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Employment Outlook

Alaska Department of Labor
and Workforce Development

Tony Knowles
Governor of Alaska

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The 2010 Employment Outlook

by Lorraine Cordova,
Gerald Landry, and
Nels Tomlinson,
Labor Economists

This decade will see 47,700 more jobs in the state's economy

Industries relying on natural resource development and extraction and those selling Alaska's beauty drive Alaska's labor force. Oil and gas, seafood, and tourism employ a significant share of the state's workforce. In recent years, Alaska's economy has better weathered the storms associated with high and low oil prices, fluctuating fish harvests, and fickle tourists than it did thirty years ago. Today, while the health of resource-based industries still heavily influences the workforce, the state has a more diversified economy.

The number of wage and salary jobs increased by 48,623 during the 1990 to 2000 time frame. This was a slower rate of increase than the previous decade when the state added 62,052 jobs. Projections are for creation of another 47,700 jobs during the 2000 to 2010 decade. (See Exhibit 1.) This would be a 1.7% annual increase, lower than between 1980 and 1990 when the workforce increased at a rate of 3.6% annually, and the 1990 to 2000 era when it increased by 2.1% annually.

Demographics chart the course

Labor force projections are primarily tied to changes predicted in the population. Furthermore, predictions of changes in the kinds of work performed are tied to the state's aging population. The services industry is expected to grow dramatically as the over 55 age group in the state

doubles over the next ten years. The low case population projection predicts Alaska to grow by 43,038 or 0.6% annually in the next ten years. The majority of this growth will occur in the over 55

Statewide Employment Forecast 2010

| | 2000 ³ | 2010 (Projected) | Avg. Ann. Growth |
|---|-------------------|---------------------|---------------------|
| TOTAL WAGE & SALARY EMPLOYMENT | 280,800 | 328,500 | 1.7% |
| GOODS PRODUCING | | | |
| Mining | 10,100 | 10,600 | 0.5% |
| Construction | 14,100 | 14,900 | 0.6% |
| Manufacturing | 14,000 | 14,000 | 0.0% |
| Seafood Processing | 8,800 | 8,800 | 0.0% |
| Forest Products ¹ | 1,500 | 1,500 | 0.0% |
| SERVICE PRODUCING | | | |
| Transportation/Comm/Utilities | 27,500 | 32,200 | 1.7% |
| Air Transportation | 9,800 | 11,900 | 2.1% |
| Communications | 5,500 | 6,200 | 1.3% |
| Wholesale | 8,700 | 8,800 | 0.1% |
| Retail | 48,800 | 56,600 | 1.6% |
| Finance, Insurance, Real Estate | 11,500 | 11,800 | 0.3% |
| Services and Misc. ² | 73,800 | 106,600 | 4.4% |
| Hotels and lodging places | 7,200 | 9,300 | 2.9% |
| Business | 9,300 | 11,600 | 2.5% |
| Health and Social | 25,400 | 48,800 | 9.2% |
| Engineering/accounting/research | 7,500 | 9,400 | 2.5% |
| Government | 72,200 | 72,900 | 0.1% |
| Federal | 17,100 | 17,900 | 0.5% |
| State | 22,200 | 20,900 | -0.6% |
| Local | 32,900 | 34,100 | 0.4% |

¹ Forest Products includes Pulp Mills as well as Lumber and Wood Products industries.

² Services and Misc. includes Agriculture, Forestry, and Fishing industry employees covered by workers' compensation insurance, as well as workers in undetermined industries.

³ Based on Employment and Earnings Summary Report 2000

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

population, providing increased job opportunities in the services sector.

Most of these people will settle in the Anchorage region and that is where the majority of the workforce will obtain jobs. Almost 50 percent of the workforce is currently based in Anchorage and that proportion is expected to hold through the next ten years. Exhibit 2 shows the regional breakdown of employment in the state for 2000 and projects how it will look in 2010.

Services sustains long-term growth

The services sector has been chugging along steadily, averaging almost five percent annual growth since 1984. Health and social services employ the biggest group of these workers, almost 40 percent of the services sector. Hotels and other lodging places along with business services employ another 20 percent of services. The projected doubling of the over 55 age group in Alaska over the coming decade will continue to exert pressure on health and social services for more workers.

Exhibit 3 shows the major employers in the services sector.

Hospitals and other health institutions are expected to continue down the expansion path they have traveled the last ten years. The Alaska Psychiatric Institute received funding from the state in 2001 for construction of a \$41.7 million replacement hospital scheduled to open in 2004. Providence Hospital expects to spend up to \$80 million over the next five years on construction and renovation. Alaska Regional Hospital is spending \$30 million in a wide-ranging expansion and renovation project. Other convenience-oriented medical services like HealthSouth continue to expand and serve patients requiring fast service. The Alaska Native Medical Center on Tudor Road expanded significantly in recent years. The addition of adjoining medical buildings for health care providers will add even more employment to the services sector. In another area of the state, the Central Peninsula General Hospital in Soldotna plans to double its space and significantly increase its Kenai satellite office staff.

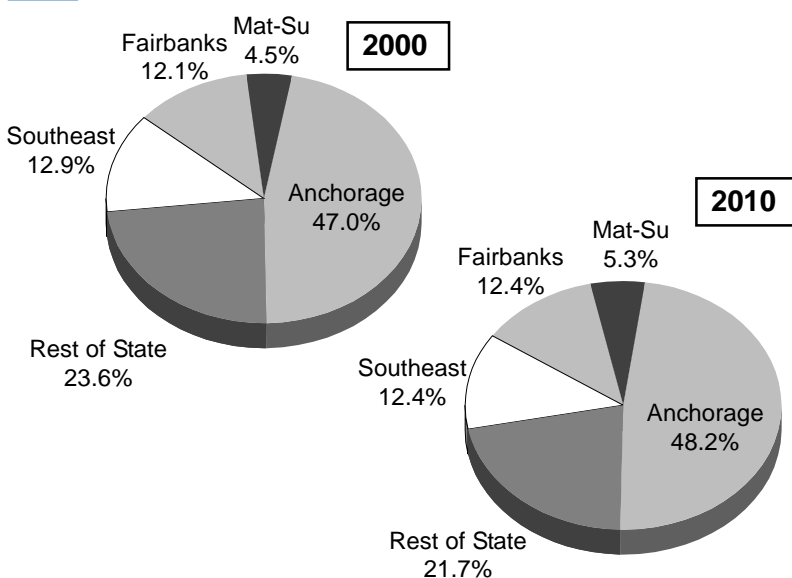
Health services are not the only expanding sector of the services industry. Engineering, accounting, research, management, and other related services play a big role. The small educational services sector is growing.

The services sector is expected to continue the steady growth of its recent years and to add more than 30,000 jobs to state wage and salary employment in the next ten years. Other industries in the state will exhibit much slower growth. Most of this employment will occur in the Anchorage area, but all areas of the state will share in the growth. (See Exhibit 4.)

The oil and gas horizon

Oil industry employment comprises almost 85 percent of the total mining industry employment in the state. Production on the North Slope employs almost half of these workers. Another 12

2 Employment by Region 2000 and 2010



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

Top Ten Employers for 2000 3

In each major industry

AGRICULTURE, FORESTRY, AND FISHING

Alaskan Leader Fisheries
Douglas Island Pink and Chum Inc.
Evergreen Landscaping Inc.
Gold Nugget Farms
Green Connection, Inc.
Mosesian Farms of Alaska, Inc.
Northern Southeast Regional Aquaculture Assn. Inc.
Tony's Enterprises
Veterinary Centers of America

MINING

Alaska Petroleum Contractors, Inc.
ARCO Alaska Inc.
Atlantic Richfield Company
BP Exploration Alaska, Inc.
Cominco Alaska Inc.
Houston/NANA JV
Nabors Alaska Drilling, Inc.
Peak Oilfield Services Co.
Phillips Petroleum Co.
Western Atlas International Inc.

CONSTRUCTION

Alaska Interstate Construction LLC
Houston Contracting Co.-Alaska Ltd.
Osborne Construction
SKW/Eskimos Inc.
South Coast Inc.
Summit Alaska Inc.
UIC Construction Inc.
Udelhoven Oilfield System Svc.
Wilder Construction Company
Wolverine Supply Inc.

MANUFACTURING

Anchorage Daily News Inc.
Cook Inlet Processing
Icicle Seafoods Inc.
North Pacific Processors Inc.
Norquest Seafoods Inc.
Ocean Beauty Seafoods Inc.
Peter Pan Seafoods Inc.
Trident Seafoods Corp.
Unisea Inc.
Wards Cove Packing Co Inc.

TRANSPORTATION, COMMUNICATION, AND UTILITIES

Alaska Airlines Inc.
Alaska Communications System
Alyeska Pipeline Services Co Inc
ERA Aviation Inc.
Federal Express Corp.
Laidlaw Transit Inc.
Royal Highway Tours Inc.
Southeast Stevedoring Corp
Westours Motorcoaches Inc.

WHOLESALE TRADE

Alaska Pipe and Supply
B&C Supply Stores/Alaska Auto Inc.
Emerald Shared Service
Food Services of America, Inc.
Odom Company
OfficeMax
Signature Flight Support, Anchorage
Snug Harbor Seafoods, Inc.
Wage Wholesale Co. LLC

RETAIL TRADE

Alaska Commercial Co.
Aramark Services Management of Alaska Inc.
Fred Meyer Shopping Centers
Kmart Corp.
NANA/Marriott JV
Pizza Hut
Restaurants Northwest, Inc.
Safeway, Inc.
Sears Roebuck and Co.
Wal-Mart Associates Inc.

FINANCE, INSURANCE, AND REAL ESTATE

First National Bank of Anchorage
Alaska Housing Finance Corp.
Alaska USA Federal Credit Union
AVCP Housing Authority
Denali Alaskan Federal Credit Union
Interior Region Housing Authority
Keybank National Association
NANA Development Corp.
National Bancorp of Alaska Inc.
Northrim Bank

SERVICES

Alyeska Resort
Banner Health System
Facility Management of Alaska Inc.
Galen Hospital Alaska Inc.
Labor Ready Northwest Inc.
North Employment Agency Inc.
Providence Hospital
VECO Alaska Inc.
Westmark Hotels Inc.
Yukon Kuskokwim Health Corp.

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

percent of mining industry workers are employed in coal mining, with the balance in metal mining and mining of nonmetallic minerals. The top ten mining employers for year 2000 were associated with oil and gas extraction, except for Cominco Alaska Inc., which is listed as metal mining. (See Exhibit 3.)

A natural gas pipeline has been prominent in the news during the last year and has been a Knowles administration priority. Industry analysts, however, have said the project is not economical at less than \$3.00 per million BTU. Recent prices have been just under this figure, but a year ago they were over \$5.00 per million BTU. This has led to discussions of ways to reduce the project's cost, including creative financing and tax credits. The earliest projections for construction of the pipeline are for 2005, with the project coming on line in 2008. Given the low price of gas, however, this forecast assumes that the project will not be completed before 2010, but that planning, engineering, and possibly some construction may take place in the latter portion of the forecast period.

Expansion of the Point Thompson Unit on the North Slope is scheduled to come on line in 2008 producing both oil and gas. The Point Thompson Unit does not depend on construction of the gas pipeline so its employment is included in this forecast.

Cook Inlet oil and gas production is the bright spot for the industry. Existing infrastructure should be able to absorb increased production in the Inlet. The Nikiski liquid natural gas (LNG) plant and the ammonia plant are ongoing but are not expected to expand in the next ten years.

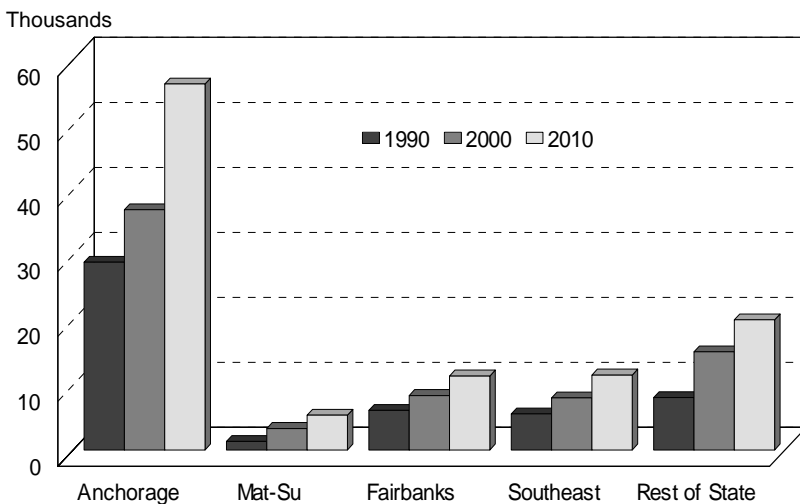
This forecast assumes that the Arctic National Wildlife Refuge will remain off limits to the oil industry for the next ten years. Exploration and drilling in the National Petroleum Reserve-Alaska, however, will contribute modestly to employment in the state.

Other mining industry employment comprises a much smaller portion of total jobs and is not expected to change very much during the forecast period. Historically, gold has been the backbone of the metal mining industry in the state, but today it seems to be yielding this role to duller metals. Falling gold prices have depressed the gold industry for many years. The Red Dog lead and zinc mine today provides more than half of the metal mineral output of the state. Additional development at Red Dog is possible. Processing the ore on site by bio-leaching has been considered. This would require a great deal of additional energy, but could lead to an additional 100 to 200 jobs.

Several probable and potential new metal mining operations hold out prospects. The Kensington Mine, near Juneau, would employ about 225 workers during a ten to fifteen year period. This project is still awaiting permits, and may not proceed.

The Pogo mine project near Delta Junction would employ about 300 workers for the 12-year expected life of the project. Teck Cominco hopes

4 Services Sector Employment 1990, 2000, and projected 2010 by region



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

to commence development in 2004, but permits are still pending. Pebble Creek is a huge copper-gold deposit near Iliamna, where Dynasty Minerals plans to conduct exploratory drilling this year. Nova Gold is moving ahead with development of its Donlin Creek property in the Kuskokwim Mountains.

This forecast assumes that the True North project will provide employment during the forecast period and that the Red Dog mine will continue its expansion. The Kensington Mine is not expected to come on line in the next ten years and the Pogo mine is expected to provide construction jobs in the latter years of the forecast. Most of the employment opportunities for the mining industry are located outside of the urban areas in the state. (See Exhibit 5.)

Tourism still solid contributor

Tourism has been one of the fastest growing industries in Alaska. The effects of tourism are felt in several industry sectors: services, trade, and transportation. Between summer 1989 and summer 1998, the total number of visitors to Alaska grew 86 percent, or at an annual average growth rate of seven percent.

The cruise industry is a major growth engine in tourism. Cruise passengers participate in multiple tours, and many passengers cruise to Alaska and travel overland into the state. The cruise industry continues to develop infrastructure throughout Alaska and add new tour operations. The industry has stated plans to add more ships to Alaska over the next six years. The cruise industry's key demographic target, baby boomers earning \$55,000 a year or more, will double by 2010, and Alaska cruise prices continue to decrease, making cruises increasingly affordable.

Highway and ferry visitors and independent travelers, the biggest spending visitors to the state, have the highest growth rates. In the summer of 1998, highway and ferry visitors were up

dramatically with annual increases of 17 percent and 14 percent, respectively.

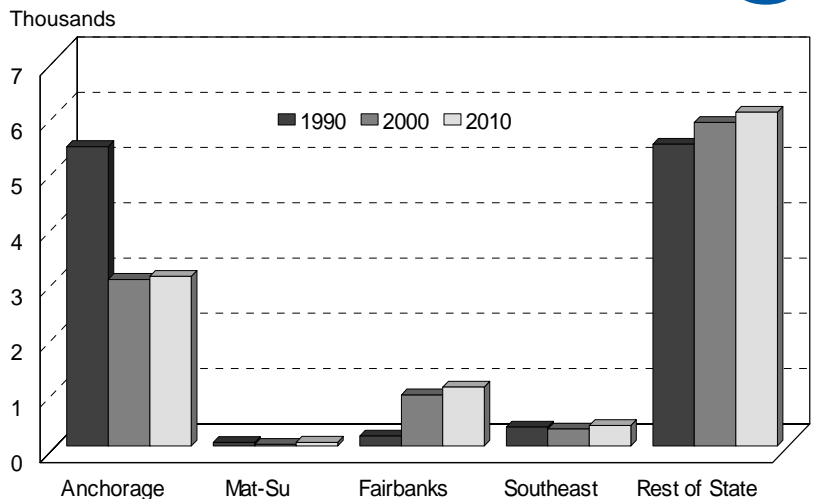
Winter tourism, while a small portion of total tourism in the state, will continue to grow, doubling its numbers over the next ten years. These travelers include visitors to the Interior to view the Northern Lights, race enthusiasts traveling to Alaska for the Iditarod, and skiers coming to Mt. Alyeska and the myriad heli-skiing sites in the state.

Some factors that may have a negative effect on tourism are:

- price competitiveness,
- crowding at some ports and need for additional capacity,
- recent slow rates of growth.

Growth is expected to continue at a slow rate as the uncertainties now associated with international travel cause travelers to spend their vacation time on U.S. soil. These conditions will support Alaska tourism's continued slow steady growth well into the forecast period.

Mining Sector Employment 5 1990, 2000, and projected 2010 by region



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

Troubled waters for the seafood industry

The greatest threat to Alaska's seafood industry is the rapid rise in farmed salmon. Even halibut and cod are being farmed. Farm fish, with its consistent quality, reliable supply, and lower prices continues to expand to meet the increasing worldwide demand for seafood. Inherent fluctuations in wild fish availability contribute to supply swings that affect Alaska's market share. British Columbia's recent lifting of a moratorium on farming Atlantic salmon will further erode wild salmon cash value.

Processors and fishers continue to explore alternatives, as both ex-vessel and first wholesale values decline. Whether solutions to these problems can be found in new product forms, fleet rationalization as a means of limiting participation in the fishery, or other approaches, remains an open question.

Some hopeful indicators include the fact that Alaska's air transportation has made great strides in delivering fresh fish to markets. Processing plants are extending their seasons by processing more than one species, and many fishermen are diversifying their operations.

Alaska Seafood International (ASI), created in 1996 with the help of the Alaska Industrial Development and Export Authority, is adding value to product by providing high quality, easy to prepare, or ready prepared seafood. ASI, mired in financial problems in recent years, has settled lawsuits and overdue bills. The company secured a contract with warehouse giant Sam's Club and is expected to offer year round employment during the forecast period.

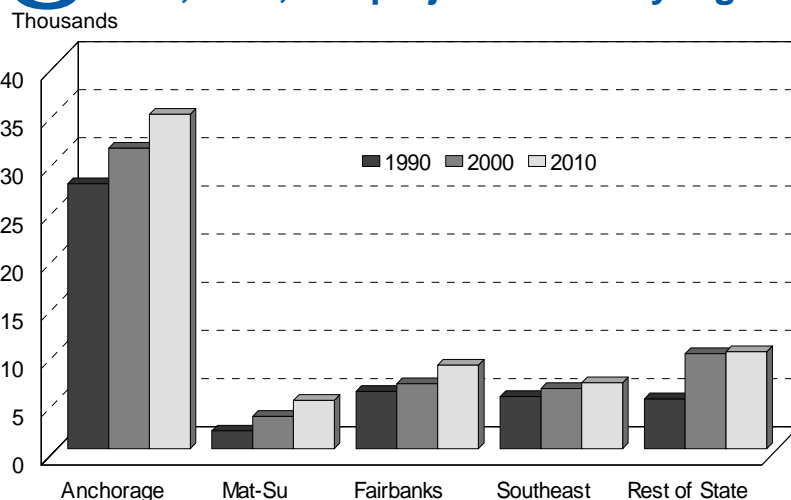
Alaska's offshore groundfish industry continues to be the world's largest single-species fishery. Quotas for 2002 increased, and biological assessments of stocks remain positive. The Steller's sea lion issue has receded. However, the continuing economic troubles of Asia, especially Japan, have impacted demand and ex-vessel values.

Seafood processing employment will be relatively flat, growing at just 0.2% by 2010 as permit holders forego fishing at low harvest prices and farmed product continues to erode the Alaska market.

Retail remains robust

The retail trade industry captured an ever-increasing slice of the employment pie in the last ten years, and this trend appears set to continue over the next ten. Anchorage leads the pack by supplying more than half of the total retail trade jobs in the state. Plans to build a new Best Buy store this year, a new Lowe's Home Improvement store for next year, and two new Fred Meyer stores, one already open in south Anchorage and another in Eagle River, will continue to provide additional employment. The expansion at the Ted Stevens International Airport will also include new retail space. The Mat-Su Valley welcomed a new Sears store in Wasilla, and Fairbanks got a Home Depot this year. The Kmart bankruptcy could dampen some of this growth, but at present the Alaska stores are slated to remain open. Kmart, Fred Meyer, and Wal-Mart all make the top ten list of retailers in the state for the calendar year 2000. (See Exhibit 3.)

6 Trade Industry Employment 1990, 2000, and projected 2010 by region



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

The retail trade industry has grown at an average annual rate of 2.1% since 1984. General merchandise stores, a subset of retail trade, has grown at the phenomenal average annual rate of 7.5%. Statewide, the retail trade industry is expected to grow annually at 1.6% over the next ten years, with the lion's share of these workers located in the Municipality of Anchorage. See Exhibit 6 for the combined retail and wholesale trade employment projections.

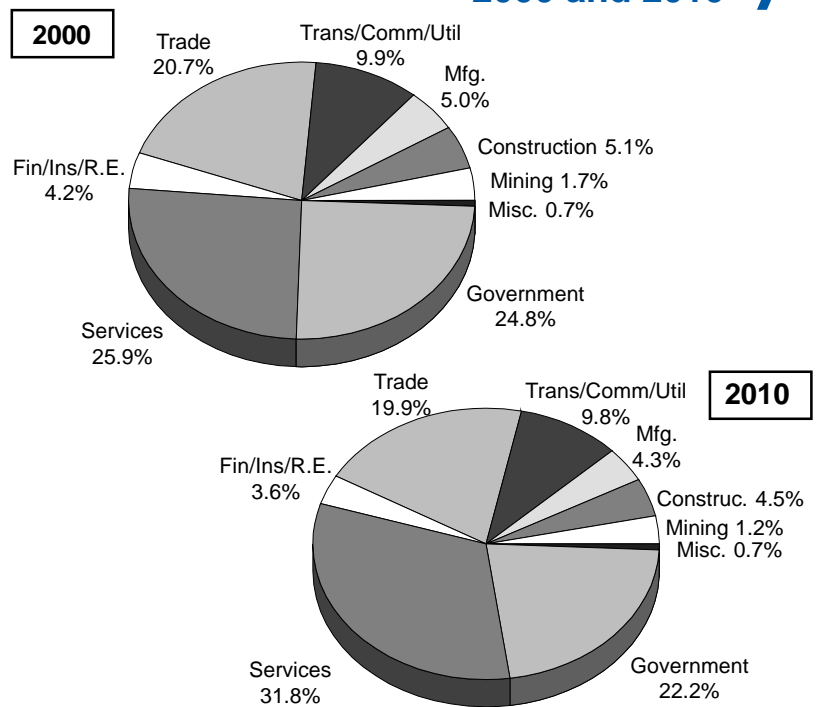
Changing government share

State government is heavily dependent on oil revenues. Oil prices continue to fluctuate wildly. Alaska North Slope oil hit a low of \$9.72 per barrel in July 1986, then rebounded to a high of \$32.32 per barrel in September 1990. The swings prompted various discussions of tapping the Permanent Fund, instituting an income or sales tax, and other innovative ways of replacing and/or supplementing the way state government is funded. Fortunately, Alaska has a rainy day fund, the Constitutional Budget Reserve Fund (CBRF), which has filled the gaps and absorbed the shocks of low oil prices in the past. Unfortunately, the rate at which the CBRF is currently being drawn down is expected to bring it to zero in the next few years.

Workers in the government sector represent an ever-decreasing slice of the state's employment pie. (See Exhibit 7.) Federal, state, and local government jobs comprised more than 30 percent of the employment in the state in the mid-80s, and are now projected to make up around 22 percent of the total workforce for 2010. Government sector employment overall is expected to remain flat over the next ten years. Federal government employment is expected to increase slightly when the Anti-Ballistic Missile site at Fort Greely begins operations. The Kodiak Launch Complex is expected to benefit as it joins the ABM site in ventures with the Department of Defense in test launching missiles. Given the events of September 11, no base closures are expected in Alaska over the next ten years.

State government jobs are expected to decline slightly in number as the state continues to tighten its belt on spending. Discussion of enacting a state income tax will exert further pressure to reduce state government spending, which typically results in lost public employment opportunities. Local government jobs will increase slightly as city and borough governments pick up some of the services previously provided by the state. Other changes include the Alaska Air National Guard's taking over regional monitoring of Alaska airspace, thereby transferring some federal positions to the state, an estimate of nearly 150 jobs total. Total government sector employment is expected to grow annually at 0.1% over the next ten years.

Employment by Industry 7 2000 and 2010



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

Construction builds on its numbers

The Denali Commission is expected to continue to create jobs, building infrastructure and providing economic development in rural areas of the state. This year's funding is \$55 million for rural water and sewer projects.

The construction industry has been trending more-or-less steadily upward since about 1987, when it began to recover from the oil price collapse of 1986. Given that construction employment has not returned to pre-1986 levels, another collapse in oil prices would do less harm than the 1986 debacle, which cut employment in the construction industry by more than half. The construction industry as a whole is expected to grow at 0.6% annually over the next ten years.

The residential construction industry in Alaska will probably benefit from low interest rates for several years to come. The national economy is expected to recover slowly so the Federal Reserve will have little incentive to raise interest rates. Residential housing on the road system is expected to expand steadily over the next ten years.

The heavy construction industry has been in a downtrend for many years. The Anti-Ballistic Missile Defense site at Fort Greely is already under construction, and federal transportation dollars are expected to continue to shore up the industry for the first half of the ten-year forecast. Neither the trans-Alaska gas pipeline system nor opening of the Arctic National Wildlife Refuge is assumed to occur in the next ten years, so a light decline in the heavy construction industry is anticipated over the period.

Summing it all up

Employment in the state will be a somewhat mixed bag for the next ten years. Alaska's aging population will cause services industry employment numbers to rise. Oil and gas industry employment along with tourism and retail trade will see modest increases. The seafood industry will struggle to maintain its share of employment. The prediction is for 47,700 jobs to be added to employment and earnings rolls in the next decade, the majority of them in the services industry. This amounts to a 1.7% annual growth rate for employment in Alaska.

Statewide Two-Year Forecast

by Dan Robinson
Labor Economist

Employment will grow 1.4 percent in 2002 and 1.3 percent in 2003

Alaska will add a modest number of new jobs over the next two years, extending the state's streak of thirteen consecutive years of employment growth. The 2002-03 forecast is for 7,900 new jobs over the two-year period, which translates to an annual growth rate of slightly less than 1.4%. (See Exhibits 1 and 2.) The majority of the new jobs are expected to be in services and retail trade.

Regionally, Fairbanks leads the way

Several federal construction projects in Fairbanks will contribute to higher employment growth there than in other parts of the state. Anchorage will grow at a slower rate than in recent years due to some job loss in the oil industry and a slowdown in construction. Southeast Alaska should manage to just barely compensate for expected job losses in seafood processing and the timber industry by adding a small number of jobs in services, transportation, and several other categories.

More new jobs in services sector

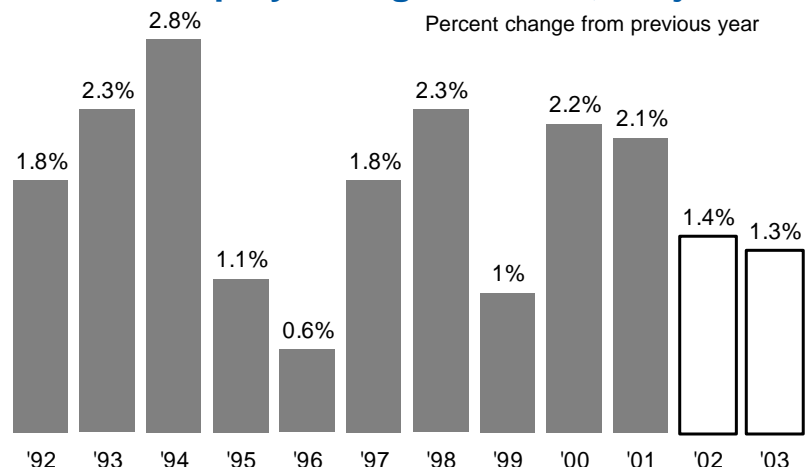
The services sector of the economy—a broad category that includes employment in health care, social services, hotels and motels, and business and engineering, among others—is once again expected to add the bulk of new jobs over the two-year forecast period. Approximately half of all jobs added in the next two years will be from this sector.

Many of the new services jobs will come from the health care industry, which is expected to continue the robust growth that has characterized it over the last decade. The growth should continue into the foreseeable future as the state's baby boomers

age and require more care. Social services, which includes senior citizen centers, counseling and adoption organizations, substance abuse recovery facilities, and child care providers, is also expected to grow at a healthy rate.

Another significant sub-category of services is hotel and motel employment. It is one barometer of the tourism industry, and therefore bears watching. In the fall of 2001, following the September 11 terrorist attacks and the U.S.-led response, the dominant opinion was that the 2002 season would be a bleak one. Since that time those views have moderated somewhat as the U.S. economy has emerged from recession and security issues have been at least partially resolved. The assumption for this forecast is that tourism-related jobs will neither increase nor decrease very much in the next two years.

Statewide Forecast for 2002-03 Employment growth of 7,900 jobs



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

In 2001 certain federally recognized tribal entities were reclassified from services to local government. (See the April 2002 issue of *Trends*, page 4 for more detail.) Consequently, growth in the services sector from 2000 to 2001 (see Exhibit 2) is hidden and growth in local government is artificially inflated. Once this change is accounted for, growth in services in 2001 amounted to about 3,200 jobs or 4.4%. The forecast calls for slower growth of 2.7% in 2002, followed by 2.5% in 2003.

Manufacturing still looking for solutions

The state lost 400 manufacturing jobs in 2001 and is expected to lose 200 more over the next two years. The timber industry has steadily dropped each year since 1990. Low lumber prices and competition from more accessible markets are two of the factors creating a dismal long-term outlook for the industry.

Seafood processing's woes may be more structural and potentially of shorter term. On the one hand, world demand for salmon is increasing and Alaska's runs are strong. On the other, ex-vessel prices remain very low and competition from farmed salmon is increasing. Following the loss of 200 jobs in 2001, the current forecast is for 100 fewer jobs in 2002, then no change for 2003.

Oil industry to reduce jobs

A year ago, the picture was rosy for the oil industry. Oil prices were high and there was serious talk about building a natural gas pipeline. At this writing, prices are lower and a natural gas pipeline in the near future appears unlikely. The current forecast for the mining category, which includes all mineral production, but is made up mostly of oil extraction and oil field services, calls for a 2002 decrease of 500 jobs, followed by a slight rebound in 2003. It is important to remember that both 2000 and 2001 were very good years. In 2001 alone, the industry added 1,000 jobs for an increase of 9.8%. Unlike previous downturns in oil industry employment that were marked by layoffs by the major oil companies, the current job losses will be due more to the completion of projects that provided temporary jumps in oil field services employment. Although production continues to

decline gradually, no major cuts are on the short-term horizon.

Construction holds the line

After adding 700 jobs in 2001, construction should continue to grow in 2002 and 2003, though at a slower pace. Federal construction projects will create most of the new jobs as several new projects get under way in and around Fairbanks and work continues on the state-bonded Ted Stevens International Airport in Anchorage. Highway construction should also provide some growth, while the commercial and residential sectors hold steady.

Transportation, communications and utilities to grow slightly

A significant part of the employment counted in the transportation, communications and utilities category is remarkably stable and predictable. Telephone companies and television and radio broadcasting firms are counted under the communications heading and, being highly regulated, employment changes are generally small and unsurprising. Similarly, employment in utilities generally changes only slightly from year to year and along the same general patterns as the overall economy.

The transportation portion of the category, however, is more likely to experience business cycles and to see unexpected job growth or job loss. Air transportation, for example, depends on the health of the visitor industry, the overall health of the U.S. and international economies, and the ability of the cargo carriers in the state to attract and keep routes. Over the next two years the state can expect to see approximately 700 new jobs in transportation, communications and utilities, mostly as a result of improving conditions in the U.S. and international economies.

Retail trade a bright spot

Retail trade is expected to add 2,200 jobs in the next two years, once again a fairly large share of the state's total expected employment growth. Eating and drinking places constitute the biggest

sub-category of retail trade and more growth is expected there. New restaurants continue to open around the state as Alaskans follow a national trend of spending more of their income on food that someone else prepares and cooks.

Another bright spot in retail trade has been building supply stores, which should see continued growth due to new stores and added employment demand in existing stores. Other elements of retail trade, including food stores, general merchandise and apparel stores, and car dealers and gas stations, will likely follow the pattern of the state's overall economy. For the next few years at least, that means moderate growth.

Minimal growth in government

Once the classification change for tribal entities is accounted for, government employment growth was nearly flat in 2001. The same basic pattern should continue. Local government is expected to grow slightly as a small population bulge moves through elementary and secondary schools. The state's budget deficit should restrain state government's growth, though the University of

Alaska system has seen enrollment increases that may create a modest number of new jobs in the next two years. Yet even here, funding vicissitudes could dampen growth. Recent years have seen small cuts in total federal employment within the state. The current forecast for a loss of 200 jobs over the next two years assumes that trend will continue.

Summary

The current forecast for 1.4% job growth in 2002 and 1.3% in 2003 suggests that Alaska is still searching for its economic path in the face of shrinking employment in the commodity-producing industries that have shaped the state's economic history. The existing manufacturing sector of Alaska's economy faces an uncertain future, at best. The question remains whether the state can continue to add jobs in areas such as services and retail trade—industries often considered derivative—without also adding jobs in the goods-producing sectors.

Statewide Forecast 2 Wage and salary employment 2002-2003

| | 2000 Annual Average ³ | 2001 Annual Average ³ | Absolute Change 00-01 | Percent Change 00-01 | 2002 Annual Average | Absolute Change 01-02 | Percent Change 01-02 | 2003 Annual Average | Absolute Change 02-03 | Percent Change 02-03 |
|--------------------------------|--|--|-----------------------------|----------------------------|---------------------------|-----------------------------|----------------------------|---------------------------|-----------------------------|----------------------------|
| Nonag. Wage and Salary | 280,800 | 290,000 | 6,100 | 2.1% | 294,200 | 4,200 | 1.4% | 297,900 | 3,700 | 1.3% |
| GOODS PRODUCING ¹ | 38,300 | 39,600 | 1,300 | 3.4% | 39,500 | -100 | -0.3% | 39,800 | 300 | 0.8% |
| SERVICE PRODUCING ² | 245,500 | 250,400 | 4,900 | 2.0% | 254,700 | 4,300 | 1.7% | 258,100 | 3,400 | 1.3% |
| Mining | 10,100 | 11,200 | 1,000 | 9.8% | 10,700 | -500 | -4.5% | 10,900 | 200 | 1.9% |
| Construction | 14,100 | 14,800 | 700 | 5.0% | 15,200 | 400 | 2.7% | 15,400 | 200 | 1.3% |
| Manufacturing | 14,000 | 13,700 | -400 | -2.8% | 13,600 | -100 | -0.7% | 13,500 | -100 | -0.7% |
| Seafood Processing | 8,800 | 8,300 | -200 | -2.4% | 8,200 | -100 | -1.2% | 8,200 | 0 | 0.0% |
| Lumber & Wood Prod. | 1,500 | 1,200 | -300 | -20.0% | 1,100 | -100 | -8.3% | 1,000 | -100 | -9.1% |
| Transportation/Comm/Util | 27,500 | 28,000 | 400 | 1.4% | 28,100 | 100 | 0.4% | 28,700 | 600 | 2.1% |
| Trade | 57,400 | 58,200 | 800 | 1.4% | 59,300 | 1,100 | 1.9% | 60,300 | 1,000 | 1.7% |
| Wholesale Trade | 8,700 | 8,300 | -300 | -3.5% | 8,200 | -100 | -1.2% | 8,200 | 0 | 0.0% |
| Retail Trade | 48,800 | 49,900 | 1,000 | 2.0% | 51,100 | 1,200 | 2.4% | 52,100 | 1,000 | 2.0% |
| Finance/Ins/Real Estate | 11,500 | 12,700 | -100 | -0.8% | 12,800 | 100 | 0.8% | 12,800 | 0 | 0.0% |
| Services & Misc. | 73,800 | 73,000 | -300 | -0.4% | 75,000 | 2,000 | 2.7% | 76,900 | 1,900 | 2.5% |
| Government | 72,200 | 78,500 | 4,000 | 5.4% | 79,500 | 1,000 | 1.3% | 79,400 | -100 | -0.1% |
| Federal | 17,100 | 16,800 | -300 | -1.8% | 16,700 | -100 | -0.6% | 16,600 | -100 | -0.6% |
| State | 22,200 | 22,900 | 800 | 3.6% | 23,400 | 500 | 2.2% | 23,300 | -100 | -0.4% |
| Local | 32,900 | 38,800 | 3,500 | 9.9% | 39,400 | 600 | 1.5% | 39,500 | 100 | 0.3% |

¹ Goods producing industries include mining, construction, and manufacturing.

² Service producing industries include: transportation, communications and utilities; trade; finance, insurance and real estate; services; and government.

³ CES 2001 Benchmark

Subtotals may not add due to rounding.

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

Anchorage Two-Year Forecast

by Neal Fried
Labor Economist

Growth will be slower

After two years of above average gains, the next two years in Anchorage's economy are likely to be more subdued. Some industries will simply grow more slowly, others will contract, and some will remain largely unchanged.

The tenor of the overall economic environment is different from what it was just eight months ago. Last year at this time optimism was at a decade high. The oil industry was busier than it had been in years, oil prices were high, federal dollars were pouring in, the construction industry was healthy, and the prospects of building a gas line appeared to be a near-term possibility. Since that time, the mood has changed some. Oil prices have fallen, the state is struggling with a billion-dollar fiscal gap, the oil industry is contracting, the construction of a gas line has been pushed further into the future, and the possibility of a weak visitor season is dampening hopes.

Despite this revision of expectations, Anchorage's economy should still manage to grow again during the next two years—just at a slower rate. The services industry should provide the lion's share of the employment growth in Anchorage, and a robust construction industry should help keep the economy above water. Retail will also experience some growth as a result of new store openings, and air transportation related to air cargo could also be a positive.

Services still the steady new jobs deliverer

Services, Anchorage's single largest private sector industry and one of its most vibrant, will continue to lead in job growth. The players that ought to keep this industry in the black are health care, social services, engineering services, business

services and others. One sector that might take some of the edge off is the visitor industry.

Health care should again be the leader in services growth, because it is both the largest piece of services (a quarter) and its most dynamic. The aging of Alaska's huge baby boom population and a host of other important factors should keep this expansion going. Providence Hospital, the Alaska Native Medical Center, and Alaska Regional Hospital continue to grow. The state's second largest private sector employer, Providence Hospital, hopes to build a \$25 million, 60-bed psychiatric facility. Although the pace of privatization of the Alaska Native Medical Center has slowed, both of its two managing organizations, Southcentral Foundation and the Alaska Tribal Health Consortium, plan to add staff during the next two years. The expansion of specialized clinics, doctors' offices and other health care providers should help keep employment growing.

The healthy outlook for the state's construction industry should keep Anchorage's engineering service firms busy. The nonprofit social services sector will continue to benefit from the flow of federal grants. Less work on the North Slope could put a crimp on contract service agency employment.

One big question mark for services growth this year will be the role the visitor-related segments of this industry play. For years the tourism industry has been an important contributor to this industry's growth. If some of the industry's pessimistic predictions come true, 2002 could become the first year that services gets no boost from the visitor industry. One factor that could offset some of this potential negative is the opening of two new hotels in time for this summer's season, the Hilton Gardens and the Dimond Center Hotel.

Construction remains a very bright light

For the next two years, construction will play the enormously important role of sustaining Anchorage's economy. Unlike last year, when the industry got help from all its parts, this year public construction will be the dominant player.

The \$220 million plus expansion and reconstruction of the Ted Stevens International Airport will continue to be Anchorage's largest construction site. In 2002 and part of 2003 the replacement of Concourse C will be the single largest project at a cost of \$85 million, but additional work such as \$43 million worth of north-south taxiway work will keep construction dust flying through at least 2003. School district construction will also remain important in Anchorage's construction mix. The construction of the new \$68 million Dimond High School will continue through mid-2003 season; in 2002, construction should begin on the new \$48 million South Anchorage High School. School replacement projects and renovations will also keep the school district busy. The University of Alaska will begin building a new \$23 million library expansion in 2002. And just across the street from the university, the state will begin replacing the Alaska Psychiatric Institute with a new \$35 million facility this summer.

The military will undertake some big projects. The Corps of Engineers is projected to increase spending during FY2002 and 2003. Some of the larger new projects include two on Fort Richardson valued over \$10 million—a barracks and a training facility. Another is the construction and renovation of 628 housing units on Elmendorf that began last year and is only half done. The Alaska Railroad will continue its ambitious programs. In fact, capital spending this fiscal year will reach \$78 million and will peak in 2004 at approximately \$100 million. Straightening out track between Eagle River and Wasilla, a double track project behind the airport, and completion of the \$28 million rail link and terminal at the airport are some of these projects.

Highway construction was big last year, but is slated to become bigger in 2002 and 2003. Last year was a record year at \$138 million for contract payments in the central region. This year the figure could possibly double. All kinds of projects

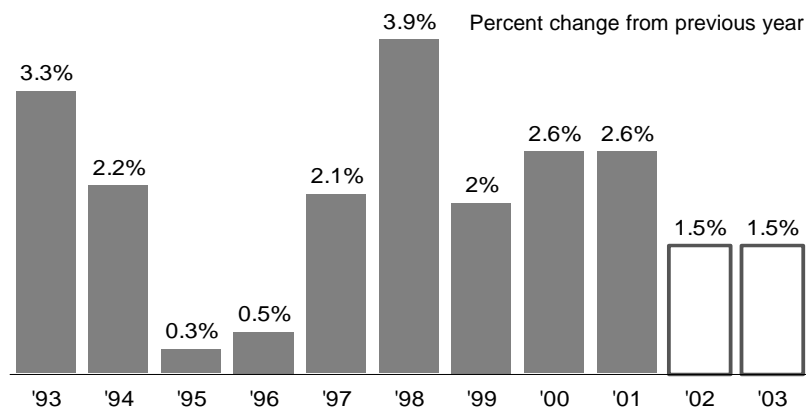
are carrying over from last year, and some large new projects are starting. One of the largest will be a new \$40-50 million Parks-Glenn Highway interchange, which will be let this summer and will continue for at least two years. Major reconstruction of Dowling will be in the \$10-20 million range and Potter to Dimond will be of like size. A host of other larger and smaller projects will also get under way in the central region. It is possible that less highway money may be available in 2003 than previously planned. Congress is now wrestling with this issue so the outcome is uncertain.

Commercial construction will slow a bit. A new Safeway, Fred Meyer's and Best Buy will be among the larger commercial undertakings. Construction of the Arctic Slope Regional Corporation 10-story office tower will continue through 2002 with an early 2003 completion. For the first time in several years, no new hotel construction is scheduled. Also missing as a major force will be hospital related construction. During the past two years all of the civilian hospitals in Anchorage were involved in major expansions. During the next two years their plans are less ambitious. Other smaller commercial projects such as new restaurants, smaller office buildings, and clinics will be built.

The level of residential activity is not expected to stray far from last year's—and it was a pretty good year with 1,429 new units. Low interest rates and tight inventory should bode well for residential construction.

Anchorage Forecast for 2002-03

Employment will grow 1.5% each year



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

Also important is the forecasted health of the industry statewide. As home to the largest number of contractors, Anchorage will be a major beneficiary of construction projects around the state, be they rural schools, highway projects, missile defense related construction or any other construction-related activity.

Oil patch activity slows down

After two years of outstanding growth in the oil patch, employment will shrink for at least the next year. Employment began to contract in late 2001 with the completion of the huge Alpine and North Star projects. Lower oil prices and the near completion of studies relating to a new gas line are additional negatives for oil industry numbers. Most employment losses are coming from the oil field services sector. VECO, Alaska Petroleum Contractors, and other oil industry players are feeling most of this pinch. No development of new large fields is expected during the next two years, and the two biggest producers are curtailing their overall capital expenditures in Alaska. Drilling activity will remain at relatively healthy levels as Phillips continues to drill new wells in NPRA, Alpine, Meltwater and elsewhere, and BP drills in Prudhoe, Kuparuk and Milne Point. BP did announce a relatively small reduction in its workforce in late 2001 and both companies have cut their Alaska cost-of-living adjustments by 25 percent. But unlike oil industry contractions of the past ten years, neither BP nor Phillips has announced any major reductions of staff.

Some more growth in retail

To the surprise of many, retail is likely to grow over the next two years. Where the saturation point for this industry lies is not clear, but there is apparently more room for growth. Already, a new Fred Meyer opened in February—boosting retail employment by 250-300. A new Lowe's, with a workforce of 150-200, will open its doors in the late spring or early summer of 2002. Plans are afoot to build a new Safeway in south Anchorage and a Fred Meyer's in Eagle River this year. This will boost retail employment significantly in late 2003. Work has also begun on a Best Buy store slated to open in late 2002.

Eating and drinking establishments, a sub-category of retail, is one of retail's strongest performers, and is likely to remain so. A rash of national chain restaurants is slated to open in 2002, with the list including a new Applebee's, a Boston Pizza, an International House of Pancakes and a Chili's. The number of locally germinated restaurants is also likely to grow. Nearly half of all food dollars are now spent for food away from home, as this sector continues to grow faster than the population.

The Kmart factor is a caveat for retail growth in Anchorage. Although Kmart recently went into Chapter 11, the company has no plans to close any of its Alaska stores. Because each of the Anchorage stores has a workforce of 200-250, the closing of one or both of them would be significant.

Loft and turbulence in transportation

Because nearly every industry uses transportation services, it can be a barometer for the overall economy. It also means that the predicted slow down in the economy should keep transportation gains moderate during the forecast period. For example, the decline in oil patch activity will slow down the trucking industry. The health of the visitor industry will also be a major factor, since it is such a large user of all kinds of transportation services—including air, water and ground.

One transportation industry that is not tied to local economic conditions is Anchorage's international cargo business. The news in this arena is cautiously optimistic. Last year a number of Anchorage based carriers won new routes into Asia, which significantly increased their air freight capacity. But it had little immediate effect because the national recession hit and September 11 put a crimp in international air cargo traffic. With signs that the national and international economies are beginning to recover, growth in cargo traffic should pick up again. None of the international air carriers has plans for significant expansion during the two-year forecast, but most expect traffic to slowly increase with the economic recovery. Last year's air transportation numbers were hit hard when United Airlines' air cargo unit pulled out and Reeve Aleutian Airways shut down. No

further such negatives are foreseen during the forecast period.

The finance sector could edge upward

During the past three years, employment in this relatively small sector has remained largely unchanged, and it is likely to stay close to present levels. No major consolidations like last year's Wells Fargo buyout of National Bank of Alaska are expected. A small amount of growth could even be possible. Relatively low interest rates, some rebound in the stock market and other factors should keep the real estate, securities and banking share of this industry relatively healthy.

Government—probably pretty stable

Although the long-term trend for federal employment has been downward, employment is not likely to change very much over the next two years. The privatization of the federal workforce at the Alaska Native Medical Center has slowed. And the federalization of passenger security at the airport and other related security efforts might stem any additional losses on the federal level over the next two years. State government is a much

bigger question mark. Employment at the University of Alaska is likely to remain relatively stable but employment at state government operations could drift downwards. With the state facing a near billion-dollar deficit, the state workforce could experience some losses—particularly in calendar year 2003. Local government's workforce is likely to remain stable. Enrollment at the Anchorage School District is expected to grow one to two percent, so staffing could climb a bit. A tight state budget could affect local government operations if programs such as revenue sharing are cut appreciably.

The job market is likely to stay tight

Although employment growth will slow some, unemployment is likely to remain low at least through 2002. Recent unemployment rates for the state and Anchorage have been record or near-record lows. A rush of job seekers heading north is unlikely. This augurs well for continued good prospects for Anchorage residents seeking employment opportunities.

Anchorage Forecast 2 Wage and salary employment 2002-2003

| | 2000 Annual Average ³ | 2001 Annual Average ³ | Absolute Change 00-01 | Percent Change 00-01 | 2002 Annual Average | Absolute Change 01-02 | Percent Change 01-02 | 2003 Annual Average | Absolute Change 02-03 | Percent Change 02-03 |
|--------------------------------|--|--|-----------------------------|----------------------------|---------------------------|-----------------------------|----------------------------|---------------------------|-----------------------------|----------------------------|
| Nonag. Wage and Salary | 134,400 | 137,900 | 3,500 | 2.6% | 140,000 | 2,100 | 1.5% | 141,900 | 1,900 | 1.4% |
| GOODS PRODUCING ¹ | 11,800 | 12,900 | 1,100 | 9.3% | 12,700 | -200 | -1.6% | 12,700 | 0 | 0.0% |
| SERVICE PRODUCING ² | 122,600 | 125,100 | 2,500 | 2.0% | 127,300 | 2,200 | 1.8% | 129,200 | 1,900 | 1.5% |
| Mining | 2,600 | 3,000 | 400 | 15.4% | 2,700 | -300 | -10.0% | 2,800 | 100 | 3.7% |
| Oil and Gas Extraction | 2,500 | 2,900 | 400 | 16.0% | 2,600 | -300 | -10.3% | 2,700 | 100 | 3.8% |
| Construction | 7,000 | 7,600 | 600 | 8.6% | 7,600 | 0 | 0.0% | 7,500 | -100 | -1.3% |
| Manufacturing | 2,200 | 2,300 | 100 | 4.5% | 2,400 | 100 | 4.3% | 2,400 | 0 | 0.0% |
| Transportation/Comm/Util | 15,000 | 15,300 | 300 | 2.0% | 15,400 | 100 | 0.7% | 15,700 | 300 | 1.9% |
| Trade | 31,900 | 32,300 | 400 | 1.3% | 32,900 | 600 | 1.9% | 33,400 | 500 | 1.5% |
| Wholesale Trade | 6,300 | 6,200 | -100 | -1.6% | 6,200 | 0 | 0.0% | 6,200 | 0 | 0.0% |
| Retail Trade | 25,600 | 26,100 | 500 | 2.0% | 26,700 | 600 | 2.3% | 27,200 | 500 | 1.9% |
| Finance/Ins/Real Estate | 7,700 | 7,700 | 0 | 0.0% | 7,700 | 0 | 0.0% | 7,700 | 0 | 0.0% |
| Services & Misc. | 39,200 | 40,500 | 1,300 | 3.3% | 41,500 | 1,000 | 2.5% | 42,800 | 1,300 | 3.1% |
| Government | 28,800 | 29,300 | 500 | 1.7% | 29,800 | 500 | 1.7% | 29,600 | -200 | -0.7% |
| Federal | 9,900 | 9,700 | -200 | -2.0% | 9,600 | -100 | -1.0% | 9,400 | -200 | -2.1% |
| State | 8,800 | 9,100 | 300 | 3.4% | 9,400 | 300 | 3.3% | 9,400 | 0 | 0.0% |
| Local | 10,100 | 10,600 | 500 | 5.0% | 10,800 | 200 | 1.9% | 10,800 | 0 | 0.0% |

¹ Goods producing industries include mining, construction, and manufacturing.

Subtotals may not add due to rounding.

² Service producing industries include: transportation, communications and utilities; trade; finance, insurance and real estate; services; and government.

³ CES 2001 Benchmark

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

Fairbanks Two-Year Forecast

by Brigitta Windisch-Cole
Labor Economist

About 1375 more jobs expected during the forecast period

Despite a few setbacks during the 1990s, such as the retrenchment in the military, retail closures, and mergers, Fairbanks' economy proved resilient and posted job growth in every year since 1989. For the next two years Fairbanks' economy should continue to grow and extend its growth stretch from thirteen to fifteen years. (See Exhibit 1.) Fairbanks appears poised to add 775 jobs in 2002 and another 600 in 2003. In percentage terms, these gains will represent job growth of 2.3% for 2002 and 1.7% for 2003. (See Exhibit 2.)

Services, retail and construction will be the principal stimulants to growth and should create the bulk of new jobs in both years. Among the many industries included in the services sector, both health care and social services should continue to gain momentum. Retail trade is expected to rebound and once again become a strong contributor. Among the growth industries, construction will best display the upbeat climate of Fairbanks' economy. Busy years lie ahead for local construction crews. Military sponsored projects will take the lead.

Construction will kick it up several more notches

The dominance of federal construction projects will be felt from Fort Wainwright to Delta Junction. In Fairbanks, the centerpiece will be the construction of Basset Hospital on Fort Wainwright at a cost of over \$178 million. Carry-over construction on both military bases includes dormitories, a power plant, a joint mobility complex and an urban warfare simulation site. These projects will provide a significant number of

construction jobs. New family housing units, a power plant cooling complex on Fort Wainwright and a power plant on Eielson Air Force Base are also sizeable projects. Fort Greely, near Delta Junction, will undergo a major metamorphosis. The original bid package for construction of the missile test facility ranged between \$100-250 million. Construction has begun and will last until 2004.

The University of Alaska Fairbanks is letting about \$20 million for construction work this season and most likely will increase spending during 2003. In 2002, its largest projects are the museum expansion and the Rasmussen Library renovation. Both projects will continue in 2003, when the \$18 million remodel of Hutchinson Center, a joint University and Fairbanks North Star Borough project, will start. The borough will renovate only a few schools in 2002 and 2003. Remodels of Hunter Elementary and North Pole Middle and High School are estimated to cost \$8.5 million. Spending may increase in 2003. In the fall, the Fairbanks North Star Borough will bring a \$42 million school bond package before voters. In 2002, the City of Fairbanks will finish its downtown parking garage, and it plans to reconstruct a downtown intersection in 2003. Each project will cost about \$4 million.

Road construction will pick up during the next two years. Unfinished work from 2001 amounts to about \$12 million. Another \$60 to 90 million will be awarded this year in Fairbanks and its nearby service area. Airport-related projects could run between \$3.7 and \$6 million in 2002, and planned renovation of public buildings ranges between \$3 and \$6 million. Public sector projects will dominate

the Fairbanks construction scene over the next two years, but commercial and housing construction will also contribute.

Foundations for several new office buildings and warehouses have already been laid. Most of the new commercial buildings are relocations or expansions of established businesses. The hospital has plans to add several floors to its east wing, possibly in 2003. The residential sector is also following a path of steady growth, a trend likely to continue. Fairbanks builders have noticed increased interest before this year's building season. Contractors are confident of good seasons in 2002 and 2003. The Interior Housing Authority will help the residential sector by building 13 new homes in the Fairbanks area. Their total construction budget is about \$5 million, which includes 63 renovation projects and four new homes in Interior villages.

Mining ups and downs will balance

In Fairbanks, the mining industry is principally made up of oil support businesses and the metal mining sector. The recent downturn of oil industry activity on the North Slope will cause employment to fall off in oil field services. Trimmed contracts for services or oil-specific manufacturing services are the reason.

While oil and gas industries are in a slowdown phase, gold mining is expanding. Fort Knox has completed permitting and begun operations on its True North deposit. The exploration team of Teck-Cominco that is headquartered in Fairbanks will continue its work to obtain operating permits for the Pogo deposit. If permitting succeeds, construction of the mine could start as early as 2003. The recent recovery of gold prices enhances prospects of continued industrial development.

For smaller placer miners the rebound in prices may have come too late. Their capital reserves have most likely dwindled over the past several years, and they cannot operate as efficiently as the

large mine complexes. Less placer mining activity can be expected. Quarries, often overlooked as mining employers, will most likely have strong seasons because of heightened construction activity. Overall, the mining employment balance should not change in 2002, as gains and losses offset one another; depending on the Pogo project, gains are possible in 2003.

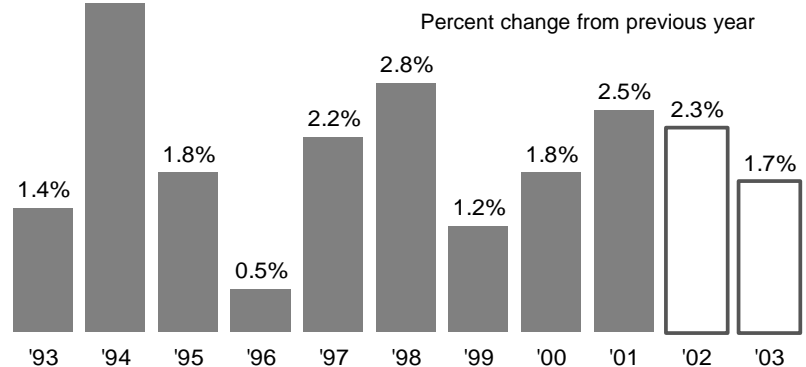
Transportation employment has wild cards

The utility and communications sectors are stable elements of transportation employment. No major changes in Fairbanks' power grid or dramatic population growth are foreseen for the next two years and most likely these industries will stay their typical employment course.

The forecast, however, includes a negative. Delta Airlines departed Fairbanks in November 2001, and this loss will be felt throughout most of the year. Other airlines may fill the schedule gap but the dip in employment may persist. In past years passenger transportation in Fairbanks has not grown substantially. Seasonal airlines, however, have announced their perennial comeback. Fairbanks' air cargo business will face challenges in future years because new and more efficient

Fairbanks Forecast for 2002-03 1

Growth will remain positive



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

freight carriers may not require refueling in Fairbanks. Another negative regarding transportation recently emerged, when Alyeska Pipeline Service Company announced it will lay off 60 employees in Fairbanks.

Ground transportation, that includes school and tour buses and trucking, should remain at last year's employment level. A good construction season will stimulate trucking traffic. Tour operators could experience a slight decline in bookings in 2002. For tourism, a lot rides on the speedy recovery of the national economy and a boost in consumer confidence. Bargain hunters and last minute bookings could lift some of the clouds hanging over the tourism season. In all, transportation employment could suffer slight losses in 2002 but it should regain ground in 2003.

Retail is on the rebound

In past years, consolidations and business exits have brought Fairbanks retail employment to a near standstill. This year's opening of the Home Depot store is a big change; it gave retail employment a strong boost. The store also has become a landmark of new retail acreage in Fairbanks. A new restaurant will soon be built there. Retail appears to be making a comeback in other areas as well. Large restaurants are also investigating Fairbanks as a market place. The makeover of the downtown area has already prompted new restaurants and retail businesses to locate to the inner city.

The services sector undergirds growth

Services employment in Fairbanks has been a strong performer in past years and there is little doubt that it will power employment growth this year and next. The degree of growth, however, may be down a few notches from a year ago.

2 Fairbanks Forecast Wage and salary employment 2002-2003

| | 2000 Annual Average ³ | 2001 Annual Average ³ | Absolute Change 00-01 | Percent Change 00-01 | 2002 Annual Average | Absolute Change 01-02 | Percent Change 01-02 | 2003 Annual Average | Absolute Change 02-03 | Percent Change 02-03 |
|--------------------------------|--|--|-----------------------------|----------------------------|---------------------------|-----------------------------|----------------------------|---------------------------|-----------------------------|----------------------------|
| Nonag. Wage and Salary | 33,950 | 34,800 | 850 | 2.5% | 35,475 | 775 | 2.3% | 36,075 | 600 | 1.7% |
| GOODS PRODUCING ¹ | 3,300 | 3,500 | 200 | 6.1% | 3,650 | 200 | 6.1% | 3,900 | 250 | 6.8% |
| SERVICE PRODUCING ² | 30,650 | 31,300 | 650 | 2.1% | 31,825 | 575 | 1.9% | 32,175 | 350 | 1.1% |
| Mining | 950 | 950 | 0 | 0.0% | 950 | 0 | 0.0% | 1,000 | 50 | 5.3% |
| Construction | 1,750 | 1,950 | 200 | 11.4% | 2,100 | 200 | 11.4% | 2,300 | 200 | 9.5% |
| Manufacturing | 600 | 600 | 0 | 0.0% | 600 | 0 | 0.0% | 600 | 0 | 0.0% |
| Transportation/Comm/Util | 3,150 | 3,250 | 100 | 3.2% | 3,200 | -50 | -1.6% | 3,250 | 50 | 1.6% |
| Trade | 6,800 | 6,800 | 0 | 0.0% | 7,050 | 250 | 3.7% | 7,200 | 150 | 2.1% |
| Wholesale Trade | 750 | 700 | -50 | -6.7% | 650 | -50 | -6.7% | 650 | 0 | 0.0% |
| Retail Trade | 6,050 | 6,150 | 100 | 1.7% | 6,400 | 250 | 4.1% | 6,550 | 150 | 2.3% |
| Finance/Ins/Real Estate | 1,250 | 1,200 | -50 | -4.0% | 1,250 | 50 | 4.0% | 1,250 | 0 | 0.0% |
| Services & Misc. | 8,500 | 8,900 | 400 | 4.7% | 9,150 | 250 | 2.9% | 9,350 | 200 | 2.2% |
| Government | 10,900 | 11,150 | 250 | 2.3% | 11,175 | 75 | 0.7% | 11,125 | -50 | -0.4% |
| Federal | 3,350 | 3,350 | 0 | 0.0% | 3,350 | 0 | 0.0% | 3,350 | 0 | 0.0% |
| State | 4,550 | 4,700 | 150 | 3.3% | 4,750 | 50 | 1.1% | 4,700 | -50 | -1.1% |
| Local | 3,000 | 3,050 | 50 | 1.7% | 3,075 | 25 | 0.8% | 3,075 | 0 | 0.0% |

¹ Goods producing industries include mining, construction, and manufacturing.

Subtotals may not add due to rounding.

² Service producing industries include: transportation, communications and utilities; trade; finance, insurance and real estate; services; and government.

³ CES 2001 Benchmark

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

At present, a dark cloud hangs over the Fairbanks visitor services picture. Fears of a dismal 2002 visitor season lurk. Several hotel managers believe that the September 11 events have spoiled the nation's travelers' "wanderlust." Pre-bookings fell 50 percent below last year's reservations in some places. And other concerns arose. Competition in Fairbanks has grown substantially. Despite the bleak outlook, hotel employment may not suffer and it could grow slightly because of all the new hotels.

Health care will continue to grow. The change in Fairbanks demographics and an increasing variety of health specialty providers will demand a larger pool of health care workers. Hospital and doctors' offices expect to add staff this and next year. Growth may strengthen after the expansion of the hospital. Employment in social organizations is also on the rise and the demand for services such as assistance to persons with disabilities has steadily grown.

Employment in professional and business categories, ranging from engineering to temporary employment agencies, should increase to keep pace with the strong economy of the next two years.

The public sector should remain fairly stable

Alaska's persistent fiscal gap could restrain employment growth in the public sector over the next two years. If bridging the looming deficit results in severe budget cuts, state jobs will be lost. Any adjustments in employment will be felt more strongly in 2003 than in 2002. The university may preserve its staff if it escapes funding problems, especially if enrollment continues to grow. Overall, state employment should not change much from its 2001 level.

State budget cuts will be felt at the local level. State revenue sharing could be affected. If local taxation cannot fill the gap, downsizing local government employment becomes probable. In 2002, school district employment will be up because more than half of the school year has been funded. In 2003, it should hold its level.

Federal government employment may not change significantly. Some agencies will reduce staff levels while others will increase them. The Department of Defense will continue to outsource military base support functions to private enterprise whenever possible. But the newly created federal airport security workforce could offset most of these losses.

Southeast Two-Year Forecast

by Neal Gilbertsen
Labor Economist

A small amount of growth will accrue mainly to Juneau; most smaller communities will experience job losses

The Southeast economy will experience little growth through 2003. The broad-based services sector will add some jobs, as will retail trade, construction and government. The already depressed forest products sector shows no signs of recovery, and will likely suffer further losses in employment. Low ex-vessel prices, the stubborn Japanese recession, and competition from farmed salmon will continue to plague the fisheries, seafood processing, and support industries. While the region will experience a very modest increase in overall employment, not all communities will share in these gains.

Manufacturing

Low prices for milled timber, the uncertainty surrounding Gateway Forest Products' future, contested court decisions, and Canadian competition all point to continuing erosion in the lumber and wood products sector. Tariffs on Canadian softwoods have been proposed to be implemented on March 21, 2002; Canada has appealed these taxes to a NAFTA panel. Canada may also seek World Trade Organization intervention to reverse what it views as barriers to free trade. Even if the tax remains in effect it is questionable whether Alaska timber can be brought to the depressed world market at a competitive price.

Alaska Department of Fish and Game predictions indicate strong salmon returns in 2002. In spite of this, fisheries will continue to suffer from low ex-vessel prices, and fewer vessels will participate due to cannery-imposed fleet reductions. At this point more than 70 additional purse seine vessels

are expected to remain at the dock in 2002 because they have no market. Other fishers will exit the industry for economic reasons. Lower fisheries earnings will negatively impact other areas of the economy, as fishers spend less. While seafood processing employment will remain relatively stable, maritime support industries will likely experience a reduced demand for services.

The bright spot in manufacturing would seem to lie in the durable goods sector. Allen Marine Inc., of Sitka, is building four high-speed passenger ferries to be used on the East River in New York. Alaska Ship and Drydock has resolved its contract disputes with the state, and will undertake additional work on the M/V Columbia, which will probably involve increased hiring.

Services

The apparent decline in services employment from 2000 to 2001 is the result of a change in classification. Starting in January 2001, tribal employment was transferred from "services" to "local government." This is reflected in Exhibit 2 where services employment falls sharply while local government dramatically increases. When this transfer is accounted for, services employment actually grew by 150 jobs in this period.

In 2002 and 2003, the services sector will remain a major source of regional employment growth. It can be expected to contribute approximately 225 additional jobs over the next two years. Southeast's aging population will require a continuing growth in social and health care services. Employment gains are also likely in individual and family counseling, mental health and job training facilities.

Although the rate of growth in tourism related industries has slowed somewhat since the mid-1990s, visitor services will continue to add jobs as the number of tour ship passengers increases. The national concern with security may contribute to a short-term upsurge, as travelers seek safer vacation destinations. While bookings were late in coming following the tragic events of September 11, most tourist related services are now looking forward to at least a normal year.

Transportation

Implementation of the Southeast Transportation Plan is scheduled to continue beyond 2002. However, the proposed legislative cutbacks of \$5 million in Alaska Marine Highway funding may result in curtailed services to Southeast communities. How this dispute is ultimately resolved will have region-wide economic consequences. In the meantime, the new Inter-Island Ferry Authority (IFA) route between Ketchikan and Hollis began operations in January 2002. The twice-daily summertime sailings and daily winter service should lead to increased travel between Ketchikan and Prince of Wales Island. This should have positive effects on both areas as more tourists travel to the island, and as island residents travel to Ketchikan to shop. In addition, this improved transport will likely lead to lower transportation costs and more convenient schedules for seafood processors and others shipping goods. Plans to add a second vessel serving routes between Coffman Cove, Petersburg and Wrangell are well advanced. If financing can be arranged, construction would begin in 2003 and the vessel would go into operation in 2004.

Construction

Following the completion of a number of publicly funded and private projects, construction employment saw a downturn in 2001. Jobs in this sector are expected to recover moderately over the next two years. Major undertakings, such as

the proposed bridge between Ketchikan and Gravina Island, will not directly affect employment during this time frame. Housing starts are likely to reflect the regional and local economic picture and remain at relatively low levels in most communities.

Public sector employment

Government employment should stay fairly constant during the forecast period. Federal employment will continue to shed jobs at a very slow rate, while state employment will show a very slight increase as vacant positions are filled. Legislative actions to address the budget shortfall will limit the growth of state government. Local government will show some growth, especially in the newly added tribal sector.

Regional and local impacts

Two of the three pillars of the traditional Southeast private sector economy have deteriorated. While tourism will continue to play a vital role throughout the region, communities that once relied heavily

Southeast Holds Steady 1

A few more jobs on the 2002-03 horizon



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

on timber harvests and fisheries will struggle. Juneau, with an employment pattern based upon government and services will be relatively insulated, while localities heavily dependent upon extractive industries, such as Prince of Wales, will experience difficulties. Ketchikan, Petersburg and Wrangell will probably not share in the moderate growth of the forecast period, while most of the employment gains will be realized in Juneau and, to a far lesser extent, Sitka.

Summary

Southeast will experience employment growth of less than half a percent for the next two years. Job losses in the manufacturing sector, especially

timber, will continue to trouble the region. The clouded future of Gateway Forest Products, trade disputes with Canada and continued low market prices would all seem to indicate a continuing decline in this sector. Similar problems of low ex-vessel prices, global competition, and fleet reductions will continue to impact fisheries, seafood processing and support industries. While tourist related sectors, services and government are all expected to show modest employment gains, these gains will not be evenly distributed throughout the region. Southern Southeast will continue to face more problems than northern Southeast, and urban areas will fare better than rural communities.

2 Southeast Forecast Wage and salary employment 2002-2003

| | 2000 Annual Average ³ | 2001 Annual Average ³ | Absolute Change 00-01 | Percent Change 00-01 | 2002 Annual Average | Absolute Change 01-02 | Percent Change 01-02 | 2003 Annual Average | Absolute Change 02-03 | Percent Change 02-03 |
|--------------------------------|--|--|-----------------------------|----------------------------|---------------------------|-----------------------------|----------------------------|---------------------------|-----------------------------|----------------------------|
| Nonag. Wage and Salary | 36,250 | 36,350 | 100 | 0.3% | 36,475 | 125 | 0.3% | 36,625 | 150 | 0.4% |
| GOODS PRODUCING ¹ | 5,200 | 4,700 | -500 | -9.6% | 4,475 | -225 | -4.8% | 4,425 | -50 | -1.1% |
| SERVICE PRODUCING ² | 31,050 | 31,650 | 600 | 1.9% | 32,000 | 350 | 1.1% | 32,200 | 200 | 0.6% |
| Mining | 300 | 300 | 0 | 0.0% | 300 | 0 | 0.0% | 300 | 0 | 0.0% |
| Construction | 1,750 | 1,600 | -150 | -8.6% | 1,625 | 25 | 1.6% | 1,675 | 50 | 3.1% |
| Manufacturing | 3,150 | 2,800 | -350 | -11.1% | 2,550 | -250 | -8.9% | 2,450 | -100 | -3.9% |
| Seafood Processing | 1,450 | 1,400 | -50 | -3.4% | 1,350 | -50 | -3.6% | 1,325 | -25 | -1.9% |
| Lumber & Wood Prod. | 1,100 | 800 | -300 | -27.3% | 650 | -150 | -18.8% | 600 | -50 | -7.7% |
| Transportation/Comm/Util | 2,850 | 2,800 | -50 | -1.8% | 2,825 | 25 | 0.9% | 2,875 | 50 | 1.8% |
| Trade | 6,250 | 6,400 | 150 | 2.4% | 6,450 | 50 | 0.8% | 6,500 | 50 | 0.8% |
| Wholesale Trade | 600 | 600 | 0 | 0.0% | 600 | 0 | 0.0% | 625 | 25 | 4.2% |
| Retail Trade | 5,650 | 5,800 | 150 | 2.7% | 5,850 | 50 | 0.9% | 5,875 | 25 | 0.4% |
| Finance/Ins/Real Estate | 1,250 | 1,300 | 50 | 4.0% | 1,325 | 25 | 1.9% | 1,325 | 0 | 0.0% |
| Services & Misc. | 8,300 | 7,900 | -400 | -4.8% | 8,050 | 150 | 1.9% | 8,125 | 75 | 0.9% |
| Government | 12,350 | 13,200 | 850 | 6.9% | 13,350 | 150 | 1.1% | 13,375 | 25 | 0.2% |
| Federal | 1,800 | 1,750 | -50 | -2.8% | 1,725 | -25 | -1.4% | 1,700 | -25 | -1.4% |
| State | 5,300 | 5,500 | 200 | 3.8% | 5,550 | 50 | 0.9% | 5,575 | 25 | 0.5% |
| Local | 5,250 | 6,000 | 750 | 14.3% | 6,075 | 75 | 1.3% | 6,100 | 25 | 0.4% |

¹ Goods producing industries include mining, construction, and manufacturing.

Subtotals may not add due to rounding.

² Service producing industries include: transportation, communications and utilities; trade; finance, insurance and real estate; services; and government.

³ CES 2001 Benchmark

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

Benchmark Revises Data

by Dan Robinson
Labor Economist

The Alaska Department of Labor and Workforce Development revises the nonagricultural wage and salary employment data series each January

in a procedure called benchmarking. Exhibit 1 shows the labor force estimates from the benchmark data series.

Annual Average Labor Force – 1999-2001

By region and census area

1

| | Labor Force | | | Employment | | | Unemployment | | | Rate | | |
|------------------------------|-------------|---------|---------|------------|---------|---------|--------------|--------|--------|------|------|------|
| | 2001 | 2000 | 1999 | 2001 | 2000 | 1999 | 2001 | 2000 | 1999 | 2001 | 2000 | 1999 |
| Alaska Statewide | 321,983 | 321,964 | 318,882 | 301,792 | 300,668 | 298,577 | 20,191 | 21,296 | 20,305 | 6.3 | 6.6 | 6.4 |
| Anchorage/Mat-Su Region | 175,796 | 174,996 | 172,391 | 167,261 | 165,724 | 163,516 | 8,535 | 9,272 | 8,875 | 4.9 | 5.3 | 5.1 |
| Municipality of Anchorage | 144,851 | 144,308 | 142,593 | 138,686 | 137,535 | 136,148 | 6,165 | 6,773 | 6,445 | 4.3 | 4.7 | 4.5 |
| Mat-Su Borough | 30,945 | 30,688 | 29,798 | 28,575 | 28,189 | 27,368 | 2,370 | 2,499 | 2,430 | 7.7 | 8.1 | 8.2 |
| Gulf Coast Region | 33,504 | 33,833 | 33,981 | 30,329 | 30,509 | 30,623 | 3,175 | 3,324 | 3,358 | 9.5 | 9.8 | 9.9 |
| Kenai Peninsula Borough | 21,515 | 21,751 | 22,037 | 19,442 | 19,557 | 19,630 | 2,073 | 2,194 | 2,407 | 9.6 | 10.1 | 10.9 |
| Kodiak Island Borough | 6,918 | 7,019 | 6,850 | 6,294 | 6,331 | 6,355 | 624 | 688 | 495 | 9.0 | 9.8 | 7.2 |
| Valdez-Cordova CA | 5,071 | 5,063 | 5,094 | 4,594 | 4,621 | 4,638 | 477 | 442 | 456 | 9.4 | 8.7 | 9.0 |
| Interior Region | 49,722 | 49,680 | 49,531 | 46,535 | 46,271 | 46,284 | 3,187 | 3,409 | 3,247 | 6.4 | 6.9 | 6.6 |
| Denali Borough | 1,161 | 1,164 | 1,151 | 1,059 | 1,053 | 1,053 | 102 | 111 | 98 | 8.8 | 9.5 | 8.5 |
| Fairbanks North Star Bor. | 43,816 | 43,752 | 43,692 | 41,318 | 41,083 | 41,095 | 2,498 | 2,669 | 2,597 | 5.7 | 6.1 | 5.9 |
| Southeast Fairbanks CA | 2,612 | 2,623 | 2,580 | 2,333 | 2,319 | 2,320 | 279 | 304 | 260 | 10.7 | 11.6 | 10.1 |
| Yukon-Koyukuk CA | 2,134 | 2,141 | 2,107 | 1,826 | 1,815 | 1,816 | 308 | 326 | 291 | 14.4 | 15.2 | 13.8 |
| Northern Region | 9,125 | 8,832 | 8,329 | 8,116 | 7,834 | 7,440 | 1,009 | 998 | 889 | 11.1 | 11.3 | 10.7 |
| Nome Census Area | 3,435 | 3,337 | 3,152 | 3,043 | 2,938 | 2,790 | 392 | 399 | 362 | 11.4 | 12.0 | 11.5 |
| North Slope Borough | 3,418 | 3,341 | 3,121 | 3,135 | 3,026 | 2,874 | 283 | 315 | 247 | 8.3 | 9.4 | 7.9 |
| Northwest Arctic Borough | 2,273 | 2,154 | 2,057 | 1,938 | 1,871 | 1,777 | 335 | 283 | 280 | 14.7 | 13.1 | 13.6 |
| Southeast Region | 38,900 | 39,529 | 39,570 | 36,217 | 36,768 | 36,901 | 2,683 | 2,761 | 2,669 | 6.9 | 7.0 | 6.7 |
| Haines Borough | 1,223 | 1,225 | 1,249 | 1,094 | 1,111 | 1,115 | 129 | 114 | 134 | 10.5 | 9.3 | 10.7 |
| Juneau Borough | 16,868 | 17,136 | 17,209 | 16,051 | 16,295 | 16,354 | 817 | 841 | 855 | 4.8 | 4.9 | 5.0 |
| Ketchikan Gateway Borough | 7,527 | 7,633 | 7,623 | 6,951 | 7,056 | 7,082 | 576 | 577 | 541 | 7.7 | 7.6 | 7.1 |
| Pr. of Wales-Outer Ketchikan | 3,124 | 3,233 | 3,217 | 2,741 | 2,783 | 2,793 | 383 | 450 | 424 | 12.3 | 13.9 | 13.2 |
| Sitka Borough | 4,238 | 4,312 | 4,337 | 4,035 | 4,096 | 4,111 | 203 | 216 | 226 | 4.8 | 5.0 | 5.2 |
| Skagway-Hoonah-Angoon CA | 2,122 | 2,122 | 2,082 | 1,894 | 1,923 | 1,930 | 228 | 199 | 152 | 10.7 | 9.4 | 7.3 |
| Wrangell-Petersburg CA | 3,486 | 3,554 | 3,551 | 3,180 | 3,228 | 3,240 | 306 | 326 | 311 | 8.8 | 9.2 | 8.8 |
| Yakutat Borough | 312 | 314 | 303 | 272 | 276 | 277 | 40 | 38 | 26 | 12.8 | 12.1 | 8.6 |
| Southwest Region | 14,937 | 15,096 | 15,081 | 13,334 | 13,563 | 13,813 | 1,603 | 1,533 | 1,268 | 10.7 | 10.2 | 8.4 |
| Aleutians East Borough | 1,521 | 1,550 | 1,564 | 1,455 | 1,480 | 1,508 | 66 | 70 | 56 | 4.3 | 4.5 | 3.6 |
| Aleutians West CA | 2,024 | 2,044 | 2,039 | 1,837 | 1,869 | 1,903 | 187 | 175 | 136 | 9.2 | 8.6 | 6.7 |
| Bethel Census Area | 6,276 | 6,329 | 6,345 | 5,609 | 5,705 | 5,810 | 667 | 624 | 535 | 10.6 | 9.9 | 8.4 |
| Bristol Bay Borough | 490 | 507 | 503 | 441 | 449 | 457 | 49 | 58 | 46 | 10.0 | 11.4 | 9.1 |
| Dillingham Census Area | 1,791 | 1,800 | 1,816 | 1,626 | 1,653 | 1,684 | 165 | 147 | 132 | 9.2 | 8.2 | 7.3 |
| Lake & Peninsula Borough | 613 | 619 | 612 | 547 | 557 | 567 | 66 | 62 | 45 | 10.8 | 10.0 | 7.4 |
| Wade Hampton CA | 2,222 | 2,247 | 2,201 | 1,819 | 1,850 | 1,884 | 403 | 397 | 317 | 18.1 | 17.7 | 14.4 |

2001 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.

February Employment Shows Stable Growth

Unemployment rate compares favorably to other Pacific states

Alaska Employment Scene

by
Neal
Gilbertsen

H eading into February, Alaska was enjoying the lowest seasonally adjusted unemployment rate since 1990. While the 5.9% rate was slightly above the national rate of 5.6%, it was the second lowest of the five Pacific states. Only Hawaii, at the height of its tourist season, enjoyed a lower seasonally adjusted rate, 4.7%. By contrast, job losses in the high tech sector raised the seasonally adjusted rate of unemployment in Oregon (8%) and Washington (7.5%) to the highest and second highest in the nation.

Alaska's February unadjusted rate of unemployment was the lowest ever recorded, at 7.3%. This was a decrease of two tenths of a percentage point from January and well below the February 2001 rate of 8.3%. Most areas of the state saw small decreases in unemployment rates, although Anchorage experienced a slight increase from 4.8% to 4.9%.

Job count is up

In February 2002, Alaska added approximately 7,600 jobs to January's total. This was 4,500 more jobs than February 2001, an increase of 1.6%.

Does all this good news mean Alaska's economy is booming? Not really. Despite the state's record low unemployment rate, over-the-year job growth

is slowing. Moreover, the goods producing sector of the state's economy declined 3.4% from February 2001. This was largely due to a loss of 1,350 jobs in oil and gas extraction, and a further decline of 225 positions in timber industry employment. While this was more than offset by 2.5% growth in the large service-producing sector, the loss of high paying jobs in resource extraction may have a disproportionate impact on the economy.

Labor force not keeping pace with job growth

Employment growth from February 2001 to February 2002 has been slow, (1.7%.) Labor force growth has been even slower. The low unemployment rate is, at least in part, an artifact of this difference in growth rates. While a higher percentage of Alaskans are working, this does not indicate much economic expansion. Rather it means that growth in the labor force has not kept pace with the modest rate at which the economy has grown. This results in a tight labor market that is good news for workers, but presents difficulties for employers.

Alaska's labor force has increased 3.7% since 1997. In the same time frame, Alaska's economy added 26,300 jobs for a total increase of 10.4%. The reasons underlying the slower growth rate of

the labor force seem tied to the booming economy of the lower 48 during this period. Relatively fewer workers came to Alaska in search of employment, while more Alaskans accepted positions out of state. As job opportunities and wages increased in the contiguous states, worker migration to Alaska slowed. The difficulty seafood processors have had attracting summer workers in recent years exemplifies this situation.

While the national recession seems to have ended, the steeply increased rates of unemployment in Oregon, Washington and California are likely to continue through much of 2002. If this is the case, Alaska can anticipate increased numbers of displaced workers from the Pacific coast states moving north in search of employment. Initial reports from seafood processors indicate that the labor shortage of the last few years has evaporated, and that they have more applications for employment than available jobs.

High unemployment still dogs rural areas

Not all areas of the state have shared in the low unemployment rates. As usual, urban Alaskans fared far better than their rural neighbors. The Yukon-Koyukuk Census Area had the highest unemployment with 18.4%, but was followed closely by Prince of Wales at 17.1%, Yakutat at 16.7%, Wade Hampton at 16.1%, Haines at 15.1%, Skagway-Hoonah-Angoon at 15%, Bristol Bay at 14.8% and Wrangell-Petersburg at 14.1%. Southeastern Alaska's prominence in this group is underscored by Ketchikan's February unemployment rate of 11.4%, a full one percent increase over 2001.

Some regional economies, like Southeastern Alaska, have not shared equitably in the admittedly moderate economic growth that has characterized the last decade. Declines in the lumber and wood products industry employment continue to follow a long term trend. Low ex-vessel prices in the fisheries have also impacted the region's economy.

As a result, Southeastern Alaska's employment grew at a rate of only three-tenths of one percent in 2001, compared with statewide growth of 2.1%.

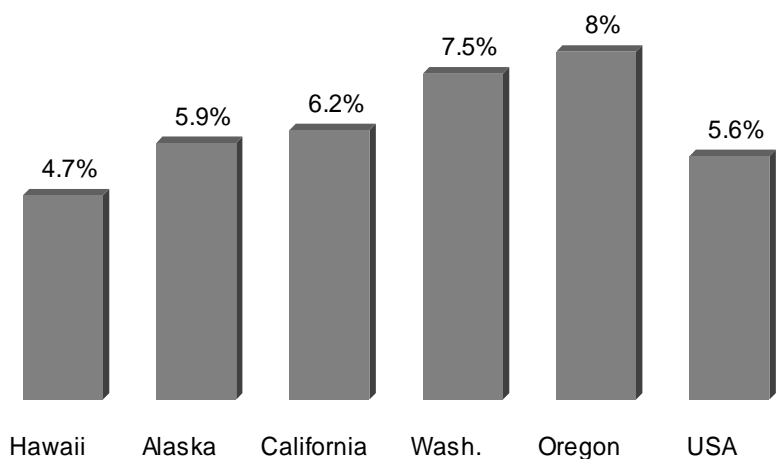
Alaska escapes effects of national recession

Still, Alaska seems to have been insulated from the effects of the short national recession that began in March 2001 and deepened following the tragic events of September 11. Just as the state did not share in the high tech growth of the 1990s, which contributed to the prosperity of California, Oregon and Washington, it did not share in the economic setbacks those states have recently experienced.

Because Alaska's economy is highly seasonal, it is too early to say whether the cautiously optimistic trends of this fall and winter will translate into higher employment later in the year. While the outlook for a normal tourist season seems to be improving, much uncertainty remains. Will potential visitors be put off by increased security measures? Will the economic downturn of

(continued on page 30)

January '02 Unemployment Rate Seasonally Adjusted



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

2 Nonagricultural Wage and Salary Employment

By place of work

| Alaska | preliminary | revised | Changes from: | | | Municipality of Anchorage | preliminary | revised | Changes from: | | |
|---------------------------------------|----------------|----------------|----------------|--------------|---------------|---------------------------------------|----------------|----------------|----------------|--------------|--------------|
| | 2/02 | 1/02 | 2/01 | 1/02 | 2/01 | | 2/02 | 1/02 | 2/01 | 1/02 | 2/01 |
| Total Nonag. Wage & Salary | 279,600 | 272,000 | 275,100 | 7,600 | 4,500 | Total Nonag. Wage & Salary | 134,900 | 133,800 | 132,600 | 1,100 | 2,300 |
| Goods-producing | 35,300 | 31,200 | 36,600 | 4,100 | -1,300 | Goods-producing | 11,000 | 10,900 | 11,300 | 100 | -300 |
| Service-producing | 244,300 | 240,800 | 238,500 | 3,500 | 5,800 | Service-producing | 123,900 | 122,900 | 121,300 | 1,000 | 2,600 |
| Mining | 10,200 | 10,200 | 11,500 | 0 | -1,300 | Mining | 2,700 | 2,700 | 3,200 | 0 | -500 |
| Oil & Gas Extraction | 8,800 | 8,800 | 10,200 | 0 | -1,400 | Oil & Gas Extraction | 2,700 | 2,600 | 3,100 | 100 | -400 |
| Construction | 11,800 | 11,700 | 11,500 | 100 | 300 | Construction | 6,100 | 6,000 | 6,000 | 100 | 100 |
| Manufacturing | 13,300 | 9,300 | 13,600 | 4,000 | -300 | Manufacturing | 2,200 | 2,200 | 2,100 | 0 | 100 |
| Durable Goods | 1,900 | 1,700 | 2,200 | 200 | -300 | Transportation/Comm/Utilities | 14,800 | 14,600 | 14,700 | 200 | 100 |
| Lumber & Wood Products | 700 | 600 | 900 | 100 | -200 | Air Transportation | 5,900 | 6,000 | 6,100 | -100 | -200 |
| Nondurable Goods | 11,400 | 7,600 | 11,400 | 3,800 | 0 | Communications | 3,700 | 3,700 | 3,700 | 0 | 0 |
| Seafood Processing | 8,700 | 4,800 | 8,700 | 3,900 | 0 | Trade | 31,500 | 31,600 | 30,600 | -100 | 900 |
| Transportation/Comm/Utilities | 26,100 | 25,900 | 26,000 | 200 | 100 | Wholesale Trade | 6,000 | 6,000 | 6,000 | 0 | 0 |
| Trucking & Warehousing | 3,000 | 3,000 | 2,900 | 0 | 100 | Retail Trade | 25,500 | 25,600 | 24,600 | -100 | 900 |
| Water Transportation | 1,700 | 1,500 | 1,600 | 200 | 100 | Gen. Merchandise & Apparel | 5,200 | 5,400 | 4,800 | -200 | 400 |
| Air Transportation | 9,200 | 9,200 | 9,500 | 0 | -300 | Food Stores | 2,400 | 2,400 | 2,300 | 0 | 100 |
| Communications | 5,600 | 5,600 | 5,400 | 0 | 200 | Eating & Drinking Places | 9,400 | 9,300 | 9,200 | 100 | 200 |
| Electric, Gas & Sanitary Svcs. | 2,600 | 2,600 | 2,700 | 0 | -100 | Finance/Insurance/Real Estate | 7,500 | 7,500 | 7,600 | 0 | -100 |
| Trade | 54,800 | 54,900 | 53,400 | -100 | 1,400 | Services & Misc. | 40,200 | 39,800 | 39,400 | 400 | 800 |
| Wholesale Trade | 7,800 | 7,800 | 7,900 | 0 | -100 | Hotels & Lodging Places | 2,800 | 2,800 | 2,900 | 0 | -100 |
| Retail Trade | 47,000 | 47,100 | 45,500 | -100 | 1,500 | Business Services | 6,300 | 6,300 | 6,600 | 0 | -300 |
| Gen. Merchandise & Apparel | 9,800 | 10,000 | 9,200 | -200 | 600 | Health Services | 10,000 | 10,000 | 9,500 | 0 | 500 |
| Food Stores | 6,200 | 6,200 | 6,200 | 0 | 0 | Legal Services | 1,200 | 1,200 | 1,200 | 0 | 0 |
| Eating & Drinking Places | 16,000 | 15,700 | 15,500 | 300 | 500 | Social Services | 4,300 | 4,300 | 4,200 | 0 | 100 |
| Finance/Insurance/Real Estate | 12,500 | 12,400 | 12,300 | 100 | 200 | Engineering/Account'g/Research | 5,800 | 5,700 | 5,600 | 100 | 200 |
| Services & Misc. | 70,300 | 69,500 | 68,700 | 800 | 1,600 | Government | 29,900 | 29,400 | 29,000 | 500 | 900 |
| Hotels & Lodging Places | 5,600 | 5,600 | 5,600 | 0 | 0 | Federal | 9,600 | 9,600 | 9,600 | 0 | 0 |
| Business Services | 8,500 | 8,500 | 8,800 | 0 | -300 | State | 9,700 | 9,300 | 9,100 | 400 | 600 |
| Health Services | 18,200 | 18,100 | 17,400 | 100 | 800 | Local | 10,600 | 10,500 | 10,300 | 100 | 300 |
| Legal Services | 1,600 | 1,600 | 1,600 | 0 | 0 | Tribal | 200 | 200 | 200 | 0 | 0 |
| Social Services | 8,900 | 8,800 | 8,500 | 100 | 400 | | | | | | |
| Engineering/Account'g/Research | 7,900 | 7,700 | 7,700 | 200 | 200 | | | | | | |
| Government | 80,600 | 78,100 | 78,100 | 2,500 | 2,500 | | | | | | |
| Federal | 16,300 | 16,300 | 16,200 | 0 | 100 | | | | | | |
| State | 24,000 | 22,500 | 22,800 | 1,500 | 1,200 | | | | | | |
| Local | 40,300 | 39,300 | 39,100 | 1,000 | 1,200 | | | | | | |
| Tribal | 3,000 | 3,000 | 2,700 | 0 | 300 | | | | | | |

Notes to Exhibits 2, 3, & 4—Nonagricultural excludes self-employed workers, fishers, domestics, and unpaid family workers as well as agricultural workers. Government category includes employees of public school systems and the University of Alaska. Exhibits 2 & 3—Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Exhibit 4—Prepared in part with funding from the Employment Security Division.

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

3 Hours and Earnings

For selected industries

| | Average Weekly Earnings | | | Average Weekly Hours | | | Average Hourly Earnings | | |
|-------------------------------|-------------------------|-----------------|-----------------|----------------------|-----------------|-----------------|-------------------------|-----------------|-----------------|
| | preliminary 2/02 | revised 1/02 | revised 2/01 | preliminary 2/02 | revised 1/02 | revised 2/01 | preliminary 2/02 | revised 1/02 | revised 2/01 |
| Mining | \$1,346.30 | \$1,216.38 | \$1,346.10 | 44.9 | 41.6 | 44.9 | \$29.98 | \$29.24 | \$29.98 |
| Construction | 1,064.68 | 1,054.96 | 1,031.18 | 41.9 | 39.9 | 39.6 | 25.41 | 26.44 | 26.04 |
| Manufacturing | 528.45 | 502.87 | 539.54 | 35.9 | 27.3 | 50.9 | 14.72 | 18.42 | 10.60 |
| Seafood Processing | 371.18 | 270.66 | 474.96 | 33.2 | 19.5 | 55.1 | 11.18 | 13.88 | 8.62 |
| Transportation/Comm/Utilities | 697.63 | 706.16 | 697.66 | 33.8 | 33.2 | 34.3 | 20.64 | 21.27 | 20.34 |
| Trade | 508.01 | 500.78 | 459.92 | 34.7 | 34.3 | 33.4 | 14.64 | 14.60 | 13.77 |
| Wholesale Trade | 652.74 | 614.95 | 607.43 | 37.6 | 35.1 | 35.9 | 17.36 | 17.52 | 16.92 |
| Retail Trade | 484.96 | 482.56 | 435.27 | 34.2 | 34.2 | 33 | 14.18 | 14.11 | 13.19 |
| Finance/Insurance/Real Estate | 654.02 | 642.91 | 613.90 | 35.7 | 35.5 | 35 | 18.32 | 18.11 | 17.54 |

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 2001

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

4 Nonagricultural Wage and Salary Employment

By place of work

| Fairbanks North Star Borough | preliminary | | Changes from: | | |
|---------------------------------------|-------------|--------|---------------|-------|------|
| | 2/02 | 1/02 | 2/01 | 1/02 | 2/01 |
| Total Nonag. Wage & Salary | 33,450 | 32,350 | 32,800 | 1,100 | 650 |
| Goods-producing | 2,700 | 2,650 | 2,600 | 50 | 100 |
| Service-producing | 30,750 | 29,700 | 30,200 | 1,050 | 550 |
| Mining | 700 | 700 | 700 | 0 | 0 |
| Construction | 1,450 | 1,400 | 1,350 | 50 | 100 |
| Manufacturing | 550 | 550 | 550 | 0 | 0 |
| Transportation/Comm/Utilities | 2,900 | 2,900 | 2,950 | 0 | -50 |
| Trucking & Warehousing | 550 | 600 | 550 | -50 | 0 |
| Air Transportation | 950 | 950 | 1,050 | 0 | -100 |
| Communications | 350 | 350 | 350 | 0 | 0 |
| Trade | 6,550 | 6,550 | 6,400 | 0 | 150 |
| Wholesale Trade | 650 | 650 | 650 | 0 | 0 |
| Retail Trade | 5,900 | 5,900 | 5,750 | 0 | 150 |
| Gen. Merchandise & Apparel | 1,100 | 1,200 | 1,050 | -100 | 50 |
| Food Stores | 600 | 600 | 600 | 0 | 0 |
| Eating & Drinking Places | 2,250 | 2,200 | 2,150 | 50 | 100 |
| Finance/Insurance/Real Estate | 1,150 | 1,150 | 1,100 | 0 | 50 |
| Services & Misc. | 8,500 | 8,350 | 8,400 | 150 | 100 |
| Hotels & Lodging Places | 700 | 700 | 700 | 0 | 0 |
| Health Services | 2,150 | 2,100 | 2,050 | 50 | 100 |
| Government | 11,650 | 10,750 | 11,350 | 900 | 300 |
| Federal | 3,300 | 3,300 | 3,300 | 0 | 0 |
| State | 5,050 | 4,450 | 4,800 | 600 | 250 |
| Local | 3,300 | 3,000 | 3,250 | 300 | 50 |
| Tribal (no data) | - | - | - | - | - |

Southeast Region

| | | | | | |
|---------------------------------------|--------|--------|--------|-----|------|
| Total Nonag. Wage & Salary | 33,000 | 32,050 | 32,400 | 950 | 600 |
| Goods-producing | 3,350 | 2,950 | 3,450 | 400 | -100 |
| Service-producing | 29,650 | 29,100 | 28,950 | 550 | 700 |
| Mining | 300 | 300 | 300 | 0 | 0 |
| Construction | 1,300 | 1,300 | 1,250 | 0 | 50 |
| Manufacturing | 1,750 | 1,350 | 1,900 | 400 | -150 |
| Durable Goods | 750 | 600 | 950 | 150 | -200 |
| Lumber & Wood Products | 450 | 350 | 600 | 100 | -150 |
| Nondurable Goods | 1,000 | 750 | 950 | 250 | 50 |
| Seafood Processing | 700 | 450 | 650 | 250 | 50 |
| Transportation/Comm/Utilities | 2,200 | 2,200 | 2,200 | 0 | 0 |
| Trade | 5,500 | 5,550 | 5,450 | -50 | 50 |
| Wholesale Trade | 550 | 550 | 500 | 0 | 50 |
| Retail Trade | 4,950 | 5,000 | 4,950 | -50 | 0 |
| Food Stores | 1,200 | 1,200 | 1,250 | 0 | -50 |
| Finance/Insurance/Real Estate | 1,300 | 1,300 | 1,200 | 0 | 100 |
| Services & Misc. | 7,100 | 7,050 | 7,100 | 50 | 0 |
| Health Services | 1,750 | 1,750 | 1,700 | 0 | 50 |
| Government | 13,550 | 13,000 | 13,000 | 550 | 550 |
| Federal | 1,700 | 1,650 | 1,550 | 50 | 150 |
| State | 5,700 | 5,300 | 5,400 | 400 | 300 |
| Local | 6,150 | 6,050 | 6,050 | 100 | 100 |
| Tribal | 500 | 500 | 500 | 0 | 0 |

Northern Region

| | | | | | |
|---------------------------------------|--------|--------|--------|------|--------|
| Total Nonag. Wage & Salary | 15,550 | 15,650 | 16,450 | -100 | -900 |
| Goods-producing | 5,500 | 5,600 | 6,550 | -100 | -1,050 |
| Service-producing | 10,050 | 10,050 | 9,900 | 0 | 150 |
| Mining | 5,000 | 5,100 | 5,650 | -100 | -650 |
| Oil & Gas Extraction | 4,550 | 4,650 | 5,200 | -100 | -650 |
| Government | 4,900 | 4,850 | 4,850 | 50 | 50 |
| Federal | 150 | 150 | 150 | 0 | 0 |
| State | 300 | 300 | 300 | 0 | 0 |
| Local | 4,450 | 4,400 | 4,400 | 50 | 50 |
| Tribal | 400 | 400 | 400 | 0 | 0 |

| Interior Region | preliminary | | Changes from: | | |
|---------------------------------------|-------------|--------|---------------|-------|------|
| | 2/02 | 1/02 | 2/01 | 1/02 | 2/01 |
| Total Nonag. Wage & Salary | 38,000 | 36,800 | 37,300 | 1,200 | 700 |
| Goods-producing | 2,900 | 2,800 | 2,750 | 100 | 150 |
| Service-producing | 35,100 | 34,000 | 34,550 | 1,100 | 550 |
| Mining | 850 | 800 | 850 | 50 | 0 |
| Construction | 1,500 | 1,450 | 1,350 | 50 | 150 |
| Manufacturing | 550 | 550 | 550 | 0 | 0 |
| Transportation/Comm/Utilities | 3,500 | 3,500 | 3,600 | 0 | -100 |
| Trade | 7,050 | 7,100 | 7,000 | -50 | 50 |
| Finance/Insurance/Real Estate | 1,250 | 1,250 | 1,200 | 0 | 50 |
| Services & Misc. | 9,000 | 8,850 | 8,900 | 150 | 100 |
| Hotels & Lodging Places | 850 | 800 | 800 | 50 | 50 |
| Government | 14,300 | 13,300 | 13,850 | 1,000 | 450 |
| Federal | 3,700 | 3,700 | 3,750 | 0 | -50 |
| State | 5,250 | 4,650 | 5,000 | 600 | 250 |
| Local | 5,350 | 4,950 | 5,100 | 400 | 250 |
| Tribal | 300 | 300 | 200 | 0 | 100 |

Anchorage/Mat-Su Region

| | | | | | |
|---------------------------------------|---------|---------|---------|-------|-------|
| Total Nonag. Wage & Salary | 148,100 | 146,800 | 144,550 | 1,300 | 3,550 |
| Goods-producing | 12,450 | 12,250 | 12,300 | 200 | 150 |
| Service-producing | 135,650 | 134,550 | 132,250 | 1,100 | 3,400 |
| Mining | 2,750 | 2,700 | 3,250 | 50 | -500 |
| Construction | 7,350 | 7,200 | 6,900 | 150 | 450 |
| Manufacturing | 2,350 | 2,350 | 2,150 | 0 | 200 |
| Transportation/Comm/Utilities | 15,750 | 15,650 | 15,700 | 100 | 50 |
| Trade | 34,850 | 34,900 | 33,700 | -50 | 1,150 |
| Finance/Insurance/Real Estate | 8,000 | 7,950 | 8,050 | 50 | -50 |
| Services & Misc. | 43,650 | 43,150 | 42,450 | 500 | 1,200 |
| Government | 33,400 | 32,900 | 32,350 | 500 | 1,050 |
| Federal | 9,700 | 9,750 | 9,750 | -50 | -50 |
| State | 10,550 | 10,250 | 10,000 | 300 | 550 |
| Local | 13,150 | 12,900 | 12,600 | 250 | 550 |
| Tribal | 200 | 250 | 200 | -50 | 0 |

Southwest Region

| | | | | | |
|---------------------------------------|--------|--------|--------|-------|-----|
| Total Nonag. Wage & Salary | 19,250 | 15,850 | 18,800 | 3,400 | 450 |
| Goods-producing | 6,050 | 2,950 | 5,950 | 3,100 | 100 |
| Service-producing | 13,200 | 12,900 | 12,850 | 300 | 350 |
| Seafood Processing | 5,900 | 2,850 | 5,850 | 3,050 | 50 |
| Government | 7,100 | 6,950 | 6,850 | 150 | 250 |
| Federal | 350 | 350 | 300 | 0 | 50 |
| State | 500 | 450 | 500 | 50 | 0 |
| Local | 6,250 | 6,150 | 6,050 | 100 | 200 |
| Tribal | 1,300 | 1,300 | 1,100 | 0 | 200 |

Gulf Coast Region

| | | | | | |
|---------------------------------------|--------|--------|--------|------|------|
| Total Nonag. Wage & Salary | 25,400 | 24,700 | 25,350 | 700 | 50 |
| Goods-producing | 5,000 | 4,600 | 5,500 | 400 | -500 |
| Service-producing | 20,400 | 20,100 | 19,850 | 300 | 550 |
| Mining | 1,250 | 1,250 | 1,450 | 0 | -200 |
| Oil & Gas Extraction | 1,250 | 1,250 | 1,400 | 0 | -150 |
| Construction | 1,100 | 1,200 | 1,000 | -100 | 100 |
| Manufacturing | 2,650 | 2,150 | 3,050 | 500 | -400 |
| Seafood Processing | 1,800 | 1,300 | 2,100 | 500 | -300 |
| Transportation/Comm/Utilities | 2,300 | 2,250 | 2,200 | 50 | 100 |
| Trade | 4,750 | 4,750 | 4,650 | 0 | 100 |
| Wholesale Trade | 350 | 300 | 350 | 50 | 0 |
| Retail Trade | 4,400 | 4,450 | 4,300 | -50 | 100 |
| Eating & Drinking Places | 1,400 | 1,400 | 1,400 | 0 | 0 |
| Finance/Insurance/Real Estate | 700 | 700 | 700 | 0 | 0 |
| Services & Misc. | 5,350 | 5,300 | 5,250 | 50 | 100 |
| Health Services | 1,250 | 1,250 | 1,200 | 0 | 50 |
| Government | 7,300 | 7,100 | 7,050 | 200 | 250 |
| Federal | 650 | 700 | 650 | -50 | 0 |
| State | 1,650 | 1,550 | 1,550 | 100 | 100 |
| Local | 5,000 | 4,850 | 4,850 | 150 | 150 |
| Tribal | 500 | 500 | 500 | 0 | 0 |

5 Unemployment Rates

By region and census area

(continued from page 27)

| | preliminary | revised | |
|---------------------------------|-------------|---------|-------|
| Not Seasonally Adjusted | 02/02 | 01/02 | 02/01 |
| United States | 6.1 | 6.3 | 4.6 |
| Alaska Statewide | 7.3 | 7.5 | 8.1 |
| Anchorage/Mat-Su Region | 5.6 | 5.5 | 6.2 |
| Municipality of Anchorage | 4.9 | 4.8 | 5.3 |
| Mat-Su Borough | 8.8 | 8.9 | 10.6 |
| Gulf Coast Region | 11.5 | 12.4 | 12.8 |
| Kenai Peninsula Borough | 12.5 | 12.8 | 14.0 |
| Kodiak Island Borough | 7.8 | 11.2 | 6.7 |
| Valdez-Cordova | 12.2 | 12.3 | 15.4 |
| Interior Region | 7.6 | 8.0 | 8.6 |
| Denali Borough | 12.7 | 12.9 | 12.7 |
| Fairbanks North Star Borough | 6.6 | 7.0 | 7.6 |
| Southeast Fairbanks | 13.2 | 13.6 | 14.5 |
| Yukon-Koyukuk | 18.4 | 17.2 | 19.4 |
| Northern Region | 11.3 | 10.8 | 12.2 |
| Nome | 11.5 | 10.7 | 12.8 |
| North Slope Borough | 8.6 | 8.1 | 8.3 |
| Northwest Arctic Borough | 15.0 | 15.1 | 17.0 |
| Southeast Region | 9.7 | 9.8 | 9.9 |
| Haines Borough | 15.1 | 16.0 | 17.4 |
| Juneau Borough | 6.0 | 6.0 | 6.4 |
| Ketchikan Gateway Borough | 11.4 | 11.0 | 10.4 |
| Prince of Wales-Outer Ketchikan | 17.3 | 16.8 | 19.2 |
| Sitka Borough | 7.0 | 7.5 | 7.1 |
| Skagway-Hoonah-Angoon | 15.0 | 16.2 | 15.7 |
| Wrangell-Petersburg | 14.1 | 14.8 | 13.1 |
| Yakutat Borough | 16.7 | 16.2 | 15.6 |
| Southwest Region | 9.6 | 11.8 | 10.8 |
| Aleutians East Borough | 3.0 | 6.5 | 3.9 |
| Aleutians West | 5.6 | 14.6 | 6.9 |
| Bethel | 9.6 | 10.0 | 10.1 |
| Bristol Bay Borough | 14.8 | 15.9 | 14.2 |
| Dillingham | 8.9 | 10.2 | 10.7 |
| Lake & Peninsula Borough | 12.8 | 13.5 | 15.1 |
| Wade Hampton | 16.1 | 17.6 | 19.0 |
| Seasonally Adjusted | | | |
| United States | 5.5 | 5.6 | 4.2 |
| Alaska Statewide | 5.7 | 5.9 | 6.4 |

2001 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

2001 affect willingness to spend? The answers to these questions will certainly impact Alaska's economy.

Other questions dance on the horizon. As this article is being written, turmoil in the Middle East continues. As Alaskans know, that distant region plays a major role in establishing world oil prices. Should the Israeli-Palestinian conflict escalate, or phase two of America's war on terrorism involve military action in Iraq, the impact on Alaska's oil industry could be of major consequence to the state.

Closer to home, the Alaska Legislature is seeking ways to address the budget gap, considering both cutbacks and alternative tax schemes. Alaska will experience economic repercussions from whatever action or non-action is ultimately taken.

An adage says, "Life is uncertain. Eat dessert first." At least for the present, Alaska seems to have something good on its plate.

Employer Resources

Is your company facing possible layoffs due to imports from or shift in production to either Mexico or Canada or increased imports from any country? Trade Adjustment Assistance (TAA), North American Free Trade Agreement Transitional Adjustment Assistance (NAFTA-TAA) and Trade Readjustment Allowance (TRA) are programs you should know about to help your employees. To read about these programs click on <http://www.jobs.state.ak.us/>, then on the column called Training and Assistance. Click on Trade Adjustment Assistance.

The screenshot shows the website www.jobs.state.ak.us. The top navigation menu includes: Employer Connection, Job Seeker Resources, Trade Adjustment Assistance (highlighted), Job Market Information, and Community Profiles. A large grey arrow points from the 'Trade Adjustment Assistance' menu item to the 'Trade Act Programs' section below.

ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

Trade Act Programs

- Trade Adjustment Assistance (TAA)
- North American Free Trade Agreement Transitional Adjustment Assistance (NAFTA-TAA)
- Trade Readjustment Allowance (TRA)

- [Home Page](#)
- [Surviving a Layoff](#)
- [Petition Process](#)
- [Approval Process](#)
- [Benefits](#)
- [TRA](#)
- [Forms](#)

The Trade Adjustment Assistance program (TAA) was established under the Trade Act of 1974 in order to provide assistance to workers who lose their jobs due to increased imports from any country.

The North American Free Trade Agreement-Transitional Adjustment Assistance program (NAFTA-TAA) was added to the Trade Act in 1993. NAFTA authorizes assistance to workers who lose their jobs due to imports from or shift in production to either Mexico or Canada.

The NAFTA-TAA program also covers workers in companies (Secondary Firms) that are indirectly affected by trade with Canada or Mexico. For example, if a secondary firm supplied materials to a primary firm who has been or was directly affected under NAFTA, these Secondarily Affected Workers may also be eligible for assistance.

Some Firm Firms include: