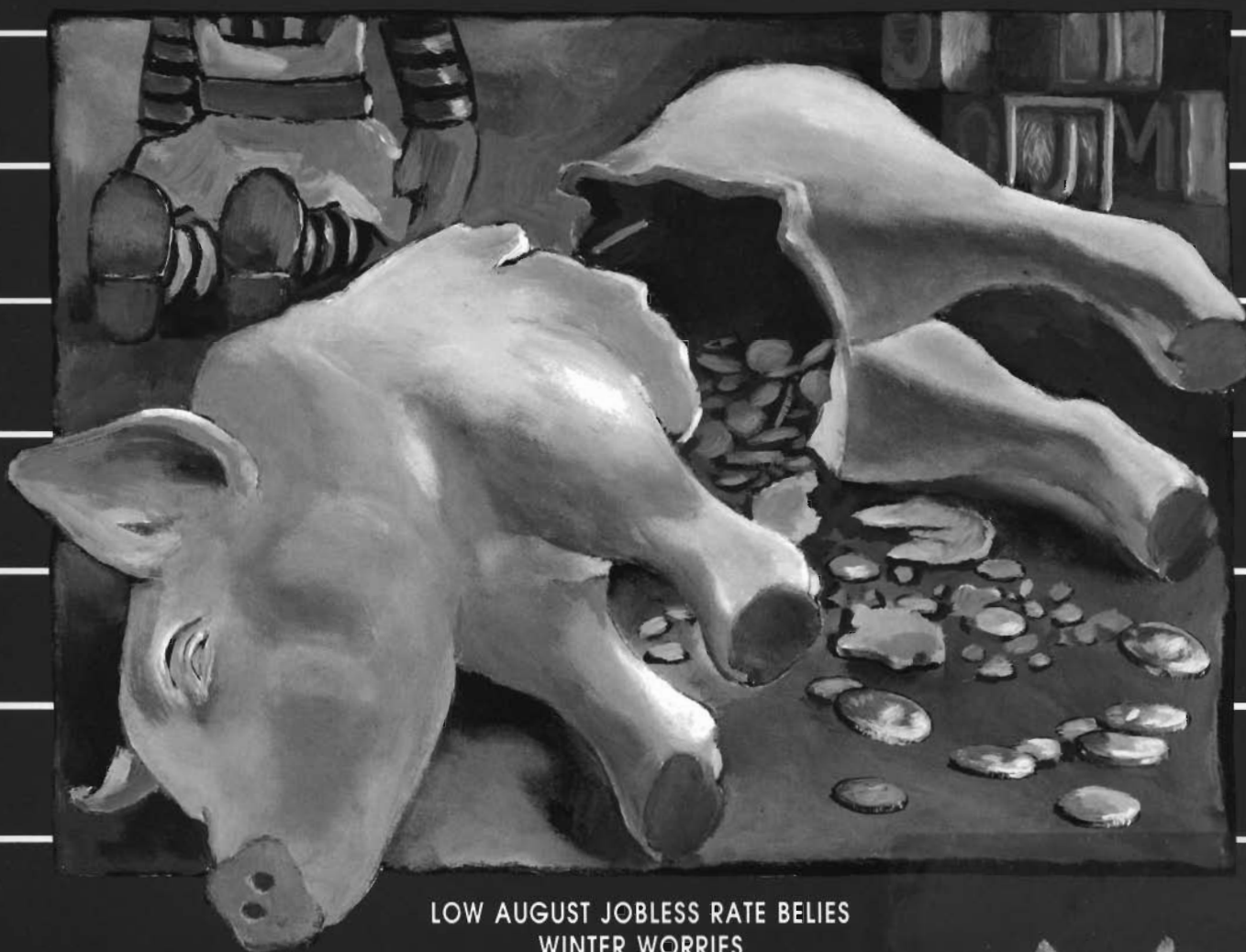


ALASKA ECONOMIC TRENDS

MONEY IS GETTING A LITTLE TIGHT



LOW AUGUST JOBLESS RATE BELIES
WINTER WORRIES

November 1994

ALASKA DEPARTMENT OF LABOR
WALTER J. HICKEL, GOVERNOR

ALASKA ECONOMIC TRENDS

Contents

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Money Is Getting A Little Tight

by Neal Fried

Alaskans became \$711 million richer in 1993. And if you add up all of the income, from all of the state's residents, from all sources, they earned a total of \$13.8 billion dollars that same year. (See Table 1.) It sounds impressive and in some ways it is. However, from the standpoint of historical trends, 1993 was an unexceptional year. Moderate income growth characterizes the 1990s when compared to the two previous decades in Alaska. (See Figure 1).

Lagging economic growth translates into fewer new jobs, which causes this downward tug in income gains. It is not a surprising result considering that 64.9% of Alaskans' personal income comes from wages and salaries.

Not too much should be read into these year-to-year changes in the income figures. There are too many factors such as population, residency and income sources which are based on relatively rough measures that could at times be the primary or secondary reasons for the year-to-year changes. Only significant annual changes or long-term trends should be given much notice.

All of the personal income data presented in this article is produced by the U.S. Department of Commerce's Bureau of Economic Analysis (BEA). On an annual basis it is the most comprehensive measure of Alaska's personal income.

\$23,008 for every man, woman and child in Alaska

Another measure of personal income is per capita income. To arrive at Alaska's 1993 \$23,008 per capita income figure, the state's total personal income is divided by the resident population—that is every man, woman and child. Because of the broad scope of this indicator, many economists believe it is one good measure of a population's economic well-being. But because it is an average figure, the important question of income distribution is not addressed.

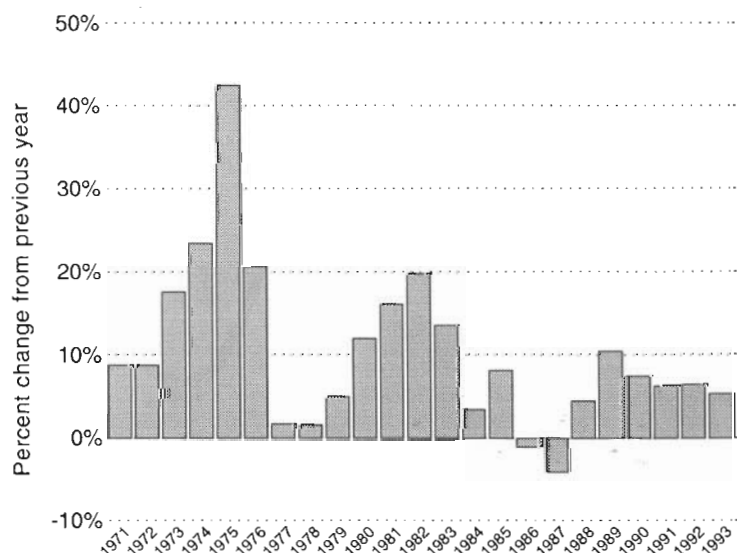
Demographics can affect income

Because per capita income is a measure of the entire population, its long-term and in some cases short-term changes are affected not only by the vagaries of the economy but also by demographic trends. Forces such as changing participation in the work force, family size, the number of dependents, residency and other factors can affect its outcome. For example, the tremendous increase of female participation in the work force during the past three decades has meant a much larger share of the population is actively earning income. Initially it helped boost per capita income and later it helped prevent it from falling precipitously. Another example took place in the mid-1970s when Alaska per capita income reached its pinnacle. The fat paychecks earned during the construction of the Trans-Alaska Pipeline were not the sole reason for the record income figures. It was also because many of these workers were single and without dependents.

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Figure • 1

Alaska's Total Personal Income Growth Meager from Historical Perspective



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

T a b l e • 1

**Total and Per Capita Personal Income
Alaska and U.S. 1980-1993**

	Total in Millions of Dollars		Per Capita in Dollars		Alaska Per Capita as % of U.S. Average
	Alaska	U.S.	Alaska	U.S.	
1980	5,541	2,259,006	13,692	9,940	138
1981	6,431	2,526,009	15,368	11,009	140
1982	7,704	2,683,456	17,134	11,583	148
1983	8,750	2,857,710	17,914	12,223	147
1984	9,060	3,144,363	17,634	13,332	132
1985	9,805	3,368,069	18,411	14,155	130
1986	9,695	3,579,783	17,810	14,906	119
1987	9,299	3,789,297	17,240	15,638	110
1988	9,720	4,061,806	17,931	16,610	108
1989	10,741	4,366,135	19,361	17,690	109
1990	11,550	4,655,420	20,887	18,667	112
1991	12,280	4,840,768	21,592	19,199	112
1992	13,074	5,135,062	22,244	20,131	110
1993	13,785	5,359,589	23,008	20,781	111

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

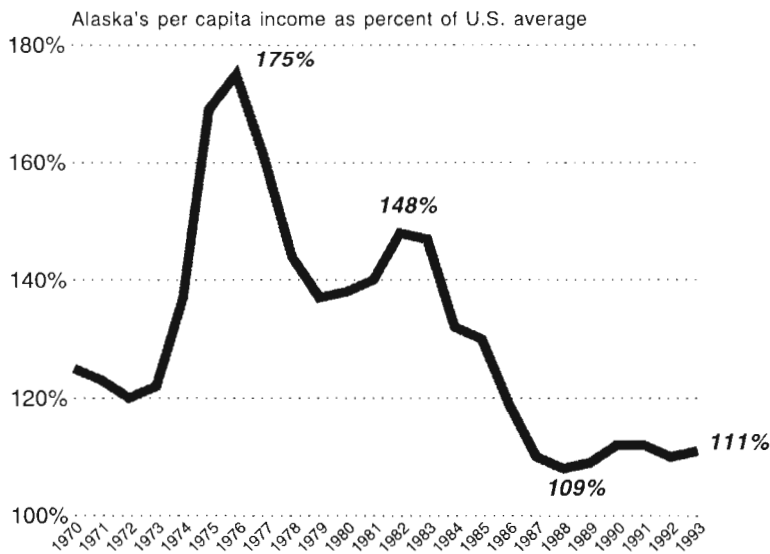
Alaska's income advantage slips but so does the cost of living

For the second year in a row Alaska's per capita income ranked eighth in the nation. (See Table 2.) Alaska was dethroned in 1986 from the number one spot in the nation when stronger economic growth propelled a number of states and the District of Columbia ahead of Alaska.

Like total personal income, per capita income growth has lagged in recent years. During the 1970s per capita income grew at an unprecedented rate of 10.5% per year. In the 1980s this rate of increase slowed to 4.3%, but this was still impressive considering that three of these years Alaska was mired in the worst recession in its history. In the 1990s the average annual rate of growth thus far has slowed to 3.3%. Alaska's more moderate performance of late has meant a substantial narrowing of its historical income advantage as compared to the rest of the nation.

F i g u r e • 2

Alaska's Income Advantage Is Disappearing



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

By 1993 Alaska's per capita income advantage shrunk to 111% compared to the rest of the nation—a considerable erosion over time. (See Table 1 or Figure 2). There is evidence that the decline in the per capita income advantage has been ameliorated by a narrowing in Alaska's cost-of-living vis-a-vis the rest of the nation. Lower local tax burdens, the elimination of the state income tax, growing economies of scale, increased business competition and the huge "correction" in Alaska's 1986-1989 housing market effectively narrowed the cost-of-living which existed during most of the state's history. (See the June 1994 issue of *Alaska Economic Trends*.) These changes are most evident in Alaska's more urban areas, particularly those communities connected to the road system. In the more rural parts of the state, this cost-of-living improvement is less apparent.

When it comes to average household income, Alaska's ranking climbs to number six in the nation. (See Table 2.) The larger household size and high participation in the work force might explain some of this boost in the state's ranking.

Per Capita and Household Personal Income by State 1992-1993

Rank	STATE	1993	1992	1992- 1993 Percent Change	1993 Percent of U.S.	1993	
						Average Persons per Household	Average Household Income
1	District of Columbia	\$29,836	\$28,313	5.4	144	2.24	\$66,833
2	Connecticut	27,957	27,154	3.0	135	2.58	72,129
3	New Jersey	26,732	26,098	2.4	129	2.71	72,444
4	New York	24,771	24,138	2.6	119	2.64	65,395
5	Massachusetts	24,475	23,625	3.6	118	2.57	62,901
6	Maryland	23,920	23,199	3.1	115	2.66	63,627
7	Hawaii	23,378	22,420	4.3	112	2.99	69,900
8	ALASKA	23,008	22,244	3.4	111	2.81	64,652
9	Nevada	22,747	21,857	4.1	109	2.54	57,777
10	New Hampshire	22,169	21,729	2.0	107	2.61	57,861
11	Illinois	22,534	21,781	3.5	108	2.66	59,940
12	Washington	21,773	21,306	2.2	105	2.56	55,739
13	California	21,884	21,599	1.3	105	2.82	61,713
14	Virginia	21,544	20,870	3.2	104	2.60	56,014
15	Colorado	21,475	20,577	4.4	103	2.52	54,117
16	Delaware	21,735	21,102	3.0	105	2.61	56,728
17	Pennsylvania	21,241	20,601	3.1	102	2.57	54,589
18	Rhode Island	21,203	20,229	4.8	102	2.56	54,280
19	Minnesota	20,513	21,017	-2.4	99	2.59	53,129
20	Florida	20,710	19,686	5.2	100	2.49	51,568
	U.S.	20,781	20,131	3.2	100	2.64	54,862
21	Michigan	20,542	19,681	4.4	99	2.65	54,436
22	Kansas	19,874	19,219	3.4	96	2.55	50,679
23	Wisconsin	19,822	19,115	3.7	95	2.62	51,934
24	Nebraska	19,757	19,228	2.8	95	2.56	50,578
25	Ohio	19,627	18,923	3.7	94	2.59	50,834
26	Wyoming	19,724	18,871	4.5	95	2.65	52,269
27	Vermont	19,772	18,801	5.2	95	2.56	50,616
28	Missouri	19,559	18,965	3.1	94	2.55	49,875
29	Oregon	19,447	18,716	3.9	94	2.54	49,395
30	Georgia	19,203	18,472	4.0	92	2.66	51,080
31	Indiana	19,161	18,384	4.2	92	2.59	49,627
32	Texas	19,134	18,449	3.7	92	2.75	52,619
33	Maine	18,775	18,167	3.3	90	2.55	47,876
34	North Carolina	18,688	17,828	4.8	90	2.55	47,654
35	Tennessee	18,415	17,622	4.5	89	2.57	47,327
36	Iowa	18,324	18,178	0.8	88	2.53	46,360
37	Arizona	18,119	17,483	3.6	87	2.63	47,653
38	South Dakota	17,977	17,344	3.6	87	2.62	47,100
39	Idaho	17,540	16,676	5.2	84	2.75	48,235
40	North Dakota	17,123	17,127	-0.0	82	2.54	43,492
41	Montana	17,413	16,379	6.3	84	2.55	44,403
42	Alabama	17,106	16,496	3.7	82	2.62	44,818
43	Kentucky	16,954	16,436	3.2	82	2.60	44,080
44	Oklahoma	17,035	16,475	3.4	82	2.56	43,610
45	South Carolina	16,810	16,171	4.0	81	2.67	44,883
46	Louisiana	16,588	15,852	4.6	80	2.74	45,451
47	New Mexico	16,333	15,520	5.2	79	2.75	44,916
48	West Virginia	16,148	15,527	4.0	78	2.55	41,177
49	Utah	16,138	15,503	4.1	78	3.15	50,835
50	Arkansas	15,994	15,584	2.6	77	2.58	41,265
51	Mississippi	14,708	14,050	4.7	71	2.75	40,447

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

T a b l e • 3

Alaska's Per Capita Income by Borough and Census Area 1990-1992

Area Name	1990	1991	1992	Percent of U.S.	Rank in State	1991-92 Percent Change
ALASKA	20,887	21,592	22,244	110.5	--	3.0
U.S.	18,667	19,199	20,131	100.0	--	4.9
Aleutians East Borough	17,477	19,953	22,133	110.1	11	10.9
Aleutians West Census Area	16,481	18,315	20,853	103.7	15	13.9
Anchorage, Municipality of	24,119	24,791	25,077	124.7	6	1.2
Bethel Census Area	12,956	13,594	14,416	71.7	24	6.0
Bristol Bay Borough	28,259	30,578	31,159	155.0	1	1.9
Denali Borough	--	19,976	21,026	104.6	14	5.3
Dillingham Census Area	17,301	20,703	21,732	108.1	12	5.0
Fairbanks North Star Borough	17,195	17,706	18,435	91.7	17	4.1
Haines Borough	24,806	24,466	24,495	121.8	8	0.1
Juneau Borough	23,666	24,304	25,390	126.3	5	4.5
Kenai Peninsula Borough	20,803	21,271	21,571	107.3	13	1.4
Ketchikan Gateway Borough	26,236	26,333	27,761	138.1	2	5.4
Kodiak Island Borough	20,087	20,119	20,805	103.5	16	3.4
Lake & Peninsula Borough	--	16,537	17,275	85.9	19	4.5
Matanuska-Susitna Borough	15,319	15,470	15,441	76.8	22	-0.2
Nome Census Area	13,788	14,132	14,954	74.4	23	5.8
North Slope Borough	23,255	24,135	24,153	120.1	9	0.1
Northwest Arctic Borough	14,524	15,158	16,121	80.2	21	6.4
Prince of Wales-Outer Ketchikan C.A.	17,994	17,311	17,983	89.4	18	3.9
Sitka Borough	22,235	22,981	23,697	117.9	10	3.1
Skagway-Yakutat-Angoon C.A.	21,579	23,267	24,973	124.2	7	7.3
Southeast Fairbanks Census Area	15,369	16,543	17,033	84.7	20	3.0
Valdez-Cordova Census Area	22,837	23,824	25,826	128.5	4	8.4
Wade Hampton Census Area	10,173	9,866	9,993	49.7	26	1.3
Wrangell-Petersburg Census Area	23,662	24,549	26,963	134.1	3	9.8
Yukon-Koyukuk Census Area	14,188	13,862	14,406	71.7	25	3.9

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

Alaska's Average Monthly Wage by Industry 1983-1993

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Statewide	\$2,379	\$2,382	\$2,369	\$2,345	\$2,308	\$2,310	\$2,452	\$2,471	\$2,540	\$2,618	\$2,660
Mining	4,550	4,703	5,311	4,921	5,171	5,126	5,249	5,438	5,713	6,196	6,205
Oil & Gas	4,648	4,785	4,987	5,398	5,273	5,272	5,399	5,582	5,830	6,400	6,366
Construction	3,860	3,651	3,383	3,425	3,315	3,399	3,501	3,671	3,473	3,506	3,664
Manufacturing	2,065	2,115	2,000	2,019	2,116	2,143	2,334	2,336	2,369	2,448	2,478
Trans., Comm. & Utilities	2,931	2,946	2,797	2,896	2,718	2,699	3,395	2,897	2,987	3,122	3,176
Trade	1,598	1,624	1,546	1,610	1,409	1,487	1,566	1,620	1,635	1,681	1,674
Wholesale	2,533	2,558	2,558	2,601	2,484	2,468	2,547	2,684	2,756	2,825	2,833
Retail	1,373	1,397	1,316	1,376	1,272	1,274	1,339	1,394	1,408	1,457	1,448
Finance, Ins. & Real Estate	2,017	2,122	2,252	2,173	2,258	2,216	2,187	2,255	2,305	2,417	2,521
Services	1,831	1,837	1,719	1,802	1,655	1,692	1,802	1,864	1,912	1,992	2,039
Government	2,420	2,480	2,627	2,565	2,641	2,641	2,685	2,739	2,888	2,973	3,063
Federal	2,172	2,268	2,348	2,298	2,414	2,520	2,555	2,686	2,822	2,986	3,112
State	2,683	2,698	2,887	2,829	2,895	2,859	2,882	2,962	3,163	3,202	3,298
Local	2,397	2,464	2,617	2,539	2,615	2,567	2,623	2,610	2,679	2,802	2,870

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

Alaska's Average Monthly Wage by Census Area 1983-1993

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Statewide Average	\$2,379	\$2,382	\$2,369	\$2,345	\$2,308	\$2,310	\$2,479	\$2,471	\$2,540	\$2,618	\$2,660
Aleutian Islands Census Area*	1,693	1,769	1,875	1,892	2,009	--	--	--	--	--	--
Aleutians East Borough*	--	--	--	--	--	2,008	1,959	1,930	2,042	2,042	1,968
Aleutians West Census Area*	--	--	--	--	--	--	--	--	2,266	2,423	2,312
Anchorage, Municipality of	2,289	2,327	2,346	2,385	2,363	2,378	2,495	2,568	2,637	2,733	2,797
Bethel Census Area	1,735	1,792	1,756	1,830	1,743	1,727	1,873	1,877	1,958	2,047	2,064
Bristol Bay Borough	1,904	2,099	1,860	1,960	2,013	1,970	2,297	2,206	2,319	2,414	2,430
Denali Borough**	--	--	--	--	--	--	--	--	2,966	2,550	2,473
Dillingham Census Area	2,150	1,862	1,858	1,863	1,828	1,850	1,925	2,046	2,084	2,175	2,153
Fairbanks North Star Borough	2,474	2,414	2,432	2,347	2,320	2,236	2,282	2,320	2,351	2,441	2,433
Haines Borough	1,897	2,008	2,089	2,237	2,360	2,373	2,794	1,989	1,988	2,029	1,987
Juneau Borough	2,283	2,267	2,295	2,320	2,341	2,339	2,355	2,382	2,518	2,622	2,657
Kenai Peninsula Borough	2,309	2,344	2,343	2,255	2,169	2,245	2,558	2,438	2,444	2,457	2,458
Ketchikan Gateway Borough	2,137	2,110	2,099	2,107	2,138	2,178	2,310	2,390	2,518	2,564	2,593
Kodiak Island Borough	2,003	1,857	1,968	1,620	1,757	1,807	2,373	1,873	1,974	2,146	2,269
Lake and Peninsula Borough**	--	--	--	--	--	--	--	3,900	1,693	1,707	1,637
Matanuska-Susitna Borough	1,918	2,036	1,725	1,976	1,974	1,968	2,063	2,081	2,133	2,209	2,279
Nome Census Area	1,933	1,980	1,970	1,988	2,022	2,024	2,200	2,114	2,078	2,156	2,158
North Slope Borough	4,849	4,911	4,681	4,341	4,079	4,053	4,225	4,414	4,613	4,680	4,818
Northwest Arctic Borough	1,986	2,020	1,951	1,914	1,958	2,122	2,275	2,427	2,619	2,777	2,842
Pr. of Wales-Outer Ketchikan C.A.	2,124	2,091	1,937	2,039	1,954	2,089	2,293	2,297	2,220	2,360	2,435
Sitka Census Area	2,082	2,088	2,000	2,009	2,040	2,045	2,097	2,098	2,247	2,323	2,325
Skagway-Yakutat-Angoon C.A.	2,055	1,703	1,759	1,786	1,746	1,807	2,138	2,224	2,321	2,335	2,329
Southeast Fairbanks Census Area	1,765	1,807	1,900	2,036	1,914	1,890	1,950	1,990	2,147	2,019	2,069
Valdez-Cordova Census Area	2,411	2,501	2,507	2,483	2,475	2,417	4,109	2,673	2,799	2,947	2,942
Wade Hampton Census Area	1,447	1,463	1,414	1,450	1,570	1,452	1,613	1,431	1,483	1,505	1,464
Wrangell-Petersburg Census Area	2,084	1,950	2,098	2,058	2,006	2,065	2,180	2,138	2,213	2,223	2,297
Yakutat Borough**	--	--	--	--	--	--	--	--	--	--	2,036
Yukon-Koyukuk Census Area	2,465	2,393	2,063	2,090	2,046	2,082	2,144	2,069	1,922	1,944	1,896

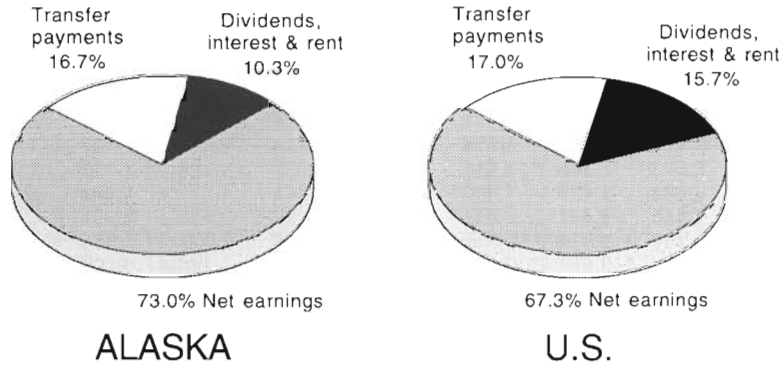
* Aleutian Island Census Area split into Aleutians East Borough and Aleutians Islands West Census Area in 1988.

** Newly formed boroughs.

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

Figure • 3

Sources of Personal Income



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

Wages are more important in Alaska

Another strength of BEA personal income figures is the inclusion of nearly all sources of income. The three major categories are: 1) net earnings 2) dividends, interest and rent and 3) transfer payments. (See Figure 3.) One important exclusion in Alaska is subsistence.

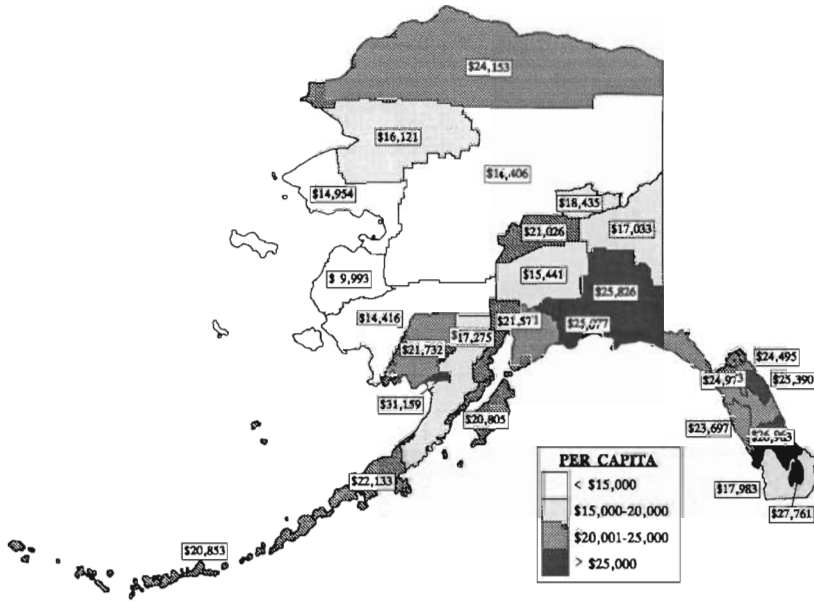
Wages earned are responsible for 64.9% of all personal income earned in the state compared to 57.3% in the nation. The primary reason why Alaskans earn more of their income from wages is because a much larger proportion of Alaska's working age population is active in the labor force.

PFD checks give Alaska an income advantage

Transfer payments are the next largest source of income for Alaska residents. Transfer payments include disbursements such as unemployment payments, welfare, Social Security and Medicare/Medicaid. Nationwide, Social Security is the single largest component of the transfers, but in Alaska it is considerably smaller. This is because Alaska's senior population (65+) is proportionately only a third the size of the rest of the nation's. The only reason that Alaska's transfer slice of the personal income pie is nearly identical with the nation's is because this is where BEA counts two sources of income unique to Alaska—permanent fund checks and the longevity bonus. In fact, without the permanent fund distributions, Alaska's per capita income advantage would be only approximately 106% of the nation's, instead of 111%.

Figure • 4

Per Capita Income by Region 1992



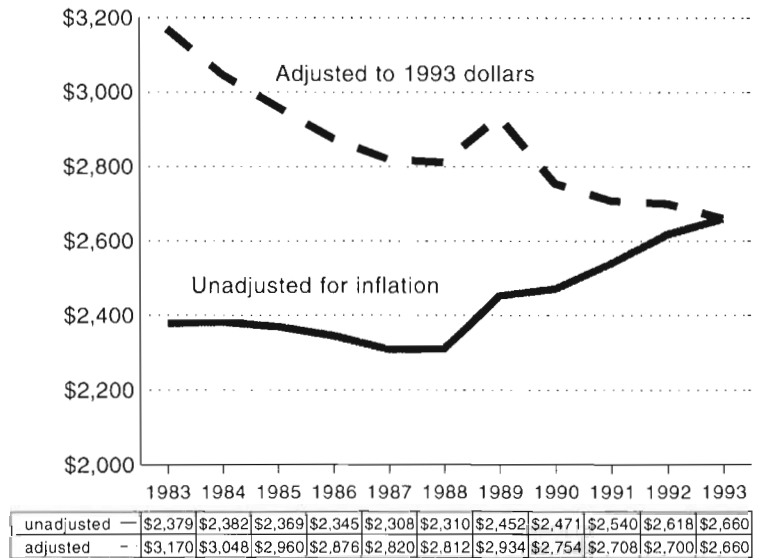
Source: U.S. Department of Commerce, Bureau of Economic Analysis. Alaska Department of Labor, Research & Analysis Section.

Incomes are usually lower in rural Alaska

In addition to statewide personal income data, the BEA also produces personal income figures for the state's boroughs, municipalities and census areas. (See Table 3.) The local area data lags a year behind the statewide figures—the most recent data being for 1992.

The state's lowest incomes are predominantly found in rural Alaska. (See Figure 4.) Low

Average Monthly Wages Are Falling in Alaska After Adjusting for Inflation



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

participation rates in the work force are the best predictor of these lower incomes. And low participation exists in most of rural Alaska because there are fewer opportunities to earn wages and salaries. (See July 1992 issue of *Alaska Economic Trends*.) Rural Alaska also has more children per household which further depresses per capita income. Other indicators such as a much higher incidence of poverty and high unemployment rates often accompany this rural/urban split. There are a number of exceptions to the rural/urban differences. The Bristol Bay and the North Slope Boroughs' per capita incomes are among the state's top rankings—both of these areas are endowed with incredibly rich natural resources. However, there are areas such as the Fairbanks North Star and the Matanuska-Susitna Boroughs where per capita incomes fall substantially below the statewide average. Although the state's per capita income is higher than the nation's, 10 out of the 26 areas measured in Alaska registered below the nation's. For example, the Wade Hampton census area's per capita income was less than half of the nation's.

Alaska's wages budge little

Alaska's average monthly wage inched ahead by 1.6% in 1993—the smallest increase in three years. (See Table 4.) After adjusting this figure for inflation, some ground was actually lost. This is not a new trend. (See Figure 5.)

As with personal income, the average monthly wage data should be treated cautiously because a number of factors can influence the direction it takes. The average monthly wage figures are calculated by dividing Alaska's total gross payroll by the total number of wage and salary jobs. A part-time and full-time job carries the same weight in the job count. A shift in the industrial and/or occupational mix of these industries can also affect the direction the average monthly wage takes. The average monthly wage can be swayed by a change in the number of hours worked.

Oil still reigns king and retail is at the bottom

The oil industry remains on the top of the average monthly wage scale—weighing in at more than twice the statewide average. Retail's average monthly wage was on the opposite end of the spectrum, registering at a little over half the statewide average. High salaries and a considerable amount of overtime pay push oil industry wages into their top position. Low pay and the preponderance of part-time employment explain retail's very low average monthly wage. The rest of the industries fall somewhere in between these two industries.

Wages not keeping up with inflation

Over the past decade nearly all of the industries have suffered an erosion of buying power. The state's overall average monthly wage in 1983 in 1993 dollars was \$3,170 compared to \$2,660 in 1993. Over the past decade only

the federal government's average monthly wage has stood up to the increases in the cost of living. The industry which has suffered the greatest loss in earning power is construction. In 1993 dollars, construction's average monthly wage in 1983 was \$5,144 compared to \$3,664 in 1993.

Wages make up the bulk of personal income. The average monthly wage varies by geographic region. (See Table 5.) There are, however, a few important distinctions. The most important is that the average monthly wage figures are not adjusted for residency. This explains why the North Slope Borough has the highest average monthly wage of \$4,818, yet ranks ninth in per capita income. Most of the high oil industry wages earned in the borough belong to wage earners who live elsewhere in the state. The average monthly wage is not always a good predictor of a population's economic well-being since it is only a measurement of the share of the population which is employed.

No significant short-term trends are evident in the geographic wage data. One interesting trend has taken place in the Northwest Arctic Borough. In 1991 the borough's average monthly wage began to register above the statewide average and has stayed there. The best explanation for this improvement is the

extra wages the Red Dog mine has pumped into the region.

Summary—Alaska's sluggish income picture continues

Alaska's personal income picture continues to follow a more moderate growth mode. Increasingly, the state's income trends mirror the nation's. These slower gains have meant Alaska per capita ranking remains stuck in eighth place and has a much smaller income advantage than it did historically. Some of this loss in income advantage has been eased by a narrowing of cost-of-living when compared to the rest of the nation.

Per capita income disparities between most of rural and urban Alaska remain quite dramatic. However, a number of exceptions exist. More than a third of the boroughs and census areas registered per capita incomes below the nation's. Low labor force participation rates explain most of this contrast.

The state's average monthly wage figures inched ahead in 1993, but not enough to prevent the loss of buying power to inflation. The oil industry continues to pay the top average monthly wage and the retail sector remains on the bottom.

T a b l e • 6

Federal Poverty Guidelines for Alaska, 1994

Size of family	Income limit
1	\$9,200
2	12,300
3	15,400
4	18,500
5	21,600
6	24,700
7	27,800
8	30,900
For each additional family member add:	\$3,100

Source: Federal Register, 1994.

Poverty Guidelines for Alaska

The poverty income guidelines shown in Table 6 are used to determine eligibility of individuals and families for a number of federal and state programs. The poverty guidelines are adjusted for Alaska by adding a 25% cost of living adjustment to the national guidelines. Each year these figures are updated to reflect the change in the U.S. consumer price index.

Low August Jobless Rate Belies Winter Worries

by John Boucher

Alaska's unemployment rate dropped sharply in August, falling eight-tenths of a percentage point to 5.9%. It was the first time this year that Alaska's unemployment rate equaled the national unemployment rate. (See Table 4.) Despite recent economic setbacks, Alaska's August unemployment rate was among the lowest recorded for that month since 1978. The lowest recorded August rate was 5.0% in 1989, at the height of the effort to clean up the *Exxon Valdez* oil spill. Lower rates were also recorded in 1990 and 1993 when unemployment was 5.7%.

In conjunction with the improved unemployment picture, the state's wage and salary employment count reached an all-time high. The number of nonagricultural wage and salary jobs in Alaska reached 275,000 in both July and August. (See Table 1.) Job growth in construction, retail trade, tourism and the services sector continued to lead the current expansion.

While Alaska's current employment and unemployment picture is relatively robust, the winter months will bring rising unemployment when seasonal jobs vanish. In addition to the normal seasonal downturn, Alaska's economy will have to cope with the negative impacts of the ARCO layoffs, the ending of the massive GHX-2 construction project on the North Slope, the temporary closure of the Wrangell sawmill, and the recently announced layoff of up to 250 Alyeska Pipeline Service Company workers.

The Alyeska layoffs, expected to occur before January, could push 1994 oil industry-related layoffs over 1,000. In addition to 750 workers laid off at ARCO, Alyeska had earlier announced a layoff of 60 technicians at the Valdez oil terminal. The layoff will impact Alyeska's support personnel in Anchorage.

Wrangell sawmill closure to idle 225

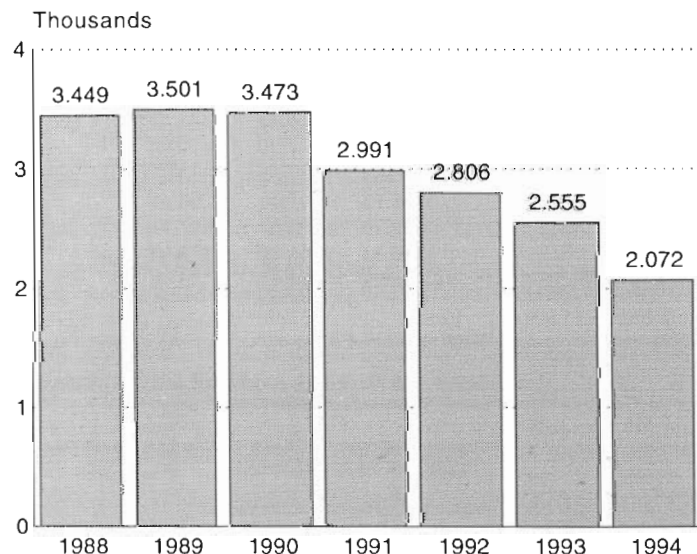
Alaska Pulp Corporation recently announced a temporary closure of the Wrangell sawmill for five months beginning in November. If all employees of the mill are laid off, that amounts to about 225 workers. The closure extends a trend of Southeast Alaska wood products industry job loss dating back to 1989. (See Figure 1.) The sawmill closure strikes another blow to the Southeast Alaska economy, but it will be a particularly severe shock to Wrangell.

The closing's impact on Wrangell will be severe because of the sawmill's relative prominence in the local economy. During the October 1993-March 1994 period, the sawmill accounted for 23.4% of the wage and salary jobs in Wrangell. Moreover, it accounted for nearly one-third of all wages and salaries paid in Wrangell. (See Figure 2.) This ex-

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Figure • 1

Southeast's Wood Products Industry Slides Wood Products Industry Employment 1988-94 ^{1/}



^{1/} Includes SIC 24 (Lumber and Wood Products except Furniture) and SIC 261 (Pulp Mills). Annual averages except 1994, which is an 8-month average. Source: Alaska Department of Labor, Research & Analysis Section.

Table • 1

Nonagricultural Wage and Salary Employment by Place of Work

Alaska

	p/		Changes from		
	8/94	r/7/94	8/93	7/94	8/93
Total Nonag. Wage & Salary	275,000	275,200	270,100	-200	4,900
Goods-producing	49,000	51,300	49,100	-2,300	-100
Mining	10,300	10,300	10,800	0	-500
Construction	16,000	15,500	15,000	500	1,000
Manufacturing	22,700	25,500	23,300	-2,800	-600
Durable Goods	3,500	3,500	3,800	0	-300
Lumber & Wood Products	2,600	2,500	2,900	100	-300
Nondurable Goods	19,200	22,000	19,500	-2,800	-300
Seafood Processing	15,900	18,600	15,900	-2,700	0
Pulp Mills	500	500	900	0	-400
Service-producing	226,000	223,900	221,000	2,100	5,000
Transportation	25,100	25,100	24,800	0	300
Trucking & Warehousing	3,100	3,300	3,100	-200	0
Water Transportation	2,200	2,200	2,200	0	0
Air Transportation	8,400	8,300	8,100	100	300
Communications	3,900	3,900	3,800	0	100
Trade	54,900	54,500	52,300	400	2,600
Wholesale Trade	8,800	8,700	8,700	100	100
Retail Trade	46,100	45,800	43,600	300	2,500
Gen. Merch. & Apparel	9,300	9,200	7,300	100	2,000
Food Stores	7,500	7,500	7,500	0	0
Eating & Drinking Places	15,500	15,400	15,200	100	300
Finance-Ins. & Real Estate	11,900	11,700	11,600	200	300
Services & Misc.	62,200	62,300	60,600	-100	1,600
Hotels & Lodging Places	7,500	7,700	7,400	-200	100
Health Services	12,500	12,500	12,300	0	200
Government	71,900	70,300	71,700	1,600	200
Federal	20,400	20,600	20,700	-200	-300
State	20,800	20,000	20,700	800	100
Local	30,700	29,700	30,300	1,000	400

Municipality of Anchorage

	p/		Changes from		
	8/94	r/7/94	8/93	7/94	8/93
Total Nonag. Wage & Salary	124,000	123,800	121,200	200	2,800
Goods-producing	13,800	13,600	13,600	200	200
Mining	3,100	3,100	3,300	0	-200
Construction	8,300	8,200	8,000	100	300
Manufacturing	2,400	2,300	2,300	100	100
Service-producing	110,200	110,200	107,600	0	2,600
Transportation	13,300	13,300	13,200	0	100
Air Transportation	5,100	5,000	4,900	100	200
Communications	2,500	2,500	2,400	0	100
Trade	28,600	28,500	26,700	100	1,900
Wholesale Trade	6,200	6,200	6,000	0	200
Retail Trade	22,400	22,300	20,700	100	1,700
Gen. Merch. & Apparel	4,700	4,700	3,300	0	1,400
Food Stores	3,500	3,400	3,500	100	0
Eating & Drinking Places	7,500	7,400	7,300	100	200
Finance-Ins. & Real Estate	7,200	7,100	6,900	100	300
Services & Misc.	32,600	32,900	32,100	-300	500
Hotels & Lodging Places	2,700	2,700	2,600	0	100
Health Services	6,200	6,300	6,300	-100	-100
Government	28,500	28,400	28,700	100	-200
Federal	11,800	11,900	11,900	-100	-100
State	7,700	7,400	7,800	300	-100
Local	9,000	9,100	9,000	-100	0

Table • 2

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/	r/		p/	r/		p/	r/	
	8/94	7/94	8/93	8/94	7/94	8/93	8/94	7/94	8/93
Mining	\$1,205.28	\$1,209.70	\$1,272.54	49.6	52.3	53.2	\$24.30	\$23.13	\$23.92
Construction	1,189.47	1,192.78	1,198.41	46.5	46.0	47.2	25.58	25.93	25.39
Manufacturing	554.34	610.94	551.94	53.2	59.2	51.2	10.42	10.32	10.78
Seafood Processing	495.90	577.02	476.33	57.0	63.9	54.5	8.70	9.03	8.74
Trans., Comm. & Utilities	690.14	687.46	675.27	36.4	37.0	36.9	18.96	18.58	18.30
Trade	390.53	397.13	386.56	34.9	35.3	34.3	11.19	11.25	11.27
Wholesale	606.72	622.52	621.68	38.4	39.4	39.8	15.80	15.80	15.62
Retail	348.84	354.32	339.97	34.2	34.5	33.2	10.20	10.27	10.24
Finance-Ins. & R.E.	442.32	435.96	458.47	35.7	35.3	36.1	12.39	12.35	12.70

Notes to Tables 1-3:

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

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

p/ denotes preliminary estimates.

r/ denotes revised estimates.

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

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

Benchmark: March 1993

Nonagricultural Wage and Salary Employment by Place of Work

Southeast Region	p/		Changes from		
	8/94	r/ 7/94	8/93	7/94	8/93
Total Nonag. Wage & Salary	39,250	38,350	39,050	900	200
Goods-producing	8,550	8,150	8,800	400	-250
Mining	200	200	150	0	50
Construction	1,900	1,750	2,000	150	-100
Manufacturing	6,450	6,200	6,650	250	-200
Durable Goods	2,000	2,050	2,250	-50	-250
Lumber & Woods Products	1,900	1,950	2,200	-50	-300
Nondurable Goods	4,450	4,150	4,400	300	50
Seafood Processing	3,700	3,350	3,300	350	400
Pulp Mills	550	550	850	0	-300
Service-producing	30,700	30,200	30,250	500	450
Transportation	3,350	3,350	3,300	0	50
Trade	7,200	7,150	6,800	50	400
Wholesale Trade	600	600	600	0	0
Retail Trade	6,600	6,550	6,200	50	400
Finance-Ins. & Real Estate	1,400	1,400	1,400	0	0
Services & Misc.	6,750	6,750	6,600	0	150
Government	12,000	11,550	12,150	450	-150
Federal	2,150	2,100	2,200	50	-50
State	5,350	5,250	5,350	100	0
Local	4,500	4,200	4,600	300	-100

Interior Region	p/		Changes from:		
	8/94	r/ 7/94	8/93	7/94	8/93
Total Nonag. Wage & Salary	37,900	37,250	37,100	650	800
Goods-producing	3,950	3,650	3,700	300	250
Mining	1,100	1,100	900	0	200
Construction	2,150	1,900	2,150	250	0
Manufacturing	700	650	650	50	50
Service-producing	33,950	33,600	33,400	350	550
Transportation	3,250	3,350	3,200	-100	50
Trade	8,150	8,100	8,050	50	100
Finance-Ins. & Real Estate	1,250	1,250	1,250	0	0
Services & Misc.	8,650	8,700	8,500	-50	150
Government	12,650	12,200	12,400	450	250
Federal	4,400	4,400	4,300	0	100
State	4,400	4,100	4,200	300	200
Local	3,850	3,700	3,900	150	-50

Fairbanks North Star Borough

Fairbanks North Star Borough	p/		Changes from:		
	8/94	r/ 7/94	8/93	7/94	8/93
Total Nonag. Wage & Salary	32,400	31,850	31,700	550	700
Goods-producing	3,650	3,400	3,450	250	200
Mining	950	950	750	0	200
Construction	2,050	1,800	2,050	250	0
Manufacturing	650	650	650	0	0
Service-producing	28,750	28,450	28,250	300	500
Transportation	2,400	2,500	2,350	-100	50
Trucking & Warehousing	550	600	450	-50	100
Air Transportation	650	650	650	0	0
Communications	300	250	300	50	0
Trade	7,450	7,400	7,350	50	100
Wholesale Trade	850	850	850	0	0
Retail Trade	6,600	6,550	6,500	50	100
Gen. Merch. & Apparel	1,200	1,200	1,050	0	150
Food Stores	800	800	750	0	50
Eating & Drinking Places	2,700	2,700	2,800	0	-100
Finance-Ins. & Real Estate	1,200	1,200	1,150	0	50
Services & Misc.	7,500	7,550	7,400	-50	100
Government	10,200	9,800	10,000	400	200
Federal	3,500	3,500	3,500	0	0
State	4,050	3,750	3,800	300	250
Local	2,650	2,550	2,700	100	-50

Anchorage/Mat-Su Region

Anchorage/Mat-Su Region	p/		Changes from:		
	8/94	r/ 7/94	8/93	7/94	8/93
Total Nonag. Wage & Salary	133,750	133,350	130,500	400	3,250
Goods-producing	14,800	14,650	14,500	150	300
Mining	3,300	3,300	3,500	0	-200
Construction	9,000	8,900	8,550	100	450
Manufacturing	2,500	2,450	2,450	50	50
Service-producing	118,950	118,700	116,000	250	2,950
Transportation	14,000	14,050	13,950	-50	50
Trade	31,000	31,050	29,050	-50	1,950
Finance-Ins. & Real Estate	7,600	7,500	7,350	100	250
Services & Misc.	34,900	35,050	34,100	-150	800
Government	31,450	31,050	31,550	400	-100
Federal	11,900	12,050	12,050	-150	-150
State	8,550	8,200	8,550	350	0
Local	11,000	10,800	10,950	200	50

Gulf Coast Region

Gulf Coast Region	p/		Changes from:		
	8/94	r/ 7/94	8/93	7/94	8/93
Total Nonag. Wage & Salary	31,000	32,050	30,850	-1,050	150
Goods-producing	10,300	11,450	10,400	-1,150	-100
Mining	1,200	1,200	1,300	0	-100
Construction	1,700	1,750	1,400	-50	300
Manufacturing	7,400	8,500	7,700	-1,100	-300
Seafood Processing	6,150	7,300	6,300	-1,150	-150
Service-producing	20,700	20,600	20,450	100	250
Transportation	2,350	2,400	2,350	-50	0
Trade	5,550	5,600	5,550	-50	0
Wholesale Trade	700	750	750	-50	-50
Retail Trade	4,850	4,850	4,800	0	50
Finance-Ins. & Real Estate	650	650	650	0	0
Services & Misc.	6,300	6,250	6,050	50	250
Government	5,850	5,700	5,850	150	0
Federal	750	750	700	0	50
State	1,700	1,650	1,750	50	-50
Local	3,400	3,300	3,400	100	0

Southwest Region

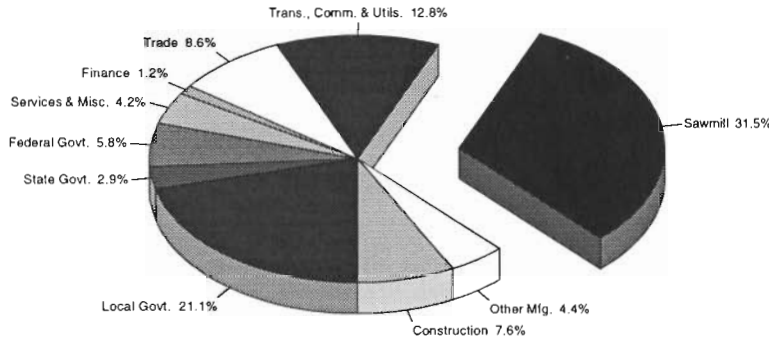
Southwest Region	p/		Changes from:		
	8/94	r/ 7/94	8/93	7/94	8/93
Total Nonag. Wage & Salary	17,900	19,750	18,050	-1,850	-150
Goods-producing	6,100	8,050	6,350	-1,950	-250
Seafood Processing	5,550	7,500	5,750	-1,950	-200
Service-producing	11,800	11,700	11,700	100	100
Government	5,600	5,500	5,550	100	50
Federal	1,100	1,150	1,150	-50	-50
State	500	500	550	0	-50
Local	4,000	3,850	3,850	150	150

Northern Region

Northern Region	p/		Changes from:		
	8/94	r/ 7/94	8/93	7/94	8/93
Total Nonag. Wage & Salary	15,150	15,050	14,850	100	300
Goods-producing	5,350	5,350	5,350	0	0
Mining	4,500	4,500	4,900	0	-400
Service-producing	9,800	9,700	9,500	100	300
Government	4,450	4,400	4,250	50	200
Federal	250	250	250	0	0
State	350	350	350	0	0
Local	3,850	3,800	3,650	50	200

Figure • 2

**Sawmill Nearly One-third of Wrangell's Payroll
Percent of Nonagricultural Wages & Salaries, 10/93-3/94**



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

cludes any secondary jobs or payroll that the sawmill supports, such as retail and service jobs that depend upon wages spent by sawmill employees or businesses providing support to the sawmill. In comparison, when the Sitka pulp mill closed the Sitka economy lost about 10 percent of the area jobs and 17 percent of the local payroll. Since the closure is temporary, some of the overall economic effect on Wrangell will be mitigated. However, the winter closure comes at a time when jobs, particularly jobs that pay as well as the sawmill jobs, will be nearly impossible to find in Wrangell.

Southeast seafood processors see silver(s)

While the Wrangell sawmill closure announcement brought anxiety for Southeast Alaska's job outlook, all of the region's economic news was not bad in August. Southeast Alaska's seafood processors reached 10-year high employment levels in August, as the region benefitted from the best silver (coho) salmon harvest ever. As of the middle of September, Southeast trollers had harvested in excess of four million coho salmon, more than 10 percent above the previous record harvest set in 1992. Strong coho re-

Table • 4

**Unemployment Rates
by Region & Census Area**

	Percent Unemployed	
	p/	r/
Not Seasonally Adjusted	8/94	7/94
United States	5.9	6.2
Alaska Statewide	5.9	6.7
Anch./Mat-Su Region	5.5	6.2
Municipality of Anchorage	4.8	5.5
Mat-Su Borough	9.5	10.4
Gulf Coast Region	7.2	7.7
Kenai Peninsula Borough	8.0	9.2
Kodiak Island Borough	5.5	4.1
Valdez-Cordova	6.1	6.6
Interior Region	6.4	7.5
Denali Borough	3.2	3.8
Fairbanks North Star Borough	6.1	7.1
Southeast Fairbanks	7.9	9.5
Yukon-Koyukuk	12.6	14.4
Northern Region	9.4	10.3
Nome	11.2	12.1
North Slope Borough	4.1	4.5
Northwest Arctic Borough	14.1	15.7
Southeast Region	5.2	6.2
Haines Borough	6.0	5.9
Juneau Borough	4.6	5.2
Ketchikan Gateway Borough	4.9	6.3
Pr. of Wales-Outer Ketch	7.4	8.4
Sitka Borough	6.8	9.4
Skagway-Yakutat-Angoon	5.2	5.6
Wrangell-Petersburg	4.1	4.5
Southwest Region	5.8	5.2
Aleutians East Borough	1.7	1.5
Aleutians West	1.5	1.6
Bethel	8.1	7.6
Bristol Bay Borough	1.9	1.0
Dillingham	5.7	5.9
Lake & Peninsula Borough	6.6	5.0
Wade Hampton	13.8	11.7
Seasonally Adjusted Rates		
Alaska Statewide	7.7	8.1
United States	6.1	6.1

p/ denotes preliminary estimates r/ denotes revised estimates
Benchmark: March 1993

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

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

turns in Southeast prompted the Alaska Department of Fish and Game to extend the coho season 10 extra days, the first time in recent years that trollers have been allowed to fish this late in the year. The 10-day extension should give Southeast trollers a little extra income and will also help keep processors busy later into the year than normal.

Alaska Employment Service

Anchorage: Phone 269-4800

Kotzebue: Phone 442-3280

Kodiak: Phone 486-3105

Bethel: Phone 543-2210

Nome: Phone 443-2626/2460

Seward: Phone 224-5276

Dillingham: Phone 842-5579

Tok: Phone 883-5629

Juneau: Phone 790-4562

Eagle River: Phone 694-6904/07

Valdez: Phone 835-4910

Petersburg: Phone 772-3791

Mat-Su: Phone 376-2407/08

Kenai: Phone 283-4304/4377/4319

Sitka: Phone 747-3347/3423/6921

Fairbanks: Phone 451-2871

Homer: Phone 235-7791

Ketchikan: Phone 225-3181/82/83

Glennallen: Phone 822-3350



Alaska Economic Regions

The mission of the Alaska Employment Service is to promote employment and economic stability by responding to the needs of employers and job seekers.