

# ALASKA ECONOMIC **TRENDS**

MAY 2007

## Professional and Business Services

### WHAT'S INSIDE

#### Payroll Numbers Show Healthy Growth

Wages in 2006 total \$13 billion

#### Employment Scene

Unemployment rate falls again



ALASKA DEPARTMENT OF LABOR  
& WORKFORCE DEVELOPMENT

Sarah Palin, Governor  
Commissioner Click Bishop

# ALASKA ECONOMIC TRENDS



ALASKA DEPARTMENT OF LABOR  
& WORKFORCE DEVELOPMENT

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Cover: Ellery Gibbs (standing) works with Timothy Koerber to pinpoint a survey spot using GPS in a September 2005 photo. They both work for Bush Construction Surveys Inc. of Wasilla. Surveying companies are one of the many types of employers in the professional and business services category.

Photo by Gary L. Martin, Alaska Business Monthly

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## **Preparing Alaska's Workers for 21st Century Knowledge-Based Careers**

**By Governor Sarah Palin**

This month's *Alaska Economic Trends* focuses on a significant, diverse and growing component of Alaska's workforce – professional and business services. This category of workers includes legal, architectural, engineering, scientific and business management services, as well as travel agencies, security services and waste management. Professional and business services wage earners total 24,000, 8 percent of Alaska's payroll jobs, and account for \$1 billion in wages.

The growth in the number of workers in this sector reflects the maturing Alaska economy – an economy that has shifted from boom and bust cycles to 20 years of steady growth. For example, the white collar professional, scientific and technical services subcategory – the high-skilled white collar sector that includes architects, engineers, accountants and lawyers – has grown from 7,800 in 1990 to nearly 12,000 in 2006, a 53 percent increase. When compared to the overall growth in total payroll employment of 32 percent during the same period, we can see that this group, which specializes in business support services, has grown at a very robust rate.

Still, the State of Alaska faces significant challenges in preparing Alaskans for these high-paying jobs. In 2005, more than 36 percent of newly hired engineers working in Alaska were not Alaska residents. To address this and other skills gaps, Alaska must continue its investment in professional development at the secondary and postsecondary levels. An example of the state's commitment to this effort is the partnership between Labor and Workforce Development Commissioner Click Bishop and Education Commissioner Roger Sampson. They are working together on introducing innovative programs such as "WorkKeys" throughout Alaska.

WorkKeys is a Web-based system that assesses basic work readiness skills, including applied math, reading for information, and locating information. Students are provided a gap analysis and a specific curriculum to improve skill levels. WorkKeys connects work skills, training and testing for education and employers; supports economic and workforce development programs; and is the basis for the National Career Readiness Certificate.

Alaska youth have a bright future. It will take innovative programs like WorkKeys to prepare Alaska's workers for 21st century knowledge-based careers.

# Professional and Business Services

By Neal Fried and  
Brigitta Windisch-Cole,  
Economists

## What are they and what do they tell us?

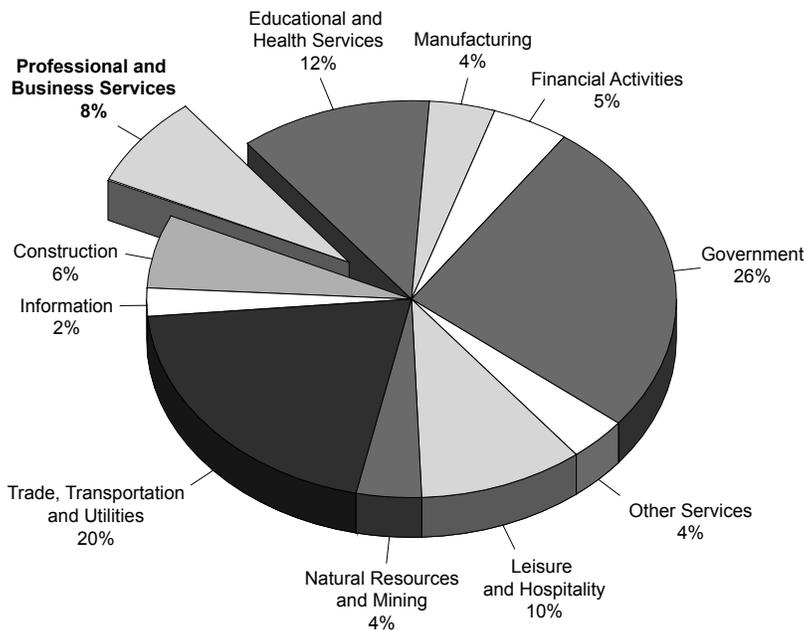


What do law offices, advertising agencies, telemarketing businesses, bank holding companies, armored car services and landfills have in common? Although it's tempting to say not much – or to think it's the first line of a joke – the correct answer is that they're all lumped together in a group called professional and business services, one of 11 major categories

under which payroll jobs are published in *Alaska Economic Trends*.<sup>1</sup>

Because it's such an eclectic collection of employers and the title gives only a vague idea of what might be included, this article will take a closer look at the group's makeup and then examine what it tells us about Alaska's economy, both relative to earlier periods in the state's history and to the nation as a whole.

### 1 About 8% of Total Payroll Employment A composition of the 11 major categories



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

### A healthy slice of the state's employment and wages

Professional and business services employers provided more than 24,000 jobs in 2006, or 8 percent of Alaska's payroll jobs. (See Exhibit 1.) Wages for professional and business services workers totaled more than \$1.1 billion, which was about 9 percent of the statewide total.

Those are impressive numbers, bigger in fact than more high profile categories such as construction, manufacturing, and natural resources and mining. Unlike those categories, though, the professional and business services category is more a government construct than a self-formed entity. In other words, it contains many employers that didn't neatly fit into

<sup>1</sup> The basic coding structure is used by the United States, Canada and Mexico and is called the North American Industry Classification System. The U.S. Bureau of Labor Statistics, which works with the Alaska Department of Labor and Workforce Development to produce industry employment statistics, then combined the 20 NAICS sectors into the 11 categories mentioned.

one of the other categories, so its size doesn't necessarily say a lot about its importance.

### The broad view – small firms and above-average wages

To the extent the category can be considered as a cohesive group, the average professional and business services job pays a little better than average for the state. (See Exhibit 2.) The dominant majority of the employers are small, with more than two-thirds of them providing from one to four jobs. (See Exhibit 3.) Only two of Alaska's top 100 private sector employers are classified as professional and business services employers, making it one of the most underrepresented categories on the list.

### Three major subcategories, or sectors

The professional and business services category is divided into three sectors: (1) professional, scientific and technical services; (2) management of companies and enterprises; and (3) administrative and waste services.<sup>2</sup> (See Exhibits 4 and 5.)

### Professional, scientific and technical services – the most logical of the three

Of the three sectors, the most intuitive grouping is professional, scientific and technical services, which combines law firms and accounting practices with architectural and engineering firms and advertising agencies, among others. This cluster of industries tends to include work that requires higher skill levels and often a professional degree or license. The term "white-collar" might come to mind. Not surprisingly, wages are above average. (See Exhibit 6.)

The size of this sector's share of an economy's total payroll employment may say something about the economy's degree of sophistication or proximity to the "cutting edge." San Francisco, for example, counted 12 percent of its 2006 payroll employment under the category of professional, scientific and technical services. Anchorage had significantly less at about 6.1

<sup>2</sup>The official name is "administrative and support and waste management and remediation services."

## Wages a Little Higher than Average

### Wages for the 11 major categories, 2006

# 2

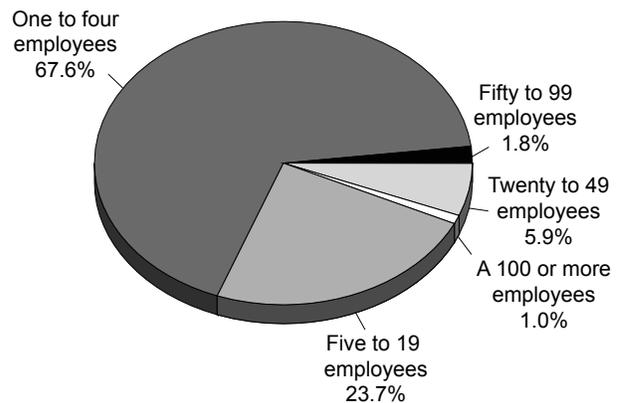


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## Small Employers Dominate

### Employment by firm size, 2006

# 3



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

percent, although that was comparable to Seattle's 6.7 percent.

Drilling down one more level, the largest component of the professional, scientific and technical services sector is architectural, engineering and related services. (See Exhibit 4.) This group is a major beneficiary of Alaska's

# 4

## A Breakdown of Employment and Wages

2006

	Average Monthly Employment	Total Annual Payroll
<b>Professional and Business Services</b>	<b>24,341</b>	<b>\$1,129,027,697</b>
Professional, Scientific and Technical Services	11,988	\$650,584,314
Legal Services	1,547	\$73,917,177
Accounting Services	1,250	\$50,363,963
Architectural, Engineering and Related Services	4,772	\$307,030,936
Specialized Design	54	\$1,768,100
Computer Systems Design and Related Services	928	\$60,929,912
Management, Scientific and Technical Consulting	1,276	\$75,387,298
Scientific Research and Development Services	558	\$25,017,010
Advertising and Related Services	450	\$13,093,703
Other Professional, Scientific and Technical Services	1,153	\$43,076,215
Management of Companies and Enterprises	1,213	\$88,074,757
Administrative and Waste Services <sup>1</sup>	11,140	\$390,368,626
Administrative and Support Services	10,011	\$328,509,316
Office Administrative Services	521	\$29,123,169
Facilities Support Services	2,231	\$93,830,484
Employment Services	1,494	\$47,955,098
Business Support Services	468	\$10,950,358
Travel Arrangement and Reservation Services	848	\$23,889,344
Investigation and Security Services	1,644	\$61,621,374
Services to Buildings and Dwellings	2,376	\$49,933,339
Other Support Services	429	\$11,206,150
Waste Management and Remediation Services	1,129	\$61,859,310
Waste Collection	178	\$7,090,962
Waste Treatment and Disposal	220	\$10,433,609
Remediation and Other Waste Management Services	731	\$44,334,739

<sup>1</sup> The full title is Administrative and Support and Waste Management and Remediation Services.

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

construction industry. As a result, it has followed the same trend as construction, growing noticeably faster than the broader economy in recent years. From 2002 to 2006, for example, it grew 12.0 percent compared to 6.7 percent for total payroll jobs. Both the mining and the oil and gas industries are also big consumers of engineering services.

The next largest group of employers in this sector is legal services, which provided an average of 1,547 jobs in 2006. It would be a mistake, though, to think this number represents the total count of lawyers practicing in Alaska.<sup>3</sup> It merely represents the number of payroll

<sup>3</sup> Alaska had 2,349 active attorneys in 2005, according to the Alaska Bar Association.

jobs in private firms whose principal business is providing legal services. That includes legal secretaries, paralegals and other support staff. It doesn't include the partners in law firms who are paid on a share basis rather than receiving a wage or salary, and it doesn't include self-employed lawyers.

Accounting services is also a big player, although its numbers declined from 1,353 in 2002 to 1,250 in 2006. Improved technology may have reduced demand for specialized accounting services – allowing companies to do for themselves what they once contracted out – and expanded the opportunities for self-employment. In contrast to the trend in payroll employment for this group, the number of certified public accountants practicing in Alaska has grown significantly in recent years.<sup>4</sup>

The remainder of the sector includes everything from computer design to veterinary services and advertising agencies. The unifying characteristic of the group is that the work requires a high degree of expertise and training. In most cases, the services provided are to businesses rather than households, but there are a number of exceptions.

### Management of companies and enterprises – a little less logical

The smallest of the three sectors, management of companies and enterprises, may represent an idea that looked good on the drawing board but turned out to be far less practical in the

<sup>4</sup> Data from the Alaska Department of Commerce, Community and Economic Development's Division of Corporations, Business and Professional Licensing shows the number of CPAs growing from 812 in 1996 to 1,503 in 2006.

real world. The idea was to separate the part of companies “that administer, oversee, and manage establishments”<sup>5</sup> from the part of the companies that actually produced the goods or provided the services. The sector also includes bank and other holding companies, loosely defined as companies that own the controlling interests of other firms.

The practical difficulty with this sector has been that the vast majority of Alaska employers don’t formally separate their management functions from their other functions. Even among those that do, many are unable or unwilling to separate their employment into the two groups when they report their information to the state.

As a result, the employers categorized in this sector represent, at best, holding companies and an incomplete list of establishments that primarily manage companies categorized in other industries.

Putting the classification problems aside, there are some interesting things to note about the employers counted in this sector. They tend to pay well, as one might expect for a group that includes corporate management. (See Exhibit 6.) They also include many Native-owned corporations with roots in Alaska and branches around the country and world.

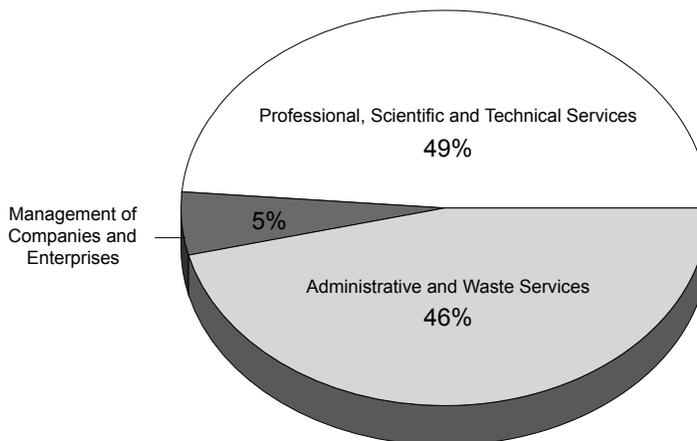
The two largest employers in this sector are both subsidiaries of Arctic Slope Regional Corporation, one of the 13 Native regional corporations established by the Alaska Native Claims Settlement Act. The third largest, Alutiiq LLC, is a subsidiary of Afognak Native Corporation, one of the village corporations formed under ANCSA.

Alutiiq is the strategic office and corporate management team for seven subsidiaries that specialize in everything from security services to construction and engineering. Total employment for Alutiiq and its subsidiaries is more than 4,000, with most of them working outside Alaska.

<sup>5</sup> North American Industry Classification System, United States, 2002, p.757.

## Two Big Sectors and a Small One **5**

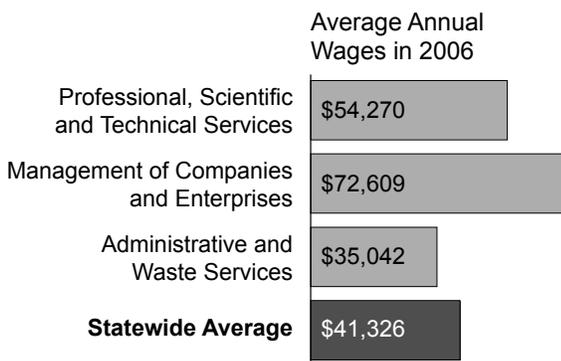
Professional and Business Services Employment



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

## High Wages for Two Sectors **6**

Average annual wages, 2006



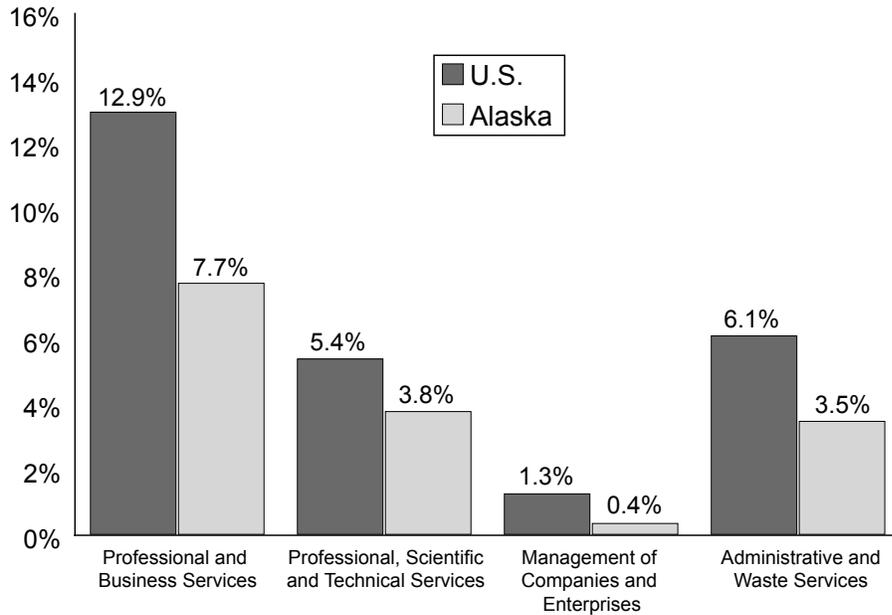
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Award preferences through the Small Business Administration’s 8(a) Business Development Program, which helps minority-owned businesses obtain non-bid federal contracts, have helped the group expand to include eight offices in other states and four overseas locations, which mostly support military bases. In the spring of 2007, Alutiiq and its subsidiaries had 188 project locations worldwide. To manage everything, Alutiiq employs about 85 people in its Anchorage offices.

Veco Alaska Inc., another Alaska-based corporation with a worldwide reach, also

# 7 Smaller Percentages in Alaska than the U.S. Share of total payroll employment, 2006

Percentage of Total Payroll Employment



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

has a portion of its employment categorized in this sector. The company has over 1,500 employees in Alaska, although less than 100 are counted under management of companies and enterprises.

Safeway, the second-largest private sector employer in Alaska, has a small piece of its total statewide employment of more than 3,000 counted in the sector as well. Its regional offices in Anchorage employed an average of about 75 people in 2006.

## Administrative and waste services – and the kitchen sink

This sector, according to the designers of the classification system, includes “establishments performing routine support activities for the day-to-day operations of other organizations.”<sup>6</sup> There are employers included in the category that don’t fit that description very well, however, such as travel agencies that market their services to the general public.

<sup>6</sup> North American Industry Classification System, United States, 2002, p. 761.

Despite the exceptions and the wide variety of services provided, the description of employers that primarily support other organizations in their routine operations is a useful one when thinking about this sector, which provided an average monthly job count of more than 11,100 and a total payroll of \$390 million in 2006. (See Exhibit 4.) Wages for this sector are significantly lower than for the other two and more than \$6,000 below the statewide average. (See Exhibit 6.)

## Most of these employers provide administrative and support services

About 90 percent of administrative and waste services jobs were in the subcategory called administrative and support services.

Nearly half the jobs in this subcategory in 2006 were classified under services to buildings and dwellings or facilities support services. In both cases, the type of services provided included janitorial, pest control, landscaping, maintenance and security. Clients range from businesses and the military and other government entities to private residences and individuals.

The remainder of the subcategory includes everything from investigation and security firms to travel agencies and temporary help agencies. Some of these small industries are benefiting from a trend for companies to outsource specialized tasks. Professional employer organizations, for example, have grown dramatically as companies increasingly contract a wide range of human resource and personnel management duties to outside companies.

Others have suffered from technological advances that simplify tasks once done only by

those with specialized training. Fewer travel agents, for example, remained in business after airlines, hotels and other entertainment providers eliminated their commissions and direct booking gained popularity. Employment in travel and booking agencies in Alaska fell more than 17 percent from 1995 to 2006. Nationally, employment fell more than 20 percent over the same period. Some travel agencies have stayed in business by specializing in difficult travel arrangements for individuals and businesses in exchange for a fee, but overall their clientele has shrunk.

### The rest keep the state clean

The remaining 10 percent of the administrative and waste services sector employment is involved in waste management and remediation services. All kinds of waste – solid, hazardous and other – is collected, treated, disposed of or stored. Government workers in Alaska do much of this work, so the job count of about 1,100 doesn't represent the full effort of managing the state's waste.

### What does the category tell us about the economy?

Now that it's a little clearer what is included in this large and diverse category, what does it tell us about Alaska's economy?

One thing it probably indicates is the degree to which it has specialized. As the state's economy has expanded and diversified to include several major economic drivers – oil and gas, fishing, tourism, mineral mining, and the military, among others – job opportunities were created in a variety of other industries to service them and the growing population they supported.

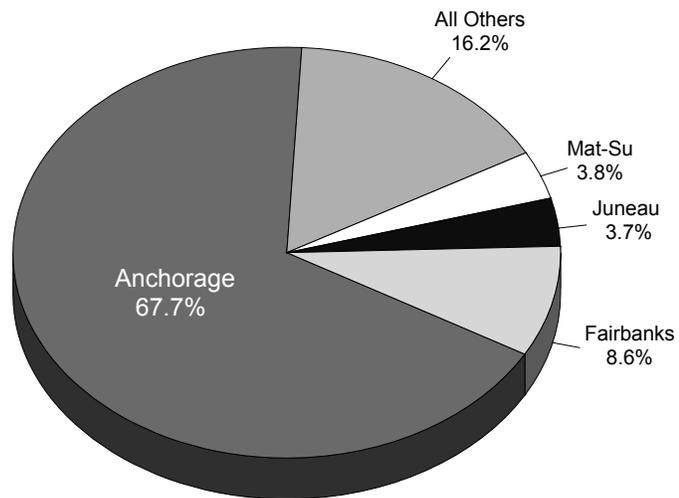
Because the classification system that helped create the professional and business services category is still quite new,<sup>7</sup> comparisons over

<sup>7</sup> The Alaska Department of Labor publishes data only back to 2001 under the new categories, which include professional and business services. NAICS replaced the Standard Industry Classification system in the early 2000s. Although data for major categories have been reconstructed back to 1990 and are available on the U.S. Bureau of Labor Statistics' Web site for both Alaska and the nation, the data are less reliable because of the change.

## Anchorage Gets Most of the Pie Professional and business services, 2006



Professional and Business Services Employment Statewide



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

time are difficult. With that cautionary note, there are broad trends visible in certain sectors. For example, employment in professional, scientific and technical services – the high-skilled white-collar sector that includes architects, engineers, accountants and lawyers – has grown from around 7,800 in 1990 to nearly 12,000 in 2006. That's a 53 percent increase, which is substantially more than the 32 percent growth for total payroll employment over that period.

During the booms of pipeline construction in the 1970s and the oil-rich early 1980s, much of that type of work would likely have gone to Seattle and other Lower 48 firms simply because there were limited numbers of providers in Alaska. As the state's economy matured – and the boom and bust cycle of the 1970s and 1980s turned into the slow, steady growth that has persisted since the early 1990s – more of these business support service employers entered the scene.

### Comparing Alaska with the U.S.

Over time, the makeup of Alaska's work force has slowly converged with national norms. Having said that, there remain plenty of exceptions – and professional and business services is certainly one of those. (See Exhibit 7.) In 2006, 12.9 percent of

# 9 Generally More in Urban Areas

## The category's share of total employment

Share of Each Area's 2006 Total Employment in Professional and Business Services

	Percentage Share
Southeast Fairbanks Census Area	17.9%
Anchorage, Municipality of	11.2%
North Slope Borough	8.2%
<b>Statewide</b>	<b>7.7%</b>
Denali Borough	7.4%
Fairbanks North Star Borough	5.5%
Matanuska-Susitna Borough	5.3%
Lake and Peninsula Borough	5.2%
Valdez-Cordova Census Area	5.1%
Juneau Borough	5.0%
Ketchikan Gateway Borough	3.1%
Sitka Borough	3.1%
Kenai Peninsula Borough	2.9%
Kodiak Island Borough	2.7%
Wrangell-Petersburg Census Area	2.6%
Aleutians West Census Area	1.8%
Haines Borough	1.4%
Bethel Census Area	1.2%
Yakutat Borough	0.9%
Nome Census Area	0.7%
Aleutians East Borough	0.6%
Prince of Wales-Outer Ketchikan Census Area	0.6%
Skagway-Hoonah-Angoon Census Area	0.5%
Bristol Bay Borough	0.4%
Dillingham Census Area	0.2%
Northwest Arctic Borough	0.1%
Yukon-Koyukuk Census Area	0.1%
Wade Hampton Census Area	0.1%

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

the nation's jobs were in professional and business services compared to 7.7 percent in Alaska.

In the professional, scientific and technical services sector, Alaska has smaller percentages in most of the subcategories, with the major exception of architectural, engineering and other services. For this group, Alaska's share is larger than the nation's because the state has enjoyed a robust construction industry for more than a decade and a strong construction industry means plenty of work for architects and engineers.

The management of companies and enterprises sector provides a significantly larger share of jobs nationally than in Alaska. Some of this difference may be due to the larger than normal amount of re-sorting involved with a new classification system, but other than oil and gas companies and Native-owned corporations, Alaska doesn't have a large corporate framework.

The administrative and waste services sector is also underrepresented in Alaska, relative to its national share. This may be a factor of size – given Alaska's smaller labor market and economy, these specialized services are in less demand.

### The jobs are concentrated in urban Alaska

Not surprisingly, most of these jobs are in urban Alaska and Anchorage in particular since it's the headquarters for so many Alaska-based companies. In fact, two-thirds of the state's professional and business services jobs are in Anchorage. (See Exhibit 8.) Other urban areas such as the Fairbanks North Star, Matanuska-Susitna and Juneau boroughs also have a substantial presence of these employers.

The more populated areas also tend to have a larger percentage of their jobs concentrated in the category. (See Exhibit 9.) Three notable exceptions are the Southeast Fairbanks Census Area, and the North Slope and Denali boroughs.

In the cases of the Southeast Fairbanks Census Area and the Denali Borough, significant professional and business services employment is tied to large private military contractors – the Missile Defense System at Fort Greely for Southeast Fairbanks and Clear Air Station for Denali. At Fort Greely, the Chugach and Alutiiq joint venture employed 211 workers on average in 2006 while ARCTEC Alaska had 139 workers at Clear Air Station. Both firms ranked among the state's 20 largest professional and business services employers. (See Exhibit 10.)

## The 20 Largest Employers Professional and business services, 2006

# 10

	2006 Average Employment <sup>1</sup>	Activity <sup>2</sup>
1 Doyon Universal Services	387	Facility support
2 SMG of Alaska (Sullivan Arena, others)	368	Facility support
3 Chugach Development Corporation	353	Facility support
4 Veco Alaska	311	Engineering services
5 ABM Company of the West	241	Janitorial services
6 Chugach/Alutiiq Joint Venture	211	Facility support
7 NANA/Colt Engineering	203	Engineering services
8 ASRC Energy Services	203	Corporate offices
9 Alaska Native Tribal Health Consortium	193	Engineering services
10 Weststaff USA	177	Temporary help services
11 Chiulista Camp Services	176	Facility support
12 Securitas Security Services USA	171	Security guards and patrol services
13 Science Applications International Corporation (SAIC)	163	Custom computer programming services
14 NANA Management Services	155	Facility support
15 Alaska Pacific Environmental Services Anchorage	153	Waste collection
16 ARCTEC Alaska	139	Facility support
17 DOWL Engineering	134	Engineering services
18 Cornell Companies	132	Facility support
19 Holland America Line	124	Tour operators
20 Guardian Security Systems	123	Security guards and patrol services

<sup>1</sup> The employment numbers listed here aren't necessarily the total employment for the companies, but only the part of them that is classified under professional and business services.

<sup>2</sup> The activities listed are only for the parts of the companies classified under professional and business services. The primary activity of the entire company is different in many cases.

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

### The category may be an early signal of trouble and recovery

Because the majority of professional and business services employers have other businesses as their primary clientele, it would be reasonable to assume the category would provide an early warning of recessions as businesses cut back on spending directed to outside firms before laying off their own employees. Alaska hasn't had a recession for nearly two decades – much longer than the reliable time series for this category – so the assumption can't be explored with state data.

National numbers give some credence to the notion, though. For both the recession of the early 1990s and the recession that began in 2001,

employment in professional and business services began declining before total payroll employment turned downward. There were similar early signals of recovery in both cases as well.

### Especially dependent on the broader economy

The strongest shared characteristic for these employers is their role as providers of services to other industries. Other categories such as natural resources and mining or manufacturing can do well even as the broader economy struggles, but this one can't. This disparate group of employers will almost certainly thrive or struggle in tune with the overall economy and job market.

## Wages in 2006 total \$13 billion

**A**laska employers paid nearly \$13 billion in wages during 2006, an increase of about \$700 million from 2005. (See Exhibit 1.) When adjusted for inflation, total payroll grew more than \$300 million.

The payroll numbers are compiled under the Quarterly Census of Employment and Wages program, and are derived from reports submitted by every employer subject to state and federal unemployment insurance laws. Among those who aren't covered by unemployment insurance laws and therefore not counted in these payroll numbers are the uniformed military, self-employed workers, fishermen and domestic workers.

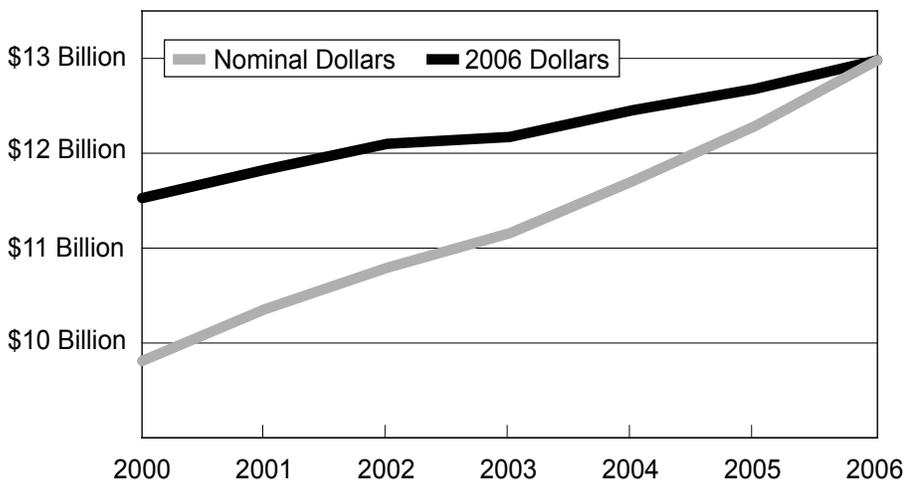
### Oil and gas fuel the fire

Payroll growth was strongest in natural resources and mining, a category dominated by the oil and gas industry. (See Exhibit 2.) Oil and gas jobs paid a combined total of almost \$200 million more in 2006 than a year earlier and made up more than a quarter of the overall \$700 million increase.

Metal ore and mineral mining also contributed to the strong growth in natural resources and mining. The state's growing number of mines saw a 26 percent increase in payroll in 2006 and the average annual pay for mine workers that year was nearly \$80,000. Oil and gas extraction workers made more than \$145,000 a year in 2006; those working for oil field service companies and others that primarily support the oil and gas industry made more than \$86,000.

### 1 Total Payroll Alaska, 2000 to 2006

Total Payroll



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

### Only manufacturing and government failed to beat inflation

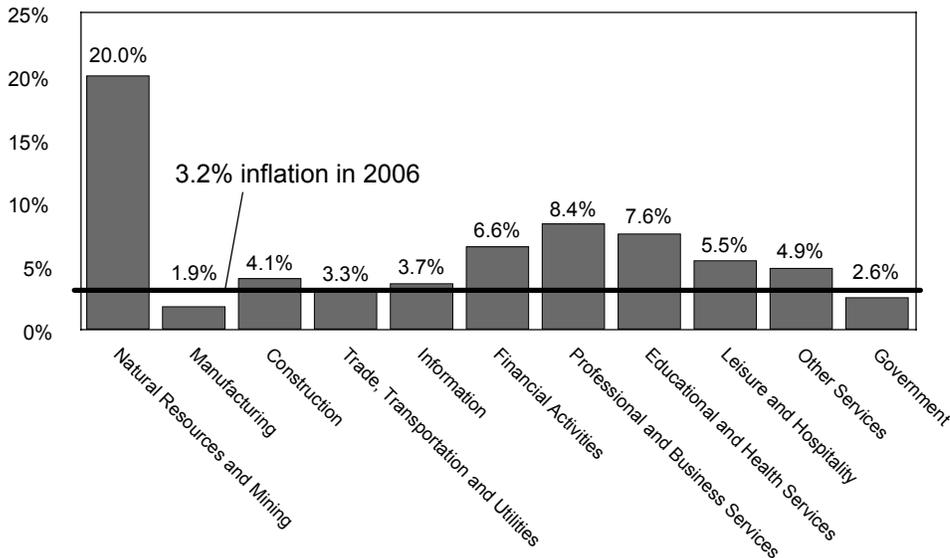
In addition to natural resources and mining, eight of the remaining 10 major employment categories also saw payroll growth that exceeded the 2006 inflation rate of 3.2 percent.<sup>1</sup> Only manufacturing, which is made up primarily of seafood processing employers, and government failed to

<sup>1</sup> Anchorage Consumer Price Index – All Urban Consumers (CPI-U)

## Payroll Growth Percentage change by category,<sup>1</sup> 2005 to 2006

# 2

Percentage Change



<sup>1</sup> Percentage changes are for the categories' total payrolls, rather than for average wages within the categories.  
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## Average Wages Highest in North Slope Borough Average annual wages and annual payroll, 2006

# 3

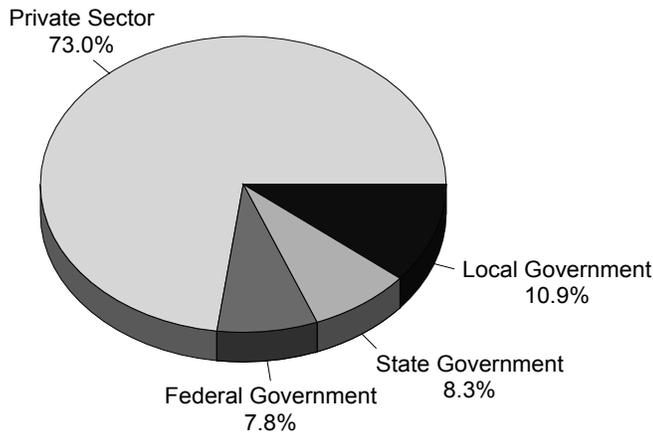
	2006	
	Average Annual Wages	Total Annual Payroll
North Slope Borough	\$73,614	\$777,833,929
Southeast Fairbanks Census Area	\$51,034	\$125,249,089
Anchorage, Municipality of	\$43,994	\$6,467,991,130
Northwest Arctic Borough	\$43,488	\$126,745,731
Valdez-Cordova Census Area	\$42,519	\$201,828,518
<b>Statewide Average</b>	<b>\$41,326</b>	<b>\$12,980,623,386<sup>1</sup></b>
Fairbanks North Star Borough	\$40,375	\$1,538,889,192
Juneau Borough	\$38,993	\$703,353,833
Bristol Bay Borough	\$37,869	\$49,517,471
Aleutians West Census Area	\$37,617	\$148,120,529
Kenai Peninsula Borough	\$35,971	\$659,388,045
Ketchikan Gateway Borough	\$35,185	\$252,103,027
Kodiak Island Borough	\$35,077	\$194,925,238
Denali Borough	\$34,001	\$79,045,689
Sitka Borough	\$33,674	\$148,383,642
Nome Census Area	\$32,840	\$120,299,803
Yakutat Borough	\$32,711	\$10,702,091
Matanuska-Susitna Borough	\$32,542	\$578,420,058
Skagway-Hoonah-Angoon Census Area	\$31,796	\$51,940,621
Dillingham Census Area	\$31,740	\$81,702,783
Yukon-Koyukuk Census Area	\$31,106	\$67,661,220
Prince of Wales-Outer Ketchikan Census Area	\$30,801	\$56,909,248
Bethel Census Area	\$30,770	\$210,512,162
Wrangell-Petersburg Census Area	\$30,074	\$77,785,073
Lake and Peninsula Borough	\$29,876	\$22,439,250
Aleutians East Borough	\$29,665	\$58,995,676
Haines Borough	\$28,150	\$29,723,565
Wade Hampton Census Area	\$20,323	\$44,182,358

<sup>1</sup> Totals for boroughs and census areas don't sum to statewide total because some employers aren't assigned to a specific geographic area in the state.

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

# 4 Private Sector Payroll Dominates

## Payroll for private sector and government, 2006



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

make payroll gains in inflation-adjusted dollars. (See Exhibit 2.)

Note, however, that overall payroll growth for construction or any of the other categories doesn't necessarily mean that individual workers within those groups saw wage increases that matched or beat inflation. Total payroll grows when the existing jobholders are paid more or when additional jobs are created – typically, the growth comes from some combination of the two. Looking at total payroll growth for the categories indicates whether they are expanding or contracting, something that can't be determined

simply by looking at growth in average wages.

### It pays to work on the North Slope

The North Slope Borough easily had the highest average wages among the state's 27 boroughs and census areas. The average job in the borough paid \$73,614 in 2006. (See Exhibit 3.) At the other extreme, the Wade Hampton Census Area had the lowest average wages in 2006 at \$20,323, less than half the statewide average.

### Most payroll dollars go to the private sector

The 2006 numbers show that 73 percent of all payroll dollars went to workers in the private sector, compared to 7.8 percent for Alaska's federal government workers, 8.3 percent for state government, and 10.9 percent for local government. (See Exhibit 4.) The private sector's share of the total was up slightly from 2005's 72.2 percent. The federal government's share fell from 8.3 percent in 2005 and local government's share fell from 11.2 percent. State government's share of total payroll was unchanged from 2005 to 2006 at 8.3 percent.

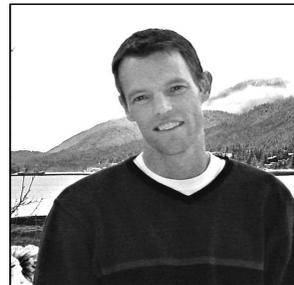
### Trends Authors



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## Spring thaw continues for jobs; unemployment rate falls again

**N**onfarm payroll employment rose by 3,400 in March, led by seasonal hires in construction, trade, transportation and utilities, leisure and hospitality, and government. (See Exhibit 2.) The increase was smaller than in March 2006 (4,200), but slightly larger than in March 2005 (3,100).

Over the year, payroll jobs were up 4,100. Oil and gas employment rose by 1,600, a 17 percent jump. Leisure and hospitality jobs increased by 800, and trade, transportation and utilities rose by 700. Construction employment was down 400 over the year and seafood processing was down 200.

The dominant share of the over-the-year gains came from the Anchorage/Mat-Su and Northern regions. (See Exhibit 4.) A decline in seafood processing employment was the principal cause for an over-the-year loss of 300 jobs in the Southwest region.

### Unemployment rate dips below 6 percent

Alaska's seasonally adjusted unemployment rate fell two-tenths of a percentage point in March to 5.9 percent, the lowest rate since September 1999. (See Exhibits 1 and 3.) After hovering between 6.5 percent and 7 percent throughout 2006, the rate has fallen every month so far in 2007. The error range for the March number is plus or minus eight-tenths of a percentage point.

The causes of this year's lower rates – to the extent they

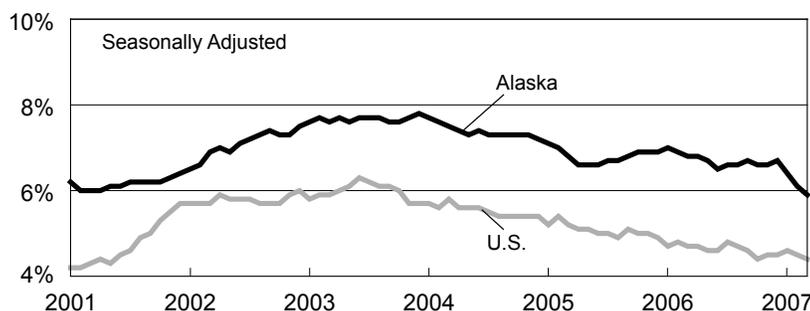
prove to be real and not statistical noise – are uncertain. Job growth has been consistent but modest, suggesting that other factors are at work. Migration to the state has fallen slightly and the leading edge of the baby boom generation may have begun retiring in slightly higher numbers. Another possible factor is the activation and deployment of National Guard troops.

### Wade Hampton records state's highest rate

The Wade Hampton Census Area had the state's highest unemployment rate in March at 19.9 percent. The Aleutians West Census Area had the lowest at 3.2 percent.<sup>1</sup> Twenty-four out of the state's 27 boroughs and census areas recorded lower rates than in March 2006. Only the Wrangell-Petersburg and Yukon-Koyukuk census areas had higher rates than a year earlier; the Denali Borough's 12.4 percent rate was the same as in March 2006.

<sup>1</sup> Unemployment rates for boroughs and census areas are not seasonally adjusted and should not be compared with the seasonally adjusted state rate.

## Unemployment Rates, Alaska and U.S. January 2001 to March 2007



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

## 2 Nonfarm Wage and Salary Employment

	Preliminary	Revised	Revised	Changes from:	
	3/07	2/07	3/06	2/07	3/06
<b>Alaska</b>					
<b>Total Nonfarm Wage and Salary<sup>1</sup></b>	306,400	303,000	302,300	3,400	4,100
Goods-Producing <sup>2</sup>	40,500	39,500	39,300	1,000	1,200
Service-Providing <sup>3</sup>	265,900	263,500	263,000	2,400	2,900
<b>Natural Resources and Mining</b>	13,300	13,200	11,500	100	1,800
Logging	400	300	400	100	0
Mining	12,900	12,900	11,100	0	1,800
Oil and Gas	11,000	10,900	9,400	100	1,600
<b>Construction</b>	14,900	14,300	15,300	600	-400
<b>Manufacturing</b>	12,300	12,000	12,500	300	-200
Wood Product Manufacturing	300	300	300	0	0
Seafood Processing	8,700	8,500	8,900	200	-200
<b>Trade, Transportation, Utilities</b>	60,700	59,800	60,000	900	700
Wholesale Trade	6,400	6,400	6,300	0	100
Retail Trade	34,200	33,900	34,000	300	200
Food and Beverage Stores	6,200	6,200	6,100	0	100
General Merchandise Stores	8,900	8,800	8,700	100	200
Transportation, Warehousing, Utilities	20,100	19,500	19,700	600	400
Air Transportation	6,000	5,900	5,900	100	100
Truck Transportation	3,000	3,000	2,900	0	100
<b>Information</b>	7,000	6,900	7,000	100	0
Telecommunications	4,000	4,000	4,100	0	-100
<b>Financial Activities</b>	14,600	14,500	14,600	100	0
<b>Professional and Business Services</b>	23,800	23,600	23,200	200	600
<b>Educational<sup>4</sup> and Health Services</b>	37,400	37,500	37,000	-100	400
Health Care	26,700	26,700	26,300	0	400
<b>Leisure and Hospitality</b>	28,000	27,400	27,200	600	800
Accommodations	6,400	6,100	6,100	300	300
Food Services and Drinking Places	17,700	17,400	17,300	300	400
<b>Other Services</b>	11,300	11,300	11,200	0	100
<b>Government</b>	83,100	82,500	82,800	600	300
Federal Government <sup>5</sup>	16,200	16,100	16,400	100	-200
State Government	25,400	25,200	25,000	200	400
State Government Education <sup>6</sup>	8,000	7,900	8,000	100	0
Local Government	41,500	41,200	41,400	300	100
Local Government Education <sup>7</sup>	24,000	23,900	24,300	100	-300
Tribal Government	3,200	3,200	3,300	0	-100

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.state.ak.us/research/seafood/seafood.htm](http://labor.state.ak.us/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 all exhibits on this page: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and the U.S Bureau of Labor Statistics

## 4 Nonfarm Wage and Salary Employment By Region

	Preliminary	Revised	Revised	Changes from:		Percent Change:	
	3/07	2/07	3/06	2/07	3/06	2/07	3/06
Anch/Mat-Su	164,600	163,100	162,600	1,500	2,000	0.9%	1.2%
Anchorage	147,200	145,600	145,400	1,600	1,800	1.1%	1.2%
Gulf Coast	26,750	26,300	26,500	450	250	1.7%	0.9%
Interior	42,600	42,300	42,600	300	0	0.7%	0.0%
Fairbanks <sup>8</sup>	36,800	36,400	36,600	400	200	1.1%	0.5%
Northern	18,200	18,100	16,500	100	1,700	0.6%	10.3%
Southeast	33,800	33,150	33,650	650	150	2.0%	0.4%
Southwest	20,100	19,950	20,400	150	-300	0.8%	-1.5%

## 3 Unemployment Rates By borough and census area

SEASONALLY ADJUSTED	Prelim.	Revised	Revised
	3/07	2/07	3/06
<b>United States</b>	4.4	4.5	4.7
<b>Alaska Statewide</b>	5.9	6.1	6.8
<b>NOT SEASONALLY ADJUSTED</b>			
<b>United States</b>	4.5	4.9	4.8
<b>Alaska Statewide</b>	6.6	7.3	8.2
<b>Anchorage/Mat-Su</b>	5.7	6.2	6.4
Municipality of Anchorage	5.0	5.5	5.7
Mat-Su Borough	8.4	8.9	9.4
<b>Gulf Coast Region</b>	8.8	10.0	9.7
Kenai Peninsula Borough	9.1	10.4	10.2
Kodiak Island Borough	6.0	6.5	6.4
Valdez-Cordova Census Area	10.9	12.4	11.2
<b>Interior Region</b>	6.7	7.4	7.5
Denali Borough	12.4	14.8	12.4
Fairbanks North Star Borough	5.7	6.3	6.6
Southeast Fairbanks Census Area	11.4	12.0	12.4
Yukon-Koyukuk Census Area	16.0	17.3	15.5
<b>Northern Region</b>	8.1	8.8	10.6
Nome Census Area	9.8	10.7	13.1
North Slope Borough	5.0	5.5	7.3
Northwest Arctic Borough	10.3	11.6	11.7
<b>Southeast Region</b>	7.2	8.2	8.3
Haines Borough	12.0	13.6	15.0
Juneau Borough	4.6	5.3	5.6
Ketchikan Gateway Borough	6.9	8.0	7.9
Prince of Wales-Outer Ketchikan CA	16.5	18.3	18.3
Sitka Borough	4.9	5.9	6.3
Skagway-Hoonah-Angoon CA	19.3	20.6	21.1
Wrangell-Petersburg Census Area	12.5	14.1	12.0
Yakutat Borough	10.1	13.1	16.8
<b>Southwest Region</b>	10.1	10.9	11.5
Aleutians East Borough	5.5	5.7	7.0
Aleutians West Census Area	3.2	3.4	3.6
Bethel Census Area	12.1	13.0	13.8
Bristol Bay Borough	13.9	13.3	15.2
Dillingham Census Area	9.0	10.1	10.7
Lake and Peninsula Borough	8.4	10.0	9.4
Wade Hampton Census Area	19.9	21.2	21.6

For more current state and regional employment and unemployment data, visit our Web site.

[almis.labor.state.ak.us](http://almis.labor.state.ak.us)

# Employer Resources

## Posters that Employers Are Required to Post

Alaska and federal law requires every employer in the state with employees to post employment-related posters so each employee can see them every day. All the posters are free and, with one exception, are available either by downloading them in a .pdf format on the Web site below or by contacting the Alaska Department of Labor and Workforce Development's Labor Standards and Safety Division in Anchorage at (907) 269-4900 or in Juneau at (907) 465-4855. The one exception, the Employer's Notice of Insurance poster, is available from each employer's Workers' Compensation carrier.

The law requires all employers to post 11 state and federal posters. Employers who require employees to take polygraph tests must also post the Employee Polygraph Protection Act poster, and there's an optional child labor poster.

To download the posters or for more information, go to the Labor Standards and Safety Division Web site and click on "Posters" on the right, or go to [labor.state.ak.us/lss/posters.htm](http://labor.state.ak.us/lss/posters.htm).

Division of Labor Standards and Safety - Windows Internet Explorer

http://labor.state.ak.us/lss/home.htm

Division of Labor Standards and Safety

Job Seekers Workers Employers Researchers Labor Shortcuts

Search Alaska Department of Labor and Workforce Development

## Division of Labor Standards and Safety

State of Alaska > DOLWD > Labor Standards & Safety

**Grey Mitchell, Director**

**The Wage and Hour Administration** enforces and administers Alaska labor laws to ensure that workers are justly compensated for their labors and safeguarded from unfair or unscrupulous practices. This includes enforcement of minimum wages and overtime regulations, child labor laws, "right to return" transportation, public contract laws, and responsibility for the administration and licensing of private employment agencies.

**The Mechanical Inspection Section** provides protection through inspection and certification of amusement rides, boiler and pressure vessels, and elevators. The section also inspects electrical and plumbing installations and issues certificates of fitness to persons performing electrical and plumbing work to ensure the competency of persons performing such work.

**The Occupational Safety and Health Section** aims to protect Alaska workers from industrial accidents and job-related illness through the enforcement of state and federal standards, and by training employers and employees to follow safe and healthful work practices. The section also administers certification programs for asbestos abatement, hazardous painting, and explosives handlers to assure this work is done safely.

**The Alaska Safety Advisory Council** promotes health and safety issues with a focus on workplaces in Alaska and organizes the annual Governor's Safety and Health Conference.

**To Contact the Director's Office:**

Phone:	(907) 465-4855	1111 W. 8th St. Rm 304, PO Box 111149
Fax:	(907) 465-6012	Juneau, Alaska 99811-1802

**Quick Links...**

- Alaska Administrative Code (Regulations)
- Alaska Statutes

**Labor Standards General Links:**

- Contacts
- Forms and Publications
- Posters

**AKOSH Links:**

- OSH Review Board and Hearing Decisions

**AKOSH Program Directives:**

- New! OSHA amendments to Alaska Administrative Code

**State Specific Standards:**

- Logging
- Petroleum Refining
- Petroleum Drilling & Production
- Fatalgrams

# Employer Resources (continued)

Employment-Related Posters Required on Your Bulletin Board - Windows Internet Explorer

http://labor.state.ak.us/lss/posters.htm

Job Seekers Workers Employers Researchers Labor Shortcuts Search Alaska Department of Labor and Workforce Development find

## Division of Labor Standards and Safety

State of Alaska > DOLWD > Labor Standards & Safety > Occupational Safety and Health

### Employment-Related Posters Required on Your Bulletin Board

FEDERAL POSTERS - Many federal DOL-OSHA posters and informational publications can be downloaded or ordered **here** at no charge (CLICK ON EACH TITLE FOR DOWNLOAD INFO)

- 1. EMPLOYEE POLYGRAPH PROTECTION ACT -**  
Certain employers who require polygraphs from employees should post this poster.
- 2. NOTICE TO EMPLOYEES - FEDERAL MINIMUM WAGE -**  
write to: Wage & Hour District Office, 1111 3rd Avenue, Suite 755, Seattle, Washington 98101-3212  
or call toll free: 1-866-4USA-DOL (1-866-487-2365).
- 3. YOUR RIGHTS UNDER THE FAMILY & MEDICAL LEAVE ACT OF 1993 -**  
write to: Wage & Hour District Office, 1111 3rd Avenue, Suite 755, Seattle, Washington 98101-3212  
or call toll free: 1-866-4USA-DOL (1-866-487-2365).
- 4. EMPLOYER'S NOTICE OF INSURANCE (NOT AVAILABLE FROM DOWNLOAD LOCATION)**  
This poster may be obtained by contacting your Workers' Compensation Insurance Company.
- 5. YOU HAVE A RIGHT TO A SAFE AND HEALTHFUL WORKPLACE**  
You can download a color .pdf (Adobe Acrobat) file or a black and white text-only file.  
or call toll-free: 1-800-321-OSHA (6742)
- 6. EQUAL EMPLOYMENT OPPORTUNITY IS THE LAW -**  
write to: EEOC Office of Communication, 1801 L Street N.W. Washington, D.C. 20507  
or call toll-free: 1-800-669-3362 or 1-800-435-7232
- 7. THE ALASKA HUMAN RIGHTS LAW & FEDERAL LAW PROHIBIT SEXUAL HARASSMENT**  
call or write to: Alaska State Commission for Human Rights, 800 A Street, Suite 204, Anchorage, Alaska 99501, Toll-Free: 1-800-478-4692, or Anchorage (907) 274-4692  
Or you may call or write: Equal Employment Opportunity Commission (EEOC), Bay Vista Building, 2815 2nd Avenue Suite 500, Seattle, Washington 98121, Toll-Free 1-800-669-4000

**Quick Links...**

- New Regulations
  - Recordkeeping and Reporting Regulations
  - Federal Recordkeeping Regulations 29 CFR 1904
- Strategic & Performance Plans
  - 5 Year Strategic
  - FY 04 Annual Performance
- OSH Quick Links
  - Alaska Occupational Safety & Health Training Schedule
  - OSH Manager's Handbook
  - OSH-Related Links
  - Federal Needlestick Final Rule
  - Safe Needles
  - Safety Engineered Sharps
  - Physical Agent Data Sheets (PADS)
  - USDOL/OSHA
  - Consultation and Training Services Request Form

**Contact:**  
Juneau (907) 465-4855  
Anchorage (907) 269-4955

# Employer Resources (continued)

Employment-Related Posters Required on Your Bulletin Board - Windows Internet Explorer

http://labor.state.ak.us/lss/posters.htm

8. **USERRA - The Uniformed Services Employment and Reemployment Rights Act**  
Per PL 108-545 (2/10/2005) employers are required to notify employees of their rights under this act. For further information [click here](#).

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### State of Alaska Posters

Some of these posters are in PDF format and may be downloaded and printed at your convenience. If you prefer a printed copy of the posters listed below, write or call the address listed below the poster's name. If you need copies of all or most of the [State of Alaska](#) posters listed below, write or email to the address shown in #11. We will collect and send them to you.

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9. **SUMMARY OF ALASKA WAGE & HOUR ACT (11"x 17")**  
This document can print as 11"x17" or on two 8 1/2" x 11" (landscape).  
If you print on two sheets, the pages must be taped or pasted together to form an 11" x 17" poster.

**SUMMARY OF ALASKA WAGE & HOUR ACT (8 1/2" x 14")**  
This document prints on a single 8 1/2" x 14" legal sheet of paper.

<b>Juneau contact:</b> State of Alaska, DOL/LSS, Wage & Hour Administration 1111 W. 8th ST., Ste. 302 P. O. Box 111149 Juneau, AK 99811-1149 Call: (907) 465-4842 Juneau e-mail	<b>Anchorage contact:</b> State of Alaska, DOL/LSS, Wage & Hour Administration 3301 Eagle ST., Ste. 301 Anchorage, AK 99503 Call: (907) 269-4900 Anchorage e-mail	<b>Fairbanks contact:</b> State of Alaska, DOL/LSS, Wage & Hour Administration 675 7th Avenue, Station J-1 Fairbanks, AK 99701 Call: (907) 451-2886 Fairbanks e-mail
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10. **EMERGENCY INFORMATION**  
This poster provides employers with the OSHA-AKOSH requirements for reporting fatalities and serious injuries, and the telephone numbers to make the report.

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11. **IT'S YOUR RIGHT TO KNOW - Safety and Health Protection on the Job**  
This download prints landscape on two 8 1/2 x 11 pages with .5" margins. The two pages may be taped together to form an 11x17 poster. The printed poster is also available through the Alaska Labor Standards & Safety Division.  
Write, call or email:

Alaska DOL/LSSD/OSH P.O. Box 111149 Juneau, Alaska 99811-1149	call: (907) 465-4855 or 1-800-770-4940 Juneau e-mail
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12. **NOTICE TO EMPLOYEES - UNEMPLOYMENT INSURANCE**  
This poster is available through the Employment Security Division.

**Write to or call:**  
Alaska DOLWD  
Employment Security Division  
P.O. Box 115509  
Juneau, Alaska 99811-5509  
(907) 465-1849

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13. **SUMMARY OF ALASKA CHILD LABOR LAW (Non-mandatory) NEW!**  
This poster provides employers with a summary of the most current work restrictions for hiring minors. It prints landscape on 8 1/2 x 14 paper. For further information use the contact numbers or e-mail link listed under Item 9.