

# ALASKA ECONOMIC TRENDS

DECEMBER 2008

## Retail Trade in Alaska

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**Alaska's Per Capita Income**

Up 6.7 percent in 2007

**Employment Scene**

Unemployment rate at 7.4 percent in October



ALASKA DEPARTMENT OF LABOR  
& WORKFORCE DEVELOPMENT

Sarah Palin, Governor  
Commissioner Click Bishop

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Cover: Juneau shoppers celebrate the retail version of Black Friday last month – the day after Thanksgiving when stores nationwide have big sales. This photo was taken at Juneau's Fred Meyer at 8:30 a.m. The store – along with Wal-Mart, 1 1/2 miles away – opened at 5 a.m. to lines of people. Some people lined up as early as 3 a.m.  
Photo by Sam Dapcevich

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## **Alaska's Retail Trade: Keeping Pace with the Economy**

**By Governor Sarah Palin**

Business has been good in Alaska. Despite many negative economic developments in the rest of the nation, Alaska's economy has remained relatively strong, with an increase in total employment from a year ago. Our retail sector reflects the economic well-being of Alaskans, and recent growth has done much to increase consumers' options. The retail sector provides jobs and a tax base to support community services. In some communities, the retail sector is the largest employer.

Since 2000, retail employment has grown more than 8 percent, keeping pace with Alaska's overall economy and population. With sales of more than \$7 billion statewide, retail is the state's largest private-sector employer with 15 percent of Alaska's work force, followed by hospitality at 14 percent, then professional and business services, and health care at 11 percent each.

The Alaska Department of Labor and Workforce Development is finding innovative ways to build a world-class Alaska work force for all sectors, including retail. One example is retail apprenticeships. Employers can "grow their own" work force through apprenticeships combining work and training.

Department of Labor economists have conducted a first-of-its kind apprenticeship evaluation program to look at what workers in apprenticeships do over time. Most current apprenticeships are in the construction and mining industries. The economists found that workers who completed an apprenticeship earned nearly twice as much as those who canceled out of an apprenticeship – \$65,342 compared to \$33,435. The study also found that since 1996, 90 percent of those who completed an apprenticeship are still working in Alaska. Primary research and evaluation has been completed and a final report will be available in *Trends'* February 2009 issue.

Of Alaska's 2,600 retailers, more than 2,000 are medium-sized or smaller. In today's challenging environment, many of those businesses are turning to the Department of Commerce, Community and Economic Development's Small Business Assistance Center for help.

The visitor industry is a big contributor to Alaska's retail employment. One of the Small Business Assistance Center's programs is a partnership between various state and federal agencies that's helping rural Alaska communities develop their own local visitor industry. The Developing Alaska's Rural Tourism program, or DART, will include assisting with regional marketing and training efforts, including mentorship for start-up businesses. New projects include intensive workshops on starting and operating B&Bs, and assistance with community tourism development strategies, such as transporting passengers on Western Alaska rivers.

Several of the regions targeted for technical assistance within the program have faced downturns in their natural resource-based economies such as in fishing, timber and mining. To compensate, these regions are pursuing opportunities to develop the visitor industry.

Retailers remain a backbone of Alaska's economy, and developing a strong future work force for retailers is an investment in the viability of our economic health for decades to come.

## An industry that touches everyone

**A**spate of new large retailers opened in late 2008 and more are scheduled to open in 2009, at the same time retail is facing closings and layoffs across the country. But it's too early to tell if Alaska will fully escape those travails. Only time will tell.

Target, the nation's fifth-largest retailer, entered Alaska's market for the first time in 2008, opening stores in Anchorage and Wasilla. There are also plans for new Wal-Marts in Kenai and Anchorage, a Kohl's and Best Buy in Anchorage, a Lowe's in Anchorage and Kenai, and plans for other retailers around the state.

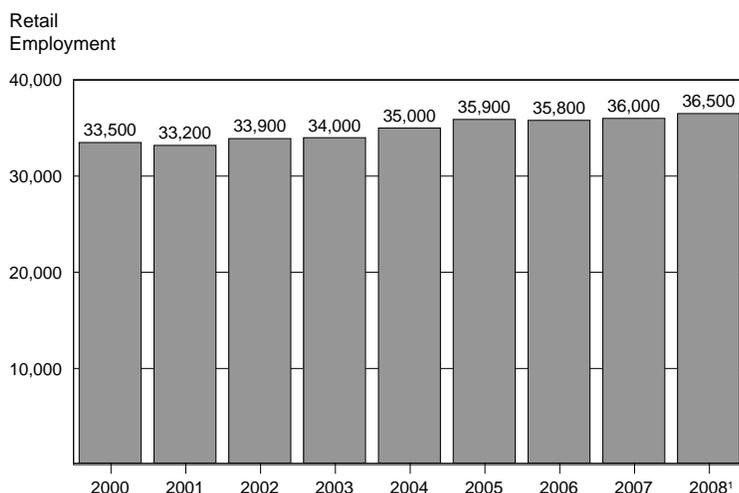
After the retail boom years of the 1990s, Alaska's retail industry settled into a period of modest growth. (See Exhibit 1.) Since 2000, increases in retail trade employment have mirrored overall economic and population growth.

Retail trade is still Alaska's largest private-sector employer and is probably the industry we have more interactions with than any other. (See Exhibit 2.) Nearly everyone has a daily or at least weekly encounter with retail.

Even if a person can avoid buying something, he or she can't help but notice the ever-changing physical retail landscape. At last count, Alaska had more than 2,600 retail establishments.

Yet the state's retail scene remains in a constant flux in both its large and smaller markets. And in the case of some of Alaska's small communities that have few or no local retail options, there's a good chance the industry is being accessed via the Internet, phone or catalog. Alaskans spend more than \$7 billion on retail each year and the industry generates more than 36,000 jobs. (See Exhibit 3.)

### 1 Retail Has Grown Modestly Retail employment, 2000 to 2008



<sup>1</sup> Estimated

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

### Retail defined – it covers a lot

The banner of retail trade covers any business that sells merchandise for personal or household consumption. The industry is broken down into a dozen broad categories. (See Exhibit 4.)

Most of the categories are clear, such as gas stations, furniture and home furnishings, motor vehicle and parts dealers, sporting goods,<sup>1</sup> and health and personal care. But others aren't so apparent. For example, the food and beverage stores category includes grocery stores, convenience stores and specialty food stores.

The general merchandise stores category includes department stores (JCPenney), dis-

<sup>1</sup> The sporting goods category also includes hobby, book and music stores.

counters (Wal-Mart) and warehouse clubs (Costco).

The miscellaneous category includes florists, office supply stores, pet stores, souvenir shops, used goods stores, mobile home dealers and others.

The nonstore retailers category includes Internet shopping, mail order, vending machines and fuel dealers.

And more often these days, retailers fit into more than one category. When that happens, the retailer is classified by what the retailer does most. For instance, some Alaska Commercial Company, Fred Meyer and Costco stores sell groceries, gas and have places to eat. But they're assigned to the general merchandise category because that's what they do most.

### The biggest players are general merchandisers, and food and beverage stores

When it comes to the largest employer and the category with the most sales, general merchandise is the winner.

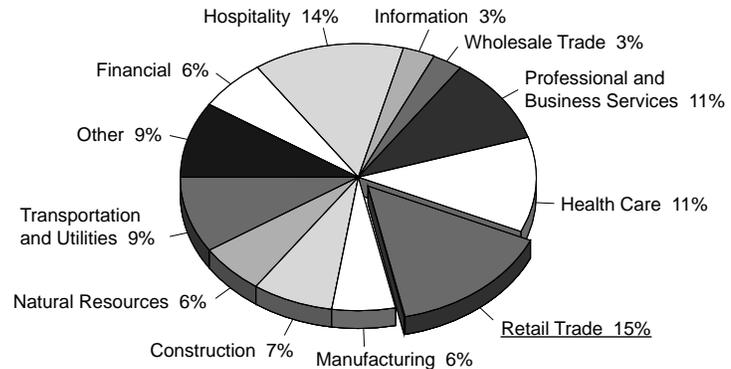
Fred Meyer was the largest employer – measured by employment – in the general merchandise category in 2007. (See Exhibit 5.) Wal-Mart, Alaska Commercial Company and Sears are other big players.

General merchandisers tend to be large – the average sales per establishment in Alaska was nearly \$18 million in 2002.<sup>2</sup> They're also in the top for per capita sales. (See Exhibit 6.)

The food and beverage stores category – again, the more traditional grocery and convenience stores – ranked second in employment in 2007 and third in sales. The largest player in the category is Carrs/Safeway, a long-time player on Alaska's retail scene.

<sup>2</sup> The year 2002 is the most recent year for which data are available. The data are from the U.S. Census Bureau's *2002 Economic Census (for Retail Trade)*. The data are released every five years; 2007 data will be released in 2009-2010. Alaska has no reliable annual sales data due to a lack of a sales tax in most areas of the state.

## Retail is the Largest Slice Alaska's private-sector employers, 2007 **2**



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

The other category with retail sales of more than \$1 billion in 2007 was motor vehicle and parts dealers, also big employers. Given the high price ticket items they sell, it's no surprise they rank second in sales per establishment. Lithia Motors is largest in terms of employment.

The building materials category also has large employers. Since 2000, players like Home Depot and Lowe's have opened stores in Fairbanks, Kenai, Wasilla, Juneau and Anchorage.

In 2000, neither Home Depot nor Lowe's was on the list of Alaska's top 100 private-sector employers measured by employment. But by 2007, Home Depot was in 25th place and Lowe's was in 41st place. Spenard Builders Supply is still the building materials store with the largest employment in the state; it was in 20th place on the top 100 list in 2007.

Gasoline stations are another relatively large employer, and they probably have the most ubiquitous presence. The average sales per gas station ran about \$2.2 million in 2002. That's one figure that will likely climb steeply when the 2007 figures are released.

### No longer the fast grower – but still lots of new players

Retail is still a rough and tumble, hyper-competitive industry. Such stalwarts as Kmart, Pay 'n Save, Market Basket, Carr-Gottstein, CompUSA, Long's Drugs, Pay 'N Pak, many

# 3 Retail Sales and Employment by Area Alaska, 2002<sup>1</sup> and 2007

	Employment in 2007	Number of Establishments in 2002	Sales in 2002	Per Capita Sales in 2002
Alaska Statewide	36,017	2,611	\$7.43 billion	\$11,611
U.S.				\$10,617
Aleutians East Borough	39	7	\$8.1 million	\$3,000
Aleutians West Census Area	180	19	\$45.5 million	\$8,991
Anchorage, Municipality of	17,490	927	\$3.78 billion	\$14,120
Bethel Census Area	679	55	\$69.7 million	\$4,223
Bristol Bay Borough	50	10	\$6.4 million	\$5,512
Denali Borough	59	11	\$5.9 million	\$3,161
Dillingham Census Area	196	15	\$35.1 million	\$7,150
Fairbanks North Star Borough	4,656	332	\$1.11 billion	\$13,129
Haines Borough	149	20	\$19.2 million	\$8,157
Juneau Borough	2,098	166	\$375.3 million	\$12,109
Kenai Peninsula Borough	2,496	270	\$482.8 million	\$9,528
Ketchikan Gateway Borough	1,044	111	\$219.3 million	\$16,038
Kodiak Island Borough	520	52	\$149.0 million	\$10,927
Lake and Peninsula Borough	29	8	\$2.0 million	\$1,262
Mat-Su Borough	3,296	210	\$615.6 million	\$9,567
Nome Census Area	264	35	\$52.0 million	\$5,567
North Slope Borough	207	19	\$41.1 million	\$5,680
Northwest Arctic Borough	139	16	\$25.1 million	\$3,476
Prince of Wales-Outer Ketchikan Census Area	215	33	\$35.7 million	\$6,290
Sitka Borough	538	73	\$86.2 million	\$9,807
Skagway-Hoonah-Angoon Census Area	n/a	46	\$34.6 million	\$10,677
Southeast Fairbanks Census Area	219	29	\$29.5 million	\$4,968
Valdez-Cordova Census Area	394	66	\$90.5 million	\$8,994
Wade Hampton Census Area	278	25	\$31.0 million	\$4,266
Wrangell-Petersburg Census Area	310	63	\$53.4 million	\$8,268
Yakutat Borough	28	4	\$3.9 million	\$5,561
Yukon-Koyukuk Census Area	114	9	\$24.8 million	\$3,916

Note: The abbreviation n/a means not available.

<sup>1</sup> The year 2002 is the most recent year for which data are available. The data are released every five years; 2007 data will be released in 2009-2010. Alaska has no reliable annual sales data due to a lack of a sales tax in most areas of the state.

Sources: Alaska Department of Labor and Workforce Development and U.S. Census Bureau, 2002 Economic Census (for Retail Trade)

of the Gottschalks stores and other larger and smaller players have closed stores, are no longer in business or have pulled out of Alaska.

Yet those closings were overshadowed by the new players that replaced them. It's almost like musical chairs. The first five years of the 1990s are sometimes referred to as the retail boom years – the period did literally transform Alaska's retail landscape. Those five years included the invasion of the big box stores, category killers and discount warehouses – some of the names of those stores are now among Alaska's largest private-sector employers and largest retailers (as far as employment): Wal-Mart, Sam's, Costco,

Lowe's, Gap, Old Navy, Barnes & Noble, Home Depot and others.

Many existing Alaska retailers also expanded their operations. And, of course, there are more than 2,000 other medium-sized and smaller retailers in the state that held their own, were started or expanded during the same period.

But unlike the 1980s and 1990s when retail trade in Alaska grew far more rapidly than the overall economy, Alaska's retail employment since 2000 has grown roughly at the same speed as the state's overall economy and population. (See Exhibit 7.)

Also unlike the 1980s and 1990s, Alaska has moved closer to national norms. The proportion of workers devoted to the retail industry in Alaska and the nation is now nearly the same. In 2007, the retail industry in Alaska was responsible for 15 percent of the state's

private-sector wage and salary employment, compared to 14 percent for the nation.

So, that begs the question, is Alaska's retail landscape still under-retailed or is it now a mature or more mature market? There's no easy answer because other data and local experts still quote higher sales per square foot in Alaska. It could mean that in the future, retail trade growth might more closely mimic national growth rates and trends.

Perhaps the word accommodation might best describe the future of retail trade – it will grow as the economy and population grows and might not do as much catching up.

## Alaska's probably a good market for retail

Even though statistics on Alaska's retail trade are somewhat limited due to a lack of a sales tax in many of the state's largest retail markets, all indications are that Alaska is a healthy environment for retail.

According to census data, Alaska's per capita sales run 9 percent above the national average. (See Exhibit 3.) Higher prices probably account for most of the difference.

Alaska's relatively higher incomes are also likely a plus. Alaska's per capita income in 2007 ranked 15<sup>th</sup> in the nation and its per capita disposable income moved up to seventh place. Alaskans' lower-than-average tax burden plays well into the hands of the retail industry.

The state's household income in 2007 ranked fourth in the nation, and household income in the state's largest retail market, Anchorage, is among the highest in the nation. The state's demographics may also play a positive role. Alaska has the second-youngest population in the country. And it has one of the most migratory populations in the country, which means frequent household formation is common – a blessing for many retailers.

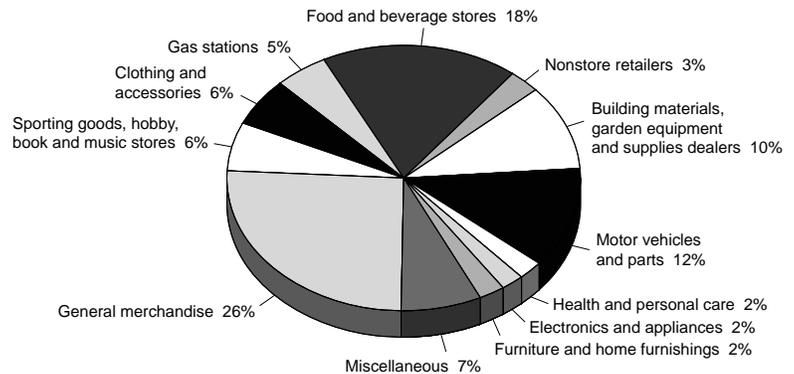
Alaska Permanent Fund dividends are included in income figures; this unique Alaska program may give the retail industry an extra boost that doesn't exist elsewhere.

There are no detailed statistics that tell us how Alaskans spend their Permanent Fund dividends, but even to the casual observer it's obvious that a substantial slice of the dividends goes to retailers. And the recent record payout of nearly \$2 billion, or \$3,269<sup>3</sup> per person, certainly can't be ignored.

It's hard to tell whether the annual Permanent Fund dividend retail spree means Alaskans

<sup>3</sup> The \$3,269, which was paid out beginning in September, includes the one-time \$1,200 energy rebate to help residents facing high energy costs.

## Retail Trade Employment A breakdown, Alaska 2007 **4**



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

## Retail Trade's Largest Employers By employment, Alaska 2007 **5**

Employer	Business Activity
Carrs/Safeway	Grocery
Fred Meyer	General merchandise
Wal-Mart/Sam's Club	General merchandise
Spenard Builders Supply	Building products
Home Depot	Building products
Alaska Commerical Company	General merchandise
Costco	General merchandise
Lowe's	Building products
Lithia Motors	Car dealership
Sears	General merchandise
Tesoro Northstore Company	Gas stations
Nordstrom	Apparel
Holiday Stationstores	Gas stations
Alaska Sales and Services	Car dealership
JCPenney	Apparel

Note: For Alaska's 100 private-sector employers with the most employment, see *Trends'* October 2008 issue. On the Web, go to [labor.alaska.gov](http://labor.alaska.gov) and click on the *Trends* issue in the lower right.

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

spend their retail dollars at a slightly different time than their national counterparts, or if Alaskans spend more than their national counterparts on retail because of the dividend. We may never know. But in all likelihood, the Permanent Fund dividend gives Alaska retailers an edge.

The visitor industry is another big plus for Alaska's retailers. A healthy slice of retail employment comes from the visitor industry.

# 6 A Breakdown of Retail Trade Sales for Alaska and the U.S., 2002<sup>1</sup>

	Alaska Sales in 2002	Alaska Per Capita Sales in 2002	U.S. Sales in 2002	U.S. Per Capita Sales in 2002
Total	\$7.43 billion	\$11,611	\$3.05 trillion	\$10,617
Motor vehicle and parts dealers	\$1.79 billion	\$2,797	\$801.74 billion	\$2,785
Furniture and home furnishings	\$147.0 million	\$230	\$91.81 billion	\$319
Electronics and appliances	\$152.8 million	\$239	\$82.22 billion	\$286
Building materials, garden equipment and supplies dealers	\$485.1 million	\$757	\$246.56 billion	\$856
Food and beverage stores	\$1.25 billion	\$1,957	\$456.94 billion	\$1,587
Health and personal care	\$132.5 million	\$207	\$177.94 billion	\$618
Gasoline stations	\$511.8 million	\$799	\$249.14 billion	\$865
Clothing and clothing accessories	\$303.8 million	\$474	\$167.93 billion	\$583
Sporting goods; hobby, book and music stores	\$214.4 million	\$335	\$73.21 billion	\$254
General merchandise	\$1.87 billion	\$2,922	\$445.22 billion	\$1,547
Miscellaneous	\$273.3 million	\$427	\$90.81 billion	\$315
Nonstore retailers	\$298.8 million	\$467	\$172.86 billion	\$600

<sup>1</sup> The year 2002 is the most recent year for which data are available. The data are released every five years; 2007 data will be released in 2009-2010. Alaska has no reliable annual sales data due to a lack of a sales tax in most areas of the state.  
Source: U.S. Census Bureau, 2002 Economic Census (for Retail Trade)

## Retail sales strongest in urban areas

Nearly half (49 percent) of all retail employment and just over half (51 percent) of retail sales originate in Anchorage. Both are slightly larger than the city's percentage of the state's population – 42 percent. (See Exhibit 3.)

Anchorage has the most developed and extensive retail sector in the state and benefits both from its residents' high household income and the fact that it plays the role of the retailer for residents around the state. Some of Anchorage's largest retailers claim that 25 percent or more of their sales are to people living in the Bush.

However, what's also true is that over time, Anchorage's share of retail employment and sales has declined as the retail industry has expanded to markets in other communities. Now many residents in those communities can fill more of their retail needs locally.

That's particularly true in the Matanuska-Susitna Borough, home of the state's most dynamic retail sector. Now Mat-Su residents can often find the selection they want in the Mat-Su area without having to drive to Anchorage. The same has happened in Fairbanks and Kenai.

Yet it's not surprising that per capita retail sales and employment are higher in urban areas than in rural areas. That's both because income tends to be lower in rural Alaska and many rural residents spend most of their consumer dollars outside their communities.

Interestingly, the Ketchikan Gateway Borough was the area in the state with the highest per capita sales in 2002 – \$16,038, according to the U.S. Census Bureau.

One possible explanation for the high figure is the huge number of cruise ship visitors the borough has each year. More than 890,000 cruise ship passengers visited Ketchikan in 2008, and many of them became retail customers.

Another benefit to local retailers is that consumers from Prince of Wales Island and other surrounding areas shop in Ketchikan.

In contrast, areas such as the Yukon-Koyukuk Census Area, Northwest Arctic Borough, Denali Borough, Aleutians East Borough, and Lake and Peninsula Borough have per capita retail sales below \$4,000, because they lack regional centers with retail outlets. All the areas, except

the Denali Borough, also have below-average incomes.

The broad expansion of Alaska's retail industry over the years hasn't just meant more jobs – it's also meant that more of Alaskans' retail dollars are staying in Alaska communities and the state. In other words, retail's leakages in Alaska's economy are being plugged.

Economists call the phenomenon the "import substitution effect," which means an increasing share of Alaska's retail needs, like health care needs, are met locally instead of people having to go outside Alaska to fill those needs. As the state's retail sector grows, more retail choices exist and more retail money is spent in Alaska – all causing the industry to expand further.

Strong evidence of that exists in communities that levy a sales tax. Retail sales in Palmer and Wasilla have doubled since 2000, while Palmer and Wasilla's population grew by 35 percent. Retail employment in the Mat-Su area has climbed by more than 900 jobs, or 37 percent, since 2000. Significant increases in retail in other places such as Fairbanks, Kodiak, the Kenai Peninsula and Juneau have had similar impacts.

The retail expansion in those areas means that area residents are fulfilling more of their retail needs closer to home versus in Anchorage or through the Internet and catalogs.

### Yet wages tend to be low

Retail trade does have the dubious distinction of having the second-lowest annual average monthly wage of any Alaska industry. The average monthly wage for retail in 2007 was \$2,267, versus \$3,627 for the average for all industries.

One reason why retail trade has such low wages is that a large percentage of the work force works part time.

Another reason is that, generally speaking, the hourly wages for some of the largest occupational categories in the industry are also low, further depressing the overall wages.

## Growth Similar to Broader Economy Alaska, 2000 to 2007



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

There are, however, some above-average opportunities in retail, such as in management positions or as business owners. For instance, in 2007 the average monthly wage for workers in the automobile dealership industry was \$3,851. There are also commissioned sales people and others in various segments of the industry who have high average monthly wages.

## Up 6.7 percent in 2007

**A**ltogether, Alaska residents – women, men and children – earned \$27.6 billion in 2007, which is up \$1.7 billion, or 6.7 percent, from 2006 and is the most robust growth in nearly two decades.

Alaskans' per capita income was \$40,352 in 2007, putting Alaska in 15th place in a ranking of all 50 states, according to recently released figures from the U.S. Department of Commerce's Bureau of Economic Analysis.

Personal income is the income received by all people from all sources. It includes net earnings (mostly wages and salaries), investment income (corporate dividends, income from rent and interest earned from savings), transfer payments (income from government or private social insurance programs and in Alaska's case, Alaska Permanent Fund dividends) and interest income. Once those sources are added up, it becomes the total personal income and represents the most comprehensive measure of income in Alaska.

One of the most popular uses of personal income data is to compare states and other areas. (See Exhibit 1.) Per capita income is calculated by dividing the total personal income of people in an area by the resident population of that area. It's considered a good measure of economic well-being because its definition is so inclusive.

### **The biggest growth in personal income since 1990**

The last time Alaska's per capita income had strong growth similar to 2007's 6.7 percent jump was in 1990, when it also increased 6.7

percent. The average annual growth rate for the past decade was 5.3 percent.

The strong recovery in Alaska's oil industry, along with no big negatives in the state's economy, may help explain the strength in 2007. Healthy-sized Permanent Fund checks – \$1,654 per resident in 2007 – also didn't hurt. And with last year's inflation rate for Anchorage running at 2.2 percent, real gains were significant.

Personal income for the U.S. as a whole grew by 6.2 percent in 2007, a bit slower than Alaska's. Given the current slowdown in the national economy and a record Permanent Fund payout – \$3,269<sup>1</sup> per resident in 2008 – the state should also outpace the nation's income growth in 2008.

And according to first quarter 2008 data, Alaska's personal income growth was running at 1.5 percent versus 1 percent for the nation.

### **Alaska's per capita income is 5 percent higher than the nation**

Alaska moved up a spot in the rankings, from 16th place in 2006 to its 15th place in 2007. In comparison, it was sixth place in 1990.

The state's \$40,352 per capita income in 2007 was 5 percent higher than the U.S. average of \$38,611.

Prior to the last few years, Alaska had a long-term downward drift relative to the nation. It began in the mid-1980s with the onset of the state's severe economic recession. (See Exhibit 2.)

<sup>1</sup> The \$3,269 includes a one-time \$1,200 energy rebate.

## Alaska's Per Capita Income A bit higher than average, 2007



In the 1990s the state's relative ranking continued to fall, as Alaska's economy grew more slowly than in previous decades and the state experienced strong growth in the lower-wage industries such as retail and other services, and weaker growth – in some cases absolute losses – in its high-wage industries such as oil, timber and fishing.

The low point was in 2000 when Alaska's per capita income fell to a near-identical level with the U.S. average. Since 2000, income growth in Alaska has slightly exceeded the nation's, causing the state's ranking to improve moderately.

### Demographics matter

Besides economic conditions, demographics can also affect per capita income's performance. Population growth, family size, number of dependents, participation in the work force and other socio-economic factors influence income levels.

Since population is the denominator in the per capita formula, per capita income will grow faster when the population grows more slowly than personal income and vice versa.

A dramatic example of that occurred in Alaska during the mid-1970s, when state per capita income reached its pinnacle at 75 percent above the national average. Those record-high income numbers were largely driven by the construction of the trans-Alaska oil pipeline, which produced fat paychecks. The demographic composition of the state also pushed those numbers higher because many of those wage earners were single males who weren't sharing their income with any dependents.

### After taxes Alaska looks better

The Bureau of Economic Analysis also publishes disposable per capita income figures for all states. Disposable income represents the amount left after subtracting personal income taxes and other personal taxes.

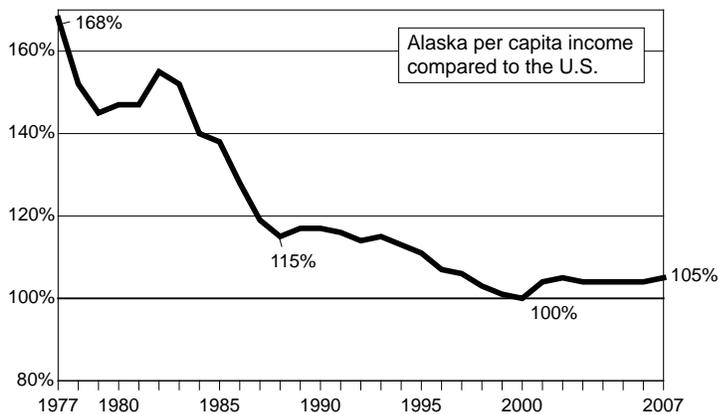
Alaska's disposable per capita income in 2007 was \$36,483, which was seventh-highest in the U.S. and 8 percent higher than the U.S. average.

Rank		Per Capita Income in 2007	Percent of U.S.
1	Connecticut	\$54,117	140%
2	New Jersey	\$49,194	127%
3	Massachusetts	\$49,082	127%
4	New York	\$47,385	123%
5	Maryland	\$46,021	119%
6	Wyoming	\$43,226	112%
7	California	\$41,571	108%
8	New Hampshire	\$41,512	108%
9	Virginia	\$41,347	107%
10	Colorado	\$41,042	106%
11	Minnesota	\$41,034	106%
12	Delaware	\$40,608	105%
13	Nevada	\$40,481	105%
14	Washington	\$40,414	105%
<b>15</b>	<b>Alaska</b>	<b>\$40,352</b>	<b>105%</b>
16	Illinois	\$40,322	104%
17	Rhode Island	\$39,463	102%
18	Hawaii	\$39,239	102%
19	Pennsylvania	\$38,788	100%
	<b>U.S.</b>	<b>\$38,611</b>	<b>100%</b>
20	Florida	\$38,444	100%
21	Texas	\$37,187	96%
22	Kansas	\$36,768	95%
23	Vermont	\$36,670	95%
24	Nebraska	\$36,471	94%
25	Wisconsin	\$36,047	93%
26	Michigan	\$35,086	91%
27	Iowa	\$35,023	91%
28	Ohio	\$34,874	90%
29	North Dakota	\$34,846	90%
30	North Carolina	\$34,846	90%
31	Oregon	\$34,784	90%
32	Louisiana	\$34,756	90%
33	Missouri	\$34,389	89%
34	Oklahoma	\$34,153	88%
35	South Dakota	\$33,905	88%
36	Maine	\$33,722	87%
37	Indiana	\$33,616	87%
38	Georgia	\$33,457	87%
39	Tennessee	\$33,280	86%
40	Arizona	\$33,029	86%
41	Montana	\$32,458	84%
42	Alabama	\$32,404	84%
43	New Mexico	\$31,474	82%
44	Idaho	\$31,197	81%
45	Utah	\$31,189	81%
46	Kentucky	\$31,111	81%
47	South Carolina	\$31,013	80%
48	Arkansas	\$30,060	78%
49	West Virginia	\$29,537	76%
50	Mississippi	\$28,845	75%

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

## 2 Advantage Has Narrowed Over Time Alaska's per capita income, 1977 to 2007

It's not surprising that Alaska's disposable income figure ranks higher than the 15th place for per capita income before income taxes, since Alaska residents have one of the lowest state and local tax burdens in the nation.



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

### A Safety Minute

#### Fall Protection in Construction

As many of you know, this year's wind storms in Southcentral Alaska have caused widespread roof damage that will need to be repaired. Falls are a leading cause of fatalities and serious injuries in the construction industry – and the trend is continuing. To help minimize the chances of an accident, make sure to follow these guidelines:

- When workers are exposed to fall hazards of 6 feet or more, make sure they use a fall protection system such as a personal fall arrest system, guardrail system, safety net system or a combination of the three.
- Ensure that someone who's qualified constructs scaffolding according to the manufacturer's instructions and that adequate guardrail systems (top rail, mid rail and toe board) or personal fall arrest systems are in use for scaffolds more than 10 feet above a lower level.
  - Don't climb or allow anyone else to climb on cross bracing to access the scaffold.
- Cover or guard any openings or holes immediately to avoid a worker falling through the opening.
- Ensure that portable ladders are used properly.
  - Ladder side rails must extend at least 3 feet above the landing.
  - When a 3-foot extension isn't possible, ensure the top of the ladder side rails is secured to a rigid support and a grab device is used for mounting and dismounting the ladder.
  - Before each use, inspect the ladder for cracked or broken parts. Don't use it if it is damaged.
  - Make sure the ladder is properly supported and it won't slip when someone is on it.
  - Don't put more weight on the ladder than it's designed to support.
- Always be on the lookout for impalement hazards, such as protruding rebar, and get rid of the hazard. For protruding rebar, install rebar caps or bend the rebar ends so they're not sticking up.

This is a short list of fall protection requirements; there are more. Roofing work is extremely dangerous and you need to take special precautions to ensure the work is done safely. For more help, contact the Alaska Department of Labor and Workforce Development's Alaska Occupational Safety and Health Consultation and Training Section at (800) 656-4972. AKOSH is within the Labor Standards and Safety Division.

## Unemployment rate at 7.4 percent in October

**A**laska's seasonally adjusted unemployment rate rose seven-tenths of a percentage point in October to 7.4 percent. September's rate was revised down one-tenth of a percentage point to 6.7 percent. (See Exhibits 1 and 3.)

### What to make of the big increase?

The rate increase raises questions about the state's economic health, but the picture is muddied by two other economic indicators that suggest a continuing trend of slow, but consistent growth for the state.

Unemployment insurance claims showed a typical seasonal movement in October and not the increase one would expect to see with a jump in the unemployment rate. Unemployment claims capture only a portion of the total number of unemployed people, however, since not everyone who is unemployed qualifies or files for unemployment insurance benefits.

The other indicator that appears to contradict the unemployment rate increase is payroll employment. Payroll job growth has slowed in 2008, but Alaska still added an estimated 2,100 jobs since last October and the latest numbers

don't reveal a significant change in the rate of job growth. (See Exhibit 2.)

One of the major inputs into the unemployment rate calculation is a household survey that can produce volatile month-to-month changes. As a result, several more months of data are necessary before concluding that the rate is trending upward – especially to the degree October's preliminary rate suggests.

### A slumping U.S. economy

Nationally, the numbers are sending clear signals of an ongoing economic downturn. The nation's unemployment rate rose four-tenths of a percentage point in October to 6.5 percent and payroll jobs fell by 240,000. Through the first 10 months of 2008, payroll employment for the nation has fallen by 1.2 million, with over half that decline coming in the last three months.

### Oil and gas also helping other states

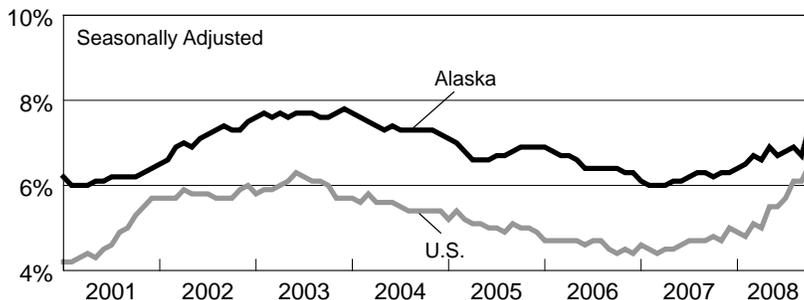
Few states have continued to add jobs in 2008 and most of them, like Alaska, have benefited from big gains in the oil and gas industry. Through September, Wyoming and Texas had the strongest job growth in 2008 and both depend heavily on oil and gas jobs.

Alaska's oil and gas industry has added an estimated 1,200 jobs since October 2007.

### Unemployment highest in Southwest

Among Alaska's six economic regions, the Southwest region easily had the highest October unemployment rate at 11.3 percent. The Anchorage/Mat-Su region had the lowest October rate at 5.9 percent, although that rate is up by more than a percentage point from last October.

## 1 Unemployment Rates, Alaska and U.S. January 2001 to October 2008



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Department of Labor, Bureau of Labor Statistics

## 2 Nonfarm Wage and Salary Employment

	Preliminary 10/08	Revised 9/08	Revised 10/07	Changes from:	
				9/08	10/07
<b>Alaska</b>					
<b>Total Nonfarm Wage and Salary</b> <sup>1</sup>	316,700	333,600	314,600	-16,900	2,100
Goods-Producing <sup>2</sup>	44,900	50,800	44,600	-5,900	300
Service-Providing <sup>3</sup>	271,800	282,800	270,000	-11,000	1,800
<b>Natural Resources and Mining</b>	15,300	15,500	14,500	-200	800
Logging	300	300	400	0	-100
Mining	15,100	15,300	14,100	-200	1,000
Oil and Gas	13,000	13,100	11,800	-100	1,200
<b>Construction</b>	18,600	20,000	18,900	-1,400	-300
<b>Manufacturing</b>	11,000	15,300	11,200	-4,300	-200
Wood Product Manufacturing	400	400	400	0	0
Seafood Processing	6,900	11,000	7,100	-4,100	-200
<b>Trade, Transportation, Utilities</b>	62,600	66,400	62,500	-3,800	100
Wholesale Trade	6,300	6,600	6,400	-300	-100
Retail Trade	35,700	36,800	35,600	-1,100	100
Food and Beverage Stores	6,200	6,400	6,300	-200	-100
General Merchandise Stores	9,400	9,500	9,400	-100	0
Transportation, Warehousing, Utilities	20,600	23,000	20,500	-2,400	100
Air Transportation	6,400	6,700	6,300	-300	100
Truck Transportation	3,200	3,300	3,300	-100	-100
<b>Information</b>	7,100	7,000	7,000	100	100
Telecommunications	4,400	4,400	4,300	0	100
<b>Financial Activities</b>	14,600	14,800	14,900	-200	-300
<b>Professional and Business Services</b>	25,300	26,900	24,600	-1,600	700
<b>Educational<sup>4</sup> and Health Services</b>	37,100	37,100	36,500	0	600
Health Care	27,100	26,900	26,600	200	500
<b>Leisure and Hospitality</b>	29,000	35,400	29,200	-6,400	-200
Accommodations	6,700	10,000	6,700	-3,300	0
Food Services and Drinking Places	18,300	20,600	18,700	-2,300	-400
<b>Other Services</b>	11,600	11,700	11,700	-100	-100
<b>Government</b>	84,500	83,500	83,600	1,000	900
Federal Government <sup>5</sup>	16,700	16,800	16,600	-100	100
State Government	25,600	25,600	25,300	0	300
State Government Education <sup>6</sup>	7,900	7,500	7,900	400	0
Local Government	42,200	41,100	41,700	1,100	500
Local Government Education <sup>7</sup>	23,800	22,600	23,500	1,200	300
Tribal Government	3,600	3,600	3,600	0	0

Notes for all exhibits on this page:

<sup>1</sup> Excludes the self-employed, fishermen and other agricultural workers, and private household workers; for estimates of fish harvesting employment, and other fisheries data, go to [labor.alaska.gov/research/seafood/seafood.htm](http://labor.alaska.gov/research/seafood/seafood.htm)

<sup>2</sup> Goods-producing sectors include natural resources and mining, construction and manufacturing.

<sup>3</sup> Service-providing sectors include all others not listed as goods-producing sectors.

<sup>4</sup> Private education only

<sup>5</sup> Excludes uniformed military

<sup>6</sup> Includes the University of Alaska

<sup>7</sup> Includes public school systems

<sup>8</sup> Fairbanks North Star Borough

Sources for Exhibits 2 and 3: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and the U.S. Department of Labor, Bureau of Labor Statistics  
Sources for Exhibit 4: Alaska Department of Labor and Workforce Development, Research and Analysis Section; also the U.S. Department of Labor, Bureau of Labor Statistics, for Anchorage/Mat-Su and Fairbanks

## 4 Nonfarm Wage and Salary Employment By region

	Preliminary 10/08	Revised 9/08	Revised 10/07	Changes from:		Percent Change:	
				9/08	10/07	9/08	10/07
Anch/Mat-Su	170,000	173,600	168,700	-3,600	1,300	-2.1%	0.8%
Anchorage	151,600	154,100	150,500	-2,500	1,100	-1.6%	0.7%
Gulf Coast	27,600	30,800	27,450	-3,200	150	-10.4%	0.5%
Interior	45,200	48,500	44,700	-3,300	500	-6.8%	1.1%
Fairbanks <sup>8</sup>	38,500	39,300	38,200	-800	300	-2.0%	0.8%
Northern	20,050	20,100	19,350	-50	700	-0.2%	3.6%
Southeast	35,600	40,650	35,750	-5,050	-150	-12.4%	-0.4%
Southwest	18,450	20,650	18,900	-2,200	-450	-10.7%	-2.4%

## 3 Unemployment Rates By borough and census area

	Prelim. 10/08	Revised 9/08	Revised 10/07
<b>SEASONALLY ADJUSTED</b>			
<b>United States</b>	6.5	6.1	4.8
<b>Alaska Statewide</b>	7.4	6.7	6.2
<b>NOT SEASONALLY ADJUSTED</b>			
<b>United States</b>	6.1	6.0	4.4
<b>Alaska Statewide</b>	6.7	6.1	5.4
<b>Anchorage/Mat-Su Region</b>	5.9	5.7	4.8
Municipality of Anchorage	5.5	5.4	4.5
Mat-Su Borough	7.6	7.0	5.8
<b>Gulf Coast Region</b>	8.2	6.8	6.6
Kenai Peninsula Borough	8.3	7.3	6.7
Kodiak Island Borough	6.4	5.6	5.3
Valdez-Cordova Census Area	9.8	6.1	8.0
<b>Interior Region</b>	6.6	5.6	5.0
Denali Borough	13.4	2.4	12.0
Fairbanks North Star Borough	5.9	5.3	4.3
Southeast Fairbanks Census Area	7.9	7.0	6.9
Yukon-Koyukuk Census Area	12.9	12.0	12.0
<b>Northern Region</b>	7.5	8.2	7.7
Nome Census Area	9.0	10.3	9.3
North Slope Borough	4.5	4.7	5.1
Northwest Arctic Borough	10.6	11.0	9.8
<b>Southeast Region</b>	6.7	5.2	5.4
Haines Borough	8.7	4.0	7.3
Juneau Borough	5.3	4.4	4.1
Ketchikan Gateway Borough	6.2	4.6	5.1
Prince of Wales-Outer Ketchikan CA	12.2	10.4	10.9
Sitka Borough	5.8	4.6	4.8
Skagway-Hoonah-Angoon CA	13.7	5.9	10.8
Wrangell-Petersburg Census Area	9.0	8.2	7.1
Yakutat Borough	5.4	5.7	4.0
<b>Southwest Region</b>	11.3	10.5	9.7
Aleutians East Borough	10.6	8.3	6.8
Aleutians West Census Area	6.1	4.5	3.5
Bethel Census Area	13.1	13.3	11.3
Bristol Bay Borough	5.1	3.7	5.6
Dillingham Census Area	9.5	7.5	8.2
Lake and Peninsula Borough	6.5	5.2	4.2
Wade Hampton Census Area	17.7	19.1	19.8

For more current state and regional employment and unemployment data, visit our Web site. We have a new address:

[laborstats.alaska.gov](http://laborstats.alaska.gov)

# Employer Resources

## Hiring People with Disabilities

As an employer, have you thought about hiring someone with a disability? Do you have questions about what a “reasonable accommodation” is, your legal obligations, the Americans with Disabilities Act or other disability-related issues?

A Disability Program Navigator at an Alaska Job Center might be just the person to help. DPNs are essentially experts on everything that has to do with helping people with disabilities in their job search and on the job. They help them navigate through the myriad support programs, agencies and direct-service providers, including the Social Security Administration.

They also work with employers to place job seekers with disabilities, help with worksite accommodations, and, among other things, provide on-site disability etiquette training to businesses’ employees. The DPNs develop relationships with community agencies and organizations. They’re problem-solvers.

The U.S. has more than 425 DPNs who work in job centers in 43 states, the District of Columbia and Puerto Rico.

Alaska has had its DPNs since 2006. The state now has seven DPNs working in four Alaska Job Centers – Anchorage-Muldoon, Kenai, Fairbanks and Juneau – and they serve the whole state. To reach them, call (888) 448-3527 or go to [jobs.alaska.gov](http://jobs.alaska.gov).

According to the U.S. Department of Labor, Employment & Training Administration:

- Studies by firms such as DuPont show that employees with disabilities aren’t absent any more than employees without disabilities.
- In 1990, DuPont conducted a survey of 811 employees with disabilities and found 90 percent rated average or better in job performance, compared to 95 percent for employees without disabilities. A similar 1981 DuPont study of 2,745 employees with disabilities found that 92 percent rated average or better in job performance, compared to 90 percent of employees without disabilities. The 1981 study results were comparable to a 1973 DuPont study.
- In the 1990 DuPont study, the safety records of both groups were identical.
- Studies by the USDOL’s Job Accommodation Network show that two thirds of all reasonable accommodations cost between zero and \$500. Often employers can get grants for the cost of accommodations, or tax breaks.

According to the Alaska Works Initiative, a project funded by state and federal grants:

- A 1999 Dittman Research & Communications survey of small businesses in Alaska found that 97 percent of businesses that had previously hired a person with a disability would do it again.
- A survey of human resource managers, conducted by Cornell University, found that companies’ health, life and disability insurance costs rarely increased after hiring employees with disabilities.

Some of many available resources:

- Three Web sites that the USDOL’s Office of Disability Employment Policy oversees – [www.dol.gov/odep](http://www.dol.gov/odep), [DisabilityInfo.gov](http://DisabilityInfo.gov) and [jan.wvu.edu](http://jan.wvu.edu). The last one is for the Job Accommodation Network.
- The USDOL’s Disability Resources page – Go to [dol.gov](http://dol.gov) and click on “Search DOL A to Z Index” in the upper right corner. Type in “d” and go to “Disability Resources.”
- The University of Alaska Anchorage’s Center for Human Development, Alaska’s designated University Center for Excellence in Developmental Disabilities Education, Research and Service (each state has at least one) – Go to [alaskachd.org](http://alaskachd.org) and click on “Employment: Alaska Works” on the left.
- The Alaska Works Initiative – Go to [AlaskaWorksInitiative.org](http://AlaskaWorksInitiative.org). Click on “Employers” on the left.
- Earnworks.com (based on an acronym for Employer Assistance & Recruiting Network) is a national network for people with disabilities, employers and service providers.