

June 2003

ALASKA ECONOMIC

TRENDS

Youth Employment

Alaska Department of Labor
and Workforce Development

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Governor of Alaska

ALASKA ECONOMIC TRENDS

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**Frank H. Murkowski, Governor of Alaska
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and Workforce Development**

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Joanne Erskine, Editor

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

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

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

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A spotlight on youth working in Alaska

Youth enter the workforce with limited skills and little previous employment experience. The experience and skills young workers develop on their first jobs can prepare them for a successful, long-term career. This article examines the numbers, occupations, employers, place of work, and wages of Alaska's working youth. Also discussed are how to go about looking for work and some of the qualities Alaska's employers seek when making a new hire.

This profile of youth employment in Alaska examines two groups of youth with slightly different work patterns: 14- to 17-year-olds and 18- to 21-year-olds. The majority of 14- to 17-year-olds are still in high school, while many 18- to 21-year-olds have entered the workforce full time, or are working while taking college courses.

Earnings of Alaska youth

In the early 1900s, a youth's contribution to the household income often was required for the household to survive. Today, while some teens may be contributing to the household income or saving money for higher education, a youth's paycheck is more often discretionary income. Alaskans in the 14- to 17-year-old group earned more than \$50 million in 2001. Alaskans in the 18- to 21-year-old group earned more than \$274 million in 2001. (See Exhibits 1 and 2.)

Skills employers want

Employers of youth are typically looking for dependable workers able to learn new tasks quickly, and who will show up on time for their scheduled shift. Most employers of youth assume

they will need to provide training to newly hired workers. With the exception of seasonal work, most employers hire youth with the hope that for a moderate amount of training, they can retain an employee up to a year. These employers expect that hiring and training will be a continuous process for them. The skills learned in these

Top Ten Occupations 2001 For 14- to 17-year-olds

By Worker Count

Occupational Title	Worker Count	Wages (000's)
Combined Food Preparation & Serving Workers, incl. Fast Food	2,517	\$6,772
Retail Salespersons	1,744	5,727
Cashiers	871	2,821
Office Clerks, General	786	1,655
Packers & Packagers, Hand	644	1,499
Laborers & Freight, Stock, & Material Movers, Hand	577	1,258
Counter Attendants, Cafeteria, Food Concession, Coffee Shop	491	1,511
Waiters & Waitresses	381	961
Maids & Housekeeping Cleaners	371	884
Dishwashers	370	898
All other 14- to 17-year-olds (378 occupational titles)	10,112	26,339
Total	18,864	\$50,324

By Total Wages

Occupational Title	Worker Count	Wages (000's)
Combined Food Preparation & Serving Workers, incl. Fast Food	2,517	\$6,772
Retail Salespersons	1,744	5,727
Cashiers	871	2,821
Office Clerks, General	786	1,655
Counter Attendants, Cafeteria, Food Concession, Coffee Shop	491	1,511
Packers & Packagers, Hand	644	1,499
Laborers & Freight, Stock, & Material Movers, Hand	577	1,258
Sales & Related Workers, All Other	359	1,171
Food Preparation Workers	338	1,049
Waiters & Waitresses	381	961
All other 14- to 17-year-olds (378 occupational titles)	10,156	25,900
Total	18,864	\$50,324

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

Methodology

The Alaska Department of Labor and Workforce Development (DLWD) quarterly unemployment insurance (UI) wage files include data for all workers covered by Alaska's UI program. Self-employed and federal government workers are excluded from worker counts and reported wages in Alaska. The two youth age groups were identified by matching UI wage records for 2001 with Alaska Permanent Fund Dividend applicant files for 2001 and other administrative records. To avoid a duplicate count of individuals, each worker was counted only once in yearly records and once in each quarter worked, regardless of the number of jobs that person might have held.

beginning jobs are basic customer service, business organization, and interpersonal relations. These form a solid basis for lifelong employment. Workers who demonstrate good work habits are often offered on-the-job training and the opportunity for advancement.

Many 14- to 17-year-olds work in food service

McDonald's, Subway, and other fast food establishments are primary places of employment for the 14- to 17-year-old age group. More than 2,500 teenagers, 13 percent of the workers in this age group, were reported in the Combined Food Preparation & Serving Workers category. Another 9 percent of workers in this age group were employed as Retail Salespersons. Cashiers claim the third spot with almost 5 percent of the 14- to 17-year-old group. (See Exhibit 1.)

The listing of 14- to 17-year-olds by total wages shows the same three job groups in the top three spots. Sales & Related Workers, All Other and Food Preparation Workers join the top ten list. Maids & Housekeeping Cleaners and Dishwashers drop off when the list is sorted by total wages earned.

The primary occupations for 14- to 17-year-olds in Alaska suggest that these youth find employment in low-skilled occupations; however, the skills learned in these work experiences are invaluable. The development of reliability, dependability, punctuality, honesty, communication skills, and projection of a positive image are necessary first steps on the path of long-term employment. These skills, once learned, are transferable to all types of employment. Countries such as Germany, Denmark, and Switzerland include employment as part of formal apprenticeships where work is closely linked to the educational process and leads to specific adult jobs. In the U.S. youth under the age of 18 are not allowed to work in more skilled occupations under federal and state child labor laws. (See Child Labor Law, page 9).

2 Top Ten Occupations 2001 For 18- to 21-year-olds

By Worker Count

Occupational Title	Worker Count	Wages (000's)
Retail Salespersons	2,634	\$20,116
Combined Food Preparation & Serving Workers, incl. Fast Food	1,576	8,698
Cashiers	1,375	9,735
Laborers & Freight, Stock, & Material Movers, Hand	1,196	9,966
Office Clerks, General	1,059	8,765
Construction Laborers	1,038	12,676
Waiters & Waitresses	690	4,349
Counter Attendants, Cafeteria, Food Concession, Coffee Shop	544	3,669
Receptionists & Information Clerks	508	5,696
Sales & Related Workers, All Other	508	3,895
All other 18- to 21-year-olds (548 occupational titles)	19,925	186,837
Total	31,053	\$274,402

By Total Wages

Occupational Title	Worker Count	Wages (000's)
Retail Salespersons	2,634	\$20,116
Construction Laborers	1,038	12,676
Laborers & Freight, Stock, & Material Movers, Hand	1,196	9,966
Cashiers	1,375	9,735
Office Clerks, General	1,059	8,765
Combined Food Preparation & Serving Workers, incl. Fast Food	1,576	8,698
Receptionists & Information Clerks	508	5,696
Roustabouts, Oil and Gas	187	4,435
Waiters & Waitresses	690	4,349
Customer Service Representatives	366	4,044
All other 18- to 21-year-olds (548 occupational titles)	20,424	185,922
Total	31,053	\$274,402

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

Occupation mix changes for 18- to 21-year-olds

Retail Salespersons claim the top spot for the 18- to 21-year-old age group. Combined Food Preparation & Serving Workers are close behind, and Cashiers round out the top three spots when sorted by total number of workers. When occupations are viewed by total wages earned, Construction Laborers and Hand Laborers take over the second and third positions. These occupations reflect the transition from working to earn spending money to working to learn an adult trade.

The top ten employers by worker count for the 14- to 17-year-old and 18- to 21-year-old age groups are listed in Exhibit 3. Retail Sales and Food Service industries provide the bulk of employment opportunities to Alaska youth. Safeway, Fred Meyer, and Denali Foods make both lists of the top ten employers for youth. McDonald's restaurants employ many 14- to 17-year-olds, but these employees typically transfer to other companies as they grow older.

Summer workforce surge

The percentage of youth workers in each quarter of the calendar year varies by age group. (See Exhibit 4.) As would be expected, the third quarter of 2001 saw the greatest number of 14- to 17-year old workers. Almost 78 percent of this age group who worked during the calendar year were working in the third quarter, compared to less than 34 percent working in the first quarter. This is to be expected, since these youth would typically be attending high school up to the first week of June. It is interesting to note that 60 percent of the 14- to 17-year olds worked in the second quarter, and more than 56 percent worked in the fourth quarter as well.

The 18- to 21-year old youth work profile more closely resembles that of the rest of state workers for the second and third quarter of 2001, but their participation declines in the first and fourth quarter.

More than 83 percent of this age group who worked during the calendar year were working in the third quarter, and more than 78 percent worked in the second quarter. The percentages fall to 60 and 63 percent for the first and fourth quarters of the calendar year.

Retail Trade provided jobs for nearly 28 percent of Alaska's working youth in 2001. More than 20,000 youth worked in Retail Trade. (See Exhibit 5.) The Services industry followed with more than 12,000 youth. These two industries offered 72.9 percent of the employment opportunities to the 14- to 17 age group and 61.7 percent to the 18- to 21-year age group.

Workers in the 14- to 17-year age group comprise 5.8 percent of the total workforce, and workers in the 18- to 21-year age group comprise another 9.6 percent. Overall, state youth workforce participation was 13.4 percent of total employment

Top Ten Private Sector Employers Of youth 14-17 and 18-21—2001

14- to 17-year-olds

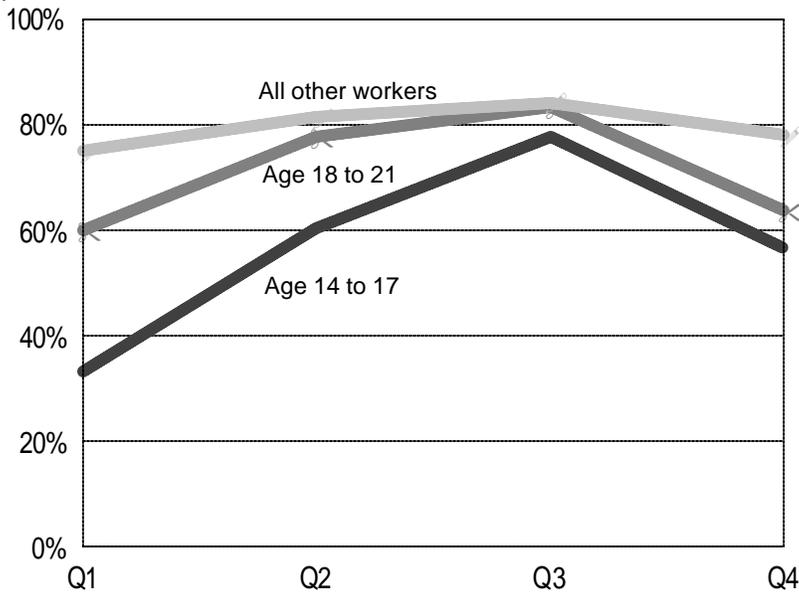
Employer	Workers
Safeway Inc.	675
McDonald's Restaurants of Alaska	320
K-Mart Corporation	239
Alaska Commercial Company	215
Restaurants Northwest Inc.	202
Subway of Alaska Inc.	202
Denali Foods Inc.	199
Interior Alaska McDonald's	186
Fred Meyer Shopping Centers	169
Wal-Mart Associates Inc.	159

18- to 21-year-olds

Employer	Workers
Fred Meyer Shopping Centers	538
Safeway Inc.	481
Wal-Mart Associates Inc.	477
K-Mart Corporation	382
Denali Foods Inc.	208
Nana Management Services LLC	183
Sears Roebuck and Company	174
Costco Wholesale Corp.	163
McDonald's Restaurants of Alaska	160
Alaska Commercial Company	158

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

4 Youth Workers by Quarter 2001



Note: These percentages are based on the count of individual social security numbers for the 2001 calendar year. There were 18,864 14- to 17-year olds, 31,053 18- to 21-year-olds, and 322,620 all other workers during the year.

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

for 2001. The increase in workforce participation from the 14- to 17-year age group to the 18- to 21-year age group reflects the shift from part-time or seasonal jobs to growing numbers of full time, year-round employment for older youth.

Where youth work

Over half of working youth find employment in the Anchorage region, or more than 25,000 of the almost 50,000 working youth in calendar year 2001. Workforce participation in the Anchorage, Gulf Coast, and Interior regions is slightly higher than participation statewide. Youth are the lowest percent of total workers in the Southwest region, with only 10.3 percent. (See Exhibit 6.) After Anchorage, the majority of the remaining youth employment occurred in the Interior, Southeast, and Gulf Coast regions, reflecting greater opportunity in the state's population centers. (See Exhibit 7 for geographic distribution of workers.)

Youth labor force participation

The population of 14- to 17-year olds in 2001 was 43,815 and the population of 18- to 21-year olds was 34,819, according to Alaska Department of Labor and Workforce Development (DLWD) population estimates of July 1, 2001. A full 43 percent of the 14- to 17-year old population were employed some time during the year, while more than 89 percent of the 18- to 21-year olds worked in at least one quarter of calendar year 2001. The lower percentage of 14- to 17-year-old workers is probably due to the legal restrictions on the types and hours of employment allowed. (See Child Labor Law, page 9.)

Youth attachment to labor force

Youth workers are more likely to have employment in only one quarter. Almost a third of the 14- to 17-year-old age group worked for only one quarter in 2001. Another 33 percent were employed for two quarters, a little over 20 percent were employed for three quarters, and just under 18 percent of workers were employed in all four quarters of 2001.

5 Youth Workers by Industry 2001

	Age 14 - 17	Age 18 - 21	Percent Youth Workers	All Workers
Agriculture/Forestry/Fishing	296	363	23.6	2,789
Construction	529	2,186	10.6	25,539
Finance/Insurance/Real Estate	357	1,114	10.1	14,614
Manufacturing	656	1,125	6.7	26,537
Mining	40	749	4.7	16,705
Retail Trade	9,366	11,219	27.7	74,435
Services	4,384	7,950	13.1	93,943
Trans/Communication/Utilities	654	2,463	8.8	35,386
Wholesale Trade	450	936	12.6	10,961
Local Government	1,958	2,094	9.0	45,267
State Government	119	756	3.5	25,199
Nonclassifiable	55	98	13.2	1,162
Total	18,864	31,053	13.4%	372,537

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

For the 18- to 21-year-old age group, 37.5 percent worked for all four quarters and only 15 percent worked just one quarter. This compares to 55 percent of all workers in 2001 who worked all four quarters. (See Exhibit 8.)

Career guidance available for youth

DLWD, in collaboration with school districts and employers, offers job and career fairs, office tours, mentoring programs, and school-to-work initiatives. Alaska Job Centers (called One-Stop shops) assist youth in entering the world of work with resume writing, work ethics, and application and interview skills workshops. Many high schools offer technical training and advanced placement classes that allow teens to accumulate up to two years of college or technical training credits while attending high school.

Career assessment tools are available in a number of places. Alaska Job Centers are located in many areas of the state. Visit <http://www.jobs.state.ak.us/> for a complete list of job centers, along with apprenticeship programs, job listings, and job fair calendars.

AKCIS (Alaska Career Information System) is user-friendly career information and planning software designed to help teens and adults explore career and educational opportunities. Many middle schools, high schools, and colleges in the state have the system available in their career guidance offices. Individuals can also use AKCIS in the resource area of any local Alaska Job Center. The program provides advice on career suitability, interview techniques, and creating resumes and cover letters. Information on universities and scholarships for those seeking higher education can also be found here.

America's Job Bank provides similar services. Connect to this site by visiting <http://www.ajb.org>. Friends, family, and school counselors are also good resources for individuals new to the job market.

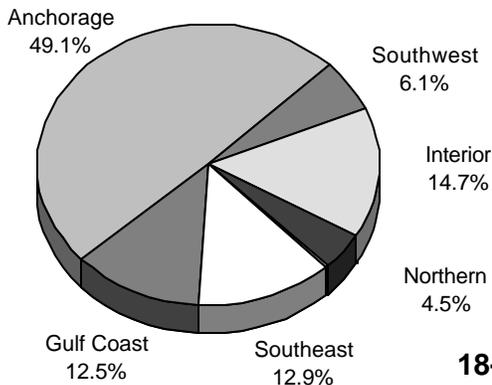
Youth Employment by Region 2001

	Workers Age 14-17	Workers Age 18-21	All Workers	Percent Youth Workers
Northern Region	840	1,647	23,139	10.7
North Slope Borough	382	838	13,805	8.8
Northwest Arctic Borough	192	359	4,372	12.6
Nome	266	450	4,962	14.4
Interior Region	2,773	4,557	49,629	14.8
Yukon-Koyukuk	207	313	3,812	13.6
Fairbanks North Star Bor.	2,322	3,890	41,368	15.0
Southeast Fairbanks	136	177	1,986	15.8
Denali Borough	108	177	2,463	11.6
Southwest Region	1,155	1,783	28,431	10.3
Dillingham	171	237	3,163	12.9
Wade Hampton	159	297	3,039	15.0
Bethel	560	837	8,916	15.7
Bristol Bay Borough	50	111	2,430	6.6
Aleutians East Borough	52	86	3,807	3.6
Aleutians West	109	132	5,341	4.5
Lake and Peninsula Borough	54	83	1,735	7.9
Anchorage Region	9,259	16,405	179,655	14.3
Matanuska-Susitna Borough	1,477	1,964	19,297	17.8
Municipality of Anchorage	7,782	14,441	160,358	13.9
Gulf Coast Region	2,358	3,245	39,812	14.1
Kenai Peninsula Borough	1,608	2,219	24,617	15.5
Kodiak Island Borough	355	497	7,192	11.8
Valdez-Cordova	395	529	8,003	11.5
Southeast Region	2,438	3,312	46,543	12.4
Yakutat Borough	31	30	643	9.5
Skagway-Hoonah-Angoon	87	133	2,397	9.2
Haines Borough	62	81	1,610	8.9
Juneau Borough	995	1,469	19,229	12.8
Sitka Borough	309	419	5,240	13.9
Wrangell-Petersburg	231	245	4,092	11.6
POW-Outer Ketchikan	201	219	3,207	13.1
Ketchikan Gateway Borough	522	716	10,125	12.2
Unknown or Outside Alaska	41	104	5,328	2.7
Total	18,864	31,053	372,537	13.4%

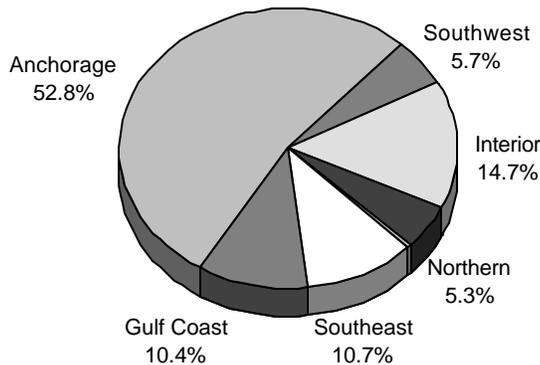
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

7 Youth Employment By geographic regions 2001

14- to 17-Year Olds



18- to 21-Year Olds

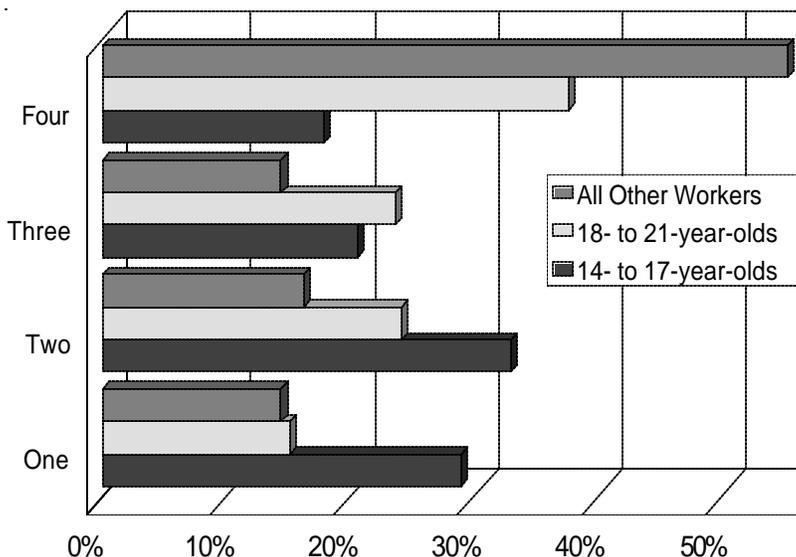


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Summary

Retail Sales and Fast Food employment provide the most opportunities for Alaska's youth. Workers gain valuable skills in customer service, business organization, and interpersonal relations from these beginning experiences in the workforce. The skills learned in these jobs are transferable to other employment and form the basis for the development of more advanced work skills and career advancement potential.

8 Number of Quarters Worked By percent of workers 2001



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

Child Labor Law

The Fair Labor Standards Act (FLSA) of 1938 established a minimum age of 16 years for covered nonagricultural employment. However, the FLSA allows 14- and 15-year-olds to be employed in some occupations if the Secretary of Labor determines that the employment is confined to periods that will not interfere with the youth's schooling, health and well-being. Under Alaska Statutes 23.10.325 - .370, the State of Alaska has established protective standards for workers under 18. In addition, the State of Alaska has established protective standards for workers under 19 who work in establishments where alcoholic beverages are served.

Federal statutes are generally stricter than state statutes for child labor. Most employers in Alaska must comply with both state and federal hourly restrictions. (The federal statutes apply to businesses if the minor worker handles goods destined for interstate commerce or if the business gross receipts are greater than \$500,000.) When the state and federal rules conflict, it is up to the employer to follow the more stringent restriction.

State of Alaska child labor laws decree that when school is in session, 14- and 15-year-olds may not work more than 23 hours in a week. They cannot have more than nine hours of school attendance and employment in any one day, and all work must be performed between 5 a.m. and 9 p.m. Under federal restrictions, 14- and 15-year-olds are limited to three hours of work per day, 18 hours per week, and may work only between 7 a.m. and 7 p.m. during the school year. When school is not in session, 14- and 15-year-olds are limited to 40 hours per week and may not work past 9 p.m. under both state and federal restrictions.

Once a worker reaches 16, the employer can require

any number of hours regardless of whether school is in session. However, with limited exceptions, Alaska law restricts an employer from employing any 16- or 17-year-old more than six days per week. All employees under 18 who are scheduled to work five consecutive hours are entitled to a 30-minute break.

Various restrictions apply to the types of activities that can be performed by workers under 18 years of age. For instance, 14- and 15-year-olds may not be employed in occupations in manufacturing, construction, mining or processing. They may not operate power-driven machinery, or work in an establishment that serves alcoholic beverages. Using ladders or step stools, working in a fish-processing facility, or operating a baking oven are also prohibited for 14- and 15-year-olds. Minors under 18 cannot be employed in door-to-door sales, or in occupations involving logging, roofing, excavation, electrical equipment, or sawmills. They cannot manufacture, handle, or use explosives, or operate power-driven woodworking machines, or engage in other restricted activities.

Employers are required to have work permits approved by the DLWD for each worker under the age of 17. If alcoholic beverages are served on the premises where the worker will be employed, a work permit is required for any worker under the age of 19.

For a complete list of state restrictions and other information, visit <http://www.labor.state.ak.us/lss/childlaw.htm>. Contact the nearest Wage and Hour Office at (907) 465-4842 for Juneau, (907) 269-4900 for Anchorage, and (907) 451-2886 for Fairbanks. For federal restrictions, contact the U.S. Department of Labor at (866) 487-9243 or visit <http://www.dol.gov/esa/regs/compliance/whd/whdcomp.htm>.

The Cost of Living

by
Neal Fried and Dan Robinson
Labor Economists

A look at the various measures and their limitations

Cost-of-living questions have long been a topic of interest for Alaskans and anyone who has considered doing business or moving here. Myths abound, some of them probably dating back to gold rush days. Although it is still true that living in Alaska costs more than living in most other states, the gap has narrowed substantially over the past 20 years. This article looks at the current data from the various cost-of-living measures and the answers they provide on this important issue.

Two kinds of cost-of-living measures

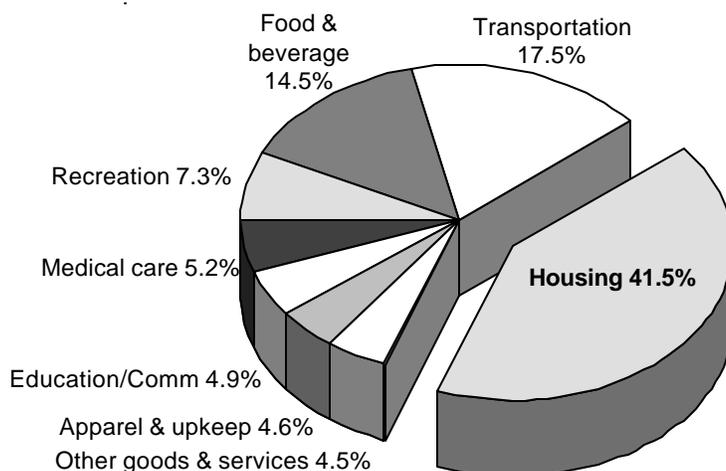
Cost-of-living measures come in two very different types. One type examines the change in costs from year to year in one specific place. The Consumer Price Index (CPI) is this type of measure. It is popularly referred to as the inflation rate; workers, unions, and employers pay close attention to it because bargaining agreements and other wage rate negotiations often incorporate an adjustment for inflation. The CPI also plays a role in rental contracts, child support payments, and other contracts. Each year the Alaska Permanent Fund Corporation uses the CPI to determine how much money must be added to the principal of the Permanent Fund to keep up with inflation.

The other type of measure addresses cost differences between places. Measures of this type can answer the question of whether it is more expensive to live in Fairbanks or Ketchikan, for example. These measures generally select certain items and then compare how much it would cost to purchase those items in different locations. The question is often how much more or less it will cost to maintain a specific standard of living in different cities. Comparisons such as these play a big role in relocation decisions. Several measures of this type will be discussed below.

Use indexes with caution

All cost-of-living measures have shortcomings. Because no two consumers spend their money

1 Component Weighting In Anchorage CPI 2002



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

alike, no index can completely capture all the differences between price changes over time or price differences between one city and another. The average household in Kenai may spend its income quite differently than the average household in Dillingham, depending on prices, personal tastes, or other factors. The differences will be dramatic when comparing a Dillingham household with one in San Francisco. Most households' spending habits are also constantly in flux. Technology changes, tastes change, and people substitute one item for another in response to price or other changes. Accounting for all of this complexity would be nearly impossible for any one measure or index. Consequently, most simply select a sample of goods and services designed to approximate the consumption pattern of an average household. Items such as housing, food, transportation, medical care, and entertainment are a few of the components included in these surveys. This list of items is often referred to as the "market basket." Some measures go to great length to construct the market basket and others do so very simply. In order to understand the strengths and weaknesses of a specific cost-of-living measure, it is important to be aware of the contents of the market basket and the approximate income of the household used for comparison.

The CPI—keeping tabs on prices

The Anchorage Consumer Price Index (CPI) is the most used cost-of-living index in Alaska. It provides a long-term record of price changes in the city and is often treated as the de facto statewide inflation measure. Anchorage is one of more than 80 urban communities in the country where the CPI tracks changes in the prices of consumer goods and services, and the only community in Alaska where the index is calculated.

The U.S. Department of Labor's Bureau of Labor Statistics (BLS) conducts elaborate surveys of Anchorage consumers' spending habits to determine the market basket of goods and the location-specific weight of each item. (See Exhibit 1.) The Anchorage CPI is produced on a semi-annual basis, January to June and July to December.

Consumer Price Index-Urban **2** U.S. City and Anchorage averages, 1960-2002

Year	U.S. City Average	Percent Change from Prev. Yr.	Anchorage Average	Percent Change from Prev. Yr.
1960	29.6		34.0	
1961	29.9	1.0	34.5	1.5
1962	30.2	1.0	34.7	0.6
1963	30.6	1.3	34.8	0.3
1964	31.0	1.3	35.0	0.6
1965	31.5	1.6	35.3	0.9
1966	32.4	2.9	36.3	2.8
1967	33.4	3.1	37.2	2.5
1968	34.8	4.2	38.1	2.4
1969	36.7	5.5	39.6	3.9
1970	38.8	5.7	41.1	3.8
1971	40.5	4.4	42.3	2.9
1972	41.8	3.2	43.4	2.6
1973	44.4	6.2	45.3	4.4
1974	49.3	11.0	50.2	10.8
1975	53.8	9.1	57.1	13.7
1976	56.9	5.8	61.5	7.7
1977	60.6	6.5	65.6	6.7
1978	65.2	7.6	70.2	7.0
1979	72.6	11.3	77.6	10.5
1980	82.4	13.5	85.5	10.2
1981	90.9	10.3	92.4	8.1
1982	96.5	6.2	97.4	5.4
1983	99.6	3.2	99.2	1.8
1984	103.9	4.3	103.3	4.1
1985	107.6	3.6	105.8	2.4
1986	109.6	1.9	107.8	1.9
1987	113.6	3.6	108.2	0.4
1988	118.3	4.1	108.6	0.4
1989	124.0	4.8	111.7	2.9
1990	130.7	5.4	118.6	6.2
1991	136.2	4.2	124.0	4.6
1992	140.3	3.0	128.2	3.4
1993	144.5	3.0	132.2	3.1
1994	148.2	2.6	135.0	2.1
1995	152.4	2.8	138.9	2.9
1996	156.9	3.0	142.7	2.7
1997	160.5	2.3	144.8	1.5
1998	163.0	1.6	146.9	1.5
1999	166.6	2.2	148.4	1.0
2000	172.2	3.4	150.9	1.7
2001	177.1	2.8	155.2	2.8
2002	179.9	1.6	158.2	1.9

1982-1984 = 100

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

(See Exhibit 2.) After the July to December index is released, the annual average index, which is the most observed measure, can be calculated. The CPI-U (Consumer Price Index for all Urban Consumers) is the most prominent and most frequently used measure. All references to the CPI in this article are to the CPI-U.

CPI is specific to one location

As mentioned earlier, the CPI cannot be used to compare costs between different locations. For example, in 2002 the annual average index for Anchorage was 158.2 compared to the national index of 179.9. This does not mean that the cost of living was higher in the U.S. than in Anchorage. As the other indexes in this article show, the contrary is true. What the higher number for the national index does indicate is that since the early 1980s prices have increased faster in the nation as a whole than they have in Anchorage.

Inflation stayed low in 2002

For the past eight years inflation in Anchorage has not crested the three-percent mark. (See Exhibit 3.) In 2002 the cost of living in Anchorage rose by 1.9 percent, about equal to the eight-year average and just slightly higher than the national rate of 1.6 percent. The major component in the rising prices was housing, which increased by 3.2 percent. Other items measured either showed more moderate increases, or even declines. Food costs rose by one percent while both transportation and apparel costs fell.

Housing dominates the CPI

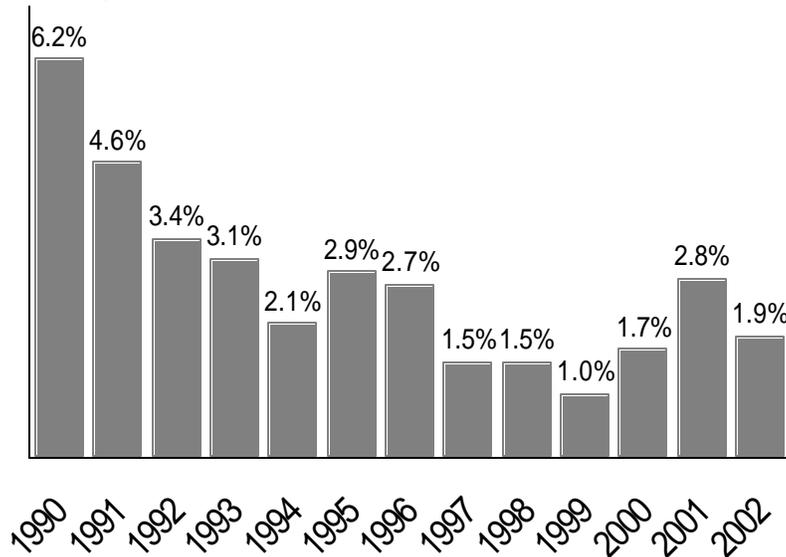
Exhibit 1 shows the different weights assigned in calculating the CPI. Housing represents the single largest weight because that is where most consumers spend the largest share of their consumption dollars. Housing exerts a powerful influence on the overall index. It also gives the CPI a local flavor, creating index changes that often diverge from those seen in the national CPI, because it is usually local market forces that affect housing prices. For example, during the mid- to late 1980s when the Anchorage real estate market crashed, the overall Anchorage CPI recorded nearly zero inflation because the cost of housing took such a beating. During the same period the national housing market was robust, so the national index moved considerably ahead of Anchorage.

The other reason the local character of the CPI derives chiefly from housing is that costs of the other goods and services in the CPI market basket are largely determined by national and international trends. Price changes for gasoline, food, clothing, insurance, transportation, health care, and recreation are generally responses to national and global market conditions, rather than local ones.

Because of the strong weight housing carries, it is important to know its shortcomings as a measure. The CPI uses a housing cost configuration termed "rental equivalency." It calculates the costs for

3 Anchorage Consumer Prices 2002 increase is moderate

Anchorage Consumer Price Index for All Urban Consumers (CPI-U)



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

Selected Components of CPI 4

Anchorage and U.S. city annual averages 1983-2002

Year	ALL ITEMS LESS SHELTER				HOUSING				FOOD & BEVERAGES			
	U.S. Average	Percent Change from Prev. Yr.	Anch. Avg.	Percent Change from Prev. Yr.	U.S. Average	Percent Change from Prev. Yr.	Anch. Avg.	Percent Change from Prev. Yr.	U.S. Avg.	Percent Change from Prev. Yr.	Anch. Avg.	Percent Change from Prev. Yr.
1983	99.8	3.7	99.9	3.7	99.5	2.7	99.0	0.8	99.5	2.3	99.7	2.6
1984	103.9	4.1	103.8	3.9	103.6	4.1	102.7	3.7	103.2	3.7	103.2	3.5
1985	107.0	3.0	107.5	3.6	107.7	4.0	103.0	0.3	105.6	2.3	106.2	2.9
1986	108.0	0.9	111.2	3.4	110.9	3.0	102.6	-0.4	109.1	3.3	110.8	4.3
1987	111.6	3.3	115.1	3.5	114.2	3.0	97.5	-5.0	113.5	4.0	113.1	2.1
1988	115.9	3.9	117.8	2.3	118.5	3.8	95.4	-2.2	118.2	4.1	113.8	0.6
1989	121.6	4.9	122.3	3.8	123.0	3.8	96.3	0.9	124.9	5.7	117.2	3.0
1990	128.2	5.4	128.0	4.7	128.5	4.5	103.9	7.9	132.1	5.8	123.7	5.5
1991	133.5	4.1	131.9	3.0	133.6	4.0	111.2	7.0	136.8	3.6	127.7	3.2
1992	137.3	2.8	134.6	2.0	137.5	2.9	116.6	4.9	138.7	1.4	130.3	2.0
1993	141.4	3.0	137.9	2.5	141.2	2.7	121.1	3.9	141.6	2.1	131.2	0.7
1994	144.8	2.4	140.3	1.7	144.8	2.5	122.9	1.5	144.9	2.3	131.9	0.5
1995	148.6	2.6	144.6	3.1	148.5	2.6	124.9	1.6	148.9	2.8	138.5	5.0
1996	152.8	2.8	148.4	2.6	152.8	2.9	127.9	2.4	153.7	3.2	143.4	3.5
1997	155.9	2.0	150.6	1.5	156.8	2.6	129.4	1.2	157.7	2.6	145.8	1.7
1998	157.2	0.8	152.6	1.3	160.4	2.3	131.0	1.2	161.1	2.2	147.3	1.0
1999	160.2	1.9	153.5	0.6	163.9	2.2	132.7	1.3	164.6	2.2	148.4	0.7
2000	165.7	3.4	156.1	1.7	169.6	3.5	134.2	1.1	168.4	2.3	151.7	2.2
2001	169.7	2.4	160.6	2.9	176.4	4.0	139.0	3.6	173.6	3.1	156.4	3.1
2002	170.8	0.6	162.2	1.0	180.3	2.2	143.5	3.2	176.5	1.8	157.9	1.0

Year	TRANSPORTATION				MEDICAL CARE*				APPAREL & UPKEEP			
	U.S. Avg.	Percent Change from Prev. Yr.	Anch. Avg.	Percent Change from Prev. Yr.	U.S. Avg.	Percent Change from Prev. Yr.	Anch. Avg.	Percent Change from Prev. Yr.	U.S. Avg.	Percent Change from Prev. Yr.	Anch. Avg.	Percent Change from Prev. Yr.
1983	99.3	2.4	98.5	1.8	100.6	8.8	99.7	5.2	100.2	2.5	101.6	5.2
1984	103.7	4.4	104.6	6.2	106.8	6.2	105.5	5.8	102.1	1.9	101.7	0.1
1985	106.4	2.6	108.2	3.4	113.5	6.3	110.9	5.1	105.0	2.8	105.8	4.0
1986	102.3	-3.9	107.8	-0.4	122.0	7.5	127.8	15.2	105.9	0.9	109.0	3.0
1987	105.4	3.0	111.3	3.2	130.1	6.6	137.0	7.2	110.6	4.4	116.6	7.0
1988	108.7	3.1	113.0	1.5	138.6	6.5	145.8	6.4	115.4	4.3	119.1	2.1
1989	114.1	5.0	116.7	3.3	149.3	7.7	154.4	5.9	118.6	2.8	125.0	5.0
1990	120.5	5.6	120.7	3.4	162.8	9.0	161.2	4.4	124.1	4.6	127.7	2.2
1991	123.8	2.7	121.7	0.8	177.0	8.7	173.5	7.6	128.7	3.7	126.6	-0.9
1992	126.5	2.2	123.3	1.3	190.1	7.4	183.0	5.5	131.9	2.5	130.2	2.8
1993	130.4	3.1	128.8	4.5	201.4	5.9	189.6	3.6	133.7	1.4	131.2	0.8
1994	134.3	3.0	136.9	6.3	211.0	4.8	197.8	4.3	133.4	-0.2	128.9	-1.8
1995	139.1	3.6	143.8	5.0	220.5	4.5	211.6	7.0	132.0	-1.0	130.0	0.9
1996	143.0	2.8	147.2	2.4	228.2	3.5	231.1	9.2	131.7	-0.2	128.7	-1.0
1997	144.3	0.9	147.0	-0.1	234.6	2.8	248.9	7.7	132.9	0.9	127.0	-1.3
1998	141.6	-1.9	144.9	-1.4	242.1	3.2	255.7	2.7	133.0	0.1	125.6	-1.1
1999	144.4	2.0	143.7	-0.8	250.6	3.5	260.8	2.0	131.3	-1.3	125.8	0.2
2000	153.3	6.2	150.5	4.7	260.8	4.1	272.1	4.3	129.6	-1.3	124.5	-1.0
2001	154.3	0.7	153.0	1.7	272.8	4.6	282.9	4.0	127.3	-1.8	131.1	5.3
2002	152.9	-1.0	151.5	-1.0	285.6	4.7	—	—	124.0	-2.6	126.7	-3.4

*No second half or annual index was produced for medical care in 2002.

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

home ownership by the current rental value of the same home on the open market. A potential problem develops when the housing market is in flux. When housing prices or rents are changing rapidly, the inflation rate for the housing portion of the CPI may be exaggerated. This occurs because most homeowners have long-term fixed interest rate mortgages that reflect conditions of housing markets in the past. So in times when the local housing market becomes overheated and prices rise quickly, homeowners with fixed rate mortgages are not affected. In such an environment the rate of inflation would be overstated. The opposite scenario develops in a down market.

To isolate price changes other than those caused by the housing market, a CPI is produced that excludes housing. It is referred to as the CPI All Items Less Shelter. (See Exhibit 4.) Using the Less Shelter index for comparison between Anchorage and the nation shows a smaller difference over the years.

What does \$100 in 1980 dollars equal today?

The Anchorage CPI-U can help answer the question, how much money would it take today to equal a dollar from some earlier year? Use the equation below:

$$\frac{\text{2002 Anchorage CPI (See Ex. 2)}}{\text{Divided by 1980 Anchorage CPI}} = \frac{158.2}{85.5} = 1.85$$

Multiply 1.85 by any number of 1980 dollars and you will have the 2002 equivalent. So, \$1.85 in 2002 would have the same purchasing power as \$1.00 did in 1980.

The formula can be reversed to deflate current dollars to some earlier year. Inflation calculators that require only the years and a dollar amount are also available on many web sites, including ours: <http://almis.labor.state.ak.us/>

Medical costs continue upward spiral

The costs of medical care in Anchorage have shot upwards, although they are not weighted heavily enough to have a major effect on the overall index. (See Exhibits 1 and 5.) No other component of the CPI has come close to matching the increases in health care prices. The story is the same at the national level. During the past decade medical care costs in Anchorage have grown by 60 percent, triple the 20 percent rate of the overall index. As the state and national population continues to age and the need for health care expands, rising costs will bring critical focus to issues surrounding the affordability of such services.

Food costs around the state

Four times a year, the University of Alaska Fairbanks Cooperative Extension Service conducts a survey of the costs of food at home for a week in 20 Alaska communities, and Portland, Oregon. (See Exhibits 6 and 7.) The food basket includes items that will provide the minimum level of nutrition at the lowest possible cost. The survey also includes information on utility and fuel costs. The strength of this survey is its geographic coverage. No other survey in the state covers as many communities. Another strong point is its long-running history. Problems with the survey pertain to different food consumption patterns in urban and rural Alaska. The study assumes that the same items would be purchased in all of the communities, even though buying habits of urban and rural residents differ dramatically. Many items that can be purchased in urban Alaska are not available in rural communities. Recently the study began including cost calculations for grocery items mail ordered from urban merchants, a practice widespread in rural Alaska, but items that enter rural areas by barter or that are imported as baggage or private cargo are not included. Moreover, the study's list of basic grocery items ignores the consumption of subsistence meat, fowl, fish, berries, and other foods, instead of store-bought items.

According to the September 2002 study, a family

of four enjoyed the lowest food costs in the state in urban areas such as Anchorage, Fairbanks, and Juneau. The highest costs tended to be in remote communities, which are serviced by air most of the year and by barge during the summer months. Bethel, Nome, and Dillingham belong in this category. Communities that lie on a major transportation system, such as a highway or the Alaska Marine Highway system, have grocery prices that fall between those in the urban and remote areas. Examples of such places are Kodiak, Tok and Haines. But location is not everything; the size of the market and the level of competition are other major determinants.

Juneau tops the list in rents

Housing costs are often a good proxy for an area's cost of living because they make up such a large slice of a household's total expenditures. The Alaska Housing Finance Corporation (AHFC) contracts with the Alaska Department of Labor and Workforce Development to collect rental housing data for ten areas around the state. Exhibits 8 and 9 display monthly rental costs for two-bedroom apartments and three-bedroom single-family homes.

As is the case with food and other items, the cost of housing varies dramatically from place to place in Alaska. Supply of housing, vacancy rates, quality of housing, the economic condition of the local economy, building costs, and local demographics are all factors that help explain differences. The trends in the cost of food and housing show strong similarities, but also highlight a few differences. Overall, rental costs of both apartments and houses are highest in Juneau and the Valdez/Cordova area.

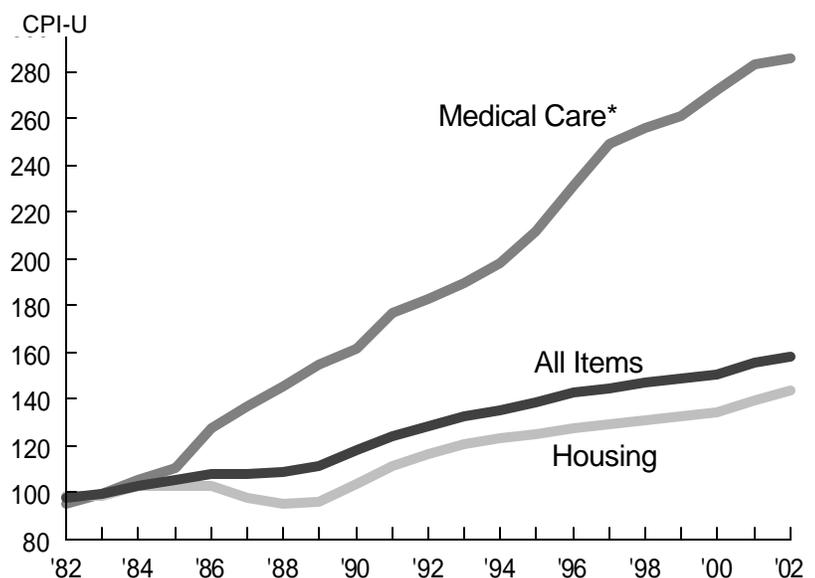
AHFC also creates a housing affordability index for six areas in the state. (See Exhibit 10.) This index takes into account not only the cost of housing, but also the ability to pay for housing (the number of workers needed), using the average annual wages earned in the respective areas. The two factors combined produce some interesting

Calculating Index Changes

Movements of the indexes from one period to another are usually expressed as percent changes rather than changes in index points because index point changes are affected by the level of the index in relation to its base period while percent changes are not. The example below illustrates the computation of index points and percent changes.

Index Point Change	
CPI-Anchorage 2002	158.2
Less CPI for previous period-Anchorage 2001	155.2
Equals index point change	3.0
Percent Change	
Index point difference	3.0
Divided by the previous index (Anchorage 2001)	155.2
Equals	0.019
Results multiplied by 100	0.019 x 100
Equals percent change (Anchorage CPI 2002)	1.9

Medical Costs Head Skyward 5 Anchorage CPI 1982-2002



*First quarter 2002 data; no data available for 2nd half 2002.

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

6 Cost of Food at Home

For family of four with elementary school age children

December 2002

Anchorage	\$100.61
Bethel	\$187.96
Cordova	\$163.61
Craig-Klawock	\$134.65
Delta	\$127.32
Dillingham	\$189.52
Fairbanks	\$100.80
Copper River Basin	\$137.86
Haines	\$160.01
Homer	\$138.87
Juneau	\$110.52
Kenai-Soldotna	\$119.12
Ketchikan	\$111.06
Kodiak	\$143.36
Mat-Su	\$125.70
Nome	\$179.76
Seward	\$123.53
Sitka	\$124.35
Tok	\$126.92
Valdez	\$120.39
Portland, Oregon	\$ 86.99

results. One such case is the Mat-Su Borough. Despite some of the lowest housing costs, it is less affordable for Mat-Su residents who work there to purchase a home than it is for Anchorage residents to purchase homes in Anchorage. It should come as no surprise then that so many Mat-Su residents commute to Anchorage in order to combine low housing costs with Anchorage's higher wages. In Juneau, where wages tend to be above average, housing is still less affordable because of the high price of homes. Another finding of the AHFC survey is that an ordinary house in Bethel is well beyond the means of the average Bethel wage earner.

Anchorage has an affordable housing combo

Housing affordability studies show the relative ease of purchasing a home in Anchorage compared

Source: University of Alaska Fairbanks Cooperative Extension Service

7 Cost of Food at Home for a Week in Eight Alaska Cities

For family of four with elementary school age children

Month/ Year	Anchorage	Fairbanks	Pct. of Anch.	Juneau	Pct. of Anch.	Bethel	Pct. of Anch.	Nome	Pct. of Anch.	Kodiak	Pct. of Anch.	Kenai/ Soldotna	Pct. of Anch.	Tok	Pct. of Anch.
9/83	\$81.66	\$83.79	103	\$88.62	109	\$128.30	157	\$130.14	159	\$104.94	129	\$86.98	107	-	-
9/84	84.22	91.26	108	91.66	109	136.54	162	142.07	169	115.97	138	87.97	104	\$121.66	144
9/85	89.06	90.08	101	106.61	120	138.13	155	152.41	171	108.17	121	91.47	103	116.19	130
9/86	87.25	90.61	104	87.65	100	137.96	158	142.04	163	105.49	121	92.78	106	124.18	142
9/87	88.90	85.12	96	88.24	99	140.81	158	147.96	166	104.39	117	96.95	109	117.51	132
9/88	90.99	94.74	104	92.95	102	137.57	151	147.69	162	116.68	128	95.53	105	119.69	132
9/89	93.80	94.33	101	96.73	103	140.65	150	-	-	124.61	133	104.20	111	139.43	149
9/90	98.73	103.49	105	100.86	102	146.92	149	155.48	157	154.55	157	103.21	105	131.03	133
9/91	102.84	114.65	111	104.21	101	152.49	148	150.29	146	127.96	124	111.88	109	143.45	139
9/92	100.46	92.31	92	102.62	102	142.51	142	158.08	157	124.61	124	109.60	109	132.94	132
9/93	97.89	93.42	95	103.70	106	147.84	151	145.94	149	125.19	128	111.61	114	136.96	140
9/94	91.32	94.96	104	104.09	114	133.47	146	140.22	154	123.99	136	105.51	116	140.78	154
9/95	89.30	93.26	104	99.38	111	140.68	158	148.55	166	123.04	138	102.48	115	122.89	138
9/96	101.43	96.65	95	96.93	96	148.70	147	162.61	160	125.71	124	105.01	104	142.46	140
9/97	96.57	97.73	101	98.89	102	150.42	156	-	-	123.92	128	104.87	109	-	-
9/98	98.74	98.35	100	103.08	104	155.24	157	174.27	176	130.04	132	104.13	105	144.67	147
9/99	99.87	98.52	99	104.45	105	163.11	163	155.29	155	143.81	144	109.58	110	132.61	133
9/00	100.89	100.63	100	104.55	104	162.63	161	157.40	156	133.89	133	112.01	111	139.31	138
9/01	106.43	103.61	97	112.53	106	180.89	170	176.56	166	140.23	132	119.55	112	141.73	133
9/02	100.61	100.80	100	110.52	110	187.96	187	179.76	179	143.36	142	119.12	118	126.92	126

Sales tax included in food prices.

Source: "Cost of Food at Home for a Week," September 1978 to September 2002, University of Alaska Cooperative Extension Service, U.S. Dept. of Agriculture and SEA Grant cooperating

- Data not available

to other communities in the nation. In fact, an Anchorage family with the median annual income of \$60,500 could afford to purchase 75.6 percent of all homes sold. That number compares favorably to the average of 64.8 percent for all of the communities surveyed by the National Association of Homebuilders. (See Exhibit 11.) Anchorage ranked as the second most affordable housing market in the western region. The average selling price of \$153,000 came in four percent below the national average. The low selling price and Anchorage's higher-than-average family income combined to produce the favorable ranking.

ACCRA looks at higher income households

Every quarter the American Chamber of Commerce Researchers Association (ACCRA) publishes the results of its detailed cost-of-living surveys of nearly 300 cities. ACCRA's market basket was created to replicate the consumption patterns of professional and executive households with incomes in the top fifth of all households. Consumer expenditures (housing, groceries, transportation, etc.) for each city are compared to the average for all cities surveyed, which is assigned a score of 100. The survey does not include taxes, a significant point for Alaskans, whose tax burden is the lowest in the country.

The ACCRA survey reveals that the cost of living for Alaska's higher income residents is still well above average. Anchorage, Fairbanks, Juneau and Kodiak all recorded composite index scores of at least 121.8. (See Exhibit 12.) Compared to last year, however, when all four Alaska cities were in the top twenty highest cost urban areas, only Kodiak made the top twenty list in 2002. (See Exhibit 13.) With the exception of utilities in Anchorage, the four cities score above 100 (the average for all cities surveyed) in every component measured.

Health care costs stand out as particularly high in the Alaska cities surveyed. Health care is cheaper

Two-Bedroom Apartments 8

Cost most in Juneau, least in Kenai

Median adjusted monthly rent 2002



Sources: Alaska Housing Finance Corporation, Alaska Housing Market Indicators. Alaska Department of Labor and Workforce Development, Research and Analysis Section

Three-Bedrm Single Family Home 9

Costs most in Juneau, Valdez/Cordova

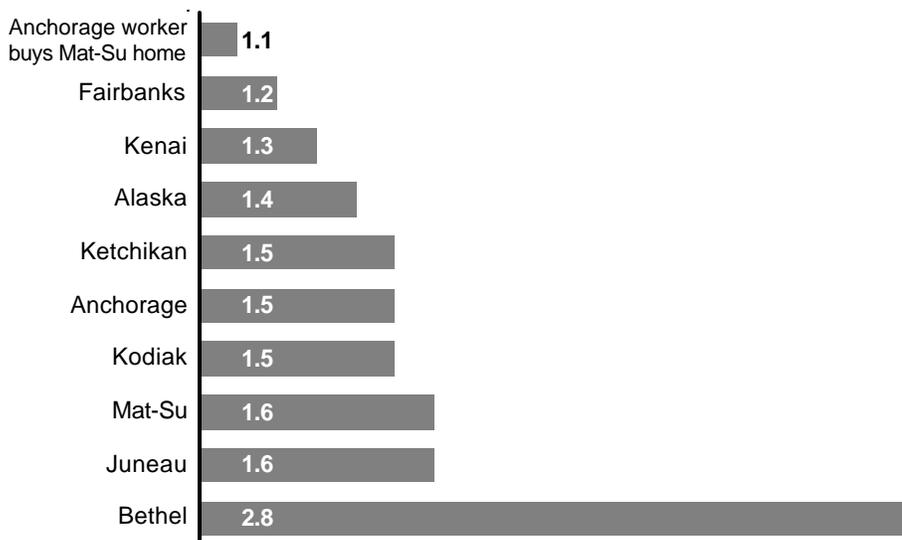
Median adjusted monthly rent 2002



Sources: Alaska Housing Finance Corporation, Alaska Housing Market Indicators. Alaska Department of Labor and Workforce Development, Research and Analysis Section

10 Housing Affordability, 2002

Wage earners needed to buy average house



Sources: Alaska Housing Finance Corporation, Alaska Housing Market Indicators. Alaska Department of Labor and Workforce Development, Research and Analysis Section

11 Anchorage Enjoys a Very Affordable Housing Market

In relation to other cities in the nation, first quarter 2002

Area	State	% of Homes Affordable for Median Income	Median Family Income	Median Sale Price 1st Qtr 2002
Fargo-Moorhead	ND-MN	94.5%	\$55,900	\$88,000
Muncie	IN	89.1	48,900	99,000
Kansas City	MO-KS	86.4	64,500	125,000
Tallahassee	FL	85.1	57,200	122,000
Lansing-East Lansing	MI	80.9	60,100	112,000
Fort Worth	TX	79.7	61,300	127,000
Washington	DC-MD-VA-WV	78.3	91,500	200,000
Boise	ID	77.7	54,500	131,000
St Louis	MO	77.6	61,400	126,000
Milwaukee-Waukesha	WI	76.0	67,200	130,000
ANCHORAGE	AK	75.6	60,500	153,000
Phoenix-Mesa	AZ	75.4	57,900	146,000
Chicago	IL	73.7	75,400	176,000
Birmingham	AL	73.4	52,700	134,000
Dallas	TX	70.5	66,500	155,000
Las Vegas	NV	70.2	54,300	153,000
El Paso	TX	68.8	36,300	86,000
Salt Lake City-Ogden	UT	68.3	57,200	154,000
Houston	TX	67.8	59,600	138,000
Spokane	WA	66.1	46,600	125,000
NATIONAL AVERAGE		64.8	54,400	160,000
Seattle-Bellevue-Everett	WA	63.1	77,900	234,000
Salem	OR	50.4	46,700	131,000
Sacramento	CA	43.7	57,300	218,000
Los Angeles-Long Beach	CA	34.4	55,100	240,000

Source: National Association of Home Builders, Housing Opportunity Index, First Quarter, 2002

in Kodiak than in Anchorage, Fairbanks or Juneau, though still more than 40 percent higher than the average city surveyed by ACCRA. Health care is most expensive in Juneau, where it costs nearly 80 percent more than the average city.

Exhibit 12 shows that living costs are generally lower in the Southeast, Midwest, and Southwest-Mountain regions. Among cities shown in the West, Las Vegas had the lowest costs. Housing costs four times the national average in Manhattan,

New York City, made it the most expensive place in the nation.

Exhibit 14 shows some of the detail produced by the ACCRA survey. Some of the numbers that stand out are high rental costs in all four surveyed Alaska cities; high energy costs in Fairbanks, Juneau, and Kodiak; high dentist prices in all four cities, Juneau in particular; and high prices across the board for the popular trio of haircuts, movies, and beer.

Cost of Living for Selected Cities **12** ACCRA Index—December 2002

	Index Items Costs	All Grocery Items	Housing	Utilities	Transportation	Health Care	Misc. Goods & Services
Anchorage, AK	121.8	129.0	130.7	91.9	110.6	144.4	117.9
Fairbanks, AK	127.5	124.0	131.4	154.0	114.3	158.0	118.9
Juneau, AK *	128.6	126.9	137.2	139.0	128.5	178.5	112.1
Kodiak, AK	135.4	147.8	133.2	143.0	134.5	140.3	129.1
West							
Seattle, WA *	148.2	116.0	228.2	123.3	111.5	160.3	111.2
Portland, OR	116.4	112.8	131.5	100.1	107.0	119.7	111.5
Los Angeles-Long Beach, CA	137.8	110.5	207.6	109.3	111.6	112.9	110.3
Oakland, CA	139.6	130.5	206.5	101.2	113.6	143.9	103.9
Las Vegas, NV	105.1	113.3	102.6	99.4	109.4	109.0	102.6
Southwest/Mountain							
Boise, ID	96.4	87.4	91.3	86.9	101.5	104.9	104.7
Provo-Orem, UT	94.1	97.8	88.8	87.8	101.9	86.5	97.1
Phoenix, AZ	95.1	102.8	83.8	97.1	103.8	108.4	95.9
Denver, CO	105.7	106.8	111.3	81.6	110.9	122.3	102.2
Dallas, TX	97.4	98.5	92.7	98.2	95.4	97.0	101.2
Midwest							
Minneapolis, MN	110.5	101.8	118.9	113.7	120.3	118.3	102.7
Cleveland, OH	105.0	111.7	95.2	143.1	109.9	105.2	99.3
Wichita, KS	94.7	90.2	80.1	101.8	107.9	98.9	103.1
Southeast							
Orlando, FL	98.0	102.5	86.0	100.2	95.7	101.3	105.8
Montgomery, AL	92.3	93.2	84.5	102.0	93.8	87.9	96.4
Raleigh, NC	101.0	108.0	96.8	99.5	97.4	102.0	102.4
Atlantic/New England							
New York City - Manhattan	216.2	146.2	411.3	158.9	117.5	165.3	136.0
Boston, MA	135.5	114.5	178.2	157.9	112.5	135.0	111.0

* Data from third quarter 2002; no fourth quarter 2002 data is available for Seattle or Juneau

Source: American Chamber of Commerce Researchers Association, Urban Area Index Data, fourth quarter 2002, except where noted

Runzheimer survey

The Runzheimer Plan of Living Cost Standards differs from ACCRA in that it is based on a lower income family. The Runzheimer survey calculates the geographic differentials in cost of living for a family of four with a specific income. The Alaska Department of Labor and Workforce Development contracted with Runzheimer to provide differentials for an income level of \$32,000 in a hypothetical standard U.S. city, an income level well below that of the average Alaska household. Unlike the ACCRA survey, Runzheimer includes taxes.

The Runzheimer study places consumer costs into four major groups: taxation, transportation, housing, and goods and services. Tax data represent location-specific federal, state, income, and local wage taxes. Transportation costs are calculated by assuming a 240-day workplace commute using public transportation or a personal automobile. Commuting miles and personal travel miles are combined for a total of 14,000 miles annually per household. The study then compared costs for driving and maintaining an automobile considered moderately priced, in this case a 1999 Ford Contour. Costs included in the comparisons were gasoline, maintenance, license, taxes, insurance, depreciation, and interest.

13 The 20 Highest Cost Urban Areas and Selected Alaska Cities

ACCRA Index—December 2002

City	All Items Index	Grocery Items	Housing	Utilities	Transportation	Health Care	Misc. Goods & Services
Expenditure Weight		16%	28%	8%	10%	5%	33%
New York (Manhattan), NY	216.2	146.2	411.3	158.9	117.5	165.3	136.0
San Francisco, CA	182.3	129.7	331.2	109.2	122.1	173.5	118.6
Jersey City, NJ	182.7	118.1	343.0	130.6	112.8	200.4	109.1
San Jose, CA	168.1	135.2	271.3	121.9	133.2	167.7	118.4
Honolulu, HI	154.6	158.2	217.8	171.8	135.5	120.1	106.1
Seattle, WA *	148.2	116.0	228.2	123.3	111.5	160.3	111.2
Stamford-Norwalk, CT	147.6	112.8	233.5	127.1	125.7	127.2	106.2
Bergen-Passaic, NJ	146.5	115.2	206.4	129.7	115.8	182.4	118.8
Oakland, CA	139.6	130.5	206.5	101.2	113.6	143.9	103.9
Chicago, IL	139.0	123.0	199.0	114.7	117.6	137.2	108.3
Newark-Elizabeth, NJ	139.0	111.8	180.5	136.7	111.5	181.8	119.4
San Diego, CA	138.2	130.2	195.5	77.5	119.9	135.1	114.0
Los Angeles-Long Beach, CA	137.8	110.5	207.6	109.3	111.6	112.9	110.3
Washington DC/Suburban MD	137.6	117.9	188.1	113.0	124.8	116.1	117.5
Middlesex, NJ	137.5	117.9	171.3	130.7	110.6	203.8	118.1
Boston, MA	135.5	114.5	178.2	157.9	112.5	135.0	111.0
Framingham-Natick, MA	135.5	115.1	194.1	127.9	116.1	124.6	105.1
Kodiak, AK	135.4	147.8	133.2	143.0	134.5	140.3	129.1
Nassau County, NY	134.3	118.3	174.8	126.0	110.6	139.3	116.3
Juneau, AK *	128.6	126.9	137.2	139.0	128.5	178.5	112.1
Fairbanks, AK	127.5	124.0	131.4	154.0	114.3	158.0	118.9
Anchorage, AK	121.8	129.0	130.7	91.9	110.6	144.4	117.9

* Data from third quarter 2002; no fourth quarter 2002 data is available for Seattle or Juneau

Source: American Chamber of Commerce Researchers Association, Urban Area Index Data, fourth quarter 2002, except where noted

Housing costs include mortgage payments stretched over 30 years, assumed after a 20 percent down payment and applied to the value of a 1,500 square foot three-bedroom home with one and a half bathrooms. Real estate taxes, insurance, utilities and maintenance are included in housing costs.

According to the Runzheimer survey, a household in Anchorage would need an income of \$34,325 to maintain the standard of living that could be purchased with \$32,000 in the standard city. Slightly more income would be required in Fairbanks, and several thousand dollars more in Juneau. (See Exhibit 15.) Not surprisingly, all three cities are well below the standard city in taxes. Housing in Anchorage

Average Price for Selected Goods and Services 14 In selected U.S. cities, ACCRA, December 2002

	1 lb. Ground Beef	Potatoes	Bananas	Bread	2 BR Apt. Rent (Unfurn. no utils)	Total Monthly Energy Cost	1 gal. Gasoline	Dentist	Haircut	Movie	Beer
Anchorage, AK	\$2.31	\$3.27	\$0.95	\$1.18	\$974	\$108.35	\$1.549	\$139.71	\$13.54	\$8.06	\$9.37
Fairbanks, AK	2.05	3.03	0.85	1.18	862	193.60	1.549	149.75	13.39	8.25	9.28
Juneau, AK *	2.39	3.82	0.82	1.01	950	176.18	1.596	185.00	15.00	8.50	7.59
Kodiak, AK	2.51	3.40	1.04	1.15	917	175.08	1.732	145.00	14.00	6.50	8.94
West											
Seattle, WA *	1.66	3.75	0.76	1.01	958	147.83	1.422	161.67	9.33	7.75	7.97
Portland, OR	2.21	3.45	0.73	0.89	768	117.97	1.458	113.75	10.34	7.50	7.05
Los Angeles-Long Beach, CA	1.89	1.60	0.64	1.10	1,242	129.49	1.645	71.60	11.10	9.50	6.88
Oakland, CA	1.58	3.85	0.68	2.06	1,521	116.38	1.586	112.50	13.25	8.75	7.99
Las Vegas, NV	1.68	3.72	0.57	1.30	892	120.67	1.431	98.80	11.42	8.07	6.95
Southwest/Mountain											
Boise, ID	1.84	2.95	0.38	0.84	742	97.82	1.49	92.50	11.06	7.50	7.59
Provo-Orem, UT	1.54	3.00	0.49	0.77	766	100.01	1.399	71.20	10.31	7.00	7.28
Phoenix, AZ	1.92	3.12	0.47	0.91	660	114.79	1.380	91.80	10.60	7.75	7.79
Denver, CO	1.87	5.05	0.57	1.15	857	92.22	1.509	105.33	11.87	7.95	6.65
Dallas, TX	1.72	4.24	0.44	0.91	902	118.62	1.384	73.63	11.69	7.28	7.41
Midwest											
Minneapolis, MN	1.65	3.89	0.51	1.15	1,018	128.92	1.508	88.40	13.40	7.30	7.46
Cleveland, OH	1.87	3.59	0.55	1.08	888	178.33	1.481	80.80	11.94	7.50	7.55
Wichita, KS	1.38	2.85	0.40	1.06	556	116.96	1.418	80.70	11.59	7.10	7.46
Southeast											
Orlando, FL	1.94	5.07	0.47	1.13	730	117.38	1.388	81.00	9.17	7.91	7.12
Montgomery, AL	1.77	5.58	0.47	0.82	594	120.63	1.395	64.33	10.79	6.50	7.72
Atlanta, GA	1.89	4.59	0.46	1.08	757	105.94	1.312	97.71	11.11	7.67	7.52
Raleigh, NC	2.77	4.99	0.58	0.99	763	121.89	1.367	91.25	12.71	6.85	7.31
Atlantic/New England											
New York City-Manhattan	2.11	3.55	0.79	1.10	3,560	197.41	1.583	113.00	19.40	10.00	8.39
Boston, MA	1.87	4.29	0.58	0.98	1,115	196.16	1.523	123.60	11.80	8.92	7.11
ALL CITIES MEAN	1.69	3.67	0.50	0.97	727	117.93	1.421	82.01	10.59	7.14	7.34

* Data is from 3rd qtr 2002; no 4th qtr 2002 available.

Source: American Chamber of Commerce Researchers Association, Urban Area Index Data, fourth quarter 2002, except where noted

and Fairbanks are from 15 to 20 percent above that of the standard city, while Juneau's housing is more than 47 percent higher.

In San Francisco it would require an eye-popping \$70,689 to maintain the standard of living that \$32,000 would afford in the standard city. Not surprisingly, the culprit is housing costs, which are 366.2 percent of the standard city. At the other end of the spectrum is Augusta, Georgia where housing is 59.1 percent of standard city cost.

State of Alaska geographic differentials

One of the most comprehensive data sets of intra-state cost differentials was produced in a 1985 State of Alaska survey. (See Exhibit 16.) The results of this survey still dictate geographic differential pay for nearly all state workers. One summary of the report stated: "The district differentials fall into four distinct groups. One group consists of districts dominated by larger urban communities in which the cost of living is

15 Runzheimer International Living Cost Standards December 2002

	Total Costs	Percent of Standard City	Taxation	Percent of Standard City	Transportation	Percent of Standard City	Housing	Percent of Standard City	Misc. Goods & Services, Other	Percent of Standard City
Alaska Composite	35,986	112.5%	2,448	76.5%	4,529	107.8%	17,482	127.3%	12,291	107.9%
Anchorage	34,325	107.3%	2,448	76.5%	4,641	110.5%	15,909	115.8%	12,195	107.1%
Fairbanks	34,778	108.7%	2,448	76.5%	4,547	108.3%	16,329	118.9%	12,380	108.7%
Juneau	38,856	121.4%	2,448	76.5%	4,400	104.8%	20,206	147.1%	12,299	108.0%
West										
Eugene, OR	32,905	102.8%	3,552	111.0%	4,136	98.5%	14,892	108.4%	11,437	100.4%
Honolulu, HI	44,327	138.5%	2,835	88.6%	5,341	127.2%	23,854	173.7%	12,741	111.9%
Las Vegas, NV	32,895	102.8%	2,448	76.5%	5,238	124.7%	14,352	104.5%	11,161	98.0%
Los Angeles, CA	40,675	127.1%	2,448	76.5%	5,489	130.7%	20,853	151.8%	12,249	107.5%
Portland, OR	34,843	108.9%	3,459	108.1%	4,331	103.1%	16,144	117.6%	12,021	105.5%
San Diego, CA	44,189	138.1%	2,448	76.5%	4,716	112.3%	25,470	185.5%	11,960	105.0%
San Francisco, CA	70,689	220.9%	2,448	76.5%	5,950	141.7%	50,291	366.2%	12,313	108.1%
Seattle, WA	40,824	127.6%	2,448	76.5%	4,634	110.3%	21,679	157.9%	12,184	107.0%
Southwest/Mountain										
Boise, ID	29,347	91.7%	2,919	91.2%	4,223	100.5%	12,209	88.9%	10,643	93.4%
Salt Lake City, UT	33,437	104.5%	3,126	97.7%	4,531	107.9%	14,923	108.7%	11,235	98.6%
Denver, CO	39,750	124.2%	2,727	85.2%	5,016	119.4%	21,167	154.1%	11,547	101.4%
Phoenix, AZ	32,594	101.9%	2,803	87.6%	4,957	118.0%	13,683	99.6%	11,549	101.4%
Dallas, TX	30,873	96.5%	2,457	76.8%	4,693	111.7%	13,120	95.5%	11,216	98.5%
Midwest										
Columbia, MO	28,369	88.7%	3,357	104.9%	4,211	100.3%	10,733	78.2%	10,470	91.9%
Dayton, OH	30,165	94.3%	3,919	122.5%	4,127	98.3%	11,926	86.8%	10,838	95.2%
Oklahoma City, OK	28,467	89.0%	3,394	106.1%	4,466	106.3%	9,782	71.2%	11,090	97.4%
Southeast										
Augusta, GA	26,535	82.9%	3,302	103.2%	4,564	108.7%	8,119	59.1%	10,768	94.5%
Orlando, FL	29,354	91.7%	2,547	79.6%	4,467	106.4%	11,455	83.4%	11,335	99.5%
Atlantic/New England										
New York City, NY	47,376	148.1%	3,300	103.2%	8,397	199.9%	23,036	167.7%	12,840	112.7%
Washington, DC	40,977	128.1%	2,958	92.5%	4,469	106.4%	22,732	165.5%	11,473	100.7%

Source: Runzheimer's Living Cost Index, December 2002

approximately the same as in Anchorage. There are seven districts in this group with differentials between .98 and 1.03 (eight districts, with the inclusion of Palmer/Wasilla at .94, the difference from Anchorage being due entirely to less expensive housing). The second group is the seven rural districts characterized by small communities and villages, lack of retail development, small but expensive housing, remoteness, and lack of ground transportation access to major Alaska regional centers. Six rural districts have differentials between 1.26 and 1.39, a surprisingly narrow range considering the smaller sample sizes and lack of consistency in retail outlets and market basket item availability. The highest differential is, as expected, in the Barrow/Kotzebue district at 1.45. An intermediate group of Gulf Coast districts has differentials somewhat higher than the urban area but much below the remote/rural districts."

Summary

When looking for cost-of-living information, the first question is what kind of comparison needs to be made. For price change over time, use the Consumer Price Index (CPI). For cost-of-living comparisons between one place and another, there are several options.

Rarely will any of the measures discussed in this article give a perfect answer to cost-of-living questions. Each survey has specific limitations that affect the data produced. With that said, users have before them a wealth of information to explore one of Alaska's most intriguing economic issues.

Alaska Cost-of-Living Information on the World Wide Web

In addition to the information in this article, web sites can provide quick cost-of-living comparisons. The sites generally provide little detail, but they can be handy as quick reference sources.

<http://www.labor.state.ak.us/research/relocate/relocmap.htm>

The Alaska Department of Labor and Workforce Development's relocation site offers cost-of-living information, general information about Alaska, information on employment opportunities, and information about traveling to Alaska.

<http://www.stats.bls.gov>

The U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index site provides CPI data for Anchorage and all areas. There is also general, technical, and research information on the CPI. There is also an inflation calculator at this site.

<http://www.homefair.com/calc/citysnap.html>

The Homefair City Reports give you a side-by-side comparison of two cities' cost of living, climate, demographics, and other vital information from a database that is kept current with quarterly updates. Homefair offers one complimentary report with up to two destinations.

Many other web sites offer cost-of-living information. They include:
 CityRating.com <http://www.cityrating.com/costofliving.asp>
 Homeadvisor msn <http://homeadvisor.msn.com/pickaplace/comparecities.aspx>

ACCRA <http://www.accra.org/>

Alaska State COLAS **16** By region

Cost of Living Pay Differential (%)

Aleutian Islands	127
Aniak, McGrath, Galena	130
Anchorage (base district)	100
Barrow, Kotzebue	142
Bethel	138
Bristol Bay	127
Delta Junction, Tok	116
Fairbanks	104
Fort Yukon (above Arctic Circle)	142
Juneau	100
Kenai, Cook Inlet	100
Ketchikan	100
Kodiak	109
Nenana	120
Nome	134
Palmer, Wasilla	100
Seward	100
Sitka	100
Skagway, Haines, Yakutat	105
Valdez, Cordova, Glennallen	111
Wade Hampton	130
Wrangell, Petersburg	100

Sources: The McDowell Group, and
 Alaska Department of Administration, 1986

Hazardous Materials Removal Worker

by
Paul Olson
Labor Economist

One of the occupations described on the Workforce Info website

Career profiles can be found at <http://almis.labor.state.ak.us> Select Career Center. A different occupation is featured each month.

Hazardous materials—commonly referred to as “hazmat” among persons who work with them—are substances that pose a threat to safety, human health, and the environment. Some hazardous materials, such as asbestos and lead, can be found in materials once used to construct our homes and workplaces. Heavy metals, including mercury and cadmium, abound in computers and other electronic devices, and find their way into the soil and air when the devices are discarded. Other hazardous materials are the byproduct of energy production, as with nuclear waste, or result from the treatment of wastewater. The Environmental Protection Agency (EPA) alone monitors more than 500 specific hazardous wastes, and estimates that some 40 million tons are produced in the U.S. each year.

Given the prevalence of these hazardous materials throughout our industrial processes and products, demand for workers qualified to deal with their disposal is strong. Hazardous materials removal workers are trained to identify, remove, pack, transport, and dispose of these materials in ways that adhere to strict guidelines codified in various federal and state laws and regulations. In Alaska, these workers are employed in several industries including both heavy and residential construction, sanitary services, oil and gas extraction, and freight transportation and warehousing. The work performed depends upon the hazardous substances involved.

Asbestos is a commercial term given to a group of six fibrous minerals that occur naturally. Because these fibers are basically inert, and thus resistant to burning and dissolving and chemical reactions, they were once commonly used in building

materials for insulation and fireproofing and in automotive brakes and textile products. When these fibers are disturbed, a common occurrence in construction renovation and demolition, they can become airborne. Studies have linked the inhalation of these fibers to higher incidences of lung cancer and asbestosis, a scarring of the lungs that can lead to disability and death.

Like asbestos, lead was once commonly incorporated into products due to its low melting point and corrosion resistance. Used as a paint additive until the late 1970s, lead is nearly ubiquitous in older homes and buildings. Lead laden dust particles and fumes pose a hazard when inhaled, with increased concentration in the bloodstream leading to fatigue, decreased brain function, and higher incidence of miscarriage among pregnant women.

Asbestos and lead abatement workers are trained to identify, remove, and dispose of these materials in a manner that minimizes exposure. Personal protective gear, such as respiratory masks and body suits, is worn to protect against inhalation and skin exposure. Areas where material removal takes place must be sealed off to prevent the escape of fibers and dust. Chemical sprays and putties are applied to surfaces containing asbestos and lead, allowing workers to scrape the materials from surfaces. Vacuums with special filters are then employed to gather the hazardous substances and confine them to containers approved for their transport.

Some hazmat workers are trained to respond to emergency spills of hazardous substances. The Alaska Department of Environmental Conservation estimates that some twenty extremely

hazardous substances are commonly used in or are a by-product of industrial operations in the state, including hydrogen sulfide gas, anhydrous ammonia, chlorine gas, and sulfuric acid. In the event of a spill of these dangerous chemicals, special emergency response teams are deployed to mitigate the potential threat. In the most severe cases, termed Level A, hazmat teams of up to eight people don fully-encapsulating suits and self-contained breathing apparatus to take "offensive" action to stop or contain the release. In cases where chemicals leach into the ground, earth-moving equipment is used.

Variety of opportunities

Hazardous materials removal worker is a broad occupational title that encompasses a variety of job titles and duties. Using any of a number of job search engines, a search on hazardous materials removal workers will return job titles including:

- Hazardous Materials Technician
- Chemical Spill Specialist
- Soil Remediation Field Tech
- Hazardous Materials Handler
- Hazardous Waste Disposal
- Asbestos Abatement
- Irradiated Fuel Handler
- Hazmat Responder
- Hazmat Truck Drivers
- Decontamination Technicians

The skills, education, and training required for these occupations vary depending on the types of hazardous materials a worker is likely to encounter and the worker's role in the remediation process.

In general, anyone who works with hazardous materials on the job must have Occupational Safety and Health Administration (OSHA) training in hazard communication, emergency response planning, personal protective equipment, and US Department of Transportation hazardous materials training. Workers involved in removing hazardous materials or responding to spills must also obtain a Hazardous Waste Operations and Emergency Response (HAZWOPER) Certificate.

The Alaska Department of Labor and Workforce Development (DLWD) certifies asbestos removal workers upon the completion of a course that

covers state OSH regulations, federal EPA regulations, and the medical ramifications of working with asbestos. In 2002, there were 1,229 persons licensed for asbestos removal.

While hazardous materials removal workers do not generally need education beyond a high school diploma, the various types of work performed can require specific on-the-job skills and knowledge. Workers dealing with asbestos and lead abatement often work at construction and demolition sites where knowledge of the construction trade is important, including the use of heavy machinery. A background in chemistry can be vital to a worker who is on a first responder hazmat team where identification of hazardous materials is the first priority. Because workers must usually wear extensive protective gear for extended periods, physical stamina can be an important trait.

Employment Outlook

Most hazardous materials removal workers work in the private sector, and some work for federal, state, and local government. In 1976, congress passed the Resource Conservation and Recovery Act, which signaled the government's entry into regulating hazardous waste. The EPA, Department of Defense, and the Department of Energy all have a hand in monitoring and facilitating the cleanup of hazardous waste sites across the country. State and local governments employ hazardous materials workers in public safety, water treatment, waste management, and to mitigate the effects of chemical spills and accidents.

Employment prospects for hazardous materials removal workers are promising, both in Alaska and nationally. Employment is projected to grow 33 percent through 2010.

Earnings

According to Alaska's 2001 wage survey data, hazardous materials removal workers enjoy relatively high earnings. The statewide median wage, the wage at which half of these workers earn more and half earn less, was reported at \$24.91. This translates to an annual salary of nearly \$52,000, assuming a standard 2,080 hour work year.

Employment Numbers Remain Positive in 2003

Alaska Employment Scene

by
Neal Fried
Labor Economist

Most industries remain in the black and unemployment changes little

With the numbers now in for the first quarter of 2003, the news remains largely positive. Overall, wage and salary employment is up by 4,300 jobs or 1.5 percent, and most industries are still operating in the black. (See Exhibit 1.) On the unemployment front the news also remains relatively positive. Given the lackluster national labor market, the very weak job market in the Pacific Northwest, and positive net-migration

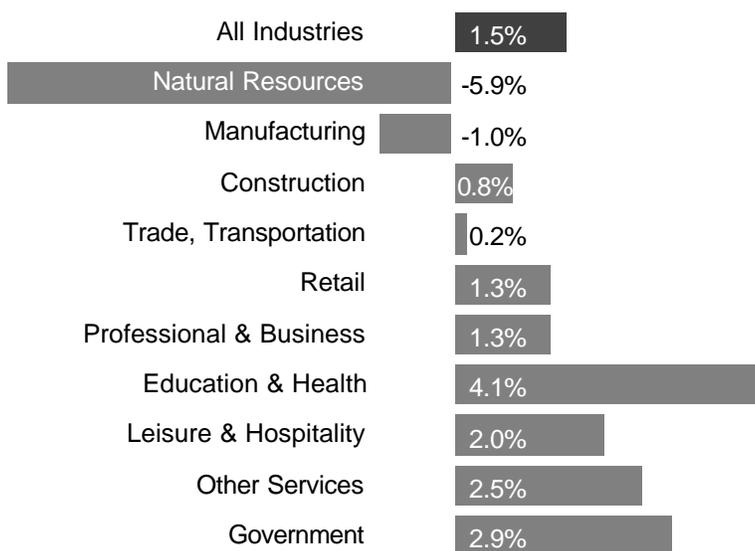
into the state, it was anticipated that Alaska's unemployment rate would probably rise in 2003. Instead, the jobless rate for the first quarter of 2003 was 8.4 percent, slightly lower than 2002's rate for the same period. This is good news for Alaska's job seekers. Despite the moderate statewide unemployment rate, however, there are many areas of the state with double-digit unemployment. The highest jobless rate in March was 19.9 percent in the Yakutat Borough.

Oil and seafood negative but most other industries remain positive

With two exceptions, the state's industrial sectors are still adding jobs. The exceptions were Natural Resources and Manufacturing. The oil industry's decline of 600 jobs in the first quarter of 2003 compared to one year ago was a major factor behind the decline in Natural Resources employment. This represents a second consecutive year of losses. As expected, losses have moderated in 2003, but it will be another weak year in the state's oil patch. Less exploration and a scarcity of large projects are keeping employment down in this sector.

Manufacturing employment is off slightly, due to less activity in seafood processing and wood processing. But the peak seasons for the seafood processing industry have not yet arrived and the direction of Manufacturing employment could easily change during the second and third quarters.

1 Most Industries Continued to Grow First quarter 2003 over first quarter 2002



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

What's more, these slightly negative numbers in seafood processing mask a healthy crab and ground fish catch during the first quarter.

The biggest employment gains both numerically and on a percentage basis are in the sector of Educational & Health Services. (See Exhibit 3.) Most of the gains come from health care and social assistance, continuing a trend that has lasted for a number of years. Most other industries in this sector show relatively moderate gains. Also of note is the visitor-related Leisure & Hospitality sector, largely made up of accommodations (hotels, inns, RV parks, etc.), restaurants, and other eating and drinking places. Restaurants and eating and drinking places have contributed most to this sector's strength, but even the accommodations component remains positive, in spite of last season's weak visitor season. Growth in accommodations is due to the opening of several new hotels last year. This sector will be watched carefully this year because of the uncertainty that surrounds this visitor season.

Construction's numbers were also slightly positive for the first quarter, but like fish processing, the real action will take place during the second and third quarters. All indications point to a healthy year for the industry.

Small gains in retail trade could soon disappear because of the 900 jobs lost in the closure of five Kmart stores. Growth in other areas of retail might manage to fill in most of this gap by year-end. New Fred Meyer stores are planned for Palmer and Homer, and Wal-Mart recently announced it would be opening a store in Fairbanks.

In the Other Services sector, which includes repair services, all kinds of personal care services, and religious and political organizations, employment is also running ahead of year-ago levels. Government employment is also up by 2,300 jobs during the first quarter. These increases come from all three levels of government: federal, state, and local. As the year progresses state and federal government gains will either moderate or

even turn negative. State government plans to reduce the size of its workforce, and on the federal level, the privatization of some government functions may well offset the current small gains.

Regionally the action remains in the Anchorage/Mat-Su and Interior regions

The trends remain the same in the regional picture. For many years now most of the state's employment growth has been coming out of the railbelt, and it appears that 2003 will fit into the same mold. Growth in the Anchorage/Mat-Su area is likely to moderate somewhat, but growth in the Interior could actually heat up. Fairbanks is looking at a red-hot construction season for 2003, much of it military related. The state's other regions are struggling because of poor showings in the oil patch (Northern Region), and continued difficulty for the fishing and timber industries. Softer visitor seasons are also having an effect.

Employment numbers in the Southwest Region were slightly positive for the first quarter of 2003.

(continued on page 30)

Alaska Ranked 14th In Per Capita Income in 2002

Rank			Percent of U.S. Avg.
1	Connecticut	\$42,706	138
2	New Jersey	39,453	128
3	Massachusetts	39,244	127
4	Maryland	36,298	117
5	New York	36,043	116
6	New Hampshire	34,334	111
7	Minnesota	34,071	110
8	Illinois	33,404	108
9	Colorado	33,276	108
10	California	32,996	107
11	Virginia	32,922	106
12	Delaware	32,779	106
13	Washington	32,677	106
14	Alaska	32,151	104
	U.S.	30,941	100

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

3 Nonfarm Wage and Salary Employment

By place of work

Alaska	preliminary		Changes from:			Municipality of Anchorage	preliminary		Changes from:		
	3/03	revised 2/03	3/02	2/03	3/02		3/03	revised 2/03	3/02	2/03	3/02
Total Nonfarm Wage & Salary	286,000	284,500	283,500	1,500	2,500	Total Nonfarm Wage & Salary	138,900	138,200	136,600	700	2,300
Goods Producing	34,600	34,300	35,400	300	-800	Goods Producing	11,300	11,100	11,400	200	-100
Services Providing	251,400	250,200	248,100	1,200	3,300	Services Providing	127,600	127,100	125,200	500	2,400
Natural Resources & Mining	10,100	10,000	10,800	100	-700	Natural Resources & Mining	2,500	2,500	2,800	0	-300
Logging	300	200	400	100	-100	Mining	2,500	2,400	2,800	100	-300
Mining	9,900	9,800	10,500	100	-600	Oil & Gas Extraction	2,300	2,300	2,700	0	-400
Oil & Gas Extraction	8,400	8,400	9,100	0	-700	Construction	6,900	6,700	6,700	200	200
Construction	13,000	12,600	12,800	400	200	Manufacturing	1,900	1,900	1,800	0	100
Manufacturing	11,600	11,800	11,700	-200	-100	Trade, Transportation, Utilities	31,600	31,800	32,000	-200	-400
Wood Products Manufacturing	200	200	300	0	-100	Wholesale Trade	4,500	4,500	4,500	0	0
Seafood Processing	7,900	8,200	8,000	-300	-100	Retail Trade	16,800	17,000	16,500	-200	300
Trade, Transportation, Utilities	57,800	57,400	57,800	400	0	Food & Beverage Stores	2,300	2,300	2,300	0	0
Wholesale Trade	5,900	5,900	5,800	0	100	General Merchandise Stores	4,300	4,200	4,300	100	0
Retail Trade	32,500	32,400	32,200	100	300	Trans/Warehousing/Utilities	10,200	10,200	11,000	0	-800
Food & Beverage Stores	5,600	5,600	5,500	0	100	Air Transportation	3,200	3,100	3,400	100	-200
General Merchandise Stores	8,800	8,900	9,200	-100	-400	Information	4,500	4,500	4,500	0	0
Trans/Warehousing/Utilities	19,400	19,200	19,900	200	-500	Telecommunications	2,600	2,600	2,700	0	-100
Air Transportation	5,600	5,600	6,100	0	-500	Financial Activities	8,200	8,000	8,200	200	0
Truck Transportation	2,500	2,500	2,500	0	0	Professional & Business Svcs	15,900	15,900	15,700	0	200
Information	6,900	6,900	6,900	0	0	Educational & Health Services	16,800	16,600	15,800	200	1,000
Telecommunications	4,000	3,900	4,100	100	-100	Health Care/Social Assistance	15,300	15,200	14,400	100	900
Financial Activities	13,400	13,200	13,300	200	100	Ambulatory Health Care	6,500	6,500	6,000	0	500
Professional & Business Svcs	22,100	22,100	22,000	0	100	Hospitals	4,700	4,700	4,600	0	100
Educational & Health Services	30,700	30,800	29,700	-100	1,000	Leisure & Hospitality	14,000	13,800	13,500	200	500
Health Care/Social Assistance	28,500	28,600	27,500	-100	1,000	Accommodation	2,700	2,900	2,600	-200	100
Ambulatory Health Care	12,400	12,300	11,700	100	700	Food Svcs & Drinking Places	9,600	9,600	9,200	0	400
Hospitals	7,500	7,500	7,400	0	100	Other Services	6,000	5,900	5,700	100	300
Leisure & Hospitality	25,500	25,200	25,000	300	500	Government	30,700	30,600	29,800	100	900
Accommodation	5,600	5,600	5,500	0	100	Federal Government	9,600	9,700	9,400	-100	200
Food Svcs & Drinking Places	16,200	16,000	15,900	200	300	State Government	9,800	9,800	9,500	0	300
Other Services	12,200	12,100	12,000	100	200	Local Government	11,300	11,200	10,800	100	500
Government	82,800	82,500	81,400	300	1,400	Tribal Government	300	300	200	0	100
Federal Government	16,400	16,300	16,000	100	400						
State Government	24,900	24,500	24,100	400	800						
Local Government	41,500	41,600	41,200	-100	300						
Tribal Government	3,400	3,400	3,300	0	100						

Notes to Exhibits 3, 4, 5, & 7—Nonfarm excludes self-employed workers, fishermen, domestics, and unpaid family workers as well as agricultural workers. Government category includes employees of public school systems and the University of Alaska.
Exhibits 3 & 4—Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.
Exhibits 5 & 7—Prepared in part with funding from the Employment Security Division.

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

4 Hours and Earnings

For selected industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	preliminary 3/03	revised 2/03	revised 3/02	preliminary 3/03	revised 2/03	revised 3/02	preliminary 3/03	revised 2/03	revised 3/02
Mining	\$1,231.18	\$1,300.37	\$1,329.00	40.7	41.4	48.1	\$30.25	\$31.41	\$27.63
Construction	1071.92	1068.13	1025.83	38.6	39.4	39.9	27.77	27.11	25.71
Manufacturing	428.88	564.10	545.41	35.8	46.2	46.3	11.98	12.21	11.78
Seafood Processing	359.84	572.46	444.78	34.6	51.9	51.9	10.40	11.03	8.57
Trade, Transportation, Utilities	529.52	538.31	541.70	33.9	34.2	33.5	15.62	15.74	16.17
Retail Trade	446.55	462.59	488.24	32.5	33.4	34.0	13.74	13.85	14.36
Financial Activities	707.15	697.30	705.17	38.6	38.0	33.2	18.32	18.35	21.24

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 2002

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

5 Nonfarm Wage and Salary Employment

By place of work

	preliminary		Changes from:		
	3/03	2/03	3/02	2/03	3/02
Fairbanks					
North Star Borough					
Total Nonfarm Wage & Salary	34,800	34,450	34,250	350	550
Goods Producing	3,100	2,950	2,900	150	200
Services Providing	31,700	31,450	31,350	250	350
Natural Resources & Mining	800	800	800	0	0
Mining	800	800	800	0	0
Construction	1,800	1,650	1,600	150	200
Manufacturing	550	500	500	50	50
Trade, Transportation, Utilities	7,150	7,050	7,250	100	-100
Retail Trade	4,200	4,150	4,250	50	-50
General Merchandise Stores	1,000	1,050	1,100	-50	-100
Trans/Warehousing/Utilities	2,450	2,400	2,500	50	-50
Air Transportation	800	850	850	-50	-50
Information	600	600	600	0	0
Financial Activities	1,300	1,300	1,250	0	50
Professional & Business Svcs	1,650	1,650	1,700	0	-50
Educational & Health Services	3,700	3,650	3,550	50	150
Health Care/Social Assistance	3,450	3,350	3,300	100	150
Leisure & Hospitality	3,550	3,500	3,400	50	150
Accommodation	800	750	750	50	50
Food Svcs & Drinking Places	2,350	2,300	2,300	50	50
Other Services	1,950	1,950	1,950	0	0
Government	11,850	11,800	11,650	50	200
Federal Government	3,300	3,250	3,250	50	50
State Government	5,250	5,250	5,150	0	100
Local Government	3,300	3,350	3,250	-50	50
Tribal Government	0	0	0	0	0

Southeast Region

Total Nonfarm Wage & Salary	32,550	32,150	32,500	400	50
Goods Producing	2,650	2,500	2,800	150	-150
Services Providing	29,900	29,650	29,650	250	250
Natural Resources & Mining	450	400	450	50	0
Logging	150	100	150	50	0
Mining	300	300	300	0	0
Construction	1,150	1,150	1,150	0	0
Manufacturing	1,050	950	1,200	100	-150
Wood Products Mfg.	150	150	150	0	0
Seafood Processing	700	500	750	200	-50
Trade, Transportation, Utilities	5,700	5,650	5,750	50	-50
Retail Trade	3,700	3,700	3,800	0	-100
Trans/Warehousing/Utilities	1,650	1,550	1,600	100	50
Information	500	500	500	0	0
Financial Activities	1,150	1,150	1,150	0	0
Professional & Business Svcs	1,250	1,200	1,250	50	0
Educational & Health Services	3,500	3,500	3,350	0	150
Health Care/Social Assistance	3,300	3,250	3,150	50	150
Leisure & Hospitality	2,850	2,750	2,950	100	-100
Accommodation	2,200	2,200	2,300	0	-100
Food Svcs & Drinking Places	1,300	1,300	1,350	0	-50
Other Services	1,100	1,100	1,150	0	-50
Government	13,850	13,800	13,600	50	250
Federal Government	1,800	1,800	1,650	0	150
State Government	5,900	5,800	5,800	100	100
Local Government	6,200	6,150	6,150	50	50
Tribal Government	600	550	550	50	50

	preliminary		Changes from:		
	3/03	2/03	3/02	2/03	3/02
Interior Region					
Total Nonfarm Wage & Salary	39,050	38,600	38,700	450	350
Goods Producing	3,300	3,200	3,150	100	150
Services Providing	35,750	35,450	35,550	300	200
Natural Resources & Mining	900	850	950	50	-50
Mining	850	850	950	0	-100
Construction	1,900	1,800	1,650	100	250
Manufacturing	550	550	500	0	50
Trade, Transportation, Utilities	7,750	7,600	7,850	150	-100
Information	800	800	800	0	0
Financial Activities	1,350	1,350	1,300	0	50
Professional & Business Svcs	1,700	1,700	1,800	0	-100
Educational & Health Services	3,850	3,800	3,700	50	150
Leisure & Hospitality	3,850	3,750	3,750	100	100
Accommodation	950	900	900	50	50
Food Svcs & Drinking Places	2,450	2,400	2,400	50	50
Other Services	2,150	2,150	2,150	0	0
Government	14,300	14,300	14,250	0	50
Federal Government	3,600	3,600	3,650	0	-50
State Government	5,500	5,450	5,350	50	150
Local Government	5,250	5,300	5,250	-50	0
Tribal Government	200	200	250	0	-50

Anchorage/Mat-Su Region

Total Nonfarm Wage & Salary	152,900	152,450	150,050	450	2,850
Goods Producing	12,700	12,450	12,800	250	-100
Services Providing	140,200	140,000	137,250	200	2,950
Natural Resources & Mining	2,600	2,550	2,900	50	-300
Construction	8,000	7,750	7,800	250	200
Manufacturing	2,100	2,100	2,100	0	0
Trade, Transportation, Utilities	35,400	35,700	34,900	-300	500
Information	4,900	4,850	5,000	50	-100
Financial Activities	8,650	8,450	8,750	200	-100
Professional & Business Svcs	16,650	16,600	16,450	50	200
Educational & Health Services	18,150	18,100	17,650	50	500
Leisure & Hospitality	15,500	15,300	14,850	200	650
Other Services	6,500	6,600	6,200	-100	300
Government	34,450	34,400	33,450	50	1,000
Federal Government	9,750	9,800	9,600	-50	150
State Government	10,900	10,850	10,450	50	450
Local Government	13,750	13,750	13,450	0	300
Tribal Government	350	350	250	0	100

Gulf Coast Region

Total Nonfarm Wage & Salary	25,950	25,750	26,050	200	-100
Goods Producing	5,350	5,250	5,400	100	-50
Services Providing	20,600	20,450	20,600	150	0
Natural Resources & Mining	1,300	1,300	1,450	0	-150
Oil & Gas Extraction	1,150	1,200	1,300	-50	-150
Construction	1,350	1,300	1,250	50	100
Manufacturing	2,700	2,650	2,750	50	-50
Seafood Processing	2,000	2,000	2,050	0	-50
Trade, Transportation, Utilities	4,750	4,750	4,800	0	-50
Retail Trade	2,950	2,950	2,950	0	0
Trans/Warehousing/Utilities	1,600	1,600	1,600	0	0
Information	400	400	400	0	0
Financial Activities	800	850	800	-50	0
Professional & Business Svcs	1,350	1,350	1,450	0	-100
Educational & Health Services	1,850	1,850	1,850	0	0
Health Care/Social Assistance	1,800	1,800	1,750	0	50
Leisure & Hospitality	2,600	2,450	2,500	150	100
Accommodation	800	800	750	0	50
Food Svcs & Drinking Places	1,450	1,450	1,450	0	0
Other Services	1,350	1,350	1,450	0	-100
Government	7,500	7,450	7,400	50	100
Federal Government	750	750	700	0	50
State Government	1,650	1,650	1,650	0	0
Local Government	5,100	5,100	5,050	0	50
Tribal Government	350	300	300	50	50

6 Unemployment Rates By region and census area

Not Seasonally Adjusted	preliminary		revised	03/02
	03/03	02/03		
United States	6.2	6.4	6.1	
Alaska Statewide	7.8	8.7	8.4	
Anchorage/Mat-Su Region	6.1	6.8	6.5	
Municipality of Anchorage	5.3	5.9	5.7	
Mat-Su Borough	9.5	10.8	10.0	
Gulf Coast Region	12.1	13.4	12.6	
Kenai Peninsula Borough	12.3	14.7	13.9	
Kodiak Island Borough	11.4	6.4	7.6	
Valdez-Cordova	12.1	15.8	13.4	
Interior Region	8.1	9.3	8.6	
Denali Borough	13.3	15.8	13.5	
Fairbanks North Star Borough	7.1	8.1	7.4	
Southeast Fairbanks	13.5	16.4	16.1	
Yukon-Koyukuk	18.3	20.3	20.4	
Northern Region	13.3	14.1	13.5	
Nome	13.1	14.1	13.8	
North Slope Borough	10.2	10.5	10.4	
Northwest Arctic Borough	17.9	19.0	17.4	
Southeast Region	9.0	10.3	10.9	
Haines Borough	15.2	17.0	17.5	
Juneau Borough	6.0	6.8	6.7	
Ketchikan Gateway Borough	9.5	11.0	13.3	
Prince of Wales-Outer Ketchikan	16.2	19.5	20.0	
Sitka Borough	7.1	7.8	7.9	
Skagway-Hoonah-Angoon	12.9	15.1	17.7	
Wrangell-Petersburg	13.1	14.7	14.1	
Yakutat Borough	19.9	23.9	21.8	
Southwest Region	11.7	12.3	11.8	
Aleutians East Borough	2.9	3.3	3.2	
Aleutians West	7.1	7.0	5.7	
Bethel	13.2	13.7	12.8	
Bristol Bay Borough	9.2	11.2	15.1	
Dillingham	11.3	12.1	11.6	
Lake & Peninsula Borough	16.2	18.0	15.7	
Wade Hampton	19.3	20.2	20.9	
Seasonally Adjusted				
United States	5.8	5.8	5.7	
Alaska Statewide	6.8	7.0	7.4	

2002 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 27)

The growth came from healthy ground fish and crab harvests and positive government numbers, and should be interpreted with some caution because this year's fishing season is still in its infancy. The big Bristol Bay season as well as other ground and shellfish fisheries in the region will ultimately determine what kind of year it will be for Southwest.

Good news on the income front

The U.S. Bureau of Economic Analysis just released 2002 personal income data for Alaska and the other 49 states. Total personal income in Alaska grew by 5.8 percent—a performance well above the average of 2.8 percent for the nation. The national growth rate was the lowest in over 30 years. With an inflation rate just shy of two percent in 2002, some real income gains accrued to Alaskans this past year. The per capita income data (total personal income divided by the state's population) was also positive. In 2002, per capita income for Alaska was \$32,151, which represented a 3.6 percent increase. By comparison, national per capita income rose by 1.7 percent. Alaska's per capita income ranked fourteenth in the country and was four percent above the national average. This is an improvement over 2001 when Alaska's per capita income came in at two percent above the national average. (See Exhibit 2.)

7 Nonfarm Wage/Salary Employment By place of work

Northern Region

	preliminary		Changes from:		
	3/03	2/03	3/02	2/03	3/02
Total Nonfarm Wage & Salary	15,850	15,800	16,750	50	-900
Goods Producing	5,400	5,400	5,900	0	-500
Services Providing	10,500	10,400	10,850	100	-350
Oil & Gas Extraction	4,400	4,450	4,650	-50	-250
Government	5,050	5,050	5,200	0	-150
Federal Government	150	150	150	0	0
State Government	350	350	350	0	0
Local Government	4,500	4,550	4,700	-50	-200
Tribal Government	500	500	500	0	0

Southwest Region

Total Nonfarm Wage & Salary	19,400	19,800	19,350	-400	50
Goods Producing	5,350	5,750	5,300	-400	50
Services Providing	14,050	14,050	14,100	0	-50
Seafood Processing	5,200	5,600	5,150	-400	50
Government	7,450	7,500	7,450	-50	0
Federal Government	350	300	350	50	0
State Government	550	550	550	0	0
Local Government	6,600	6,650	6,600	-50	0
Tribal Government	1,400	1,400	1,400	0	0

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

Employer Resources

The Wage and Hour Administration provides sole enforcement of several laws dealing with the payment of wages to workers (wage claims, prevailing wage, minimum wage and overtime). Programs administered by Wage and Hour include: Wage Claims; Minimum Wage and Overtime Enforcement; Child Labor Enforcement; Prevailing Wage Enforcement; Employment Preference Enforcement; Licensing Employment Agencies; Construction Contractor Licensing; and Alaska Family Leave Act. Go to: <http://www.labor.state.ak.us/employer/employer.htm> and click on Wage and Hour for information.

