
2	Ryan Air, Inc.	Anchorage	6,165,722
3	Yute Air Alaska	Anchorage	5,065,335
4	Cape Smythe	Barrow	4,855,254
5	Hageland Aviation	Anchorage	3,959,352
6	Larry's Flying Service	Fairbanks	3,293,375
7	Arctic Circle Air Service	Anchorage	3,282,786
8	Bering Air Incorporated	Nome	3,282,052
9	Peninsula Airways	Anchorage	3,200,798
10	Baker Aviation	Kotzebue	2,417,823

*no longer in business.
Source: United States Postal Service Annual UT-43 Summary & BTS Form 298-C Schedules A-1 & F-1 as filed by each carrier.

Table • 6

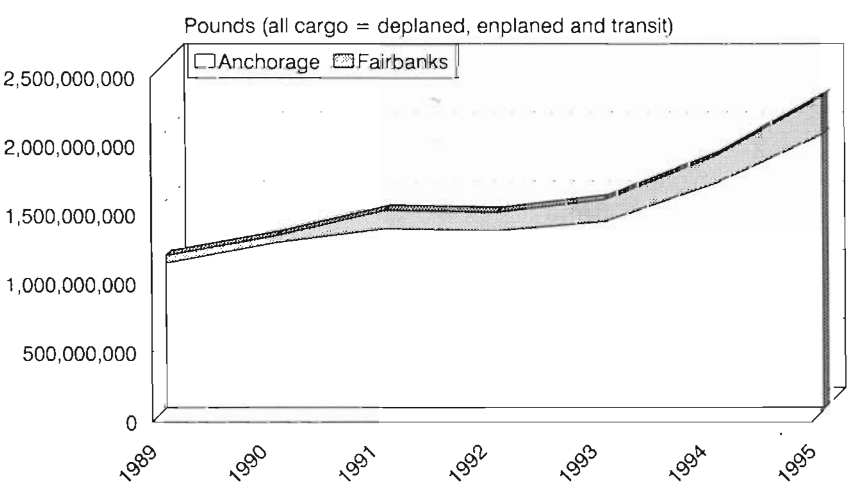
Alaska's Top International Cargo Airlines 1995

Rank	Airline	All Traffic in lbs
1	Korean Airlines	467,096,854
2	United Parcel Service	317,305,413
3	China Airlines	182,147,993
4	Nippon Cargo Airlines	164,008,010
5	Polar Air	110,157,172
6	Lufthansa	96,380,369
7	Asiana Airlines	69,270,046
8	Singapore Airlines	61,335,600
9	Evergreen International	60,494,272
10	Cathay Pacific Airways	59,581,382

Source: State of Alaska, Department of Transportation and Public Facilities, Anchorage International Airport.

Figure • 4

Freight Arriving and Leaving Alaska 's Airports Anchorage and Fairbanks



Source: State of Alaska, Department of Transportation and Public Facilities, Anchorage International Airport and Fairbanks International Airport.

delivers it directly to the addressee, bypassing the post office altogether. The only time the Post Office gets involved is when one of its employees assesses the volume and the integrity of freight at the carrier's warehouse.

Mail has been an important source of growth for many airlines. During the past five years, the dollar amount spent to ship mail by air has increased by 25%. According to some industry analysts, without this increased volume of bypass mail, the overall level of domestic air cargo shipped would have remained stagnant or even declined. This is because in recent years fewer fish products were air lifted, and the growth in the economy has slowed.

In essence, Alaska's unique rural mail delivery system does not only improve the daily lives of rural residents by ensuring an economical and efficient mail system, but it also helps maintain a far-flung passenger carrier network. Providing such services also gives air transportation a big shot in the arm.

More than Alaska's economy has the industry growing

Several economic forces go way beyond local economic conditions to affect the health of the state's air transportation industry. One of the biggest is the international connection. Prior to 1990, the strongest boost to the aviation industry came from the international transit passengers. During the peak years of 1985-1990, approximately 1.5 million international travelers passed through the Anchorage International Airport annually. Less than four percent ever left the airport. However, transit passengers spent lots of money at the duty-free shops. During peak years, the duty-free shops sold more than $100 million worth of goods, and the airport received approximately $18 million in commissions to fill its coffers. Then technology and *glasnost* intervened, and by 1993 these numbers fell to a third of their previous peak. (See Figure 3.) More fuel efficient jets made it possible for many of these flights to proceed nonstop from Europe to Asia. When the then-Soviet Union opened its airspace, the length of the flights was shortened. The transit passenger numbers hit their nadir in 1994, and just recently they began to bounce back. For the first 10 months of this state fiscal year (July-June), their numbers are up 21%.

Many of these transit passengers never left the international airport to visit the state. Many of these airlines don't have traffic rights or don't care to exercise them. If an airline does not have these rights, its passengers must stay in transit. And even if they do have these rights, air carriers often don't want to take on passengers for only part of a leg of the journey. They would rather fill the plane seats with passengers making the full trip. In spite of these obstacles, these "unseen and temporary" visitors are always being eyed as a giant potential for Alaska's visitor industry.

Table • 7

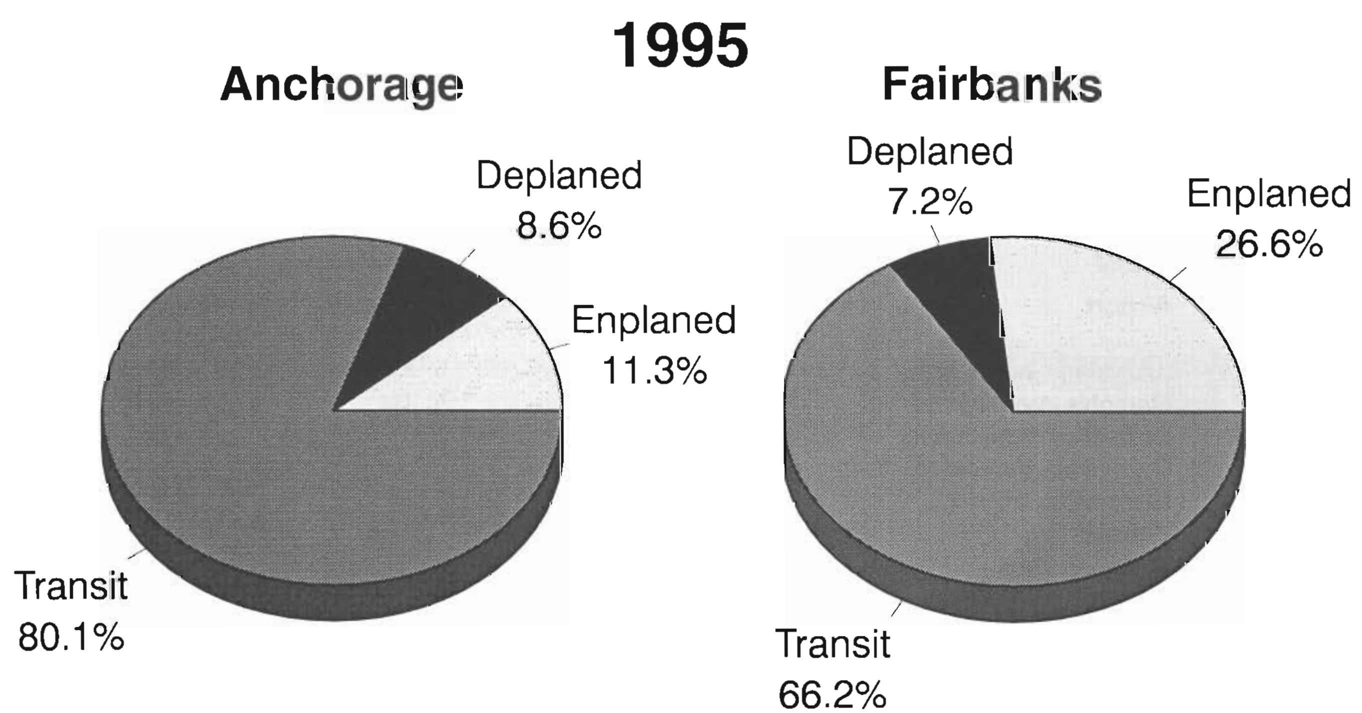
Top Five International Passenger Airlines in 1995
Includes Enplaned and Deplaned Passengers

Rank	Airline	Total Passengers
1	Korean Airlines	16,946
2	Alaska Airlines International	11,447
3	Aeroflot	6,861
4	Condor	6,814
5	Balair	4,548

Source: State of Alaska, Department of Transportation and Public Facilities, Anchorage International Airport.

Figure • 5

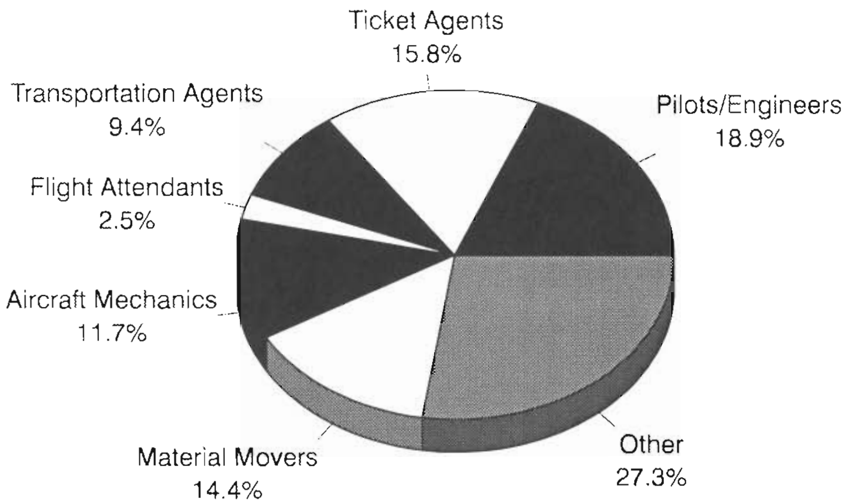
Freight in Transit Dominates Alaska's Air Cargo



Source: State of Alaska, Department of Transportation and Public Facilities, Anchorage International Airport and Fairbanks International Airport.

Figure • 6

Selected Air Transportation Occupations



Source: Alaska Department of Labor, Research and Analysis Section.

One important source of growth for international visitors bound for Alaska is those carriers flying directly to Alaska. (See Table 7.) For example, three charter companies now have direct flights from Europe to Alaska during the summer months. The latest addition is World Airways that will begin flying twice a week between Alaska and Germany this summer.

Another international passenger and cargo development that many observers believe has a huge potential is the Russia-Alaska connection. Combined, Alaska Airlines and Aeroflot fly six round-trip flights per week between Alaska and several points in the Russian Far East. Given the vast wealth of the Russian Far East, its development potential, its need for technology, investment capital, information and goods, Alaska is certainly in a position to become a major player. Our proximity, similar environment, airport infrastructure, historical connections, and other factors put Alaska at a distinct advantage.

Table • 8

Anchorage Ranks First in Cargo Landings

Rank	Airport	Location	State	Landed Weight
1	Anchorage International	Anchorage	AK	9,473,495,017
2	Memphis International	Memphis	TN	8,098,231,886
3	Louisville International	Louisville	KY	6,944,578,000
4	O' Hare International	Chicago	Il	6,891,610,604
5	Miami International	Miami	FL	4,536,135,965
6	Honolulu	Honolulu	HI	4,295,590,500
7	John F. Kennedy	New York	NY	4,159,577,499
8	Los Angeles International	Los Angeles	CA	3,350,997,620
9	James M. Cox Dayton International	Dayton	OH	3,160,919,220
10	Newark International	Newark	NJ	3,157,035,656
...36	Fairbanks International	Fairbanks	AK	759,190,011

Source: State of Alaska Department of Transportation and Public Facilities, Anchorage, Alaska.

The big international story is cargo

Anthony Sampson wrote in his book *Empires of the Sky* that Anchorage owes its prosperity to oil, but even more so to the planes which have connected it both to the world and to the rest of Alaska. There is certainly much bravado in this statement, yet maybe he was insightful regarding Alaska's future.

The state's international cargo picture is impressive. Nearly 90 percent of all Asia-North America scheduled air cargo traffic comes through Anchorage. Both Fairbanks' and Anchorage's international airports are beneficiaries of this traffic (See Figure 4 and Table 6.) Anchorage International Airport ranks number one in the nation when measured by landed weight. (See Table 8.) For many of these flights, Alaska is simply a "pit stop." Most of these planes stop only to refuel and trade out crews. (See Figure 5.) By way of this simple exchange, airports earn landing fees and the fuel suppliers sell lots of fuel. A 1995 University of Alaska-Anchorage report on the Anchorage International Airport estimated that for each international transit cargo plane which lands one time per week, five jobs are generated in the economy. With over 15,000 international cargo landings last year, this adds up quickly.

A more recent and possibly more important international cargo development is the dramatic increase in the freight forwarding business, which at this point is concentrated in Anchorage. These businesses specialize in freight consolidation and efficient routing to deliver freight to various national and international markets. Presently, the two biggest players are Federal Express and United Parcel Service (UPS). Combined, they employ more than 1,000 workers, and both are among Alaska's top 100 employers. Federal Express built its sorting facility in 1989 and has been expanding ever since. And now, UPS is tripling its square footage to accommodate this rapidly growing market.

Just recently, FedEx Logistics Services (a subsidiary of Federal Express) announced that it will open an express distribution center in Anchorage. Several industry analysts see this event as putting Alaska one step closer to becoming a major global distribution center. Alaska's location makes possible quick delivery of high-valued, time-sensitive, manufactured products to nearly any part of the world. Because of the growing use of time-sensitive technology and the hyper-growth of East Asia, the upside in this segment of the industry is tremendous.

There are lots of jobs and job seekers

Because of the size and growth of this industry, thousands of Alaskans have found opportunities to earn their living in aviation. The mean wage for the air transportation industry is higher than average. (See Table 9.) Wages and opportunities vary a great deal, as do the kinds of occupations represented in the industry. (See Table 10 and Figure 6.) For example, on average pilots, mechanics and air traffic controllers earn

Table • 9

Air Transportation Industry Wage and Salary Earnings in 1994 compared to:

Industries:	Annual Average Monthly Earnings
All Industries - Average	$2,691
Air Transportation	**$2,984**
Water Transportation	$3,373
Trucking & Warehousing	$2,671
Oil & Gas	$6,111
Construction	$3,779
Retail Trade	$1,499
Services	$2,040
Government	$3,157

Source: Alaska Department of Labor, Research and Analysis Section.

$17-30 per hour, while wages in other air transportation occupations do not differ much from jobs found in the other lower-paying service industries. It is not unusual for entry level wages to be in the $6.50-7.00 per hour range for ramp workers, ticket agents, plane cleaners and sometimes flight attendants. These wages also vary depending on experience, responsibilities and who the employer is.

At present, many carriers are experiencing little difficulty finding qualified personnel—and over the years this has typically been the case. The sheer romance tied up in this industry seems to ensure a steady supply of job seekers. Another big reason this healthy supply of experienced aviation personnel presently exists is the closure of MarkAir and MarkAir Express. It's not a surprising result, considering that 1,300 MarkAir people lost their jobs in the past 18 months. The military and several schools in the state also provide the industry with a steady supply of trained workers. There are exceptions. For example, some airlines have difficulty finding experienced aircraft mechanics who can work on some of the industry's older planes. In the bigger scheme of things, the industry is large enough and dynamic enough that perseverance does often pay off.

Table • 10

Wages for Air Transportation Occupations 1995

	Median Hourly Wage Rate
Aircraft Pilots/Flight Engineers	$29.54
Ticket Agent	$10.88
Transportation Agent	$10.66
Flight Attendant	$10.62
Aircraft Mechanics	$17.36
Material Movers	$10.93
Air Traffic Controller*	$27.72

** Federal position: based on GS-12; Step 4 ; includes 25% COLA adjustment*
Source: Alaska Department of Labor, Research and Analysis Section.

Summary—Lots of potential for uplift

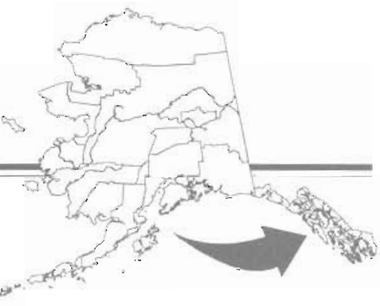
In spite of the short-term employment setback caused by the closure of MarkAir and MarkAir Express, the outlook is rosy for many segments of the industry. But at present, Alaska's lackluster economy will probably not provide much uplift for the industry. Regulatory changes could also stifle some of the industry's growth. Yet some big forces are operating in the industry's favor.

Air transportation is the biggest beneficiary of the stellar performance of the visitor industry. These benefits come not only from ferrying a growing number of visitors back and forth to the state, but also from traffic within the state and from flight-seeing tours to glaciers and other destinations of interest.

In addition to a promising domestic outlook, Alaska's international side of aviation also should prosper due to the booming economies of Asia and the even more rapid increases in international trade. Growth should continue in moving bulk cargo, sorting cargo, and moving people in transit. Becoming a major international logistics center would pump just that much more wind beneath the Alaska air transportation industry's wings. The result of all of this should mean that more Alaskans will be finding employment opportunities in the state's aviation industry.

A *TRENDS* profile —

City & Borough of Juneau



by Kristen Tromble

Juneau's economy has historically centered around one industry. Juneau was founded in 1880 to provide support for hard-rock gold mining activity in the area. Mining dominated Juneau's economy until 1944 when a redistribution of resources for the war effort closed the last big mill. After the demise of gold mining, government took over as Juneau's main employer.

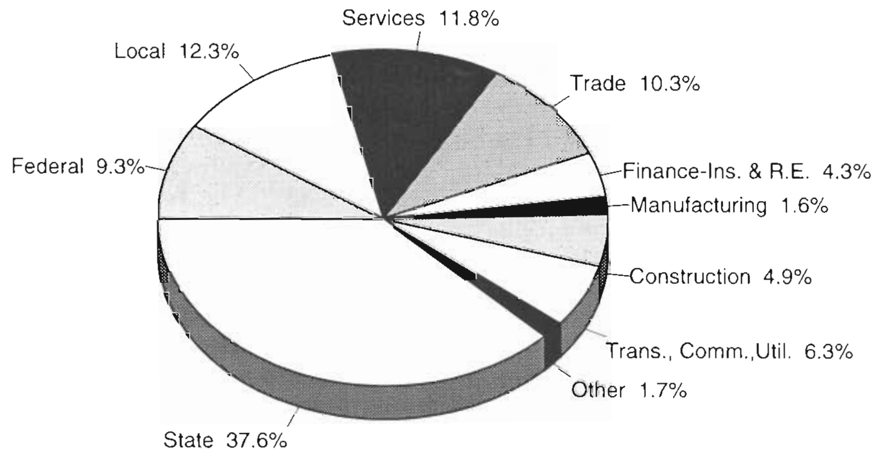
Government predominates but is declining

Today, despite continuing efforts to broaden the capital city's economic base, Juneau's economy is dependent on government. As Alaska's capital city, Juneau benefits from jobs in state agencies, the governor's office, and the legislative and judicial branches. Juneau is home to a campus of the University of Alaska. Federal and local government agencies also contribute to employment. Juneau hosts headquarters for the U.S. Forest Service, the U.S. Coast Guard, the Bureau of Indian Affairs, and the National Marine Fisheries Service. Local government contributes jobs with the City and Borough of Juneau, the Juneau School District, and Bartlett Memorial Hospital.

While government employment is declining, it remains the dominant force in Juneau's economy. Statewide, government provides over a quarter of all wage and salary jobs. In Juneau, government's share is 45.0%. In 1994, government employment accounted for over 59 percent of wages paid in Juneau—down 5.1% from 1991. (See Figure 1.) Juneau's employment numbers clearly reflect declines in government employment. (See Table 1.) In the last two years, federal employment has reached its lowest levels since pre-1982. State employment reached the lowest

Figure • 1

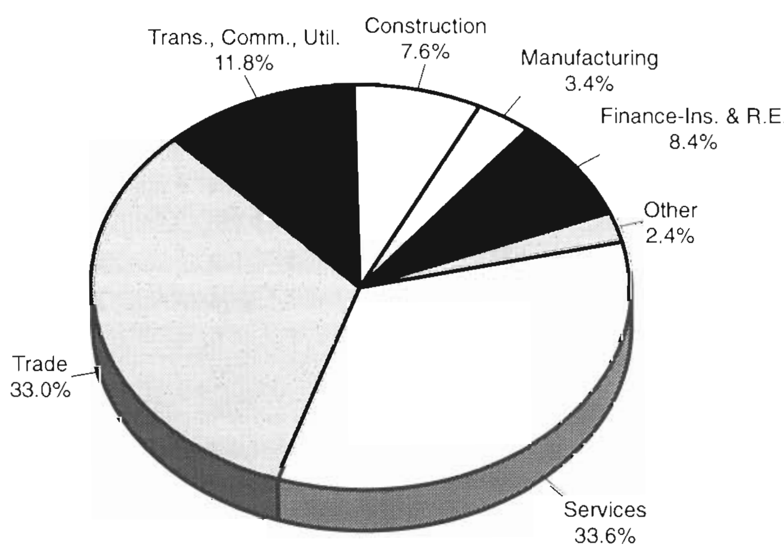
Government Payrolls Are 59.2% of Wages
Juneau 1994



Source: Alaska Department of Labor, Research and Analysis Section.

Figure • 2

Private Sector is Service and Trade Oriented
Juneau Private Employment, 1994



Source: Alaska Department of Labor, Research and Analysis Section.

levels since the severe economic downturn in 1986-88. Only local government employment has risen, with across-the-board increases in education, hospitals, and other city employment.

Juneau works to diversify

Government has provided positive influences to Juneau's economy. Juneau has a higher labor force participation rate and a lower unemployment rate than has Alaska as a whole. Juneau's workforce is better educated and per capita income is higher than is the statewide workforce. (See Table 3.) Except for the oil price crash and recession of 1986-88, Juneau's economy has been relatively stable. But, as the recession showed, dependence on one industry has left Juneau vulnerable to severe economic distress when government falters.

Ongoing efforts to diversify Juneau's economy are beginning to show in employment numbers. While total employment increased 25.4% since 1982, government's share of employment decreased almost eight percent. During this time, employment in every private sector increased at a faster rate than the government sector. Services and retail trade added the most new jobs. In addition, mining, manufacturing, and finance, insurance, and real estate showed large rates of increase.

After government, the services industry provides the most jobs in Juneau. (See Figure 2.) Health services is the largest employer in this private sector,[1] followed by social services and hotels. Recently, amusement and recreation services has had the highest growth rate. Retail trade is Juneau's third largest source of employment. Spurred by the influx of major retailers such as Costco, Kmart and Carrs, Juneau's economy has added around 700 new retail jobs since 1990.

Though manufacturing employment nearly doubled from 1990 to 1994, it accounts for less than two percent of Juneau's jobs. Most of these jobs are in printing and publishing, and seafood processing. Manufacturing growth is fueled by smaller, entrepreneurial businesses. For instance, a smokery and a brewery expanded, and a glass business began manufacturing windows. Currently, several specialty salmon products are in development.

As the largest city in Southeast Alaska, Juneau businesses provide goods and services to the local and regional population. Regional service providers are especially important employers in the transportation, communications, health care, and wholesale and retail trade sectors. (See Table 2.)

Mining and tourism spark debate

Mining employment in Juneau is set to accelerate with three major mines working to start production. Greens Creek mine, annexed by Juneau in 1994, is increasing employment in preparation for reopening in mid-

[1] Employment at Bartlett Memorial Hospital is counted in local government.

Table • 1

Juneau Wage and Salary Employment, 1982-1994

	1982	1983	1984	1985	1986	1987	1988	1989	1990 [2]	1991	1992	1993	1994
Total	12,195	12,764	13,439	13,607	12,824	12,485	12,747	13,502	13,772	14,081	14,518	14,612	15,294
Mining [1]	12	26	27	*	*	80	169	112	75	85	75	*	*
Construction	540	763	797	733	396	391	341	343	414	518	548	717	636
Manufacturing	151	152	180	253	196	261	341	319	148	199	268	270	287
Transportation	916	794	775	777	707	782	747	857	911	880	957	909	989
Trade	1,873	1,966	2,204	2,120	1,925	1,937	2,023	2,203	2,239	2,416	2,465	2,552	2,775
Wholesale Trade	170	199	184	178	144	173	197	211	197	217	197	198	197
Retail Trade	1,704	1,767	2,020	1,942	1,781	1,764	1,826	1,993	2,042	2,199	2,268	2,353	2,578
Finance-Ins. & Real Estate	512	533	572	615	637	565	561	535	496	558	585	618	703
Services	1,694	1,857	1,991	2,034	2,075	2,146	2,014	2,152	2,333	2,279	2,357	2,449	2,824
Agric., Forestry & Fishing	32	24	30	36	44	*	49	*	*	*	*	*	74
Nonclassifiable	34	83	99	*	*	*	13	*	*	*	*	*	*
Government	6,432	6,567	6,766	6,976	6,782	6,291	6,490	6,900	7,099	7,078	7,191	6,940	6,877
Federal	973	994	1,021	1,040	1,057	1,035	1,044	1,086	1,056	1,039	1,094	961	937
State	4,358	4,398	4,423	4,509	4,342	4,016	4,138	4,417	4,535	4,518	4,530	4,373	4,301
Local	1,102	1,175	1,323	1,428	1,384	1,241	1,308	1,397	1,508	1,521	1,567	1,606	1,640

** Nondisclosable due to confidentiality.*
[1] Juneau annexed Greens Creek mine effective 1-1-94. Employment for 1994 includes Greens Creek mine, but prior years do not.
[2] 1990 federal government employment was adjusted downward by 350 to account for misreported overcount of U.S. Census workers.
Source: Alaska Department of Labor, Research and Analysis Section.

1996. Coeur Alaska should begin construction on the Kensington mine by the end of 1996. The outlook for reopening Echo Bay's AJ mine has improved and construction could begin within the next two years. If all three major mines were operating, Juneau's mining employment could approach 1,000 jobs.

Juneau also looks to another growth industry, tourism, to diversify its economy. Tourism is booming with projected increases in cruise ship passengers of 18% this year and five to 10 percent next year. The number of independent travelers is also increasing. Air passenger traffic into Juneau during the peak tourism months, June, July and August, has risen at an average rate of 7.0% per year since 1991. Tourism growth impacts employment in several sectors, including transportation, services, and retail trade.

With the growth in the number of tourists has come a change in the characteristics of the typical Juneau tourist. Many of the new travelers are younger, more independent, and interested in family activities, including those related to adventure and the environment.

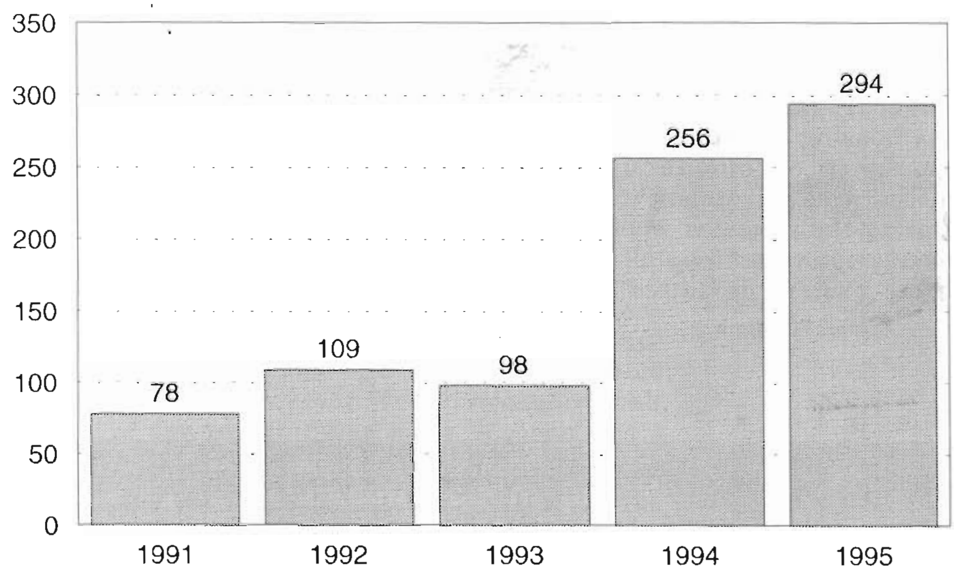
While resource-related industries provide a rich source of growth for Juneau businesses, the changes associated with their expansion are introducing stresses into the community. The prospect of mining has raised concerns about environmental issues such as water quality and diminished scenic and recreation value of the land. As tour offerings increase, some residents worry about crowding, traffic, and a decreased access to and quality of recreation for residents. Over the next few years, the community will continue to debate how to balance environmental and development needs and resident and visitor interests.

Housing: more on the way but never enough

One factor which has inhibited growth and business expansion is a continuing shortage of both single-family and multi-unit housing. With

Figure • 3

A Welcome Increase in Housing Units
Number of New Housing Units Permitted, Juneau



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 2

Juneau's Largest Private Employers

Rank	Firm[1]	Average Annual Employment
1	Fred Meyer	218
2	Kmart	157
3	Westmark Hotels	146
4	SEARHC	135
5	Alaska Airlines	131
5	Foodland Supermarket	131
6	Central Council Tlingit & Haida	124 [2]
7	REACH	108
8	Echo Bay Mines	96
9	Catholic Community Services	95 [3]
10	Statewide Services	88

[1] One of the 10 largest employers in Juneau asked to be excluded from this listing.
[2] Estimated from wage records.
[3] Manager's estimate.
Published with permission of employers.
Source: Alaska Department of Labor, Research and Analysis Section.

the exception of the recession, Juneau's housing market has been notoriously tight. The lack of housing has curtailed enrollment at the university, generated complaints from businesses looking to locate or expand, and has been cited as a reason to move the capital from Juneau.

Several factors contribute to the housing shortfall. Juneau's dependence on one industry has discouraged investment in housing. During the recession when government employment fell sharply, many home owners defaulted on their loans. This experience created cautious lenders unwilling to loan for speculative building. Uncertainty caused by continuing ballot initiatives to move the capital northward also dampened building activity.

Since the 1992 vote to keep the capital in Juneau, housing construction has soared. The number of housing units permitted increased from 78 in 1991 to 294 in 1995. (See Figure 3.) Residential construction is expected to remain strong throughout 1996. In addition to the many projects already planned, the city is offering interest-free loans to encourage downtown housing that would meet legislative needs. A new university dormitory opening for the fall 1996 semester will also ease pressure on the housing market.

Predictably, the housing shortage has led to high housing costs. A 1995 rental market survey of 10 Alaska areas ranked Juneau as having the highest average rental costs for single-family residences and mobile homes and the third highest costs for apartments and other rental units.[2] Juneau's vacancy rate for apartments was 1.1%. Even with the new single-family and multi-family home construction, housing costs are expected to remain high as current demand exceeds projected supply. With the expected influx of workers and their families directly or indirectly supported by mining, the housing market should remain tight.

T a b l e • 3

A Snapshot of Juneau
Current Statistics—1995 unless noted

	Alaska	Juneau
Population	615,900	29,228
Juneau's population is older...		
Median age	30.0	32.6
has fewer children, more seniors...		
Percent under five	9.2%	7.7%
Percent 18 years & over	69.4%	70.6%
Percent 65 years & over	4.6%	5.6%
and women...		
Percent female	48.0%	49.4%
and is better educated		
High school graduate or higher (1990) [1]	86.6%	89.9%
Bachelors degree or higher (1990) [1]	23.0%	30.7%
Fewer workers are unemployed		
Percent of all 16 years + in labor force	68.1%	76.5%
Percent unemployed	7.3%	5.8%
Income is higher, wages average		
Personal per capita income (1993)	$23,070	$26,066
Annual average monthly earnings (1994)	$2,689	$2,664
Renters pay more [2]		
Kodiak		$839
Juneau		**778**
Ketchikan		679
Anchorage		666
Sitka		662
Fairbanks		606

[1] Source: U.S. Department of Commerce, Bureau of the Census.
[2] Average monthly contract rent for apartment, condominiums and other rental units, not including single family residences or mobile homes.
Source: Alaska Department of Labor, Research and Analysis Section.

The future outlook depends on government

Juneau's economic health will remain tied to government, particularly state government, for the foreseeable future. Recent moves to curtail government spending at the federal, state, and local levels could significantly impact Juneau if they result in decreased employment or wages. For the next 10 to 20 years, mining and tourism activity will help fill the void resulting from any government declines. Economic diversity will continue to be an important goal for Juneau planners to pursue.

[2] This survey, conducted by the Alaska Department of Labor's Research and Analysis Section for the Alaska Housing Finance Corporation, is summarized in *Alaska Housing Market Indicators, Spring 1995.*

Kristen Tromble is a labor economist with the Research and Analysis Section, Administrative Services Division, Alaska Department of Labor. She is located in Juneau.

Highlights:

Alaska Population Overview: 1995 Estimates

by Greg Williams

Alaska Population Overview: 1995 Estimates, to be released in July, covers a wealth of information about Alaska's population, including the state's households and living arrangements discussed below in 1990 and 1995 estimates.

Greg Williams is the state demographer with the Research and Analysis Section, Administrative Services Division, Alaska Department of Labor. He is located in Juneau.

Alaska Households and Living Arrangements in 1995

The census counts all persons as living in either households or group quarters. In 1990, some 232,608 housing units were counted in Alaska, 188,915 of which were occupied; that is, they contained a household. Vacant housing units totaled 43,693. The number of persons per household in Alaska was 2.93 in 1990, slightly larger than the U.S. average of 2.63. Households are broken down into family households and nonfamily households. A household containing a householder and one or more persons related by birth or marriage makes up a family household. A household composed of a group of unrelated individuals or one person living alone is considered a nonfamily household. In addition, some 20,701 persons lived in group quarters in Alaska in 1990. Group quarters are either institutional, such as prisons, nursing homes or military barracks, or they are other living quarters where 10 or more unrelated individuals live. This latter category may include rooming houses, group homes, college

Table • 1

Population and Households by Type, 1980, 1990, 1995

	1995	Percent	1990	Percent	1980	Percent
Universe: Population						
Total Population	615,900		550,043		401,851	
Population in Group Quarters	17,406		20,701		16,260	
Population in Households	598,494		529,342		385,591	
Persons Per Household	2.79		2.80		2.93	
Universe: Households						
Total Households	214,744	100.0	188,915	100.0	131,463	100.0
Family Households	149,850	69.8	132,837	70.3	95,564	72.7
Married Couple Families	118,184	55.0	106,079	56.2	80,344	61.1
With Children *	71,533	33.3	64,720	34.3	50,577	38.5
Other Families	31,666	14.7	26,758	14.2	15,220	11.6
Male Householder	10,058	4.7	8,529	4.5	4,948	3.8
With Children *	6,973	3.2	5,749	3.0	2,810	2.1
Female Householder	21,608	10.1	18,229	9.6	10,272	7.8
With Children *	17,435	8.1	14,625	7.7	7,973	6.1
Nonfamily Households	64,894	30.2	56,078	29.7	35,899	27.3
Householder Living Alone	48,515	22.6	41,826	22.1	26,467	20.1
Two or more persons	16,379	7.6	14,252	7.5	9,432	7.2

**1990: with related children; 1980: With own children under 18.*
Source: U.S. Census of Population and Housing, 1990,1980. Alaska Department of Labor, Research and Analysis Section, Demographics Unit.

dorms, emergency shelters, or logging and fish processing camps. Because of military cutbacks, the number of persons living in group quarters in Alaska dropped to 17,406 in 1995. The numbers of persons in households of different types and group quarters appear in Table 1.

Some 529,342 persons lived in 188,915 households in Alaska in 1990. Of that population, 454,726 persons, or 82.7%, lived in 132,837 family households. The remaining 74,616 persons, or 13.6%, lived in 56,078 nonfamily households. Overall, 70.3% of all households were family households, and 29.7% are nonfamily households. By 1995, Alaska's households had increased to an estimated 214,744. Of these, 149,850, or 69.8%, were estimated to be family households, and 64,894, or 30.2%, nonfamily households. Comparatively, in 1994, 70.6% of all households nationwide were family households, and 29.5% were nonfamily households. Both in the U.S. and Alaska, the proportion of persons in family households continues to decline.

Family households are made up of husband-wife, male-headed and female-headed households. A married-couple household is a family in which the householder and spouse are counted as members of the same household. Male- and female-headed households consist of a single adult head and at least one younger or older dependent. Of the 132,837 family households in 1990, 106,079 were husband-wife, 8,529 were male-headed and 18,229 were female-headed. These comprised 56.2%, 4.5% and 9.6% of all households respectively. In 1995, there were an estimated 118,184 married-couple family households, 21,608 female-headed family households and 10,058 male-headed family households in Alaska. These make up 55.0%, 10.1% and 4.7% of all households respectively. Alaska households are only slightly less likely to contain single-parent families, but these families are more likely to be male-headed than in the nation as a whole. In the U.S., 54.7% of all households are married-couple, 12.8% female-headed, and 3.0% male-headed. Overall, the proportion of Alaska households that are family households tends to be slightly less than for the U.S. as a whole.

In 1990, Alaska counted 85,094 families with related children. Of these related-children households, 64,720, or 76.1%, were in married-couple families. A single-female householder was present in 14,625, or 17.2%, of the households with related children, and 5,749, or 6.8%, of the households with related children had a single-male householder. By 1995, families with related children in Alaska had increased to 95,941. Of these households, an estimated 71,533, or 74.5%, were in married-couple families; 17,435, or 18.2%, in female-headed families; and 6,973, or 7.3%, in male-headed families. Only 44.7% of all Alaskan households contained related children under 18. Households containing a husband, wife and related children make up only one-third of all households in Alaska. This is slightly higher than the national average of 25.8%. In part, this reflects Alaska's younger population and higher fertility.

Between 1980 and 1995, the proportion of households with children living with married-couple families continued to decline, while the proportion of female- and male-headed households with children continued to increase. Of all households containing children living with one parent in 1995, an estimated 28.6% were living in male-headed households and 71.4% in female-headed households.

Persons living alone or unrelated persons living together are considered nonfamily households. Of Alaska's 56,078 nonfamily households in 1990, 41,826 contained persons living alone and 14,252 contained unrelated persons living together. In 1995, of an estimated 64,894 nonfamily households in Alaska, 48,515 contained persons living alone and 16,379 contained unrelated individuals. In 1990, 22.1% of all households were made up of persons living alone; by 1995, such households remained almost the same at an estimated 22.6%. Nationwide, the proportion of households containing a single person living alone was 24.3 in 1994.

Copies of *Alaska Population Overview: 1995 Estimates* are available on request from the Alaska Department of Labor, Research and Analysis Section.

April Jobless Rate Drops to 7.5%

by John Boucher

Alaska's statewide unemployment moved sharply downward in April. The rate fell one and four-tenths percentage points, coming in at 7.5%. The sharp drop in the rate translated into 4,200 fewer Alaskan workers counted among the unemployed than in March. April's unemployment drop signaled that Alaska's economy is starting to accelerate again after a typically sluggish Alaskan winter.

While the state's economy was shifting into high gear, comparisons to the national unemployment rate and last year's statewide unemployment rate remain unfavorable. The nation's jobless rate was 5.4% in April, and last April's statewide unemployment rate was slightly lower at 7.3%. (See Table 4.)

Despite a somewhat sluggish economic performance, Alaska's unemployment rate is relatively low, especially if looked at historically. April's 7.5% unemployment rate was the fourth-lowest rate for that month in the last 17 years. (Comparable unemployment statistics for the period prior to 1978 are not available.) Outside of last April, the only April rates lower than this April's rate were posted in April of 1989 and 1990. Those two rates were heavily influenced by the widespread labor shortage that occurred following the cleanup effort related to the *Exxon Valdez* oil spill. (See Figure 1.)

Low unemployment and a struggling economy?

The relatively low unemployment rates being posted across the state run counter to the general perception of an economy struggling to maintain forward momentum. Interpreting a low statewide unemployment rate as an indicator of good economic times in Alaska meets with justified skepticism. Skeptics point to the struggling timber and seafood industries, job losses in Alaska's air transportation sector, and the downsizing of Alaska's military and civilian federal government work force as ample evidence of a less than robust economy. (See Table 1.)

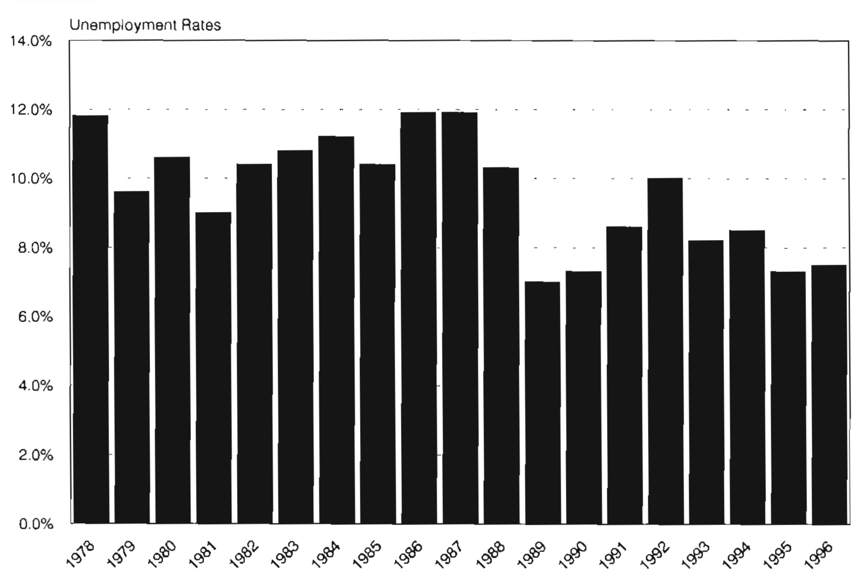
Why does Alaska's unemployment rate indicate some of the best economic times in recent memory, while the perception remains that Alaska's economy is struggling? Other economic statistics can help give insight into this question. First, Alaska's wage and salary job statistics continue to post growth. For the last several years, the number of wage and salary job opportunities available to Alaskans has steadily increased. From 1992 to 1995, Alaska's wage and salary employment grew almost 15,000 jobs, or 6.0%. It is this relatively steady job growth, coupled with slower in-migration, that has contributed to the relatively low statewide jobless rate.

While the unemployment statistics point to recent times being less difficult to find a job, it has become more difficult to find a job that pays an above average wage. Earnings data for 1995 show that the growth in employment has not been matched by a commensurate growth in earnings. From 1992 to 1995, the average monthly wage of a job in Alaska

John Boucher is a labor economist with the Research and Analysis Section, Administrative Services Division, Alaska Department of Labor. He is located in Juneau.

Figure • 1

April Unemployment Rate Among Lowest Since '78



Source: Alaska Department of Labor, Research and Analysis Section.

T a b l e • 1

Nonagricultural Wage and Salary Employment by Place of Work

Alaska	p/ 4/96	r/ 3/96	4/95	Changes from 3/96	Changes from 4/95
Total Nonag. Wage & Salary	255,100	251,700	253,700	3,400	1,400
Goods-producing	35,700	35,300	35,400	400	300
Service-producing	219,400	216,400	218,300	3,000	1,100
Mining	9,900	9,900	9,500	0	400
Construction	10,900	9,800	10,600	1,100	300
Manufacturing	14,900	15,600	15,300	-700	-400
Durable Goods	3,200	2,600	3,200	600	0
Lumber & Wood Products	2,100	1,700	2,200	400	-100
Nondurable Goods	11,700	13,000	12,100	-1,300	-400
Seafood Processing	8,500	9,800	8,900	-1,300	-400
Pulp Mills	600	600	500	0	100
Transportation	21,600	21,200	22,300	400	-700
Trucking & Warehousing	3,000	3,000	2,900	0	100
Water Transportation	1,700	1,700	1,800	0	-100
Air Transportation	6,700	6,600	7,400	100	-700
Communications	3,700	3,700	3,700	0	0
Trade	52,400	51,100	51,600	1,300	800
Wholesale Trade	8,400	8,300	8,400	100	0
Retail Trade	44,000	42,800	43,200	1,200	800
Gen. Merch. & Apparel	8,400	8,200	8,500	200	-100
Food Stores	7,400	7,300	7,000	100	400
Eating & Drinking Places	14,600	13,900	14,300	700	300
Finance-Ins. & Real Estate	11,400	11,300	11,500	100	-100
Services & Misc.	60,200	59,200	58,700	1,000	1,500
Hotels & Lodging Places	5,400	4,900	5,500	500	-100
Health Services	13,600	13,500	13,000	100	600
Government	73,800	73,600	74,200	200	-400
Federal	16,800	16,700	17,400	100	-600
State	22,200	22,100	22,300	100	-100
Local	34,800	34,800	34,500	0	300

Municipality of Anchorage	p/ 4/96	r/ 3/96	4/95	Changes from 3/96	Changes from 4/95
Total Nonag. Wage & Salary	118,200	117,500	118,100	700	100
Goods-producing	10,000	9,700	10,000	300	0
Service-producing	108,200	107,800	108,100	400	100
Mining	2,900	2,800	2,700	100	200
Construction	5,100	4,900	5,200	200	-100
Manufacturing	2,000	2,000	2,100	0	-100
Transportation	11,300	11,600	11,800	-300	-500
Air Transportation	4,200	4,200	4,600	0	-400
Communications	2,100	2,300	2,100	-200	0
Trade	28,900	28,300	28,800	600	100
Wholesale Trade	6,300	6,100	6,400	200	-100
Retail Trade	22,600	22,200	22,400	400	200
Gen. Merch. & Apparel	4,200	4,000	4,300	200	-100
Food Stores	3,200	3,200	3,100	0	100
Eating & Drinking Places	8,200	8,000	7,900	200	300
Finance-Ins. & Real Estate	7,000	7,000	7,100	0	-100
Services & Misc.	32,700	32,600	31,800	100	900
Hotels & Lodging Places	2,400	2,300	2,500	100	-100
Health Services	6,900	6,800	6,600	100	300
Government	28,300	28,300	28,600	0	-300
Federal	10,200	10,100	10,500	100	-300
State	8,300	8,400	8,400	-100	-100
Local	9,800	9,800	9,700	0	100

T a b l e • 2

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 4/96	r/ 3/96	4/95	p/ 4/96	r/ 3/96	4/95	p/ 4/96	r/ 3/96	4/95
Mining	$1,195.87	$1,198.94	$1,191.16	47.1	49.4	48.5	$25.39	$24.27	$24.56
Construction	1,103.60	1,036.19	1,073.83	43.5	42.8	44.1	25.37	24.21	24.35
Manufacturing	481.23	511.51	478.06	42.7	51.1	41.0	11.27	10.01	11.66
Seafood Processing	360.12	436.89	339.46	45.7	56.3	41.6	7.88	7.76	8.16
Trans., Comm. & Utilities	668.39	656.60	645.75	34.4	33.5	35.0	19.43	19.60	18.45
Trade	402.70	404.58	415.86	32.9	33.0	34.8	12.24	12.26	11.95
Wholesale	626.04	617.16	649.90	37.6	37.0	38.8	16.65	16.68	16.75
Retail	360.32	364.34	370.60	32.0	32.3	34.0	11.26	11.28	10.90
Finance-Ins. & R.E.	491.86	490.39	480.48	36.3	35.9	36.4	13.55	13.66	13.20

Notes to Tables 1-3:

Tables 1 and 2- Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Table 3- Prepared in part with funding from the Employment Security Division.

p/ denotes preliminary estimates.

r/ denotes revised estimates.

Government includes employees of public school systems and the University of Alaska.

Average hours and earnings estimates are based on data for full- 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 1995

Nonagricultural Wage and Salary Employment by Place of Work

Southeast Region

	p/ 4/96	r/ 3/96	Changes from 4/95	3/96	4/95
Total Nonag. Wage & Salary	35,100	32,800	34,550	2,300	550
Goods-producing	5,500	4,100	5,150	1,400	350
Service-producing	29,600	28,700	29,400	900	200
Mining	250	250	150	0	100
Construction	1,650	1,300	1,600	350	50
Manufacturing	3,600	2,550	3,400	1,050	200
Durable Goods	1,750	1,150	1,700	600	50
Lumber & Wood Products	1,600	1,050	1,600	550	0
Nondurable Goods	1,850	1,400	1,700	450	150
Seafood Processing	1,050	600	950	450	100
Pulp Mills	550	550	500	0	50
Transportation	2,700	2,450	2,700	250	0
Trade	6,400	6,100	6,350	300	50
Wholesale Trade	500	500	500	0	0
Retail Trade	5,900	5,600	5,850	300	50
Finance-Ins. & Real Estate	1,350	1,250	1,400	100	-50
Services & Misc.	6,500	6,350	6,350	150	150
Government	12,650	12,550	12,600	100	50
Federal	1,800	1,750	1,850	50	-50
State	5,500	5,500	5,550	0	-50
Local	5,350	5,300	5,200	50	150

Anchorage/Mat-Su Region

Total Nonag. Wage & Salary	128,650	127,400	128,000	1,250	650
Goods-producing	10,800	10,400	10,650	400	150
Service-producing	117,850	117,000	117,350	850	500
Mining	2,850	2,850	2,800	0	50
Construction	5,800	5,450	5,700	350	100
Manufacturing	2,150	2,100	2,150	50	0
Transportation	12,300	12,450	12,850	-150	-550
Trade	31,450	30,900	31,200	550	250
Finance-Ins. & Real Estate	7,500	7,400	7,550	100	-50
Services & Misc.	35,100	34,900	34,100	200	1,000
Government	31,500	31,350	31,650	150	-150
Federal	10,350	10,250	10,600	100	-250
State	9,200	9,200	9,250	0	-50
Local	11,950	11,900	11,800	50	150

Gulf Coast Region

Total Nonag. Wage & Salary	25,300	24,900	25,300	400	0
Goods-producing	5,900	6,000	6,050	-100	-150
Service-producing	19,400	18,900	19,250	500	150
Mining	1,050	1,000	1,150	50	-100
Construction	900	950	850	-50	50
Manufacturing	3,950	4,050	4,050	-100	-100
Seafood Processing	2,750	2,900	2,800	-150	-50
Transportation	2,000	2,000	2,100	0	-100
Trade	4,700	4,500	4,550	200	150
Wholesale Trade	500	550	500	-50	0
Retail Trade	4,200	3,950	4,050	250	150
Finance-Ins. & Real Estate	650	650	650	0	0
Services & Misc.	5,200	4,850	5,150	350	50
Government	6,850	6,900	6,800	-50	50
Federal	600	600	600	0	0
State	1,750	1,750	1,750	0	0
Local	4,500	4,550	4,450	-50	50

Interior Region

	p/ 4/96	r/ 3/96	Changes from: 4/95	3/96	4/95
Total Nonag. Wage & Salary	34,750	33,550	34,500	1,200	250
Goods-producing	3,200	2,800	3,050	400	150
Service-producing	31,550	30,750	31,450	800	100
Mining	750	800	800	-50	-50
Construction	1,900	1,500	1,700	400	200
Manufacturing	550	500	550	50	0
Transportation	2,500	2,400	2,550	100	-50
Trade	7,000	6,800	6,950	200	50
Finance-Ins. & Real Estate	1,050	1,000	1,000	50	50
Services & Misc.	8,150	7,850	7,900	300	250
Government	12,850	12,700	13,050	150	-200
Federal	3,400	3,400	3,550	0	-150
State	4,950	4,850	4,950	100	0
Local	4,500	4,450	4,550	50	-50

Fairbanks North Star Borough

Total Nonag. Wage & Salary	30,700	29,550	29,950	1,150	750
Goods-producing	3,100	2,450	2,500	650	600
Service-producing	27,600	27,100	27,450	500	150
Mining	600	600	650	0	-50
Construction	2,000	1,350	1,350	650	650
Manufacturing	500	500	500	0	0
Transportation	2,050	2,000	2,100	50	-50
Trucking & Warehousing	500	450	500	50	0
Air Transportation	450	450	550	0	-100
Communications	300	300	300	0	0
Trade	6,550	6,350	6,500	200	50
Wholesale Trade	800	800	750	0	50
Retail Trade	5,750	5,550	5,750	200	0
Finance-Ins. & Real Estate	950	950	950	0	0
Services & Misc.	7,400	7,250	7,200	150	200
Government	10,650	10,550	10,700	100	-50
Federal	2,900	2,900	3,000	0	-100
State	4,700	4,650	4,700	50	0
Local	3,050	3,000	3,000	50	50

Southwest Region

Total Nonag. Wage & Salary	16,200	17,850	16,500	-1,650	-300
Goods-producing	4,850	6,450	5,200	-1,600	-350
Service-producing	11,350	11,400	11,300	-50	50
Seafood Processing	4,600	6,250	5,000	-1,650	-400
Government	5,400	5,450	5,300	-50	100
Federal	550	550	550	0	0
State	500	500	450	0	50
Local	4,350	4,400	4,300	-50	50

Northern Region

Total Nonag. Wage & Salary	15,150	15,300	14,750	-150	400
Goods-producing	5,450	5,500	5,250	-50	200
Service-producing	9,700	9,800	9,500	-100	200
Mining	4,950	5,000	4,600	-50	350
Government	4,700	4,750	4,650	-50	50
Federal	200	200	200	0	0
State	300	300	300	0	0
Local	4,200	4,250	4,150	-50	50

increased from $2,618 per month to $2,690 per month. This is an increase in the average monthly wage of about 2.7 percent, or a wage growth rate less than half the job growth rate for the same period. From 1994 to 1995, almost no increase in the average monthly wage occurred, while employment grew at a 1.1% pace. Under these circumstances, it's not surprising that individuals may be finding it more difficult to make ends meet, especially if they lose a high-paying job. They may be able to find work, but replacing the wages that they lost is much more difficult.

Southeast, Interior construction projects rev up April numbers

The sharpest drops in Alaska's unemployment rates in April were in Southeast Alaska and the Interior. (See Table 4.) Construction projects in both regions began to gear up and were the biggest factor in dropping unemployment. In Southeast, construction projects in the capital city were responsible for a good portion of the 350 construction jobs that were added in the region. (See Table 3.) Juneau's construction season set a red-hot pace as single-family housing, multiple-family units, numerous commercial projects and the resurfacing of Egan Drive got into high gear. Juneau isn't the only city in the region experiencing an active construction season. Ketchikan, Sitka, Haines, Petersburg and Craig all report a high level of residential construction activity. Demand for tourist services and destinations is fueling a good measure of the commercial construction activity in the region.

Interior Alaska's April construction employment experienced an unexpected boost due to the rush reconstruction of a good portion of the Princess Hotel at Denali National Park. The region's construction season was already getting a healthy boost in part due to construction work at the Fort Knox Gold mine in Fairbanks North Star Borough. With the Healy Clean Coal project getting underway in May, the region's construction workers will continue to be busy well into the summer.

While Interior and Southeast showed the biggest boosts in April's job statistics, almost every other region of the state started to come out of the winter doldrums. Anchorage added 700 jobs in April as retailers and restaurants started to staff up for the summer. (See Table 1.) Retailers and service providers were also gearing up in the Gulf Coast region. There were only two significant negatives in the job picture during April. Southwest Alaska and Kodiak lost over 1,000 seafood processing jobs as the winter fisheries came to a close. In the Northern region, oil and gas activity slowed down somewhat as about 100 jobs were lost on the North Slope.

April numbers signal start of the summer employment surge

April's employment and unemployment statistics indicated that the summer employment surge has begun in earnest. Construction projects in Interior and Southeast Alaska helped to kick-start the April job growth and contributed significantly to falling unemployment in those regions of the state. For the next several months, the economy will experience its usual flurry of summer activity as many seasonal industries hit peak employment. While plenty of employment opportunities appear to be available, wage statistics continue to indicate that a good-paying, year-round job continues to be difficult to find.

Table • 4

Unemployment Rates by Region & Census Area

	Percent Unemployed p/ 4/96	r/ 3/96	4/95
Not Seasonally Adjusted			
United States	5.4	5.8	5.6
Alaska Statewide	7.5	8.9	7.3
Anchorage/Mat-Su Region	6.1	7.1	6.1
Municipality of Anchorage	5.2	6.0	5.3
Mat-Su Borough	10.7	12.4	10.1
Gulf Coast Region	11.6	12.9	11.8
Kenai Peninsula Borough	13.4	15.5	13.1
Kodiak Island Borough	6.7	5.3	8.8
Valdez-Cordova	10.9	12.6	10.7
Interior Region	8.8	10.8	8.7
Denali Borough	11.2	14.9	9.1
Fairbanks North Star Bor.	7.8	9.7	8.1
Southeast Fairbanks	17.1	18.9	13.5
Yukon-Koyukuk	18.8	21.0	15.0
Northern Region	11.6	12.1	9.7
Nome	14.4	14.7	12.9
North Slope Borough	4.6	4.8	2.1
Northwest Arctic Borough	17.1	18.3	15.4
Southeast Region	6.8	10.1	7.0
Haines Borough	11.5	15.7	11.7
Juneau Borough	5.0	7.4	5.4
Ketchikan Gateway Borough	7.9	10.6	7.5
Pr. of Wales-Outer Ketch.	11.3	15.7	8.9
Sitka Borough	5.1	8.0	4.8
Skagway-Hoonah-Angoon	6.6	9.6	9.7
Wrangell-Petersburg	9.8	16.1	10.9
Yakutat Borough	6.6	10.0	11.8
Southwest Region	8.5	8.1	6.2
Aleutians East Borough	3.8	1.7	3.9
Aleutians West	2.5	2.4	2.0
Bethel	12.0	11.9	8.6
Bristol Bay Borough	6.3	7.8	4.1
Dillingham	10.2	10.3	6.6
Lake & Peninsula Borough	7.6	8.9	7.5
Wade Hampton	11.6	9.7	8.2
Seasonally Adjusted			
United States	5.4	5.6	5.8
Alaska Statewide	7.2	7.9	7.0

p/ denotes preliminary estimates *r/ denotes revised estimates*

Benchmark: March 1995

- *Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.*
- *The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.*

Source: Alaska Department of Labor, Research and Analysis Section.

Alaska Employment Service

Anchorage: Phone 269-4800

Bethel: Phone 543-2210

Dillingham: Phone 842-5579

Eagle River: Phone 694-6904/07

Mat-Su: Phone 376-2407/08

Fairbanks: Phone 451-2871

Glennallen: Phone 822-3350

Kotzebue: Phone 442-3280

Nome: Phone 443-2626/2460

Tok: Phone 883-5629

Valdez: Phone 835-4910

Kenai: Phone 283-4304/4377/4319

Homer: Phone 235-7791

Kodiak: Phone 486-3105

Seward: Phone 224-5276

Juneau: Phone 465-4562

Petersburg: Phone 772-3791

Sitka: Phone 747-3347/3423/6921

Ketchikan: Phone 225-3181/82/83

The Alaska Department of Labor shall foster and promote the welfare of the wage earners of the state and improve their working conditions and advance their opportunities for profitable employment.