Alaska Economic Trends

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Sitka

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Frank H. Murkowski
Governor of Alaska

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Sitka

by Neal Gilbertsen
Labor Economist

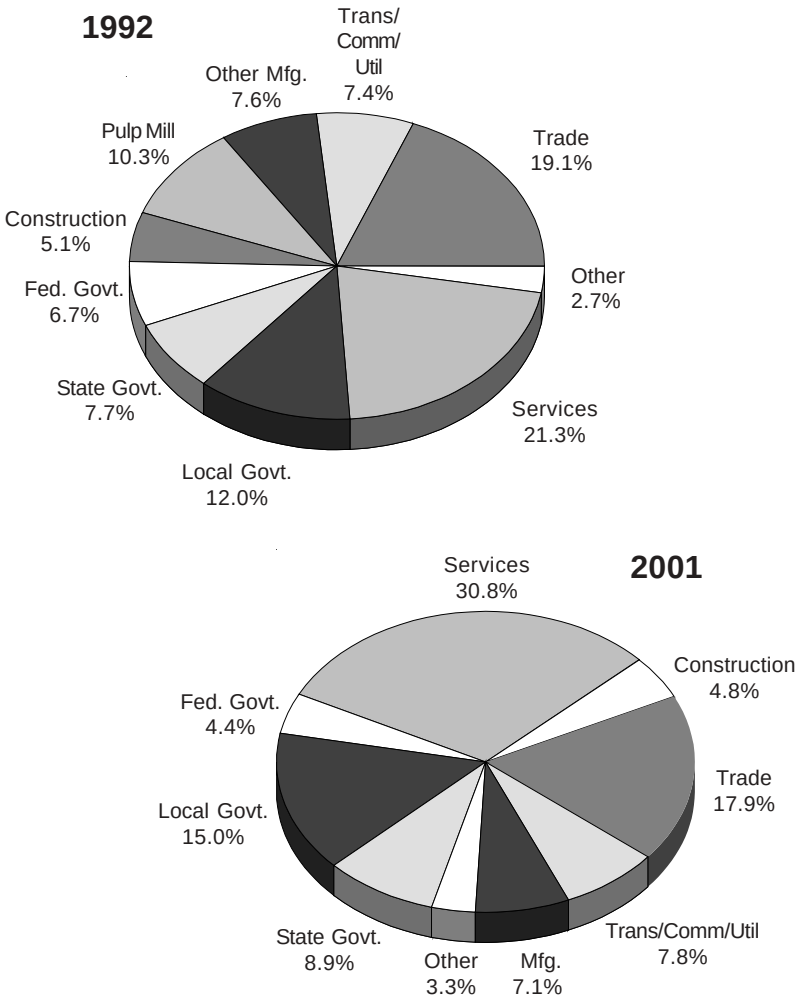
Rich in history, Sitka has also demonstrated a diverse and resilient economy in recovery from shutdown of its pulp mill

Sitka is located on the outer coast of Baranof Island in central Southeast Alaska. Home to the Kiksadi clan of Tlingits, it was "discovered" by the Vitus Bering expedition of 1741. In 1799, Alexander Baranof built a Russian-American Company fortification six miles north of the Native village and called it Novo Arkangelsk. The Tlingits, unhappy with this intrusion, captured the fort in 1802, killed most of the occupants, and forced the Russians to withdraw. In 1804, Baranof retaliated. Leading a mixed expedition of Russian and Aleut fighters across the Gulf of Alaska from Kodiak, he took over Castle Hill in the heart of town, burned the houses, and established the new capital of Russian America.

The original inhabitants called the settlement Shee Atika. This name, meaning "people on the outside of Shee Island," became "Sitka" in ears accustomed to Russian phonetics.

Sitka rapidly became the fur trading capital of the world, with pelts of the abundant sea otter its chief commodity. The new arrivals set up tanneries, built a sawmill, and established a foundry for casting brass, copper and iron. They also opened a flour mill, operated a salmon saltery, and constructed shipyards. A tentative trade developed between this outpost of the Russian Empire and the kingdom of Hawaii. Alaska salmon was exchanged for Hawaiian fruits and vegetables; (the Hawaiian dish lomi-lomi was originally made from Sitka salmon). At the dawn of the 19th

Wage and Salary Employment 1
Sitka 1992 and 2001



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

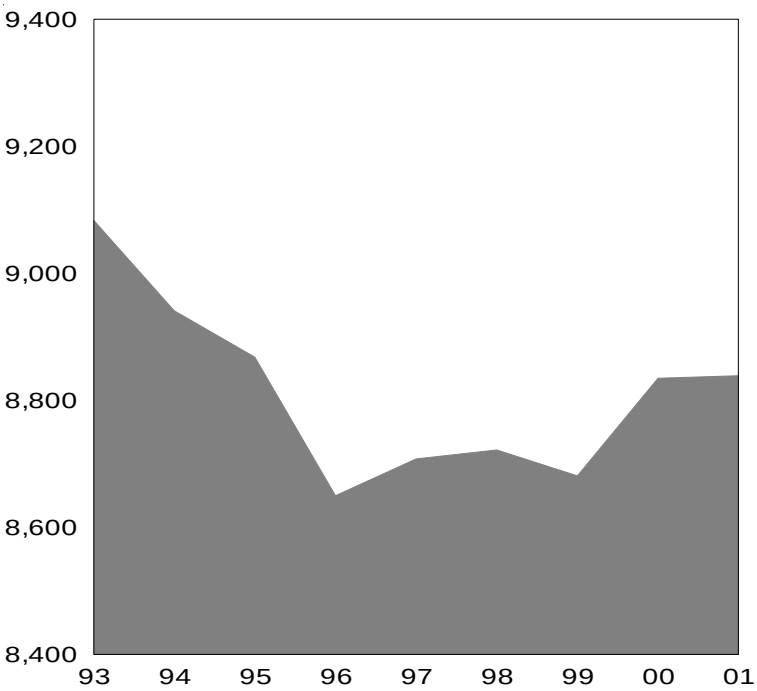
century when Chicago was a muddy outpost, San Francisco a sleepy mission, and Seattle only a fog blanketed forest, American and British fur traders wrote of the opulence of Sitka and the elegant receptions hosted by Baranof. Sitka's growth has not kept pace with these upstart rivals.

In 1867, the United States acquired Alaska for $7.2 million. At first, Sitka remained the administrative capital of the new possession. After a year of occupation by unruly American troops, many Russian settlers availed themselves of the repatriation clause included in the purchase agreement and returned to the more orderly realm of the Tsar.

In 1906, the territorial capital was removed to the gold mining boomtown of Juneau. As Sitka was politically eclipsed it increasingly relied upon fisheries as the basis of its economic existence. Besides fishing, Sitka's Sheldon Jackson College provided the region's only center of higher education. Presbyterian missionaries founded the school in 1878, intending to educate the Tlingit population. This academic community was augmented after World War II when the Bureau of Indian Affairs established Mt. Edgecumbe as a boarding school to serve Native students from all areas of Alaska during an era of enforced segregation.

Following World War II, in the early stages of the Cold War, the federal government adopted policies to encourage population growth in Alaska. In Southeast Alaska, this meant the development of a timber industry. Government incentives, including guaranteed access to Tongass National Forest timber, provided the impetus for the establishment of pulp mills in Ketchikan and Sitka. A plywood mill proposed for Juneau was never built. Instead, the Louisiana Pacific mill in Ketchikan and the Alaska Pulp Corporation mill in Sitka became economic centerpieces of their respective communities, and important regional employers.

2 Sitka Population Fell From 1993 to 2001



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

By the early 1990s conditions were in a state of change. In 1990 the total export value of all Alaska wood products peaked at $641 million. By 1992 record inventories of pulp were unsold. World market competition in the pulp industry had grown, local production costs were increasing, and federal policies on the supply of timber were increasingly restrictive. Citing these factors, Alaska Pulp Corporation ceased operations in September 1993.

The pulp mill closure hit hard

In 1992, the year before the closure, Alaska Pulp's average annual employment was 411. This represented 10.3 percent of the wage and salary jobs in the Sitka Borough. Because the mill paid on average 84 percent more than other Sitka employers, the wages earned by mill workers accounted for 17.5 percent of the community's

payroll. While the number of indirect mill dependent jobs was never officially tabulated, estimates ran as high as 400 to 550. In addition, the plant represented about 20 percent of assessed property values, which enabled Sitka to maintain lower property tax rates than other major Southeast communities.

As these numbers indicate, the closure of the pulp mill constituted a serious economic setback for Sitka. While some of the negative effects continue to reverberate, the community has shown a surprising resilience, and its economy has regained much of its former prosperity. (See Exhibit 1.)

How have things changed?

Population falls, but stabilizes

AKDOL estimates show that Sitka's population reached its historical peak of 9,083 in 1993, the year of the pulp mill closure. The loss of job opportunities associated with this event led to an exodus over the next three years, and by 1996 the population had fallen to 8,650. Since 1996, the population has more or less stabilized at this lower level, and in 2001 the estimated population was 8,839. (See Exhibit 2.)

Jobs increase but wages fall

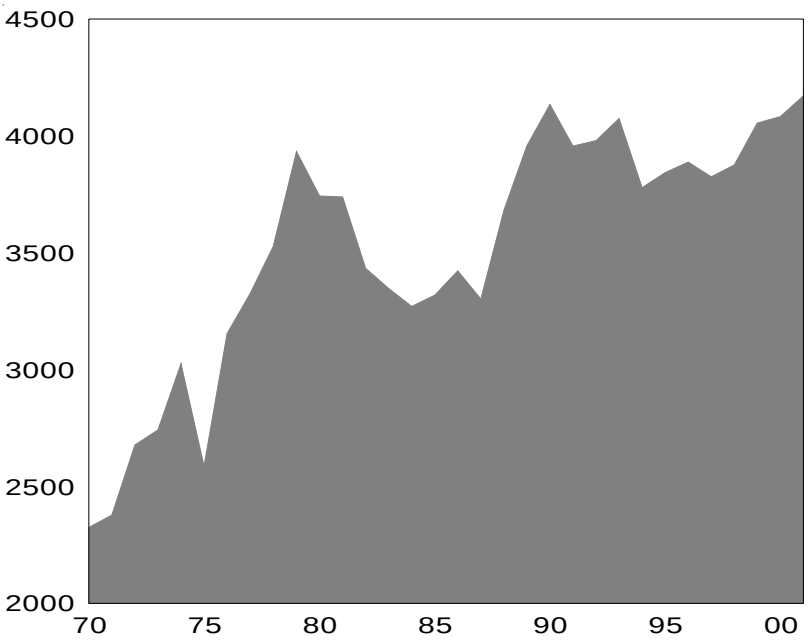
While population has fallen, the number of jobs has actually increased since closure of the mill. (See Exhibit 3.) In 1993, Sitka's average annual employment of 4,074 produced total annual wages and earnings of $101,497,592 (in 1990 dollars). By 2001, Sitka's average annual employment had risen to 4,171, producing $92,009,196 ($1990) in total wages and earnings. With the additional 97 jobs, overall earnings in constant 1990 dollars were $9,488,396 less. This is because real average monthly wages, expressed in constant 1990 dollars, have fallen sharply from over $2,100 per month in the early 1990s to just over $1,800 per month in 2001. (See Exhibit 4.)

In summary, in 2001 Sitka population had fallen, total jobs had increased a little, and average real wages had fallen from 1993 levels. This reflects the loss of high paying jobs in the manufacturing sector, increasing reliance upon employment in the lower paying service sector, and quite likely more people working multiple part-time jobs. The apparent increase in average monthly wages since 1996 disappears when adjusted for inflation. Real average earnings, in terms of purchasing power, have been flat over this later period. (See Exhibit 4.)

In 1993, the average annual unemployment rate stood at 6.1 percent; by 2001 it had fallen to 4.8 percent. While a lower unemployment rate is usually viewed as good news, much of this reduction is explained in terms of lost population. Since many of the displaced mill workers left the city in the years following the closure, they were no longer included in the reduced Sitka labor

Sitka Has More Jobs than Ever 3

Annual average employment



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

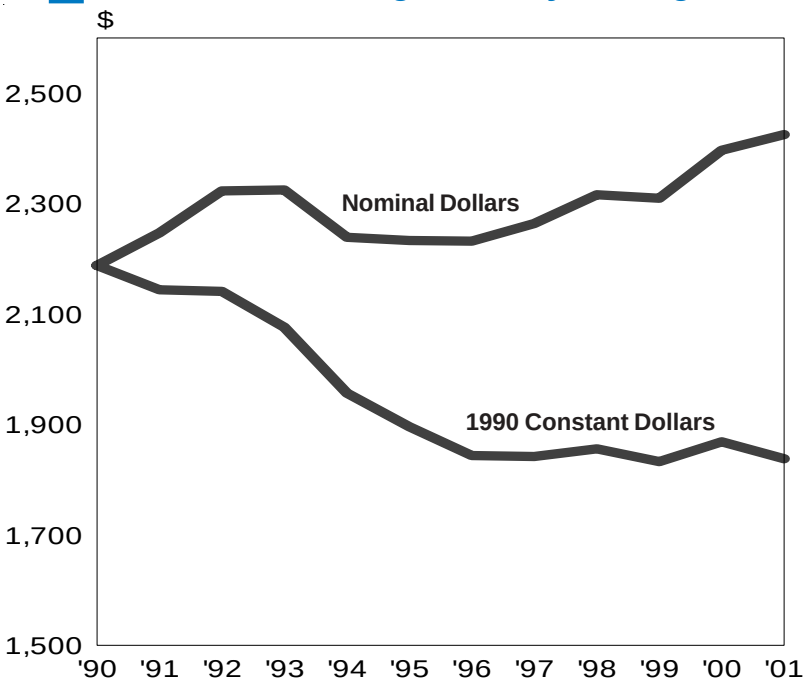
force. A slightly increased number of jobs are now shared among a smaller population.

Sitka had a very different economy in 2001

Sitka had 2.4 percent more jobs in 2001 than in 1993, but this increase conceals some dramatic changes. Manufacturing (includes pulp mill employment) had shed 331 jobs for a 52.7 percent decrease. Services had gained 358 jobs for a 38.6 percent increase. Reductions in U.S. Forest Service employment were reflected in the 21.9 percent decline in federal employment, which was offset by almost identical growth in state employment. In short, Sitka has followed a national trend in losing much of its manufacturing base and becoming increasingly reliant upon services. (See Exhibit 5.)

4 Nominal Wages Up, Real Ones Down

Sitka annual average monthly earnings



$1990 Constant: Anchorage CPI

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

Health care is a mainstay

Southeast Alaska Regional Health Care, (SEARHC), is one of the oldest and largest Native-run health care organizations in the nation. Not only is it the largest private sector employer in Sitka, in 2001 it was the largest in the Southeast region with an annual average employment of 401. A consortium of 18 Native communities, the organization provides health care for Tlingit, Haida, Tshimsian, and other Native people of Southeast Alaska. SEARHC operates Mt. Edgecumbe Hospital in Sitka as a regional Native medical center. (See Exhibit 6.)

Sitka Community Hospital also provides modern health care for the region. In operation for over forty years, the hospital is served by physicians from three Sitka clinics as well as other healthcare professionals. The hospital provides a full range of medical services, including long term care.

Sitka's Center for Community Services provides home and community based services for people with disabilities and the elderly. These services in many ways supplement the medical community's efforts. As Sitka's second largest employer, with annual average employment of 132, it is also an important economic force in the borough.

Education continues its contribution

Sitka is also a regional educational center. Sheldon Jackson College, (2001 annual average employment 83), and the University of Alaska Southeast campus, (annual average employment 79), provide college level instruction for both traditional and non-traditional students. Mt. Edgecumbe High School continues its role as a boarding school serving students from many parts of rural Alaska. Its size allows it to offer broader curricula than is available in the smaller Alaska communities. In addition, the Sitka Borough School District provides the usual range of public educational services. Total employment in the field of education usually approaches 400, or nearly 10 percent of Sitka's total employment.

Tourism down from the peak, but still important

Sitka's setting against the dramatic backdrop of the dormant Fuji-like volcano, Mt. Edgecumbe, makes it an attractive tourist destination. Many scenic islands and rocky outcroppings punctuate Sitka Sound, while the rich marine world of the North Pacific lies just beyond. Sports fishermen, hikers, kayak enthusiasts, whale watchers and others are drawn to these natural attractions. Allen Marine Tours, the eighth largest private sector employer in the borough, is among the companies that provide access to nature enthusiasts.

In keeping with the scale of its spectacular scenery, Sitka has always produced more history than it could consume. It has exported much of its colorful past in scholarly undertakings and in the fictionalized works of such authors as Louis Lamour, James Michener and Ivan Doig. This free publicity has drawn many tourists to the city.

Beginning in 1990, the number of tour ship visitors to Sitka steadily increased, reaching a peak in 1996 of 238,000 passengers. During the 1997 season, a major cruise line bypassed Sitka on several ship itineraries. This resulted in a drop of nearly 70,000 visitors in 1997, or 30 percent of the previous year's total. Since that time, the number of tour ship visitors has stabilized at about 150,000 - 160,000. This reduction in visitors was estimated to have cost the community about $3.5 million in annual lost revenues.

Offsetting this loss has been considerable growth in the convention industry. According to the Sitka Convention and Visitors' Bureau, convention activity in Sitka has more than doubled since 1993, and in 2000 contributed more than $3 million to the economy.

Shipyards building for distant markets

In keeping with its heritage, Sitka has rediscovered its roots as a ship building center. Allen Marine Inc., the ninth largest private sector employer, has gained a national reputation for quality, and has supplied many passenger ferries for the New York area. These vessels ply the East River and New York harbor as well as connecting the city with New Jersey terminals. It is a matter of local pride that Manhattan's commuters and tourists view the Statue of Liberty from Sitka-built hulls.

Fisheries play key role

Sitka's fishing fleet plays an essential role in the area's economy. Fishermen are considered to be self-employed, and as a result neither crew nor vessel operators are counted in Alaska Department of Labor and Workforce Development earnings and employment data. Still, according to the Commercial Fisheries Entry Commission, the 453 individual permit holders who resided in Sitka harvested fish valued at $23 million in 2001. This compares with 487 individuals landing $21.3 million worth in 1993. While low prices, especially

Employment by Industry 5
Sitka 1993 and 2001

Industry	1993	2001	Change	% Change
Total Industries	4074	4171	97	2.4%
Agriculture Forestry & Fishing	47	57	10	21.3%
Mining	0	1	1	–
Construction	222	202	-20	-9.0%
Manufacturing	628	297	-331	-52.7%
Transportation Comm & Utilities	292	325	33	11.3%
Total Trade	788	748	-40	-5.1%
Wholesale	70	92	22	31.4%
Retail	718	655	-63	-8.8%
Finance Insurance & Real Estate	74	96	22	29.7%
Services*	927	1285	358	38.6%
Total Government	1066	1162	96	9.0%
Federal	237	185	-52	-21.9%
State	303	353	50	16.5%
Local*	526	624	98	18.6%

* In 2001, certain Native-owned entities were transferred from Services to Local Government. This tends to understate the growth in services and inflate local government employment.

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

those paid for salmon and herring, have negatively impacted fishermen, the overall contribution of this industry remains of vital importance to the economy. (See Exhibit 7.)

Sitka consistently ranks among the National Marine Fisheries Services top 25 ports for fish landings in the United States. In 2001, 64.4 million pounds of fish, valued at $27.9 million, were landed at Sitka. This was down from the 95.5 million pounds valued at $44.6 million delivered in 2000. As a result, Sitka fell from number 14 to number 25 in the national rankings. Still, it retained first place in Southeast Alaska both years, ahead of Petersburg and Ketchikan.

North Pacific Processors (Sitka Sound Seafoods) ranked third among Sitka's 1993 top ten employers, and retained that ranking in 2001. Seafood Producers' Cooperative ranked sixth in 1992 and seventh in 2001. Both processors remain important economic forces in the community, with a combined average annual employment of nearly 200 jobs in 2001.

Government changes, but not in economic importance

Federal government jobs have always played an important role in Sitka's economy. The U.S. Forest Service, (USFS), remains the largest federal civilian agency with 105 permanent full time staff. The Chatham District Headquarters of USFS, located in Sitka, was merged into a broader Tongass-wide management area with the adoption of the Tongass Land Management Plan (TLMP). This resulted in some staff cutbacks, but Forest Service employment has since stabilized. Temporary summer workers augment this agency's economic contribution.

The U.S. Coast Guard has a significant presence in Sitka, although its approximately 200 uniformed personnel are not counted in total wage and salary employment. The Sitka Coast Guard contingent includes an air station, a marine safety detachment, a navigational aid team, and the buoy tender Maple. In addition to the Forest Service and Coast Guard, the National Park

6 Sitka's 10 Largest Private Employers
Annual average employment

1992			2001		
Rank	Firm	Employees	Rank	Firm	Employees
1	Alaska Pulp Corporation	411	1	SE AK Regional Health Care	401
2	SE AK Regional Health Care	248	2	Center for Community Services	132
3	Sitka Sound Seafoods*	139	3	Sitka Sound Seafoods*	128
4	Hames Corporation	124	4	Hames Corporation	122
5	Sheldon Jackson College	86	5	Westmark Hotels	94
6	Seafood Producers	80	6	Sheldon Jackson College	83
7	Westmark Shee Atika	61	7	Seafood Producers	70
8	Samson Tug & Barge	56	8	Allen Marine Tours	63
9	McDonalds of Sitka	42	9	Allen Marine Inc.	62
10	Sitka Tribe of Alaska	38	10	Alaska Airlines	56

* Now known as North Pacific Processors

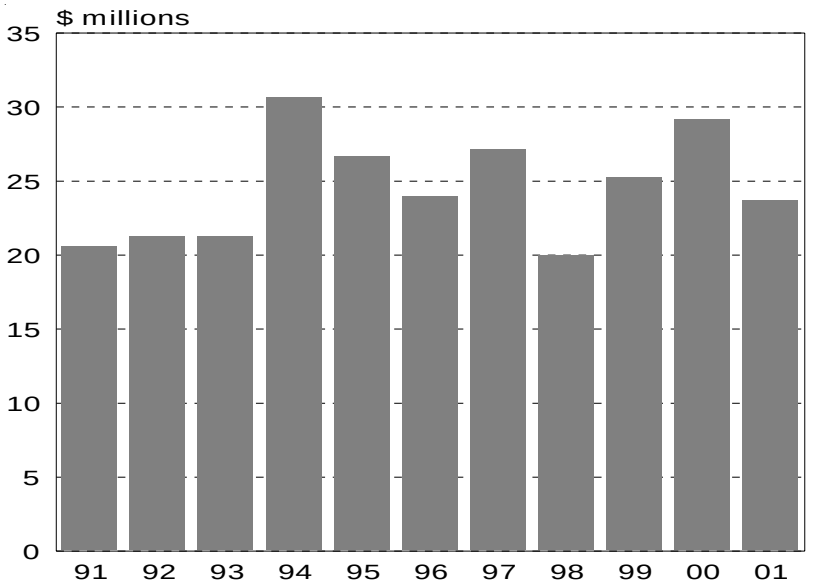
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Service, U.S. Postal Service, National Marine Fisheries Services, and National Weather Service all contribute to the local economy.

Survival through diversity

While Sitka has lost the pulp mill, it has retained other core industries. Health care, education, government, and seafood harvesting and processing continue to play important roles. It has also developed and expanded endeavors in tourism, conventions and shipbuilding. The key to this community's resiliency seems to be its diversified economy and its willingness to embrace new ideas and opportunities. As a result, Sitka has fared better than most Southeastern communities in adjusting to the region's post-timber economy. After passing through some troubled times, Sitka seems to be looking forward to a second 200 years of innovative and adaptive history.

Fishing Still Important in Sitka 7
Value of landings by residents



Source: Commercial Fisheries Entry Commission

The Sitka Mill Workers

by Neal Gilbertsen
Labor Economist

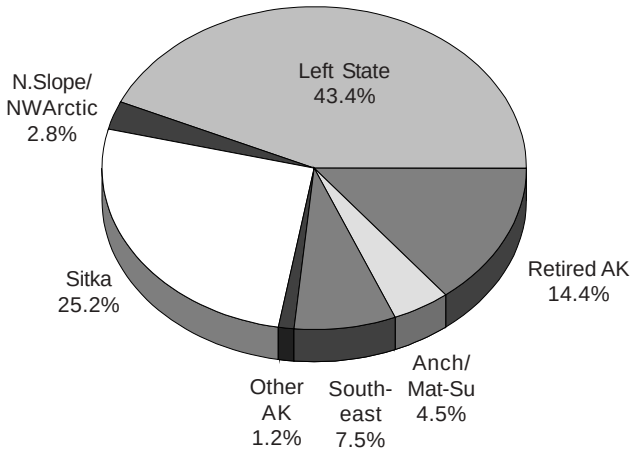
Where are they now?

Early in 1993, 427 individuals worked in the wood products industry in Sitka. Later that year, the Alaska Pulp Corporation closed its pulp mill and the number fell dramatically. By 2001, only three Sitka residents were employed in wood products. What happened to the other people? Where did they go and what are they doing now?

Some left the state, others retired

By 2001, 243, or 57 percent of those once employed in the Sitka wood products industry,

Where Have All the Workers Gone? 1
By 2001, majority had left AK workforce



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

were no longer in the Alaska workforce. Of these displaced workers, 182 individuals, or 43 percent, had left the state. Another 61 individuals, 14 percent, were still in state, but had left the workforce. Most of these were older workers who may have retired since the closure. Fifty of them still resided in Sitka.

Some continued to work in Alaska

Only 43 percent of the original group were still employed in Alaska in 2001. Of these 184 individuals, 111 were working in Sitka, while 73 had moved to other Alaska locations. Nearly half of these, (32), were still in Southeast Alaska, with fourteen in Juneau, seven in Ketchikan, six in the Wrangell-Petersburg census area, two in Skagway, and one each in Haines, Yakutat and Prince of Wales-Outer Ketchikan.

Forty-one of the original workers had staked out their futures to the north. Nineteen were in the Anchorage/Mat-Su area, five more had relocated to the Kenai Peninsula, three were in Fairbanks, one in Bethel, and twelve had migrated to the higher latitudes in the North Slope or Northwest Arctic Boroughs. One individual was working offshore in the Alaska maritime industry.

What are they doing?

Only eight persons were still employed in timber related industries. Nearly half had found jobs in either services (29.9 percent) or government (19 percent). Others were working in a variety of industries, but a significant difference appears between those who remained in Sitka and those who left.

Those who stayed and those who left Sitka

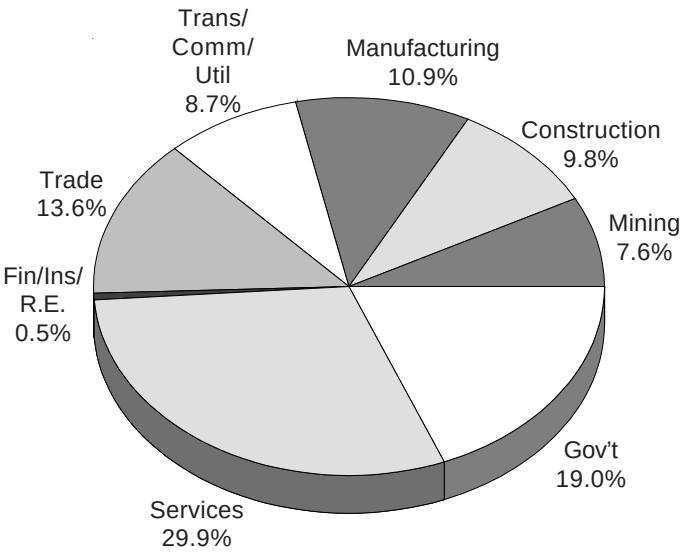
The first noticeable difference between those workers who stayed and those who sought employment elsewhere in Alaska is that a far higher percentage of the migrants secured jobs in the goods producing sector. Fully 41 percent of those who left Sitka were still employed in the goods producing sector in 2001, while only 24.3 percent of those who stayed were so employed. (See Exhibit 3.) Some former Sitka residents who left found work in mining, but none of those who stayed did. Those who stayed were more likely to be working in government. The percentages working in services and manufacturing were roughly comparable for both groups. Those who remained in Sitka were, however, more likely to be employed in trade, while those who left were more likely to hold jobs in the field of transportation, communications and utilities.

Sitka residents

Most Sitka residents who once worked in the wood products industry have changed occupations. Almost all have found jobs in other local industries. Of the 11 workers employed in manufacturing in 2001, three were still involved with wood products, but six had moved to the

2 The Industries They Work In

Ex-Sitka wood products workers in Alaska



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

Employment by Industry 3

Former Sitka mill workers – 2001

Industry	All Alaska Including Sitka		Sitka		Alaska Excluding Sitka	
Mining	14	7.6%	0	0	14	19.2%
Construction	18	9.8%	11	9.9%	7	9.6%
Manufacturing	20	10.9%	11	9.9%	9	12.3%
Trans/Comm/Util	16	8.7%	5	4.5%	11	15.1%
Trade	25	13.6%	20	18.0%	5	6.8%
Fin/Insur/Real Estate	1	0.5%	1	0.9%	0	0.0%
Services	55	29.9%	35	31.5%	20	27.4 %
Government	35	19.0%	28	25.2%	7	9.6%
Total	184	100.0%	111	100.0%	73	100.0%

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

seafood processing industry. Of the 35 employed in services, 15 were in medical related services, five were in social services, and six in educational services.

Sitka has been more resilient to the timber shock than most Southeast communities, in large part because it faced this challenge with a diversified economy. Two major seafood processing plants, two important health care facilities, a significant social service provider, a large educational community and a healthy government sector provided local opportunities that absorbed many displaced workers. In addition, several industries, such as shipbuilding and tourist related services, have developed or expanded in this time frame and provided other alternatives.

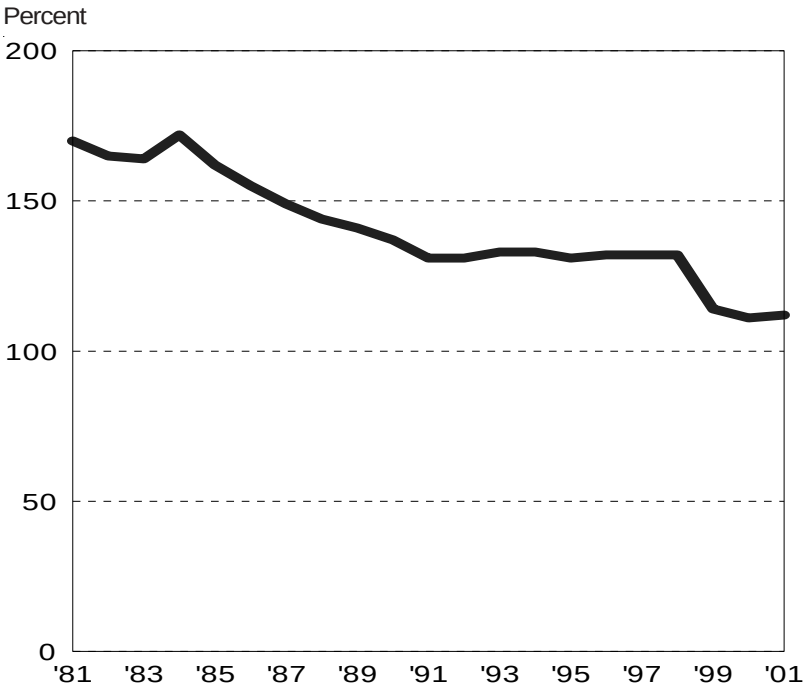
Teachers

by Melinda Bruno
and Dan Robinson
Labor Economists

Their earnings are converging with the national average, but are higher than in Alaska's private sector

More than 8,000 public elementary and secondary school teachers taught in Alaska during the 2000-2001 school year. This is approximately three percent of the state's total employment, making teaching one of Alaska's largest occupations. This article looks at current statistics for teachers in Alaska and the U.S.

1 Average Alaska Teacher Salary
As percentage of national average



Sources: Alaska Department of Education and National Center for Education Statistics

Average U.S. teacher salary catching up to Alaska

In the mid-1980s, Alaska was flush with oil revenue and the state's teachers were making 170 percent as much as the national average teacher salary. (See Exhibit 1.) Since then, however, the gap has narrowed significantly, and by the 2000-2001 school year Alaska teachers made about 111 percent as much as the national average. (See Exhibits 1 and 2.)

Until the 1990-91 school year, average teacher salaries in Alaska were the highest in the country, but by 2000-2001 eight states had average salaries higher than Alaska's. (See Exhibit 2.) Average teacher salaries in Connecticut are now more than $5,000 higher than in Alaska. On the other hand, the average teacher in South Dakota makes about $18,000 dollars less than the average Alaska teacher.

Not coincidentally, many of the states with the highest average teaching salaries are also the states that benefited most from the booming economy of the mid to late 1990s. Alaska teachers' salaries have not risen as much partly because Alaska's economy did not experience such dramatic growth.

Alaska public schools differ from other states in that the majority of their funds come from the

state budget, rather than from local tax dollars. As oil revenue has declined, budgetary pressures have kept teacher salaries flat in Alaska, while those in other states grew during a record-setting economic expansion that put extra money into state budgets.

Consequently, the U.S. average for teacher salaries grew 31.5 percent in the decade from school year 1990-91 to school year 2000-01. During that same decade, Alaska teachers' average salary grew just 10.9 percent, last among all states and the District of Columbia. (See Exhibit 3.)

Teachers' salaries high relative to private sector

Despite losing ground to other states, Alaska teachers' salaries have outpaced private sector salaries in the state during the last decade. Only Rhode Island and Pennsylvania rank higher in the pay ratio of teachers to occupations in the private sector. (See Exhibit 4.) What's more, Alaska teachers have moved up the list in recent years, from having the sixth highest ratio in 2000 and only the twenty-ninth highest a decade ago.

It should be emphasized, however, that Alaska's high ranking has as much to do with the state's private sector salaries remaining flat relative to the rest of the country in the last decade as with any actual increases in teachers' salaries. In fact, the 2000-2001 school year was the first time in five years that the average teacher salary actually increased. (See Exhibit 5.) Average salaries decreased the previous four years due mostly to higher-paid teachers accepting retirement incentives as discussed below.

Beginning salaries still highest in the nation

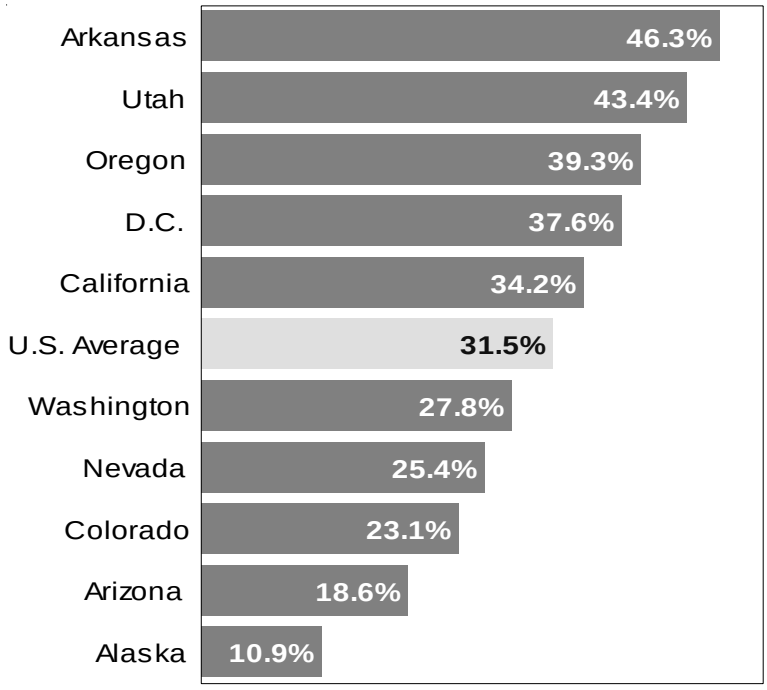
For new teachers, however, there's still no better place than Alaska to begin a career if salary is the principal consideration. The average salary for beginning teachers in Alaska (with BA degrees

Average Teacher Salaries 2
Ranked by state – 2000-2001

Rank	State	Total Teachers	Average Salary	Percent of U.S. Average
1	Connecticut	42,512	$53,507	123.7%
2	California	299,897	52,480	121.3%
3	New Jersey	98,395	51,955	120.1%
4	New York	216,000	51,020	118.0%
5	Michigan	95,200	50,515	116.8%
6	Rhode Island	11,272	50,400	116.5%
7	Pennsylvania	114,700	49,528	114.5%
8	District of Columbia	5,000	48,488	112.1%
9	**Alaska**	**8,136**	**48,123**	**111.3%**
10	Illinois	128,817	47,865	110.7%
11	Massachusetts	79,473	47,789	110.5%
12	Delaware	7,466	47,047	108.8%
13	Maryland	53,673	45,963	106.3%
14	Oregon	27,900	44,988	104.0%
15	Nevada	17,838	44,234	102.3%
	U.S. Average	**57,908**	**43,250**	**100.0%**
16	Indiana	59,728	43,000	99.4%
17	Ohio	113,000	42,892	99.2%
18	Minnesota	56,000	42,212	97.6%
19	Washington	51,164	42,143	97.4%
20	Georgia	93,636	42,141	97.4%
21	North Carolina	80,390	41,496	95.9%
22	Wisconsin	61,285	40,939	94.7%
23	Hawaii	10,785	40,536	93.7%
24	Virginia	82,616	40,247	93.1%
25	Colorado	42,100	39,184	90.6%
26	Texas	274,345	38,359	88.7%
27	New Hampshire	14,019	38,301	88.6%
28	Vermont	8,710	38,254	88.4%
29	Florida	133,545	38,230	88.4%
30	South Carolina	44,449	37,938	87.7%
31	Alabama	47,527	37,606	87.0%
32	Tennessee	56,971	37,413	86.5%
33	Idaho	13,900	37,109	85.8%
34	Kentucky	40,746	36,688	84.8%
35	Arizona	44,562	36,502	84.4%
36	Iowa	34,203	36,479	84.3%
37	Utah	21,500	36,441	84.3%
38	Maine	17,000	36,373	84.1%
39	West Virginia	20,337	35,888	83.0%
40	Kansas	33,010	35,766	82.7%
41	Missouri	64,000	35,091	81.1%
42	Arkansas	29,025	34,729	80.3%
43	Wyoming	6,895	34,678	80.2%
44	Nebraska	20,939	34,258	79.2%
45	Louisiana	50,366	33,615	77.7%
46	New Mexico	20,078	33,531	77.5%
47	Montana	10,290	33,249	76.9%
48	Oklahoma	42,120	32,545	75.2%
49	Mississippi	30,782	31,954	73.9%
50	North Dakota	7,713	30,891	71.4%
51	South Dakota	9,296	30,265	70.0%

Source: U.S. Department of Education

3 Growth in Teacher Salaries
1991 – 2000



Source: Bureau of Labor Statistics and American Federation of Teachers

only) is more than $3,000 higher than in any other state. (See Exhibit 6.)

Offsetting higher beginning salaries is the high cost of living. According to the 2001 American Chamber of Commerce Research Association (ACCRA) survey, Alaska has four of the top twenty most expensive urban areas in the country: Juneau, Kodiak, Anchorage, and Fairbanks. In rural Alaska the cost of living is substantially higher. Food costs for a family of four are almost $300 more a month in Bethel or Nome than in Anchorage, for example.

So why do beginning teacher salaries rank higher in Alaska even as average teacher salaries have fallen relative to other states? Faced with shrinking state revenues in the last decade, Alaska offered significant statewide retirement incentives to its teachers with the most seniority (and highest salaries). A large number of them accepted and were then replaced by newer teachers at the lower end of the pay scale. The result was a lower average teacher salary.

4 Teacher Salaries vs. Private Sector Earnings
In selected states

State	Average Teacher Salary	Private Sector Avg. Earnings	Pay Ratio Teachers to Private Sector	Rank 2000-2001	Rank 1999-2000	Rank 1990-1991
Rhode Island	$50,400	$31,210	1.61	1	1	1
Pennsylvania	49,528	33,609	1.47	2	2	5
Alaska	**48,123**	**33,478**	**1.44**	**3**	**6**	**29**
Montana	33,249	23,197	1.43	4	5	8
Nevada	44,234	31,387	1.41	5	7	4
U.S. Average	**43,250**	**35,305**	**1.23**	–	–	–
Missouri	35,091	31,599	1.11	46	43	46
New Hampshire	38,301	35,242	1.09	47	44	36
Texas	38,359	35,695	1.07	48	50	47
Massachusetts	47,789	45,045	1.06	49	46	37
Colorado	39,184	37,552	1.04	50	49	38

Source: Bureau of Labor Statistics and American Federation of Teachers

A related factor is the difficulty Alaska has retaining teachers in rural areas. Many village residents tell stories of how little time some new teachers stay. Alaska's population is generally more migratory than the U.S. average, which contributes to more turnover and a smaller percentage of Alaska teachers reaching the higher pay levels that come with seniority.

Efforts to retain rural teachers

Rural Alaska school districts have always struggled to attract and retain enough quality teachers. Historically, the state has been able to offer significantly higher salaries than other states, but as the salary gap has narrowed in the last decade, applications have fallen and the problem has become more acute.

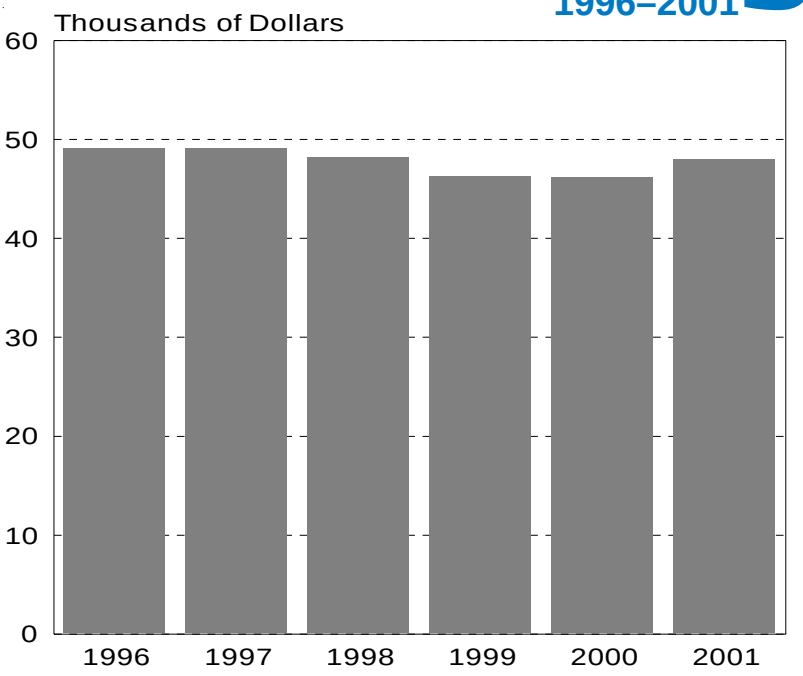
With less monetary enticement to offer, school administrators in rural districts have attempted to attract applicants by emphasizing the other rewards of teaching in Alaska's unique rural communities. Among these are the solitary beauty of the landscape and the richness of the culture. Successfully attracting teachers, however, is only the first hurdle; the second is retaining them.

One of the reasons teacher turnover is high in rural Alaska is because most teachers are either from the lower forty-eight or from Alaska's urban areas. They are usually unprepared for the harsh climate, isolation, and cultural differences in rural communities. The average turnover rate in rural districts is 20 percent compared to seven percent in urban districts. St. Mary's School District posted a 178 percent turnover in 2000.

In one effort to curb turnover, University of Alaska Fairbanks has crafted the Rural Educator Preparation Partnership Program (REPP). REPP's goal is to train teachers from rural areas, so they can obtain teaching certificates without having to leave their communities.

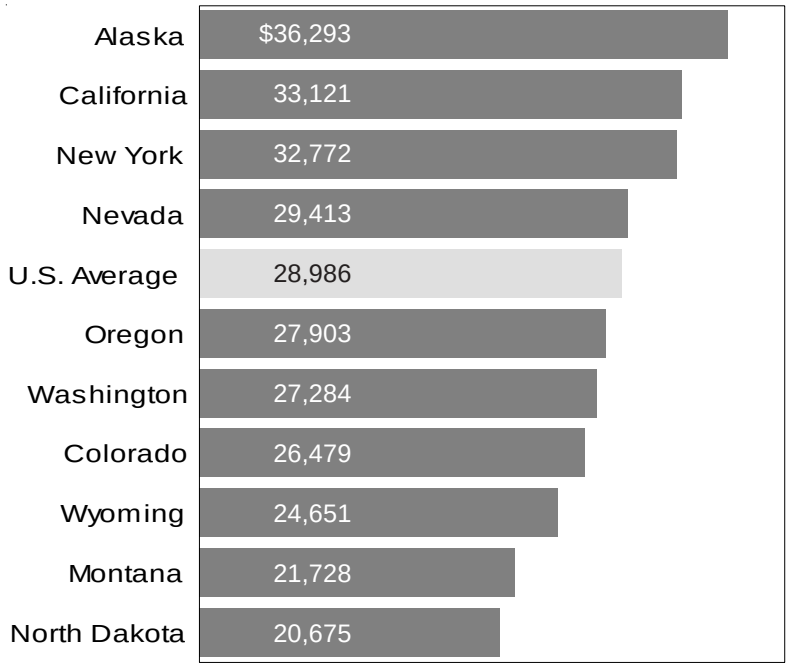
Residents with bachelor's degrees complete a year-long student teaching internship in a rural

Average Alaska Teacher Salaries 5
1996–2001



Source: Association of Alaska School Boards

Beginning Teacher Salaries 6
Alaska leads in 2000-2001



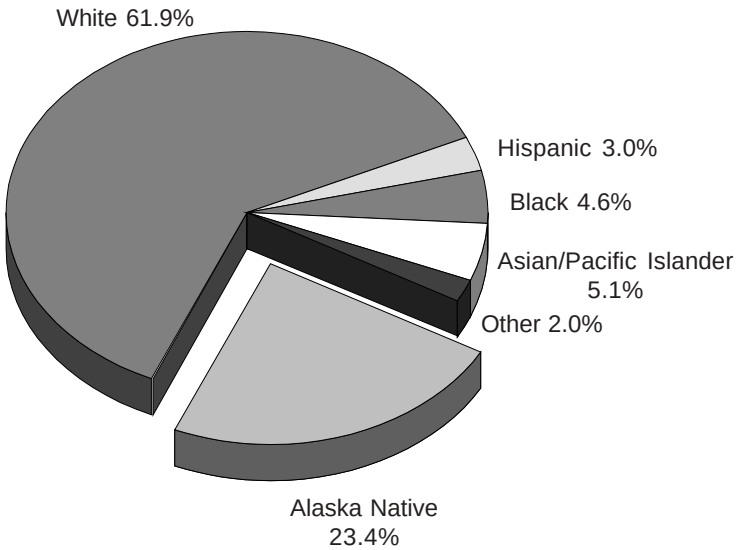
Source: Bureau of Labor Statistics and American Federation of Teachers

school under the guidance of a mentor teacher. After successfully completing the year they are recommended for type A teaching certificates. Since its inception in 1996, REPP has graduated 51 elementary school interns and 29 secondary school interns.

A federally funded program at University of Alaska Southeast is also tackling the problem, with specific emphasis on training Alaska Natives to be teachers. The program provided 23 full scholarships in 2001 to Native students pursuing bachelor's or master's degrees in education at UAS.

These and other efforts to train more Alaska Natives as teachers are important for many reasons. Alaska Natives make up about 23 percent of the public school population, (see Exhibit 7) yet less than five percent of the teacher population. In rural areas the proportion of Native students is much higher. For example, Native students are 98 percent of enrollment in the Bering Strait School District and 96 percent in the Annette Island School District. More Native teachers–especially those who grew up in rural areas and are likely to stay–may reduce the dropout rate for Native students, which is disproportionately high.

7 Alaska Student Enrollment
By ethnic group



Source: University of Alaska Fairbanks, Alaska Teacher Placement

A teacher shortage?

The most current ten-year forecast calls for a modest 4 percent increase in total teaching positions from 1998 to 2008; however, a large portion of the current teaching workforce is expected to retire in the next decade. As already noted, retention is an ongoing concern. As a result, education officials are concerned about the state's ability to fill all of its expected openings with qualified teachers.

It has always been difficult to attract enough qualified teachers to certain geographic areas. Similarly, there are several teacher specialties for which demand often threatens to exceed supply. (See Exhibit 8.)

Districts across the state face a shortage of secondary education teachers in math, science and foreign languages. Special education teachers, too, are in high demand at all grade levels. Shortages at the national level are in similar areas.

Education experts believe the shortage may be due to math and science majors being lured away from teaching by higher wages in the private sector. As for special education teachers, the stress and difficulty of the job make it a specialty where retention rates are low, and graduation rates are insufficient to meet the demand.

To address the shortfall, Alaska and other states have been issuing waivers that allow teachers to teach outside their specialty areas. For obvious reasons, waivers are not the preferred long-term solution to the problem.

Alternative approaches to teacher certification are among other possible solutions being explored

in Alaska and throughout the United States. Alaska Senate Bill 86, which took effect July 4, 2001, grants local school districts the authority to hire applicants who hold a bachelor's degree and who have at least five years work experience in the subject area they will teach. Teachers hired under the new law must also enroll in a local mentoring program. The teachers become eligible for certification after teaching for two years.

Many education officials believe such programs may be able to tap a large supply of professionals in technical fields who are interested in mid-life career changes. This could bring potentially significant benefits to students, since teachers coming from other professions have real-world experience and expertise that can be difficult to obtain in academic settings.

Conclusion

Due to relatively stable demographic trends, the number of teachers in Alaska is not expected to grow significantly in the near future. Due to relatively high turnover and retirement, however, teachers in certain specialties and those willing to locate to rural areas will always have job opportunities.

The days when Alaska teachers made dramatically higher salaries than did teachers in the rest of the country are probably gone for good. Just as the Alaska economy has matured and moved out of the boom and bust cycle of the 70s and 80s, teacher salaries have moderated and moved closer to the national average. Despite this trend, beginning teachers still make more in Alaska than in any other state, and Alaska teachers fare well in a comparison with occupations in the state's private sector.

Teacher Shortage, Surplus Areas Alaska in 2000-2001

Shortage Areas

- Special Education
- Math and Physics
- English as a Second Language

Balanced Areas

- Elementary Education
- English/Language Arts
- Social Studies
- French, German, and Classical Languages
- Business Education
- Music Education

Surplus Areas

- Physical Education
- Dance Education

Source: University of Alaska Fairbanks, Alaska Teacher Placement

Economy Grows for Another Year

Alaska chalks up fifteenth straight year of modest growth

Alaska Employment Scene

by
Neal Fried
Labor Economist

Employment in Alaska just completed its fifteenth year of uninterrupted growth. That matches the previous record, which took place between 1962 and 1976. The vigor of the two growth periods is, however, quite different. Employment growth was strong in the earlier expansion and modest in the recent one.

In 2002, preliminary employment figures posted a 1.1 percent increase from the year before, which is below the moderate 15-year annual rate of growth of 2.1 percent. Big losses in the oil patch explain much of 2002's lackluster growth. Transportation was another culprit. A weaker visitor season and a slowdown in international cargo activity put a crimp in this industry's activity level. Other industries that lost ground in 2002 are ones that have dogged the economy for a number of years. Losses in the timber industry continued in 2002, making more than a decade of devastating losses. Seafood processing experienced its seventh year of losses. The current weakness in this industry was highlighted in December when Ward's Cove, Alaska's eighth largest processor, announced they were getting out of the salmon processing business. They closed five of their plants around the state. Last year they had an annual average workforce of 369, with peak employment of 1,122 in July.

Industries that prevented 2002 from becoming a rout and going negative were construction, services, retail trade, and government. Public capital projects, and commercial and residential numbers kept the construction industry on firm ground again in 2002. New stores and restaurants were good for retail trade, and health care remained the engine of growth for services. All levels of government posted gains. Federal government's was small because its biggest increases came late in the year with the federalization of airport security—in Anchorage alone 260 new security personnel were added. State government (includes UAA) and local government also gained 4.2 percent and 2.4 percent respectively.

Some softening in the job market

At this time last year when the national economy was in recession and unemployment was rising one had to begin to wonder if it would affect Alaska's job market. Because of poor job prospects outside, would it mean fewer people than usual would leave the state, and conversely, would more job seekers head North? There is some early evidence that Alaska experienced positive in-migration in 2002 after a decade of out-migration. During all of 2001 and the early part of 2002, the national recession did not appear to

be having any measurable effect on Alaska's job market. Alaska's unemployment rate remained at near-record lows. Then during the second quarter of 2002, the jobless rate began to climb above 2001's level. By November Alaska had an unemployment rate of 6.7 percent, nearly a point higher than for the same time the previous year. Initially it was believed that the triggering of temporary extended unemployment benefits in March might explain much of this increase. Something else, noticeable but difficult to measure, seems to be at work. Fewer employers are complaining about having difficulty finding workers. In fact, some employers recently have been surprised by the number of qualified applicants they are seeing compared to the past couple of years. Slower employment growth in 2002 could also be contributing to the more sluggish job market. Only time will tell if the nation's weaker job picture can be held responsible for this higher unemployment rate.

Discouraged workers in rural Alaska

The unemployment rates published in this magazine each month shed light on the local labor market conditions for 27 areas and six regions in the state. As a general rule, unemployment rates in rural Alaska consistently come in higher than urban parts of the state. For example, in November the highest rate was 17.4 percent in the Wade Hampton census area and the lowest 4.7 percent in Anchorage. The unemployment rate certainly does not tell the entire story. This is particularly true in Alaska's rural communities. Because of this shortcoming, the unemployment rate table is footnoted with a qualifier that reads: *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*

(continued on page 22)

The Labor Force Participation Rate 1

It varies across the state

Alaska	67.3
U.S.	63.4
Aleutians West Census Area	80.3
Aleutians East Borough	79.3
Anchorage, Municipality	69.9
Bethel Census Area	62.5
Bristol Bay Borough	71.5
Denali Borough	63.2
Dillingham Census Area	62.0
Fairbanks North Star Borough	64.0
Haines Borough	61.6
Juneau Borough	74.9
Kenai Peninsula Borough	62.5
Ketchikan-Gateway Borough	71.9
Kodiak Island Borough	66.0
Lake and Peninsula Borough	55.4
Matanuska-Susitna Borough	65.2
Nome Census Borough	60.2
North Slope Borough	72.1
Northwest Arctic Borough	63.4
Prince of Wales Area	68.7
Sitka Borough	73.3
Skagway-Hoonah-Angoon	66.5
Southeast Fairbanks Area	53.5
Valdez-Cordova Area	65.2
Wade Hampton Census Area	58.6
Wrangell-Petersburg Census Area	69.1
Yakutat Borough	77.8
Yukon Koyukuk Area	62.7

Source: U.S. Bureau of the Census, 2000 Census

2 Nonagricultural Wage and Salary Employment
By place of work

Alaska	preliminary 11/02	revised 10/02	11/01	Changes from: 10/02	11/01
Total Nonag. Wage & Salary	**287,400**	**295,900**	**282,400**	**-8,500**	**5,000**
Goods-producing	33,700	39,600	33,100	-5,900	600
Service-producing	253,700	256,300	249,300	-2,600	4,400
Mining	9,700	9,900	10,200	-200	-500
Oil & Gas Extraction	8,300	8,400	8,800	-100	-500
Construction	14,700	17,300	13,900	-2,600	800
Manufacturing	9,300	12,400	9,000	-3,100	300
Durable Goods	2,100	2,200	2,200	-100	-100
Lumber & Wood Products	800	900	1,000	-100	-200
Nondurable Goods	7,200	10,200	6,800	-3,000	400
Seafood Processing	4,300	7,300	4,000	-3,000	300
Transportation/Comm/Utilities	**26,400**	**27,500**	**26,900**	**-1,100**	**-500**
Trucking & Warehousing	3,100	3,200	3,000	-100	100
Water Transportation	1,800	2,000	1,800	-200	0
Air Transportation	9,300	9,600	9,500	-300	-200
Communications	5,400	5,400	5,600	0	-200
Electric, Gas & Sanitary Svcs.	2,800	2,800	2,700	0	100
Trade	**58,500**	**58,600**	**58,300**	**-100**	**200**
Wholesale Trade	8,100	8,200	8,000	-100	100
Retail Trade	50,400	50,400	50,300	0	100
Gen. Merchandise & Apparel	10,600	10,400	11,200	200	-600
Food Stores	6,300	6,200	6,300	100	0
Eating & Drinking Places	17,400	17,600	17,000	-200	400
Finance/Insurance/Real Estate	**12,700**	**12,900**	**12,700**	**-200**	**0**
Services & Misc.	**73,600**	**75,200**	**71,000**	**-1,600**	**2,600**
Hotels & Lodging Places	6,100	6,800	5,900	-700	200
Business Services	8,900	9,000	8,900	-100	0
Health Services	19,400	19,400	18,300	0	1,100
Legal Services	1,600	1,600	1,600	0	0
Social Services	9,400	9,400	8,700	0	700
Engineering/Account'g/Research	8,100	8,200	8,000	-100	100
Government	**82,500**	**82,100**	**80,400**	**400**	**2,100**
Federal	16,900	16,900	16,500	0	400
State	24,500	24,400	23,700	100	800
Local	41,100	40,800	40,200	300	900
Tribal	3,300	3,300	3,100	0	200

Municipality of Anchorage	preliminary 11/02	revised 10/02	11/01	Changes from: 10/02	11/01
Total Nonag. Wage & Salary	**139,900**	**141,700**	**137,500**	**-1,800**	**2,400**
Goods-producing	12,000	13,600	11,900	-1,600	100
Service-producing	127,900	128,100	125,600	-200	2,300
Mining	**2,500**	**2,500**	**2,700**	**0**	**-200**
Oil & Gas Extraction	2,400	2,400	2,600	0	-200
Construction	**7,300**	**8,800**	**6,900**	**-1,500**	**400**
Manufacturing	**2,200**	**2,300**	**2,300**	**-100**	**-100**
Transportation/Comm/Utilities	**14,700**	**15,000**	**14,800**	**-300**	**-100**
Air Transportation	5,900	6,000	6,000	-100	-100
Communications	3,500	3,500	3,600	0	-100
Trade	**33,300**	**33,000**	**33,100**	**300**	**200**
Wholesale Trade	6,100	6,200	6,100	-100	0
Retail Trade	27,200	26,800	27,000	400	200
Gen. Merchandise & Apparel	5,500	5,300	5,900	200	-400
Food Stores	2,400	2,200	2,400	200	0
Eating & Drinking Places	10,300	10,300	10,000	0	300
Finance/Insurance/Real Estate	**7,600**	**7,600**	**7,700**	**0**	**-100**
Services & Misc.	**41,900**	**42,100**	**40,300**	**-200**	**1,600**
Hotels & Lodging Places	2,900	2,900	2,900	0	0
Business Services	6,400	6,500	6,500	-100	-100
Health Services	10,800	10,700	9,900	100	900
Legal Services	1,200	1,200	1,200	0	0
Social Services	4,400	4,400	4,200	0	200
Engineering/Account'g/Research	6,200	6,300	5,900	-100	300
Government	**30,400**	**30,400**	**29,700**	**0**	**700**
Federal	9,600	9,600	9,600	0	0
State	10,000	10,000	9,600	0	400
Local	10,800	10,800	10,500	0	300
Tribal	200	200	200	0	0

Notes to Exhibits 2, 3, & 4—Nonagricultural excludes self-employed workers, fishers, domestics, and unpaid family workers as well as agricultural workers. Government category includes employees of public school systems and the University of Alaska.

Exhibits 2 & 3—Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Exhibit 4—Prepared in part with funding from the Employment Security Division.
Source: Alaska Department of Labor and Workforce Development, Research and *Analysis Section*

3 Hours and Earnings
For selected industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	preliminary 11/02	revised 10/02	revised 11/01	preliminary 11/02	revised 10/02	revised 11/01	preliminary 11/02	revised 10/02	revised 11/01
Mining	$1,240.89	$1,097.92	$1,342.11	39.9	38.7	46.2	$31.10	$28.37	$29.05
Construction	1098.98	1236.85	1036.34	40.9	44.7	39.3	26.87	27.67	26.37
Manufacturing	576.86	519.87	602.37	31.3	31.0	34.5	18.43	16.77	17.46
Seafood Processing	312.34	300.48	295.00	24.1	25.4	24.3	12.96	11.83	12.14
Transportation/Comm/Utilities	772.11	777.87	720.77	34.5	36.4	33.4	22.38	21.37	21.58
Trade	517.44	514.57	504.54	35.2	34.1	34.7	14.70	15.09	14.54
Wholesale Trade	726.07	693.73	687.81	41.8	40.1	37.4	17.37	17.30	18.15
Retail Trade	486.32	488.04	478.83	34.2	33.2	34.3	14.22	14.70	13.96
Finance/Insurance/Real Estate	659.59	638.58	631.55	35.5	34.8	35.5	18.58	18.35	17.79

Average hours and earnings estimates are based on data for full-time and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing). Averages are for gross earnings and hours paid, including overtime pay and hours.
Benchmark: March 2001
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

4 Nonagricultural Wage and Salary Employment
By place of work

Fairbanks North Star Borough

	preliminary 11/02	revised 10/02	11/01	Changes from: 10/02	11/01
Total Nonag. Wage & Salary	35,250	36,050	34,750	-800	500
Goods-producing	3,450	4,050	3,150	-600	300
Service-producing	31,800	32,000	31,600	-200	200
Mining	800	850	800	-50	0
Construction	2,000	2,500	1,800	-500	200
Manufacturing	650	700	550	-50	100
Transportation/Comm/Utilities	2,850	2,900	3,150	-50	-300
Trucking & Warehousing	600	650	550	-50	50
Air Transportation	1,000	1,000	1,000	0	0
Communications	400	350	400	50	0
Trade	7,000	7,000	7,100	0	-100
Wholesale Trade	700	700	650	0	50
Retail Trade	6,300	6,300	6,450	0	-150
Gen. Merchandise & Apparel	1,250	1,200	1,450	50	-200
Food Stores	550	600	600	-50	-50
Eating & Drinking Places	2,300	2,300	2,350	0	-50
Finance/Insurance/Real Estate	1,200	1,200	1,250	0	-50
Services & Misc.	8,850	9,150	8,500	-300	350
Hotels & Lodging Places	700	900	800	-200	-100
Health Services	2,350	2,350	2,150	0	200
Government	11,900	11,750	11,600	150	300
Federal	3,350	3,350	3,350	0	0
State	5,250	5,200	5,000	50	250
Local	3,300	3,200	3,250	100	50
Tribal *(no data)*	-	-	-	-	-

Southeast Region

Total Nonag. Wage & Salary	34,750	36,350	34,850	-1,600	-100
Goods-producing	4,000	4,450	4,100	-450	-100
Service-producing	30,750	31,900	30,750	-1,150	0
Mining	300	300	300	0	0
Construction	1,750	1,850	1,700	-100	50
Manufacturing	1,950	2,300	2,100	-350	-150
Durable Goods	750	750	900	0	-150
Lumber & Wood Products	500	550	700	-50	-200
Nondurable Goods	1,200	1,550	1,200	-350	0
Seafood Processing	900	1,250	900	-350	0
Transportation/Comm/Utilities	2,550	2,700	2,600	-150	-50
Trade	5,900	6,150	6,050	-250	-150
Wholesale Trade	600	600	600	0	0
Retail Trade	5,300	5,550	5,450	-250	-150
Food Stores	1,200	1,250	1,250	-50	-50
Finance/Insurance/Real Estate	1,300	1,300	1,300	0	0
Services & Misc.	7,400	8,150	7,400	-750	0
Health Services	1,750	1,750	1,750	0	0
Government	13,600	13,600	13,400	0	200
Federal	1,900	1,950	1,700	-50	200
State	5,500	5,500	5,550	0	-50
Local	6,200	6,150	6,150	50	50
Tribal	550	550	550	0	0

Northern Region

Total Nonag. Wage & Salary	15,700	16,000	16,100	-300	-400
Goods-producing	5,250	5,450	5,700	-200	-450
Service-producing	10,450	10,550	10,400	-100	50
Mining	4,750	4,900	5,050	-150	-300
Oil & Gas Extraction	4,300	4,450	4,550	-150	-250
Government	5,000	5,000	4,950	0	50
Federal	150	150	150	0	0
State	350	350	300	0	50
Local	4,500	4,500	4,500	0	0
Tribal	400	400	400	0	0

Interior Region

	preliminary 11/02	revised 10/02	11/01	Changes from: 10/02	11/01
Total Nonag. Wage & Salary	40,300	41,650	39,650	-1,350	650
Goods-producing	3,650	4,350	3,450	-700	200
Service-producing	36,650	37,300	36,200	-650	450
Mining	900	1,000	950	-100	-50
Construction	2,100	2,650	1,900	-550	200
Manufacturing	650	700	600	-50	50
Transportation/Comm/Utilities	3,450	3,850	3,750	-400	-300
Trade	7,800	7,800	7,800	0	0
Finance/Insurance/Real Estate	1,250	1,300	1,300	-50	-50
Services & Misc.	9,550	9,750	9,100	-200	450
Hotels & Lodging Places	850	1,050	900	-200	-50
Government	14,600	14,600	14,250	0	350
Federal	3,900	3,900	3,800	0	100
State	5,450	5,450	5,200	0	250
Local	5,250	5,250	5,250	0	0
Tribal	300	300	300	0	0

Anchorage/Mat-Su Region

Total Nonag. Wage & Salary	154,350	155,900	151,000	-1,550	3,350
Goods-producing	13,550	15,350	13,250	-1,800	300
Service-producing	140,800	140,550	137,750	250	3,050
Mining	2,500	2,500	2,750	0	-250
Construction	8,700	10,400	8,100	-1,700	600
Manufacturing	2,350	2,450	2,400	-100	-50
Transportation/Comm/Utilities	15,800	16,050	15,900	-250	-100
Trade	37,100	36,650	36,800	450	300
Finance/Insurance/Real Estate	8,150	8,100	8,150	50	0
Services & Misc.	45,600	45,750	43,800	-150	1,800
Government	34,150	34,000	33,100	150	1,050
Federal	9,750	9,750	9,750	0	0
State	10,950	10,900	10,450	50	500
Local	13,450	13,350	12,900	100	550
Tribal	250	250	250	0	0

Southwest Region

Total Nonag. Wage & Salary	15,650	17,900	15,350	-2,250	300
Goods-producing	1,950	3,900	1,800	-1,950	150
Service-producing	13,700	14,000	13,550	-300	150
Seafood Processing	1,700	3,650	1,600	-1,950	100
Government	7,450	7,400	7,300	50	150
Federal	350	350	350	0	0
State	550	550	500	0	50
Local	6,550	6,500	6,450	50	100
Tribal	1,250	1,250	1,300	0	-50

Gulf Coast Region

Total Nonag. Wage & Salary	26,450	27,600	25,850	-1,150	600
Goods-producing	5,100	5,850	4,750	-750	350
Service-producing	21,350	21,750	21,100	-400	250
Mining	1,200	1,150	1,150	50	50
Oil & Gas Extraction	1,150	1,100	1,150	50	0
Construction	1,350	1,550	1,400	-200	-50
Manufacturing	2,550	3,150	2,200	-600	350
Seafood Processing	1,650	2,200	1,300	-550	350
Transportation/Comm/Utilities	2,200	2,250	2,350	-50	-150
Trade	5,150	5,250	5,050	-100	100
Wholesale Trade	350	350	350	0	0
Retail Trade	4,800	4,900	4,700	-100	100
Eating & Drinking Places	1,500	1,650	1,450	-150	50
Finance/Insurance/Real Estate	700	700	750	0	-50
Services & Misc.	5,800	6,050	5,700	-250	100
Health Services	1,300	1,300	1,250	0	50
Government	7,500	7,500	7,250	0	250
Federal	700	750	700	-50	0
State	1,700	1,700	1,650	0	50
Local	5,100	5,050	4,900	50	200
Tribal	250	250	250	0	0

5 Unemployment Rates
By region and census area

Not Seasonally Adjusted	preliminary 11/02	revised 10/02	11/01
United States	**5.7**	**5.3**	**5.3**
Alaska Statewide	**6.7**	**6.3**	**5.9**
Anchorage/Mat-Su Region	**5.3**	**5.1**	**4.5**
Municipality of Anchorage	4.7	4.6	4.0
Mat-Su Borough	8.0	7.4	7.0
Gulf Coast Region	**10.5**	**9.7**	**10.4**
Kenai Peninsula Borough	11.1	10.5	9.6
Kodiak Island Borough	7.8	5.9	13.5
Valdez-Cordova	11.6	11.5	9.2
Interior Region	**6.8**	**6.2**	**6.1**
Denali Borough	14.9	13.0	10.3
Fairbanks North Star Borough	5.9	5.3	5.4
Southeast Fairbanks	11.3	11.4	10.6
Yukon-Koyukuk	15.1	13.8	13.0
Northern Region	**11.9**	**12.6**	**9.0**
Nome	10.7	10.4	9.1
North Slope Borough	10.7	11.7	6.9
Northwest Arctic Borough	15.7	17.3	12.3
Southeast Region	**6.7**	**6.3**	**6.7**
Haines Borough	12.4	12.6	11.5
Juneau Borough	5.0	5.1	4.7
Ketchikan Gateway Borough	8.1	7.5	7.9
Prince of Wales-Outer Ketchikan	8.5	8.7	8.7
Sitka Borough	5.6	4.9	5.2
Skagway-Hoonah-Angoon	11.5	10.1	11.7
Wrangell-Petersburg	6.8	4.8	8.5
Yakutat Borough	11.1	5.5	11.7
Southwest Region	**11.7**	**11.0**	**9.8**
Aleutians East Borough	6.0	3.3	4.3
Aleutians West	13.0	8.9	10.0
Bethel	11.1	11.2	9.3
Bristol Bay Borough	9.8	8.9	11.1
Dillingham	11.1	10.5	9.7
Lake & Peninsula Borough	10.4	10.7	9.2
Wade Hampton	17.4	18.2	14.7
Seasonally Adjusted			
United States	6.0	5.7	5.6
Alaska Statewide	6.8	6.8	6.1

2001 Benchmark

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

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

(continued from page 19)

individuals do not meet the official definition of unemployed because they have not conducted an active job search. They are considered not in the labor force.

Or said differently, if you want a job but you don't make any effort to look for one because you believe none is available, then you are considered a discouraged worker and would not show up in the official labor force figures. Because job opportunities are scarce in much of rural Alaska, the phenomenon of the discouraged worker is much more prevalent there. Other measures of the labor force exist, however, that may shed further light on a local employment market.

Labor force participation rate

For example, the Bureau of the Census collects data each decennial census that deals with the labor force. One of these measures is the percent of all residents age 16 and over that are active in the labor market—either employed or looking for work. This measure is known as the labor force participation rate, and because it includes the entire working age population it is a more inclusive measure. Typically in healthy labor markets where there are plenty of employment opportunities, the labor force participation rate runs higher. There are, however, factors beyond opportunity that can affect participation, such as age. For example, a big population of 16-21 year-olds or plus-60 year olds could lower the participation rate because a large percent of the younger population may be in secondary school or college and a big slice of the older population may be retired.

Although there are plenty of exceptions, typically the more urban parts of the state have higher labor force participation rates. All three areas in the state that have labor force participation rates of less than 60 percent were in rural Alaska—Southeast Fairbanks, Lake and Peninsula Borough, and Wade Hampton census area. If one digs deeper at the community level, the results are more revealing. For example, the Bethel census area's participation rate is 62.5, but this area's domination by the City of Bethel gives a distorted picture of the rest of the region's 37 communities. In two of these smaller communities, Kwinhagak and Eek, the participation rate is 41and 42 percent, respectively. Unalaska has a similar effect on the Aleutians West census area. Fairbanks' labor force participation rate may be low because it is home to a large university population. Like the unemployment rate, the participation rate paints only a partial picture of an area's labor force. For a more complete picture of a labor market, one must supplement these labor force indicators with others such as industry, occupation, wage, income, poverty, and other demographic information.

Employer Resources

The Employment Security Tax Unit has been working hard to make your jobs easier. Registered employers may now submit Alaska Quarterly Contribution Reports online! From www.jobs.state.ak.us/employer.htm, go to the Employment Security Tax link. From there, you can click on the Employer Quarterly Contribution Reporting link to learn how to do this.