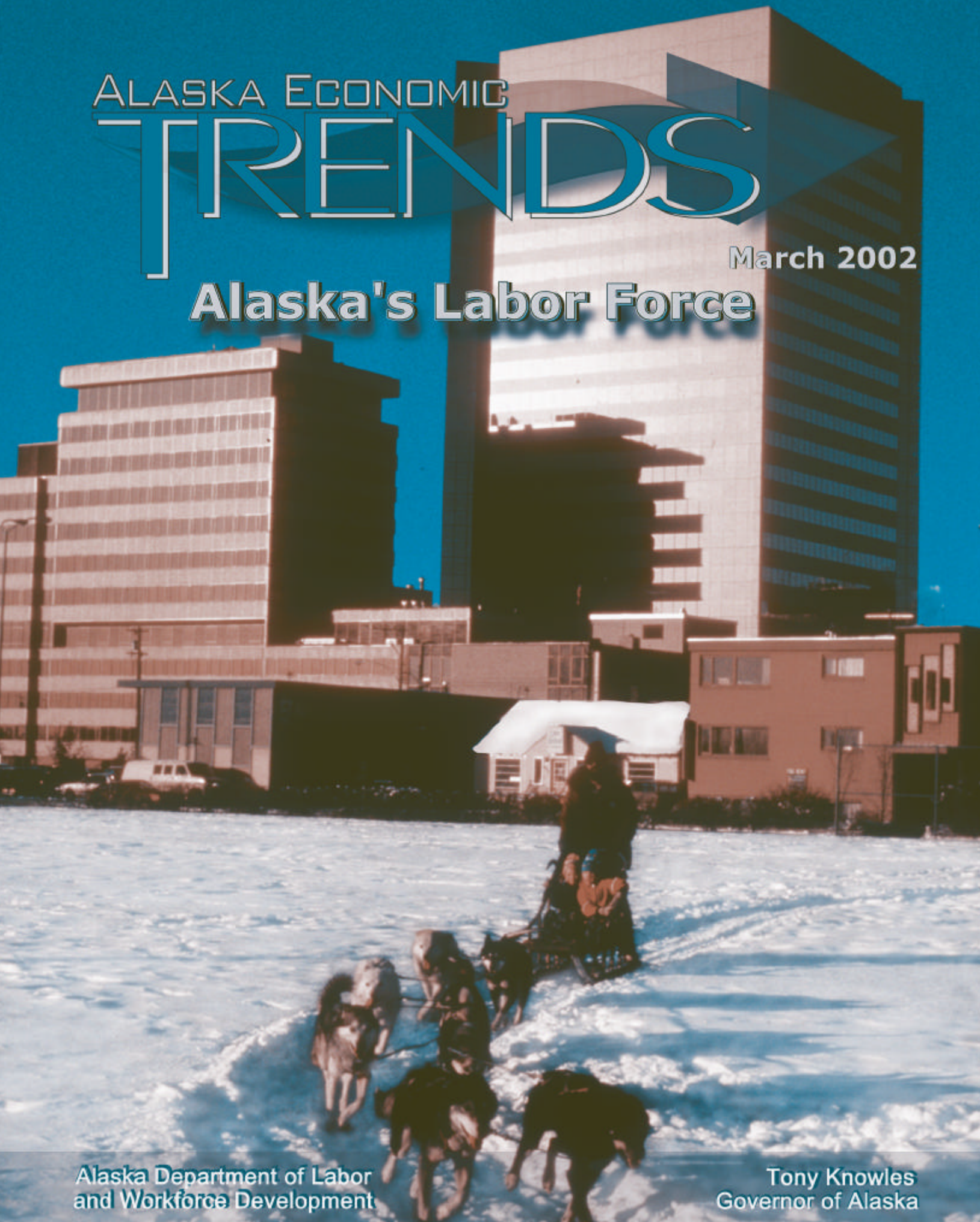
Alaska Economic Trends

March 2002

Alaska's Labor Force



Alaska Department of Labor and Workforce Development

Tony Knowles
Governor of Alaska

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Tony Knowles, Governor of Alaska
Ed Flanagan, Commissioner of Labor and Workforce Development

Joanne Erskine, *Editor*

Email *Trends* authors at: trends@labor.state.ak.us

March *Trends* authors are staff with the Research and Analysis Section, Administrative Services Division, Department of Labor and Workforce Development.

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Subscriptions:
trends@labor.state.ak.us
(907) 465-4500

Contents:

Alaska's Labor Force

by
Chris Miller
Chief, Research and Analysis

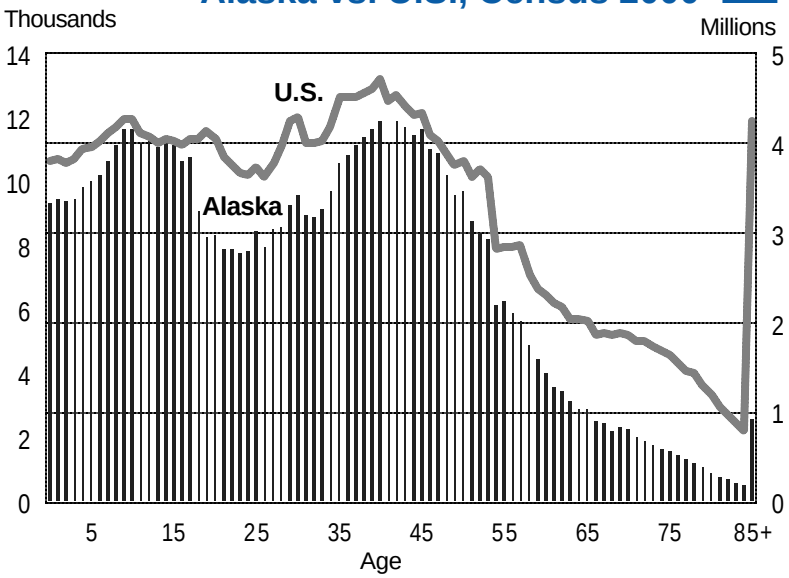
Will the next generation's numbers be too small to fill the gap?

The aging of Alaska's labor force has been well documented in *Alaska Economic Trends* and other sources. Alaska's population and economic trends of the past thirty years will have an impact on the state's economy for years to come. This article will review how Alaska's labor force became what it is today, and take a look at what might happen in the future.

Much has been said about the effect of the baby boom, generation-X, and the echo boom generations on the national economy. Baby boomers were born between the mid-1940s and mid-1960s. Generation-X came along from the mid-1960s to mid-1970s. The echo boomers, (children of the baby boom), were born from the late 1970s to late 1980s. Because baby boomers (now peaked around ages 40-45) make up such a large proportion of the population in Alaska, the downslope to the following generation-X is steeper for Alaska than for the nation. (See Exhibit 1.) In contrast to the national pattern, the especially large size of the baby boom and echo boom generations in Alaska make the age group 20-35 seem particularly small between them.

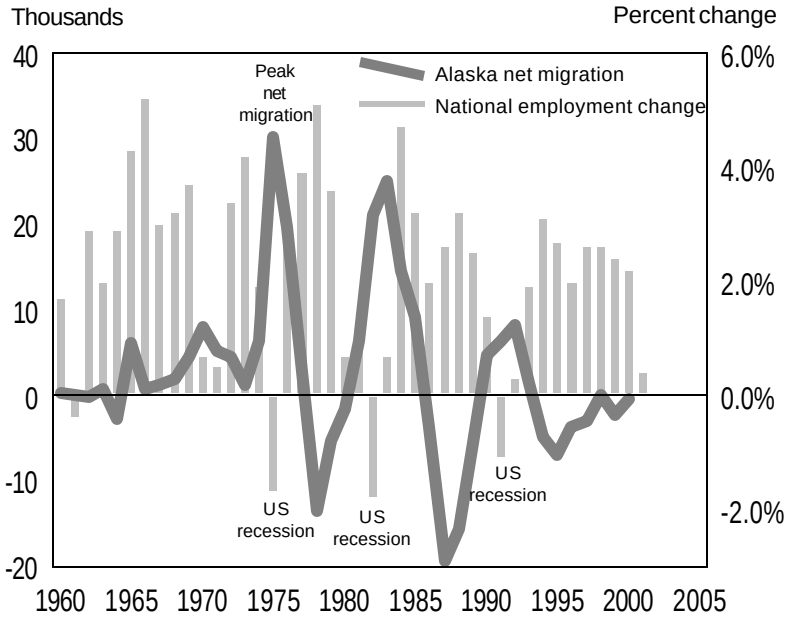
What caused this unusual age structure in Alaska's population? The makings of the situation began in the early to mid-1970s. (See Exhibit 2.) An oil pipeline from Prudhoe Bay to Valdez was to be built. This project was huge, even on a national scale. Alaska simply did not have enough workers to do the job. Wages were high, and to make Alaska even more appealing to workers, the rest of the nation was in a serious economic slump. The baby boom generation came to Alaska in large numbers to build the pipeline. Net in-migration during construction averaged almost 12,000 persons a year with a peak of more than 30,000 in 1975. After construction many left, but a significant number stayed and made Alaska their home.

Age Distribution of Population 1
Alaska vs. U.S., Census 2000



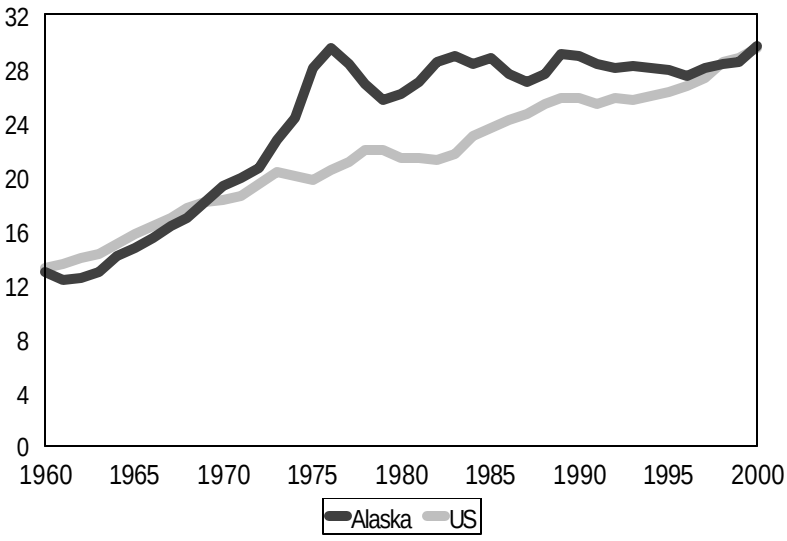
Source: U.S. Census Bureau; Alaska Department of Labor and Workforce Development, Research and Analysis Section

2 Alaska Net Migration
Vs. national employment change



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

3 Per Capita Income
Alaska and U.S., inflation adjusted



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

The next event to impact Alaska's demographic and economic structure was the oil revenue boom of the early 1980s. Again the national economy was in recession and many people were out of work. The mystique of the oil pipeline construction project was reaching almost folkloric proportions. The demand for workers in Alaska again outpaced the number available. For the most part, persons of generation-X were still too young to take advantage of this opportunity. The baby boom generation, still relatively young, still relatively mobile, again came to Alaska. Net in-migration peaked in 1983 at almost 25,000. This period of phenomenal growth came to an abrupt halt in 1986. At the same time, the nation was in its third year of solid economic growth. Thousands of workers left the state, but some stayed. The dominance of the baby boom generation in Alaska continued to increase.

1984 was the last year that net in-migration was greater than Alaska's natural population increase (births minus deaths). Since 1988 migration has had a steadily declining role in population change in Alaska.

The domestication of the baby boom generation also began in this period. Baby boomers across the nation and in Alaska settled down and started to raise families. At no time before or since has Alaska seen the number of births that occurred in the 1980s. The echo boom had arrived. This batch of children has impacted Alaska's educational infrastructure ever since. First, elementary schools, then middle schools were built to meet the demand. Now, new high schools are being built or considered.

In 1989, events occurred which brought generation-X into the Alaska labor force in significant numbers. Alaska's economy was showing signs of recovery, and the Exxon Valdez ran into Bligh Reef. Alaska's economy in general needed more workers, and the oil spill required an army of workers to clean it up. Oil spill work was seasonal and in isolated locations, job characteristics that were just right for generation-

X. As horrendous as the oil spill was for the environment, the cleanup work created an economic boomlet, strengthening Alaska's recovery from recession, already under way.

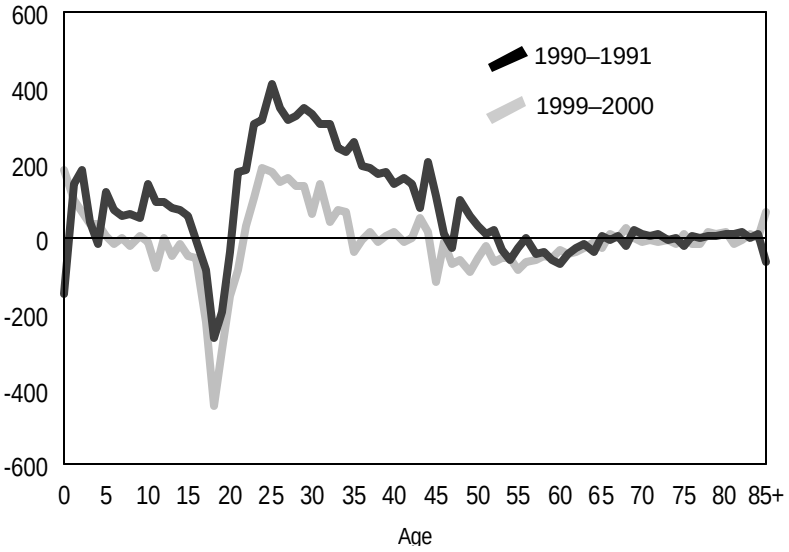
By 1990, net migration, after four years of negative numbers, turned positive. In 1991, the national economy went into another slump. Positive net migration peaked at over 8,000 in 1992. However, by 1992 the national economy had turned around and Alaska's traditional economic engines (logging, fishing, oil) were entering a period of decline.

In the mid-1990s, a series of military base closures and scale-backs led to the departure from Alaska of large numbers of military and their dependents, turning migration figures negative, and cutting into the generation-X population. Unlike the baby boom contingent, generation-X did not grow, and the disparity in the size of these two groups remains to this day.

By the mid-1990s another factor affecting Alaska's labor force changed. Incomes in Alaska were no longer significantly above the national average. (See Exhibit 3.) This major paradigm shift still prevails. The economic incentive for workers to come to Alaska no longer exists. This is another cause for the shorter count from generation-X in Alaska's population.

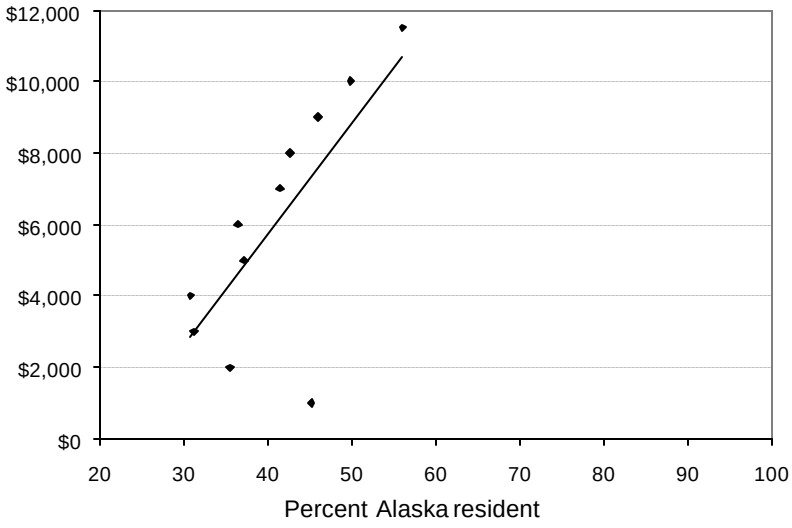
Have workers stopped coming to Alaska? Are Alaska workers leaving? The answers are a qualified yes and no. (See Exhibit 4.) Migration both in and out of Alaska has remained close to equal, with the exception of years of significant economic change. Looking at net migration by age reveals a similar pattern in both 1990 and 2000. High school graduates tend to leave the state at a faster rate than they arrive. Many are off to colleges located in other states. Some join the military. Others simply choose to experience a different part of the country. The opposite trend is true for workers roughly between the ages of 22 and 35. More persons in this age group are coming to Alaska each year than leaving. On the other hand, though the numbers are relatively small, more

Net Migration by Age
Alaska 1990-1991 and 1999-2000
4



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

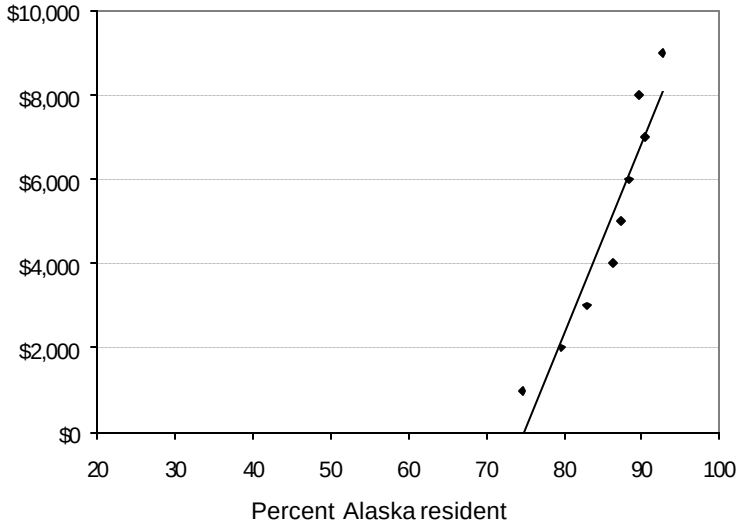
Seafood Worker
Quarterly earnings and percent resident
5



Note: Includes private sector, state and local government workers

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

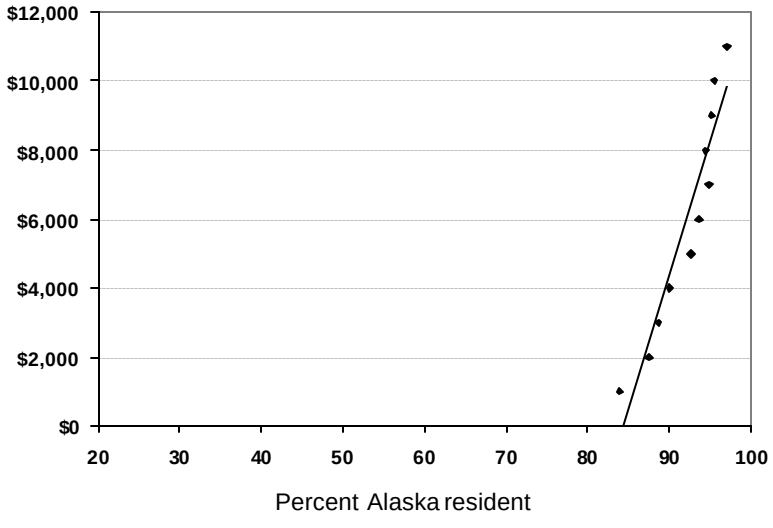
6 Restaurant Waiter
Quarterly earnings and percent resident



Note: Includes private sector, state and local government workers

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

7 Cashier
Quarterly earnings and percent resident



Note: Includes private sector, state and local government workers

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

older workers leave the state than come here.

What draws people to Alaska? What causes people to leave, or become nonresident immigrant workers? Is there a relationship between Alaska residency and earnings on the job? Economic theory would encourage us to believe that the relationship should be relatively strong.

To examine this question a graphics tool known as a scatter plot was prepared for several occupations. A select few are presented here. (See Exhibits 5 through 8.) A trend line was added to each plot to facilitate seeing the underlying pattern.

The rightward tilt of the trend line for each occupational category shows a correlation between the amount earned and the percentage of Alaskans in that occupation. Said another way, the higher a particular job pays, the more likely an Alaska resident will be in that job. For example, in the seafood processing industry, which hires large numbers of nonresidents, more than half the seafood processing workers earning more than $10,000 per quarter are Alaskans. These workers also tend to be in plants that operate year-round.

This leads to another observation. The relatively low paying cashier and waiter occupations employ a high percentage of Alaskans. Also, the relationship between higher pay and Alaska residency is almost linear. Yet, the welding occupations, which tend to pay quite well, do not show quite so high a percentage of Alaskans. In fact, at the highest rates of pay the percentage of welders who are Alaskan declines. When looking at these occupations over a four-quarter period, a pattern emerges.

Seasonal stability appears to be another explanatory factor for Alaska residency. Most cashiers and waiters are working year-round. Welding jobs are affected by seasonal factors and are not quite so stable. Another possible explanation for the lower percentage of Alaskan welders at the high end of the pay scale may be that there are fewer Alaskans with the highest-level skill certification that would command the highest wage.

Though the earnings level is an important factor in determining whether a worker is or will become an Alaska resident, it is not the only factor. Year-round and year-to-year employment stability are crucial elements to becoming or remaining a resident of Alaska.

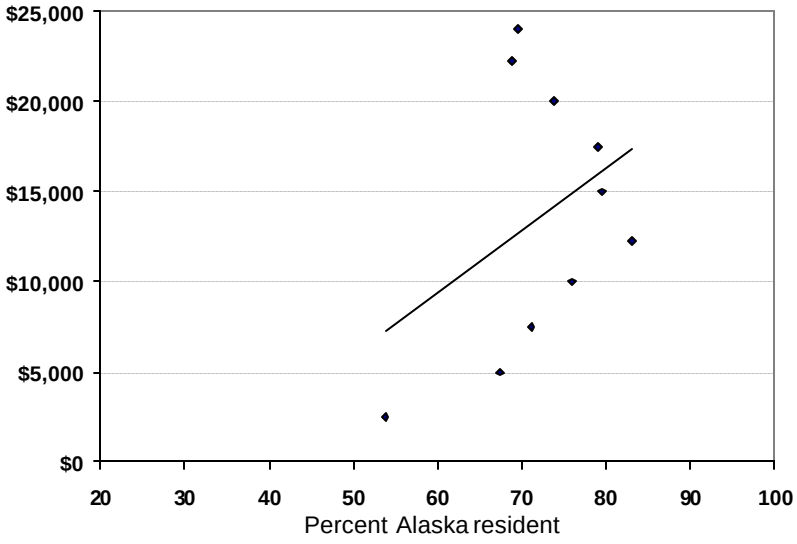
What will Alaska's labor force look like over the next 15 years? (See Exhibits 9 and 10.) As Alaska's population bulge (the baby boom generation) reaches retirement, and generation-X and the echo boom take their place, Alaska's prime working age population (age 18-54) is projected to remain flat. The number of older workers will grow, but the extent to which they will participate in the labor force is uncertain. By the year 2015 there will be more jobs in Alaska than Alaska workers. This outlook makes some assumptions: that net migration will remain essentially zero, that the current negative economic incentive to move to Alaska will remain unchanged, and, with the exception of a natural gas pipeline construction project, that no major economic events will disrupt this economic equilibrium. In reality, such assumptions are interesting only as an academic exercise, because the economy never maintains a steady state for long. Change and unanticipated events will occur.

What changes are likely? For starters, if the gas pipeline project becomes a reality later this decade, the economic push and pull of labor supply and demand will be interesting to watch. As mentioned earlier, Alaska is not attracting workers as it did in the past. With only a few exceptions, this has led to nearly full employment for workers here. If additional workers are needed, they must be attracted from elsewhere. Disposable real earnings in Alaska (wages less the cost of living) must increase to a point that they are greater here than in other parts of the country. Currently the national economy has slowed, but there are signs that activity may be picking up. If the national economy does take off, the Alaska wage premium necessary to attract a sufficient number of workers will need to be that much higher.

If pipeline construction begins as both the national

Welder 8

Quarterly earnings and percent resident

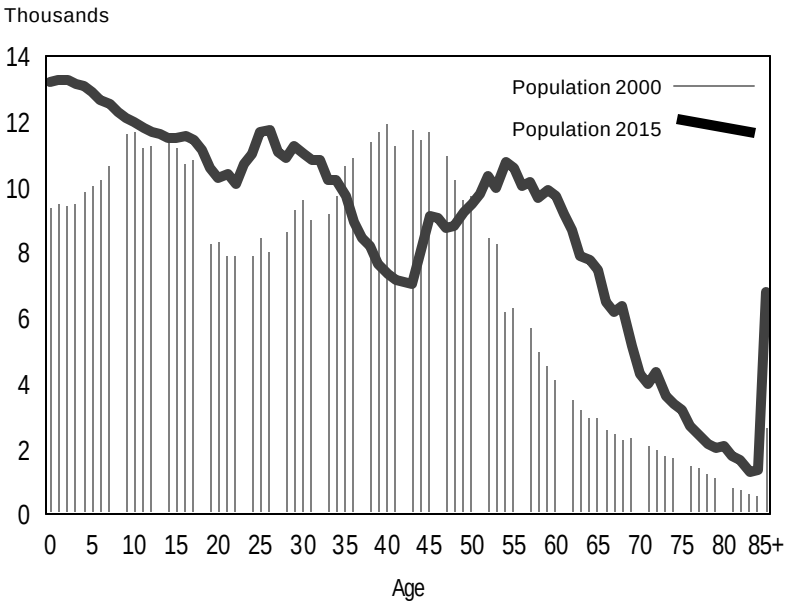


Note: Includes private sector, state and local government workers

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

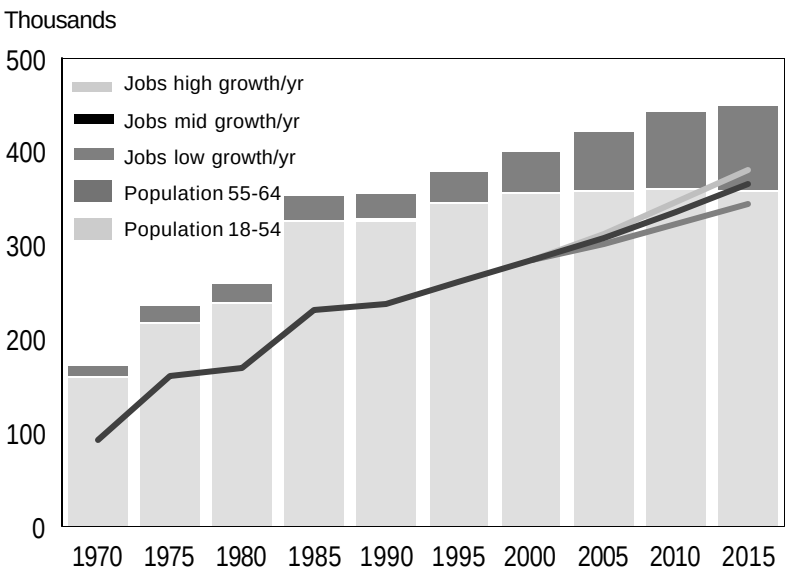
Age Distribution of Population 9

Alaska 2000 and 2015



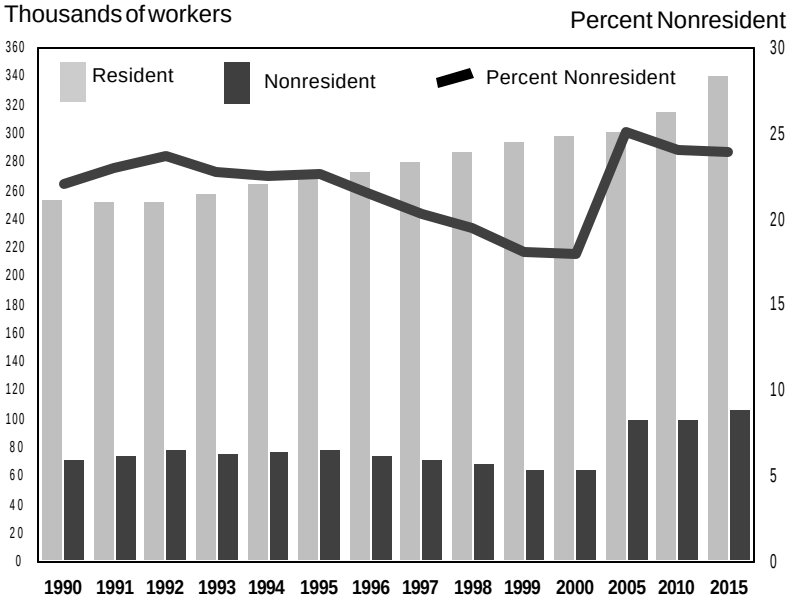
Source: U.S. Census Bureau; Alaska Department of Labor and Workforce Development, Research and Analysis Section

10 Employment versus Working age population



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

11 Workers by Residency Alaska 1990–2015



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

and Alaska economies are doing reasonably well, the project will have to attract workers who, in the aggregate, are already working. Economic theory tells us that the price of a scarce commodity will increase until the demand for it has been satisfied. This is also true for the price of labor. Alaskan workers will naturally want to take advantage of their favorable bargaining position. Industry, on the other hand, will want to counter this wage push in an effort to maximize its return on investment. Industry will seek other sources of labor from outside the state. But, in a strong national economy, workers from the lower 48 will also seek higher wages to make coming north worthwhile. In this scenario, increases in the price of labor are almost a forgone conclusion.

If the national economy at the time of pipeline construction is not doing so well, many unemployed workers from the lower 48 are likely to seek employment on this large project. In this scenario wage inflation is less certain.

As this decade comes to a close will Alaska's labor shortage be over? If wages increase as a result of gas pipeline construction, an increase in the number of workers coming and staying in Alaska can be expected. The downside of high wages is likely to be the attraction of an oversupply of workers. Unemployment rates may increase.

Exhibit 11 forecasts how the the retirement of the baby boom generation could attract workers from outside Alaska. A trickle of retirements in 2005 will become a flood, causing a cascade of labor turnover as positions open and younger workers move up the career ladder. This turnover will create opportunities for the experienced workers of generation-X and the echo boom. Rapid promotional opportunities similar to the 1970s could be the norm. However, Alaska's generation-X and echo boom are not of a sufficient size to replace the large baby boom leaving the labor force. Given the likelihood of full employment in Alaska, a significant increase in nonresident workers can be expected.

New Hires

by
Ted Berry
Labor Economist

Knowing where they are helps job seekers and job counselors pinpoint their efforts

New hire data is an important indicator of overall demand for workers. This article focuses on how the new hire data series can be used to help job seekers and employment counselors identify employment opportunities, both seasonal and year-round, in Alaska.

The data series, based on the Department of Labor and Workforce Development's quarterly unemployment insurance (UI) wage files, is intended to give some idea of where job openings occur through either job creation or job turnover. Excluded from the new hires analysis are federal workers, the self-employed, workers of employers reporting to other states (such as most offshore seafood processors), and other UI-exempt workers.

Hiring status is found by matching the employee's social security number with each employer that he or she worked with during the quarter in question. Each combination is classified as a new hire, rehire, or continuing employee. Definitions of these terms appear below. Each unique combination of social security number and employer is considered to be a single employer/worker relationship.

- **Continuing employees** are those who worked for the same employer in all four quarters prior to the reference quarter.

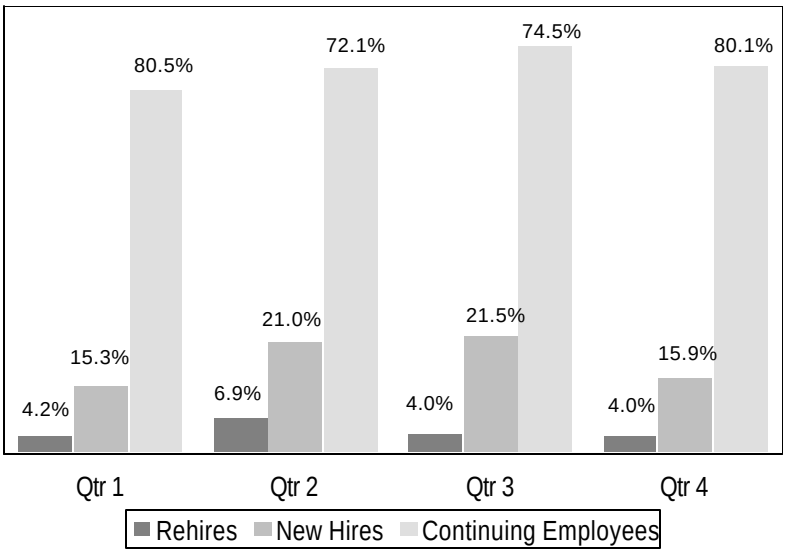
- **Rehires** are employees who worked for a particular employer in at least one, but not all, of the four quarters prior to the reference quarter. Prior to the third quarter of 1997 rehires were included in the continuing employee data series.

- **New Hires** are workers who did not work for the employer in any of the four quarters prior to the reference quarter. Workers are evaluated for each employer they worked for during a quarter, and therefore can be counted as a new hire for more than one employer during a quarter, but only once for the same employer.

Exhibit 1 shows how hiring status has fluctuated by quarter over the study period.

A person may have worked for more than one employer during the quarter and can be counted

Hiring Status of Employees 1
Average percent of employment 1992–2000

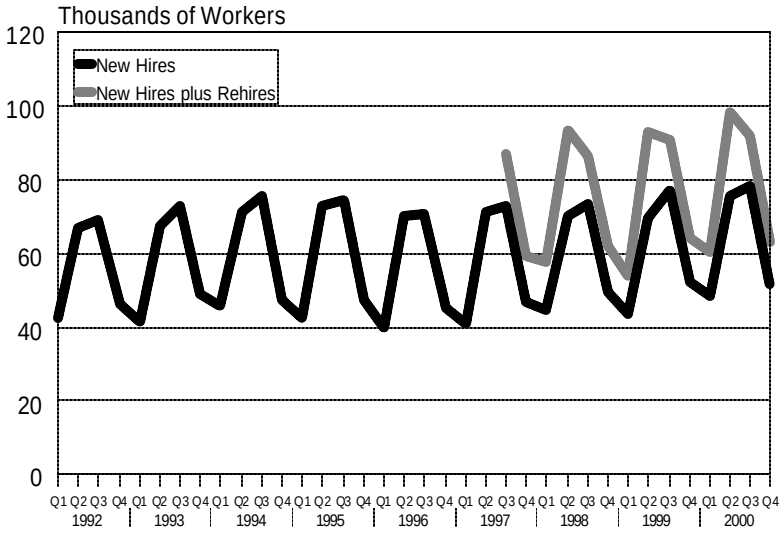


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

more than once. Therefore, this data series counts the number of job opportunities in the workforce and does not represent the number of individuals working. The study period, 1992 to 2000, was chosen because no comparable data exist prior to 1992 and post-2000 data are not yet available.

Alaska has fourteen broad industry categories, each of which is divided into several sub-industries. The tourism industry is a special case for which there is no one category. According to the McDowell Group's Alaska Visitor Arrivals figures for 1997 and 1998, arrivals were approximately 15 percent business, and 85 percent pleasure-related. Their impact is felt in a number of industries, including Hotels and Lodging, Tourism Related Transportation, Retail Trade, Wholesale Trade, and Transportation, Communications and Utilities.

2 New Hires and Rehires Total 1992 to 2000



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

Employment opportunities in seasonal industries

A primary characteristic of the Alaska new hire series is the pronounced seasonal variation caused by industries that increase hiring activity during the second and third quarters. These include Agriculture, Forestry and Fishing, Hotels and Lodging, Tourism Related Transportation, Retail Trade, Wholesale Trade, Seafood Processing, Construction, Transportation, Communications and Utilities, and Finance, Insurance and Real Estate. For the last four years Seafood Processing has started hiring in the first quarter to accommodate the Bering Sea pollock season.

Total quarterly new hires fluctuate by as much as 30,000 workers during the year. (See Exhibit 2.) When rehires are added, the difference increases to about 50,000 of the approximately 360,000 total wage earners, including part-time and casual workers.

Industries with large seasonal fluctuations provide summer employment for local people and attract non-resident workers to Alaska. Chief among these is seafood processing, where non-residents accounted for 12,257 workers, or 73.6% of all workers in 1999. Their earnings amounted to $87,163,426, a large proportion of which would have been spent outside Alaska. The subject of non-residents working in Alaska is covered by the Department of Labor and Workforce Development in a separate annual publication entitled *Nonresidents Working in Alaska*. The report is available in hard copy or via the Department's web site at http://www.labor.state.ak.us/.

Industries most affected by seasonality

An idea of the relative importance of seasonal workers to each industry can be gained by looking at the average quarterly new hires and rehires as a percentage of total industry workers over a period of time. (See Exhibit 3.) For example, for

the Hotels and Lodging industry, an average of 23 percent of first quarter workers were new hires and rehires. In the second quarter the percentage increased to 55.9% of all workers in that industry, an increase of 140 percent. The largest average yearly new hires fluctuation is in Tourism Related Transportation, which fluctuatd between an average of 12.7% in the fourth quarter and 52.8% in the second quarter. This is followed by the Seafood Processing industry which decreased from 53.9% in the first quarter to 16.5% in the fourth quarter.

Which industries provide the majority of seasonal employment opportunities?

A measure of the capacity of an industry to absorb workers can be gained by looking at the number of positions filled by new hires and rehires over time. In terms of numbers of employees, the largest average seasonal increase in rehires and new hires occurs in Retail Trade. (See Exhibit 4.) The increase between the first and second quarters of 10,324 employees, or 82 percent, reflects increased tourism-related activity during the spring. As would be expected, the latter also affects Hotels and Lodging, which increases by an average of 4,430 workers or about 310 percent. Services (excluding Hotels and Lodging) follows Retail Trade in terms of average numbers of new hires with an increase of 6,049 (40 percent) between the first and second quarter. This large improvement is wide-ranging and cannot be attributed to any specific sub-industries within the Services group. The category includes sub-industries that would be expected to increase hiring activity during the summer such as Automotive Repair, Amusement and Recreation Services, Museums, Art Galleries, and Botanical and Zoological Gardens.

Exhibit 4 also shows the Construction industry's average increase of 5,800 workers (124 percent) between the first and second quarter, reflecting the increase in outdoor activity during the spring.

Average New Hires plus Rehires 3
Percentage of total industry employment

Average Percent New Hires and Rehires

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Agriculture/Forestry/Fish	22.0	54.3	31.7	19.9
Construction	29.4	50.7	38.7	19.7
Finance, Insurance, Real Estate	14.9	21.0	21.1	21.7
Hotels and Lodging	23.3	55.9	31.6	20.6
Manufacturing, exc Seafood Process.	16.4	29.3	21.1	21.8
Mining, except Oil and Gas	8.8	24.9	16.6	15.7
Oil and Gas Extraction	14.7	15.5	17.7	8.8
Public Administration	11.1	16.0	14.2	18.7
Retail Trade	22.2	38.1	29.1	21.3
Seafood Processing	53.9	44.3	50.4	16.5
Services, except Hotels and Lodg	21.5	30.2	25.3	19.5
Tourism Related Transportation	18.9	52.8	20.4	12.7
Transportation/Comm/Utilities	13.6	19.3	15.9	13.0
Wholesale Trade	15.3	24.0	24.8	14.3
Mean of Quarterly Totals	20.4	34.0	25.6	17.4

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

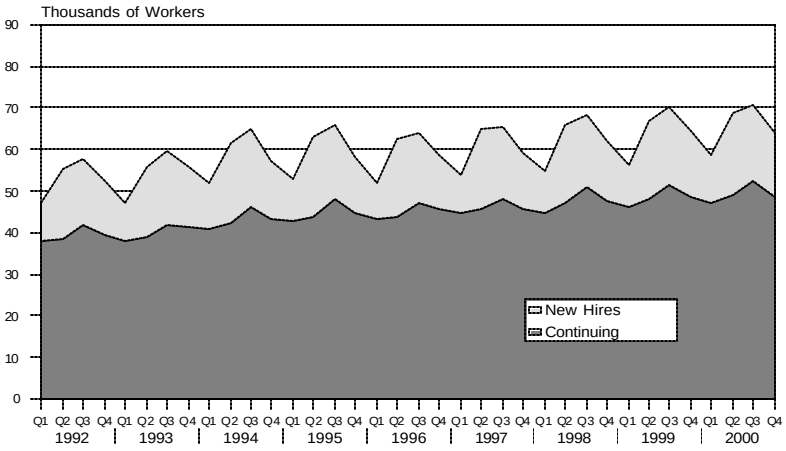
Number New Hires and Rehires 4
By industry, 3rd Qtr 1997 to 4th Qtr 2000

Average New Hires plus Rehires

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Agriculture/Forestry/Fish	343	1,383	703	377
Construction	4,651	10,451	8,484	5,625
Finance, Insurance, Real Estate	1,900	2,866	2,702	2,168
Hotels and Lodging	1,432	5,862	3,079	1,529
Manufacturing, exc. Seafood Proc.	988	2,073	1,441	1,220
Mining, except Oil and Gas	125	485	359	180
Oil and Gas Extraction	1,507	1,654	1,599	1,153
Public Administration	6,801	9,322	8,494	9,528
Retail Trade	12,585	22,909	18,526	16,693
Seafood Processing	6,537	5,852	8,390	1,151
Services, except Hotels and Lodg	14,949	20,998	18,437	16,777
Tourism Related Transportation	761	3,673	1,273	687
Transportation/Communications/Util	3,322	4,898	3,830	3,478
Wholesale Trade	1,443	2,508	2,491	1,666
Total New Hires plus Rehires	60,551	93,400	88,771	62,634

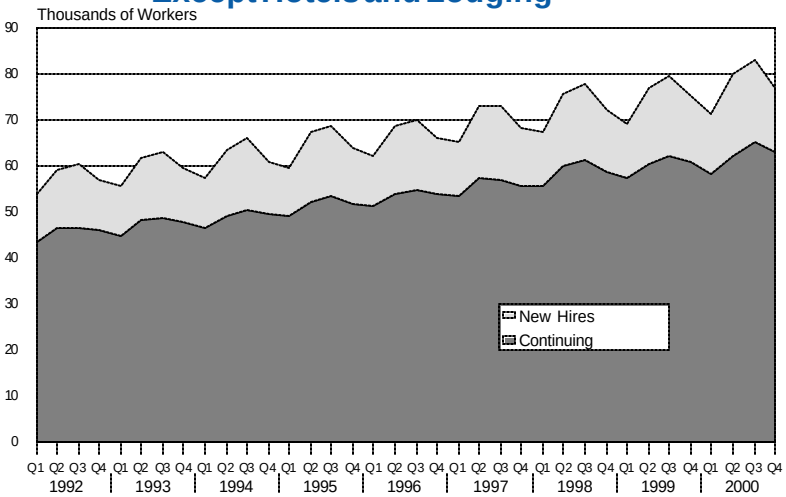
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

5 a Retail Trade

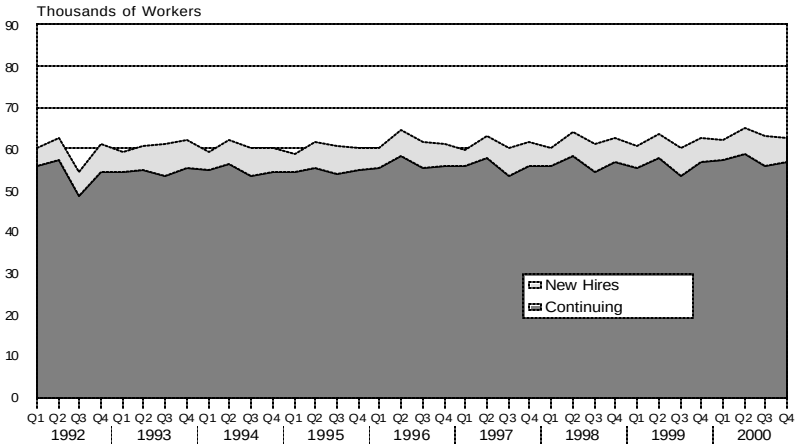


For exhibits 5a, b and c, rehires are included with continuing employees.

5 b Services Except Hotels and Lodging



5 c Public Administration



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

Next is Public Administration, consisting of state and local government workers. About 60 percent of the increase in Public Administration between the first and second quarter was in local government, reflecting extra outdoor workers hired for the summer in horticulture, road maintenance and environmental work. Support staff also increased during this quarter. One third of the relatively high fourth quarter figure is education staff returning to work after the summer break. Other industries not already mentioned that offer seasonal work include Wholesale Trade, and Oil and Gas Extraction, which does its major hiring in the first quarter of the year because frozen ground is better for extraction activities. A limited number of opportunities are also available in the broad industry category of Agriculture, Forestry and Fisheries, for example, in horticulture. Fisheries may offer more seasonal work than this statistical series indicates because, to a large extent, labor in the industry is self-employed and not included in the new hire series.

Employment opportunities in industries that have grown over the long term

For prospective employees and career counselors, the best opportunities for permanent employment are in industries that are experiencing long-term growth in employee numbers. Over the nine-year study period, total employment has declined in most industry categories. On the other hand, Oil and Gas Extraction and Wholesale Trade increased slightly while Retail Trade, Services except Hotels and Lodging, and Public Administration increased substantially.

Growth industries–Where the year-round employment opportunities have been

Of the three industries with the highest growth in employment, Services except Hotels and Lodging ranks first. Services had around 55,000 employees in 1992 increasing to around 80,000 in 2000.Retail Trade is next, followed by Public Administration. (See Exhibits 5a, 5b and 5c.) A closer look shows

that, in the first two industries, continuing employees have also grown considerably. Consequently, despite the highly seasonal employment pattern, Services except Hotels and Lodging and Retail Trade offer the best opportunities for employees wishing to remain on the payroll after the peak season is over.

It may be of interest to job seekers and career counselors that the two highest growth industries in terms of new hires and continuing employment, particularly Retail Trade, also have large seasonal fluctuations. The seasonal factor can be an advantage to job entrants. Likewise, training courses in Retail Trade that take advantage of the cyclical upswing may be able to place more graduates. On the other hand, government work does not have such pronounced seasonal fluctuations and so the timing of training and entry into the industry is less important. The smaller seasonal fluctuations in Public Administration mean that fewer people are released during the downswing, making the transition from new hire to continuing employee easier there than in Retail Trade, or Services except Hotels and Lodging.

However, these three categories are very broad and contain numerous sub-industries, some of which have grown faster than average and some slower. Likewise, broad industries that show no growth at all over the study period may contain sub-industries that exhibit considerable growth as

New Hire Growth in Top 20 Sub-Industries 6

Second quarter comparison 1992 and 2000

BROAD INDUSTRY CATEGORY	SUB-INDUSTRY CATEGORY	New Hires 2000 2nd Qtr	New Hires 1992 2nd Qtr	Change in New Hires	% Growth in New Hires
Retail Trade	Eating Establishments	8,499	7,018	1,481	21.1
Hotels and Lodging	Hotels, Motels,and Tourist Courts	4,196	3,321	875	26.4
Seafood Processing	Fresh or Frozen Prepared Fish	2,949	6,053	-3,104	-51.3
Public Administration	Exec and Legislative Offices Combined	2,184	2,246	-62	-2.8
Services, except Hotels and Lodging	Civic and Social Associations *	2,002	1,000	1,002	100.2
Retail Trade	Department Stores	1,804	722	1,082	149.9
Services, except Hotels and Lodging	Colleges and Universities	1,581	631	950	150.6
Retail Trade	Grocery Stores	1,577	1,843	-266	-14.4
Services, except Hotels and Lodging	Elementary and Secondary Schools	1,521	1,422	99	7.0
Services, except Hotels and Lodging	Help Supply Services **	1,456	475	981	206.5
Oil and Gas Extraction	Oil and Gas Field Services, NEC ***	1,441	668	773	115.7
Services, except Hotels and Lodging	Amusement and Recreation, NEC ***	1,349	893	456	51.1
Construction	Single-Family Housing Construction	1,203	759	444	58.5
Construction	Nonresidential Construction, NEC ***	994	1,136	-142	-12.5
Seafood Processing	Canned and Cured Fish and Seafoods	936	1,119	-183	-16.4
Construction	Highway and Street Construction	880	850	30	3.5
Services, except Hotels and Lodging	Business Services, NEC ***	873	464	409	88.2
Retail Trade	Drinking Places	870	928	-58	-6.3
Tourism Related Transportation	Air Transportation, Nonscheduled	842	700	142	20.3
Retail Trade	Gift, Novelty, and Souvenir Shops	841	508	333	65.6
Totals		37,998	32,756	5,242	16.0

* Includes Insurance; homeowner, tenant and condominium associations, alumni associations, bars, clubs, service clubs, parent-teacher associations.
** Establlishments which are primarily engaged in supplying temporary or continuing help on a contract or fee basis where the help supplied is on the payroll of the supplying establishment, but under the direct supervision of the business to which the help is provided. The main type businesses referred to are staffing agencies, including those supplying part-time and temporary staff.
*** NEC Not elsewhere classified

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

shown in new hires. Therefore, although the broad industry categories discussed above are helpful, employment counselors and people looking for steady career opportunities should look deeper. Before a person can become a permanent employee he or she must first find a job, so it is worth considering where the best new hire opportunities may be found.

Eating Establishments lead fast-growth sub-industries

The top twenty sub-industries for new hires are shown in Exhibit 6, and the top 20 employers in Exhibit 7. The second quarter has been used because it offers the most new hire activity. Individual quarters are compared to the same quarter in other years because of the different hiring patterns attributable to each quarter, due mainly to the seasonal influence.

Eating Establishments topped the list with the most new hires during the second quarter, nearly double the number of the next category, Hotels, Motels, and Tourist Courts. Seafood Processing ranks third; its number of new hires has dropped 51 percent since 1992. Help Supply Services, such as temporary employment agencies, grew three-fold over the same period.

A change in the number of new hires does not necessarily indicate a change in total employment. The new hire rate is strongly influenced by turnover.

Some of the top twenty industries, such as Eating Establishments, Department Stores, and Fish and Seafoods, require mostly semi-skilled or unskilled labor. Others requiring high levels of skills include Electrical and Carpentry Work, Colleges and Universities, and Offices and Clinics of Medical Doctors, and some occupations in Oil and Gas Field Services NEC.

7 New Hires and Rehires Total
Second quarter 1992 and 2000

Employer	New Hires 2000 2nd Qtr	New Hires 1992 2nd Qtr	Change in New Hires	% Growth in New Hires
University of Alaska	1,470	483	987	204.4
State of Alaska Dept. of Admin.	839	725	114	15.7
Safeway Inc	696	173	523	302.3
Aramark Svcs. Mgmt. of AK Inc	575	-	-	-
Fred Meyer Shopping Centers	502	266	236	88.7
Wal-Mart Associates Inc	467	55	412	749.1
Trident Seafoods Corporation	432	269	163	60.6
AK Petroleum Contractors Inc	405	103	302	293.2
AK Hotel Properties Inc	394	148	246	166.2
Westmark Hotels Inc	377	417	-40	-9.6
Veco Alaska Inc	360	-	-	-
Labor Ready Northwest Inc	354	-	-	-
Kmart Corp	319	-	-	-
Norquest Seafoods Inc	296	364	-68	-18.7
CIRI Alaska Tourism Corp	295	2	293	14,650.0
Restaurants Northwest Inc	290	209	81	38.8
Nana/Marriott Joint Venture	289	74	215	290.5
Fountainhead Development Inc	286	191	95	49.7
Westours Motorcoaches Inc	284	184	100	54.4
Denali Foods Inc	264	175	89	50.9
Totals	9,194	3,838	3,748	97.7

- No comparable data available

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

Summary

Job seekers and career counselors have many factors to consider in job hunting. The new hire data can be an important tool in locating job opportunities, directing training toward occupations where hiring is taking place, and in optimizing the timing of training to take advantage of seasonal hiring cycles.

2001 Ends with Low Unemployment and Moderate Job Growth

Alaska Employment Scene

by
Dan Robinson
Labor Economist

Final Alaska labor market figures for 2001 show the second lowest annual average unemployment rate in more than 20 years. The rate of 6.3% ranks second only to 1998's average rate of 5.8%, and is well below the ten-year average. (See Exhibit 1.)

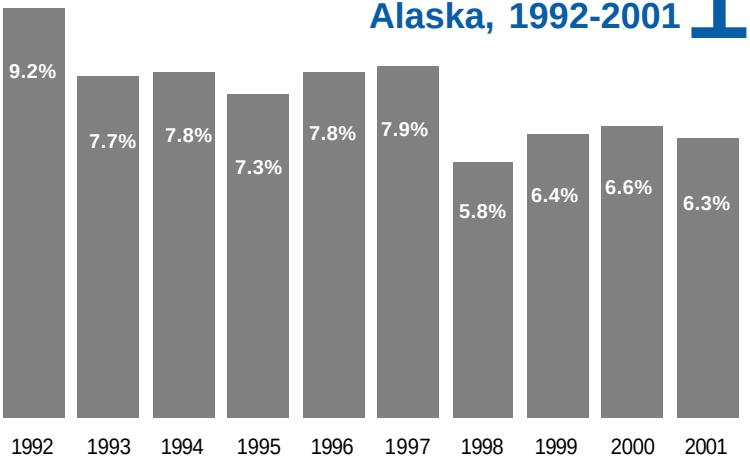
In a year in which a national recession began, Alaska was one of only five states that did not see an increase in their over-the-year unemployment rates. (See Exhibit 2.) Alaska's December 2000 to December 2001 decline of two-tenths of a percentage point was exceeded only by West Virginia and Delaware. In contrast, California saw an increase over the same period of 1.3 percentage points, Washington's rate increased by 2.1 percentage points, and Oregon's rate increased more than any other state, jumping 3.3 percentage points.

Alaska's urban areas continued to enjoy lower rates than the state's rural regions. For the second month in a row, Anchorage posted the state's lowest unemployment rate at 3.7%. (See Exhibit 6.) At 14.9%, the Wade Hampton Census Area had the highest unemployment rate.

Another year of modest growth

Alaska's job growth over the last decade has been modest but consistent. December completed the 13th consecutive year of employment growth, the second longest stretch in the state's history. In contrast to the nationwide expansion that recently ended after a record-setting nine years, Alaska's economy has been steady throughout the nineties without ever showing dramatic year-to-year growth.

Annual Average Unemployment Rate 1
Alaska, 1992-2001



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

States' Unemployment Rate Changes 2
Over-the-year, seasonally adjusted

Rank	State	Dec. 2000	Dec. 2001	Change
1	West Virginia	5.5	4.6	-0.9
2	Delaware	3.9	3.5	-0.4
3	**Alaska**	**5.9**	**5.7**	**-0.2**
4	D.C.	6.1	6.0	-0.1
5	Montana	4.5	4.5	0
28	California	4.7	6.0	1.3
38	Arizona	3.7	5.6	1.9
42	Washington	5.0	7.1	2.1
46	Nevada	4.4	6.6	2.2
51	Oregon	4.2	7.5	3.3

Source: U.S. Department of Labor, Bureau of Labor Statistics

3 Nonagricultural Wage and Salary Employment
By place of work

Alaska	preliminary 12/01	revised 11/01	12/00	Changes from: 11/01	12/00
Total Nonag. Wage & Salary	**279,000**	**282,900**	**273,700**	**-3,900**	**4,300**
Goods-producing	30,500	33,800	31,300	-3,300	-700
Service-producing	248,500	249,100	242,400	-600	5,000
Mining	**10,100**	**10,300**	**11,000**	**-200**	**-800**
Oil & Gas Extraction	8,700	8,800	9,500	-100	-800
Construction	**13,100**	**14,600**	**12,600**	**-1,500**	**900**
Manufacturing	**7,300**	**8,900**	**7,700**	**-1,600**	**-800**
Durable Goods	1,800	2,000	2,200	-200	-700
Lumber & Wood Products	700	1,000	1,100	-300	-500
Nondurable Goods	5,500	6,900	5,500	-1,400	-100
Seafood Processing	2,700	4,200	2,800	-1,500	-200
Transportation/Comm/Utilities	**26,000**	**26,400**	**25,400**	**-400**	**-300**
Trucking & Warehousing	3,000	3,000	2,800	0	200
Water Transportation	1,600	1,800	1,500	-200	0
Air Transportation	9,100	9,200	9,300	-100	-800
Communications	5,500	5,500	5,300	0	0
Electric, Gas & Sanitary Svcs.	2,700	2,700	2,600	0	0
Trade	**59,100**	**59,000**	**57,700**	**100**	**2,200**
Wholesale Trade	8,400	8,400	8,500	0	300
Retail Trade	50,700	50,600	49,200	100	1,900
Gen. Merchandise & Apparel	11,100	11,000	10,800	100	700
Food Stores	6,500	6,500	6,400	0	0
Eating & Drinking Places	17,100	17,100	16,700	0	600
Finance/Insurance/Real Estate	**12,600**	**12,600**	**12,600**	**0**	**-100**
Services & Misc.	**74,100**	**74,300**	**71,400**	**-200**	**2,000**
Hotels & Lodging Places	6,400	6,400	6,000	0	600
Business Services	9,200	9,400	8,800	-200	-200
Health Services	18,300	18,200	17,600	100	900
Legal Services	1,500	1,500	1,600	0	-100
Social Services	8,200	8,300	8,100	-100	-100
Engineering & Mgmt. Svcs.	7,300	7,400	7,100	-100	-300
Government	**76,700**	**76,800**	**75,300**	**-100**	**1,200**
Federal	16,500	16,400	16,400	100	-200
State	23,000	23,300	22,400	-300	500
Local	37,200	37,100	36,500	100	900

Municipality of Anchorage	preliminary 12/01	revised 11/01	12/00	Changes from: 11/01	12/00
Total Nonag. Wage & Salary	**137,400**	**138,000**	**134,500**	**-600**	**1,900**
Goods-producing	11,800	12,400	11,500	-600	700
Service-producing	125,600	125,600	123,000	0	1,200
Mining	**2,700**	**2,700**	**2,900**	**0**	**-200**
Oil & Gas Extraction	2,600	2,600	2,800	0	-200
Construction	**6,900**	**7,500**	**6,500**	**-600**	**800**
Manufacturing	**2,200**	**2,200**	**2,100**	**0**	**100**
Transportation/Comm/Utilities	**14,600**	**14,800**	**14,300**	**-200**	**-400**
Air Transportation	5,900	5,900	6,000	0	-600
Communications	3,700	3,700	3,600	0	-100
Trade	**33,400**	**33,200**	**32,900**	**200**	**800**
Wholesale Trade	6,300	6,300	6,300	0	200
Retail Trade	27,100	26,900	26,600	200	600
Gen. Merchandise & Apparel	5,900	5,900	5,600	0	300
Food Stores	2,400	2,500	2,500	-100	-100
Eating & Drinking Places	10,000	9,900	9,800	100	300
Finance/Insurance/Real Estate	**7,700**	**7,600**	**7,600**	**100**	**-100**
Services & Misc.	**40,600**	**40,700**	**39,100**	**-100**	**700**
Hotels & Lodging Places	3,100	2,900	3,000	200	100
Business Services	7,100	7,400	6,800	-300	200
Health Services	10,200	10,000	9,500	200	800
Legal Services	1,200	1,200	1,200	0	0
Social Services	4,000	4,000	3,900	0	-100
Engineering & Mgmt. Svcs.	5,300	5,400	5,200	-100	-300
Government	**29,300**	**29,300**	**29,100**	**0**	**200**
Federal	9,700	9,600	9,800	100	-200
State	9,200	9,300	9,000	-100	200
Local	10,400	10,400	10,300	0	200

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

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

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

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

4 Hours and Earnings
For selected industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	preliminary 12/01	revised 11/01	revised 12/00	preliminary 12/01	revised 11/01	revised 12/00	preliminary 12/01	revised 11/01	revised 12/00
Mining	1403.77	1450.65	1263	45.8	47.5	43.9	30.65	30.54	28.77
Construction	1069.27	993.98	1028.83	39.5	37.2	39.8	27.07	26.72	25.85
Manufacturing	655.12	541.82	566.87	43.1	37.6	35.1	15.2	14.41	16.15
Seafood Processing	551.74	405.16	299.81	47.4	36.9	28.8	11.64	10.98	10.41
Transportation/Comm/Utilities	751.26	720.28	700.06	34.7	33.3	34.0	21.65	21.63	20.59
Trade	501.2	514.27	466.15	35	35.2	34.1	14.32	14.61	13.67
Wholesale Trade	693.77	749.18	613.43	42.2	40.3	37.2	16.44	18.59	16.49
Retail Trade	471.55	478.5	441.84	33.9	34.4	33.6	13.91	13.91	13.15
Finance/Insurance/Real Estate	649.34	626.56	604.71	36.5	35.6	34.3	17.79	17.6	17.63

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

Benchmark: March 2000
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

5 Nonagricultural Wage and Salary Employment
By place of work

Fairbanks North Star Borough

	preliminary 12/01	revised 11/01	12/00	Changes from: 11/01	12/00
Total Nonag. Wage & Salary	33,950	34,400	33,450	-450	200
Goods-producing	3,000	3,200	3,100	-200	0
Service-producing	30,950	31,200	30,350	-250	200
Mining	850	850	1000	0	-50
Construction	1,600	1,750	1,650	-150	50
Manufacturing	550	600	600	-50	0
Transportation/Comm/Utilities	3,000	3,000	2,900	0	100
Trucking & Warehousing	600	550	600	50	50
Air Transportation	1,000	1,000	1,000	0	-50
Communications	350	350	400	0	50
Trade	6,800	6,900	6,700	-100	-200
Wholesale Trade	700	700	800	0	-50
Retail Trade	6,100	6,200	5,950	-100	-150
Gen. Merchandise & Apparel	1,300	1,400	1,200	-100	100
Food Stores	600	600	600	0	0
Eating & Drinking Places	2,250	2,200	2,200	50	-150
Finance/Insurance/Real Estate	1,150	1,200	1,250	-50	0
Services & Misc.	8,350	8,450	8,400	-100	-50
Hotels & Lodging Places	750	750	700	0	100
Health Services	2,100	2,150	2,100	-50	0
Government	11,650	11,650	11,200	0	350
Federal	3,400	3,400	3,350	0	50
State	5,000	4,950	4,850	50	150
Local	3,250	3,300	3,200	-50	150

Southeast Region

Total Nonag. Wage & Salary	34,400	35,450	33,500	-1,050	1,050
Goods-producing	3,600	4,250	4,000	-650	-400
Service-producing	30,800	31,200	29,500	-400	1,450
Mining	300	300	300	0	0
Construction	1,650	1,950	1,600	-300	200
Manufacturing	1,650	2,000	2,100	-350	-600
Durable Goods	750	850	1,100	-100	-500
Lumber & Wood Products	550	600	800	-50	-350
Nondurable Goods	900	1,150	1,000	-250	-100
Seafood Processing	600	850	600	-250	-100
Transportation/Comm/Utilities	2,450	2,550	2,400	-100	50
Trade	6,300	6,300	6,000	0	550
Wholesale Trade	600	650	700	-50	100
Retail Trade	5,700	5,650	5,400	50	450
Food Stores	1,250	1,250	1,300	0	-50
Finance/Insurance/Real Estate	1,350	1,350	1,300	0	100
Services & Misc.	8,100	8,100	7,800	0	450
Health Services	1,800	1,850	1,700	-50	50
Government	12,600	12,900	12,100	-300	300
Federal	1,700	1,750	1,600	-50	50
State	5,300	5,550	5,100	-250	100
Local	5,600	5,600	5,500	0	150

Northern Region

Total Nonag. Wage & Salary	15,550	15,700	16,200	-150	-250
Goods-producing	5,450	5,600	6,100	-150	-350
Service-producing	10,100	10,100	10,100	0	100
Mining	4,950	5,000	5,500	-50	-200
Oil & Gas Extraction	4,500	4,500	5,000	0	-250
Government	4,550	4,500	4,600	50	100
Federal	150	150	200	0	0
State	300	300	300	0	0
Local	4,100	4,050	4,100	50	100

Interior Region

	preliminary 12/01	revised 11/01	12/00	Changes from: 11/01	12/00
Total Nonag. Wage & Salary	38,700	39,050	38,100	-350	400
Goods-producing	3,200	3,350	3,400	-150	0
Service-producing	35,500	35,700	34,700	-200	400
Mining	950	950	1,200	0	-100
Construction	1,650	1,800	1,600	-150	50
Manufacturing	600	600	600	0	50
Transportation/Comm/Utilities	3,650	3,650	3,500	0	150
Trade	7,500	7,600	7,400	-100	-150
Finance/Insurance/Real Estate	1,250	1,250	1,200	0	50
Services & Misc.	9,150	9,250	9,150	-100	0
Hotels & Lodging Places	900	900	800	0	150
Government	13,950	13,950	13,600	0	350
Federal	3,850	3,800	3,850	50	0
State	5,200	5,200	5,150	0	150
Local	4,900	4,950	4,800	-50	200

Anchorage/Mat-Su Region

Total Nonag. Wage & Salary	150,950	152,150	147,800	-1,200	2,950
Goods-producing	13,000	13,850	12,700	-850	700
Service-producing	137,950	138,300	135,100	-350	2,250
Mining	2,700	2,750	2,900	-50	-200
Construction	7,950	8,750	7,600	-800	800
Manufacturing	2,350	2,350	2,200	0	100
Transportation/Comm/Utilities	15,600	15,850	15,400	-250	-400
Trade	37,200	37,150	36,500	50	1,250
Finance/Insurance/Real Estate	8,100	8,100	8,100	0	-150
Services & Misc.	44,400	44,600	42,700	-200	1,350
Government	32,650	32,600	32,500	50	200
Federal	9,750	9,650	10,000	100	-250
State	10,100	10,150	10,000	-50	200
Local	12,800	12,800	12,550	0	250

Southwest Region

Total Nonag. Wage & Salary	14,300	15,300	14,550	-1,000	-150
Goods-producing	1,150	2,000	1,550	-850	-200
Service-producing	13,150	13,300	13,000	-150	50
Seafood Processing	1,000	1,800	1,200	-800	-150
Government	5,850	5,950	5,800	-100	0
Federal	300	300	300	0	0
State	500	500	500	0	0
Local	5,050	5,150	5,000	-100	0

Gulf Coast Region

Total Nonag. Wage & Salary	24,850	25,650	24,400	-800	100
Goods-producing	4,100	4,650	3,900	-550	-450
Service-producing	20,750	21,000	20,500	-250	550
Mining	1,200	1,250	1,200	-50	-300
Oil & Gas Extraction	1,200	1,200	1,150	0	-250
Construction	1,200	1,300	1,150	-100	-50
Manufacturing	1,700	2,100	1,600	-400	-100
Seafood Processing	950	1,350	900	-400	50
Transportation/Comm/Utilities	2,300	2,350	2,200	-50	100
Trade	5,200	5,250	5,200	-50	250
Wholesale Trade	500	500	600	0	150
Retail Trade	4,700	4,750	4,600	-50	100
Eating & Drinking Places	1,400	1,500	1,450	-100	-50
Finance/Insurance/Real Estate	700	750	800	-50	0
Services & Misc.	5,650	5,700	5,500	-50	50
Health Services	1,200	1,200	1,200	0	0
Government	6,900	6,950	6,950	-50	150
Federal	700	650	700	50	0
State	1,600	1,650	1,650	-50	50
Local	4,600	4,650	4,700	-50	100

6 Unemployment Rates
By region and census area

Not Seasonally Adjusted	preliminary 12/01	revised 11/01	12/00
United States	**5.4**	**5.3**	**3.7**
Alaska Statewide	**5.8**	**5.6**	**6.1**
Anch/Mat-Su Region	**4.3**	**4.2**	**4.6**
Municipality of Anchorage	3.7	3.7	4.1
Mat-Su Borough	6.7	6.3	7.3
Gulf Coast Region	**10.5**	**9.8**	**11.0**
Kenai Peninsula Borough	10.0	9.1	10.4
Kodiak Island Borough	12.9	12.8	13.3
Valdez-Cordova	9.7	8.7	9.9
Interior Region	**5.9**	**5.8**	**6.2**
Denali Borough	9.4	9.8	10.4
Fairbanks North Star Borough	5.2	5.1	5.4
Southeast Fairbanks	10.8	10.1	11.3
Yukon-Koyukuk	12.5	12.4	13.9
Northern Region	**8.3**	**8.7**	**8.6**
Nome	8.6	8.7	9.6
North Slope Borough	6.0	6.6	6.3
Northwest Arctic Borough	11.5	11.8	10.7
Southeast Region	**7.3**	**6.2**	**6.8**
Haines Borough	12.3	10.6	11.5
Juneau Borough	4.7	4.3	4.6
Ketchikan Gateway Borough	8.0	7.4	7.1
Prince of Wales-Outer Ketchikan	12.2	8.0	11.8
Sitka Borough	5.6	4.8	4.7
Skagway-Hoonah-Angoon	12.1	10.8	11.9
Wrangell-Petersburg	10.2	7.9	9.9
Yakutat Borough	13.0	10.7	11.4
Southwest Region	**9.6**	**9.2**	**10.3**
Aleutians East Borough	3.8	4.0	8.2
Aleutians West	10.0	9.4	12.0
Bethel	8.5	8.8	8.7
Bristol Bay Borough	14.7	10.4	12.3
Dillingham	9.2	9.2	7.4
Lake & Peninsula Borough	11.9	8.7	10.5
Wade Hampton	14.9	13.9	16.3
Seasonally Adjusted			
United States	5.8	5.7	4.0
Alaska Statewide	5.7	5.7	5.9

2000 Benchmark
Comparisons between different time periods are not as meaningful as other time series produced by Research and Analysis. The official definition of unemployment currently in place excludes anyone who has not made an active attempt to find work in the four-week period up to and including the week that includes the 12th of the reference month. Due to the scarcity of employment opportunities in rural Alaska, many individuals do not meet the official definition of unemployed because they have not conducted an active jobsearch. They are considered not in the labor force.

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

The question that continues to hover on the horizon is how the national recession will affect Alaska's job market and overall economy. Recent concerns about labor shortages may be alleviated as layoffs and higher unemployment rates lead more Lower 48 job-seekers to consider Alaska. Making that less likely, however, is an aging U.S. population and the lack of any current attention-grabbing projects in the state. Baby boomers, who may have been willing to consider the adventure of moving to Alaska when they were in their twenties and thirties, are now more settled and less likely to pick up and relocate. What's more, although several major projects are under consideration, including a gas pipeline, a missile defense system, and oil exploration and possible development in the Arctic National Wildlife Refuge, nothing is currently happening in the state that would draw workers in the way oil pipeline construction did in the 1970s and 1980s.

More likely than an increase in migration into the state is a gradual slowing of migration out of the state. As job prospects in the Lower 48 become less certain and less lucrative, Alaska workers will have less reason to leave the state. The moderate yet consistent job growth that has characterized the last decade, combined with a low unemployment rate relative to other states, make in-state employment more attractive to Alaskans than it has been in years.

4300 new jobs added

Preliminary numbers indicate that since December 2000, Alaska has added 4,300 jobs, an increase of 1.6%. (See Exhibit 3.) Leading the way again was the services sector, which added 2,000 jobs. Other bright spots included the construction industry, which added 900 jobs, and retail trade, which added 1,900 jobs. The state saw a net job loss in the oil and gas industry and lost a significant number of timber-related jobs.

Tourism-related jobs are difficult to isolate, but the industries most likely to be affected by tourism growth saw healthy increases over the year. The state had 600 more restaurant jobs in December 2001 than in December 2000. Hotels and lodging places saw another 600 jobs added over this time period, largely the result of a handful of new hotels and the expansion of several others.

Concern about tourism next summer

In light of the terrorist attacks of September 11, the threat of further attacks, and the on-going military response, there is concern about a tourism decline in the summer of 2002. Expecting fewer U.S. customers on European cruises, several companies have committed more ships to Alaska, but they acknowledge concern over whether the ships can be filled. Security and national economy issues are probably the principal factors in lower than normal early cruiseship bookings. National issues will play an unusually large role in determining the number of visitors to the state in 2002 and the amount of money they spend.

Employer Resources

The Employment Security Tax Section is responsible for providing assistance and information to employers concerning the Unemployment Insurance (UI) tax program and for collecting UI taxes. Go to: www.jobs.state.ak.us and click on Employer Connections. Then click on Employment Security Tax.