

ALASKA ECONOMIC **TRENDS**

OCTOBER 2005

Workers with Disabilities



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A day at the office

Employment Scene
Alaska's economy — 18 years of growth


ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT

Frank H. Murkowski, Governor
Greg O'Claray, Commissioner

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ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT

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Michael Hutchins of Anchorage.
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Workers with Disabilities: The Successes Are Impressive

by Governor Frank H. Murkowski

This month's Trends cover article discusses a subject very near and dear to my heart: workers with disabilities. One of the key elements of my administration's efforts to expand our economy and create good paying jobs has been to ensure that no Alaskan who wants to work is left behind.

The Alaska Department of Labor and Workforce Development's Division of Vocational Rehabilitation is charged with the responsibility of helping people with disabilities develop the skills necessary to fully participate in Alaska's expanding job opportunities. The division works closely with clients and employers to help solve challenges faced by people with disabilities.

The results of these efforts have been spectacular to say the least, but we must do more. Roughly 30,500 Alaskans with disabilities are employed. The national average for employment of people with disabilities is 35 percent; in Alaska, it is 52 percent.

Last year, the average income for participants employed after completing the division's program rose an astounding 479 percent. These are people who are facing colossal challenges while successfully achieving their goals. Employment dramatically improves the quality of life for people with disabilities. I hope you read the truly inspiring case studies included in the cover article.

More than 6,000 Alaskan high-school age youths have a disability. A youth with a disability is twice as likely to drop out of high school as a youth without a disability. We must not let these valuable Alaskans drop through the cracks. Accordingly, we are taking a number of steps to address this problem. For example, Division of Vocational Rehabilitation counselors visit high schools throughout Alaska each week to counsel youths with disabilities to identify viable career options and develop plans to achieve their vocational goals. This includes periodic visits to the high schools in Alaska's rural areas.

The Department of Labor has also developed valuable partnerships with numerous Native organizations to address the unique challenges faced by disabled Native youth and adults throughout Alaska.

In addition to services offered by the Alaska Department of Labor's Division of Vocational Rehabilitation, the Department's Division of Business Partnership awards grants to nonprofit agencies statewide that train and counsel Alaska youth for successful employment. A high priority is placed on youth with disabilities.

I have proclaimed October as the Disability Employment Awareness Month. I urge all employers to contact the Alaska Division of Vocational Rehabilitation or any of the 24 Alaska Job Centers to tap into this valuable Alaska resource.

Workers with Disabilities

By Gale Sinnott, Director
Jane McIntosh, Program Coordinator
Division of Vocational Rehabilitation

The Division of Vocational Rehabilitation

The U.S. Census Bureau estimates that 86,000 Alaskans age 5 and over – 15 percent of Alaska’s population – have a disability. Of those, 58,000 are of working age, 16 to 64, according to its 2003 American Community Survey.¹

The State of Alaska’s Division of Vocational Rehabilitation’s focus is helping people with disabilities, ages 16 to 64,² to get jobs in a whole range of ways: sending people to college, helping them open their own businesses or working with employers, among other services.

The results? The average annual income for each individual in the division’s program, from application to closure with a job, went up 479 percent – from \$4,516 to \$26,139 – in fiscal year 2005.³ That year, 521 people successfully finished the Division of Vocational Rehabilitation (DVR) program with a job, which was 62 percent of the people who went through the entire program.⁴

The average hourly wage for Alaskans leaving DVR’s program employed was \$12.43 an hour in federal fiscal year 2004. In comparison, \$9.65 is the national average wage for people leaving vocational rehabilitation programs with jobs during the same time period. Both rates are from the U.S. Department of Education’s Rehabilitation Services Administration.⁵

A federal 2003 study of vocational rehabilitation programs⁶ in the U.S. shows that after people left the programs with jobs, 76 percent were still employed three years later, many with increased salaries and benefits.

The employment rate for people with disabilities is considerably higher in Alaska than in the rest of the U.S. Fifty-two percent of Alaskans with disabilities, 30,500, are employed. That contrasts to the rest of the U.S., which has a 35-percent employment rate for disabled people, according to the Census Bureau’s 2003 community survey.

¹ The U.S. Census Bureau’s 2003 American Community Survey is based on information from over 1 million residents of randomly selected U.S. households. Because it is a household survey, people living in institutions such as nursing homes are not included. Although the authors chose to use the Census Bureau’s community survey numbers for this article, the results from the Census Bureau’s 2000 Census were similar: It showed 83,220 people had disabilities out of Alaska’s 626,932 residents, or 13 percent.

² DVR has no upper age limit, but it’s rare that DVR’s clients are older than 64.

³ Based on the state fiscal year 2005, which is from July 1, 2004 to June 30, 2005. All references to fiscal year in this article are the state fiscal year unless noted as the federal fiscal year 2004, which is from Oct. 1, 2003 to Sept. 30, 2004.

⁴ No 16- or 17-year-olds were in the group of 521.

⁵ The rates are contained in the Rehabilitation Services Administration’s publication, “Table 1: Percent Mean Hourly Wage at Closure,” which compares all the states’ rates.

⁶ The study is the May 2003 Longitudinal Study of the Vocational Rehabilitation Services Program put out by the Rehabilitation Services Administration. The study uses data from 1995 to 1999.

Employers

"Nothing speaks louder than success. Reducing operating costs and increasing output of a commercial laundry with 60-plus employees with disabilities by \$1 million in the first year, and \$3 million a year after four years, would definitely be such a success. I'm just sorry I didn't get involved in this sooner. This is a great business model for any group of employees; that it also makes the business case for people with disabilities is just the shine on the apple."

Thomas A. Rentz Jr.,
Logistics Operations Division,
U.S. Army, Fort Richardson, Alaska

Thomas Rentz is one of 413 Alaskan employers who hired one or more of the 521 disabled people who completed the Alaska Department of Labor and Workforce Development's DVR program in fiscal year 2005. Of the 521, 79 percent got jobs in the private sector, 17 percent found work with the state and federal government and the remaining 4 percent became self-employed.

Working with the Alaska Job Center Network, vocational rehabilitation professionals within DVR provide technical assistance to businesses on issues such as reasonable accommodations for employees with disabilities, how to retain employees who become disabled and how to accommodate the needs of customers with disabilities.

In addition, DVR, the department's Employment Security Division and other agencies have formed an inter-agency employer services partnership to help employers find qualified workers, including those with disabilities.

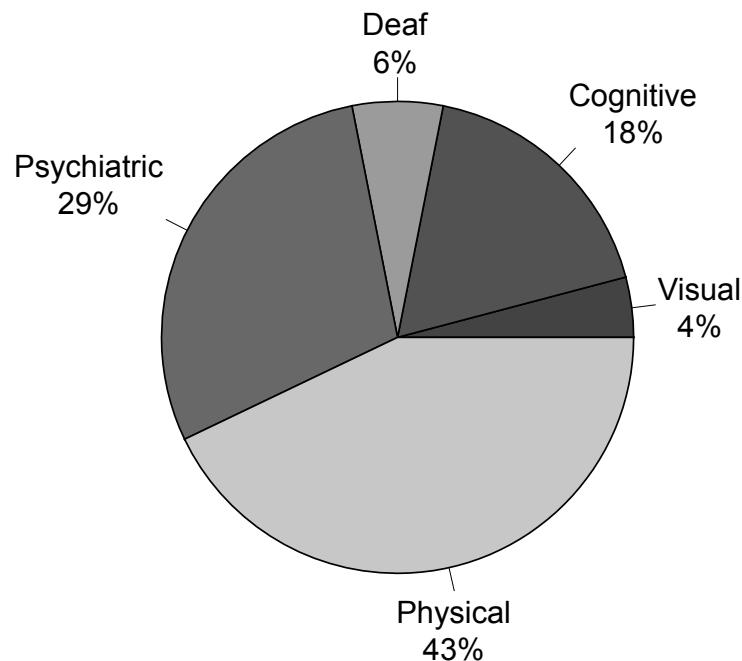
The Americans with Disabilities Act's statewide coordinator, who is based in DVR, is available to work with and advise employers on both employee accommodations and accessibility-related issues.

Other groups are active too. The Governor's Committee on Employment and Rehabilitation of People with Disabilities works with employers, among others. And for the entire workforce, the Alaska Workforce Investment Board, made up of business, industry and government leaders, keeps tabs on employment trends and emerging occupations to relay to employers, as well as educators, training providers and lawmakers.

Services for people with disabilities

Individuals eligible for vocational rehabilitation through DVR have a physical or mental impairment that constitutes an impediment to employment. Each year, DVR serves an average of 4,200 Alaskans who have a wide range of disabilities that present such an impediment. (See Exhibit 1.) In fiscal year 2005, DVR served 4,035 people. Of those, 80 percent have multiple impediments and are classified as significantly or most significantly disabled, while the other 20 percent are considered disabled.

DVR's Clients Disability categories, fiscal year 2005¹ **1**



¹ When a client has more than one disability, which is often the case, only the client's primary disability is reflected.

Source: Alaska Department of Labor and Workforce Development,
Division of Vocational Rehabilitation

The 4,035 people who DVR served in fiscal year 2005 are virtually everyone the DVR staff dealt with formally – new applicants to the program along with those already in the program from a previous year. Altogether, 2,300⁷ went through DVR's orientation program or the division's staff referred them to another agency or gave out other information.

The DVR process in a nutshell: A person with a disability applies to the program. A DVR counselor determines his or her eligibility to the program, then develops an Individualized Plan for Employment for that person. This could encompass anything ranging from DVR paying for that person to get a teaching degree or a wheelchair ramp for his or her home to giving advice about the labor market in a particular field. A person might complete his or her plan in a few months. Or it might take years to finish, particularly if pursuing a college degree is part of the plan or due to the complexity of disability-related issues.

⁷ Some of these people are reflected in the 4,035 figure. For instance, if a person went through orientation and was accepted into the program, that person would be counted as part of the 4,035.

When the person gets a job, a DVR counselor keeps in close contact for the first three months he or she is employed in case job coaching or any other services are necessary. A "closure" occurs when (1) a person has finished his or her plan and has a job; (2) when a person has finished his or her plan but didn't find a job; or (3) when a person drops out during the program.

Through the whole process, things may happen that cause people to drop out: people get a job on their own, get too sick to work, move out of state or just decide the program isn't for them, among other reasons.

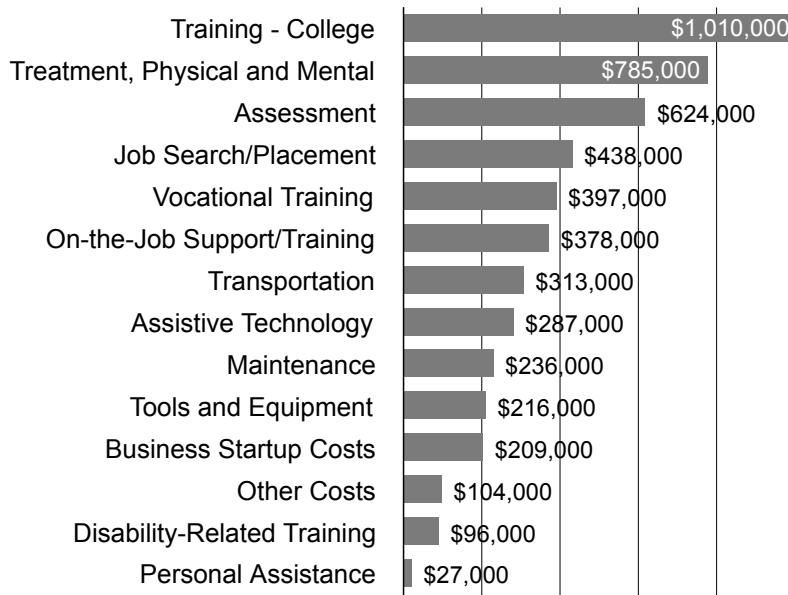
In fiscal year 2005, 2,083 people with disabilities applied to DVR's program. Of those, DVR counselors determined that 1,663 were eligible, wrote Individualized Plans for Employment for 1,222 people and closed 1,555 cases. As mentioned earlier, in 521 of the closed cases, people left the DVR program with a job, which was 62 percent of the 844 people who received services under an Individualized Plan for Employment. There were 2,284 plans in active status during the fiscal year.

Of the 1,555 cases that were closed in fiscal year 2005, 323 had a plan but didn't end up with a job or dropped out of the program in the plan stage, 251 were closed during the application stage and 460 were closed during the eligibility stage.

DVR provides a broad array of individualized services because every person with a disability, like anyone else, has unique interests, skills and abilities. The services may include evaluation and assessment, college and vocational training, treatment of the physical or mental condition, transportation, business start-up costs and other types of support. (See Exhibit 2.)

Certified vocational rehabilitation counselors provide counseling and guidance – core

2 The Allocation of DVR Money Fiscal year 2005



Source: Alaska Department of Labor and Workforce Development,
Division of Vocational Rehabilitation

rehabilitation services – to everyone in the DVR program, including:

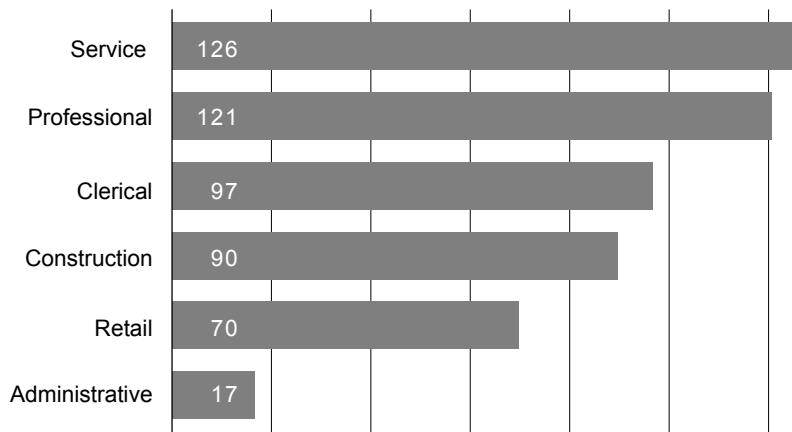
- collaboration between the individual and the counselor;
- the assessment of the individual's strengths, resources, priorities, abilities, capabilities, interests and rehabilitation needs;
- the synthesis of the assessment information along with employment and career options as well as the barriers to overcome;
- guidance regarding careers, labor market, training options and education as related to the individual's skills, aptitudes and career aspirations; and
- the development and implementation of a plan of employment for the individual based upon his or her informed choice.

Intrinsic to the rehabilitation counseling relationship are the values of respect for the individual and the professionalism of the counselor.

In fiscal year 2005, more than 37 percent of DVR's clients with an Individualized Plan for Employment received training of some type. The majority attended either college or vocational schools. DVR paid \$519,000 to the University of Alaska for tuition and paid an additional \$120,000 to individuals attending the university for items such as books and supplies. It paid \$1.8 million for all types of training, ranging from life skills training to training for a six-pack charter boat license and truck-driving school. Altogether, the division purchased \$5 million in services from Alaska businesses in fiscal year 2005.

For each person who left DVR's program with a job in fiscal year 2005, DVR paid an average \$7,300 for tuition, training or other services to outside providers over the length of each case. The people who completed DVR's program that year, as in other years, found employment in a wide variety of jobs based upon their unique skills and interests. (See Exhibit 3.)

Employment by Job Category Where DVR clients found work in fiscal year 2005 3



Source: Alaska Department of Labor and Workforce Development, Division of Vocational Rehabilitation

Alaska Natives

About 17,700⁸ Natives in Alaska, age 5 and over, have a disability. Of those, 10,200 are of working age, 16 to 64, according to the Census Bureau's 2003 community survey.

The survey shows that 21 percent of the state's Native population have a disability, compared to the 15 percent of Natives and non-Natives who have a disability in Alaska's overall population. Roughly 47 percent of Natives with a disability, ages 16 to 64, are employed, according to the survey.

Natives made up 20 percent of DVR's caseload in fiscal year 2005. Most of DVR's Native clients live in Alaska's cities, but the division also has clients in roughly half the state's small communities and villages. The other half, plus some Natives who live in cities, are served by vocational rehabilitation programs within some of the state's Native corporations, Native nonprofit agencies and Metlakatla, a federally recognized reservation. (See Exhibit 4.) Those groups together receive roughly \$4 million a year in federal grants to work with disabled people. DVR and the Native groups have a formal agreement to work together; they share knowledge and work jointly on some 250 cases.

⁸ The Census Bureau's category in its 2003 community survey is technically "American Indian/Alaska Native." The category is for people who reported only one race in the survey. The category does not reflect people who claimed American Indian/Alaska Native and one or more other races.

Youth in Transition

DVR estimates that roughly 6,000 high-school age Alaskans have a disability.

Youth with disabilities remain twice as likely to drop out of high school compared to students without a disability. National studies of transition services show access to vocational rehabilitation assistance for students with disabilities dramatically increases the likelihood of those students completing school and going on to college, a training program or entering competitive employment.

DVR, the Department of Labor's Division of Business Partnerships, school districts and others are working with students to ensure they have a smooth transition from school to the adult working world.

Twenty percent of DVR's caseload in fiscal year 2005 were what DVR classifies as "youth" – 16 to 21 years old – when they entered the division's program. Of the 521 people who left DVR's program employed in fiscal year 2005, 17 percent were ages 16 to 21 when they entered the program.

An average of once a week, DVR's vocational rehabilitation counselors visit all the high schools in Anchorage, Fairbanks, the Mat-Su area and the Kenai Peninsula, plus those in Juneau and Ketchikan. They also visit Alaska's rural high schools on an itinerant basis. On the visits, the counselors help youth with disabilities identify viable career options and develop ways to achieve their career goals as part of their Individualized Plans for Employment.

The Division of Business Partnerships worked with some 140 disabled youth in fiscal year 2005 as part of its job training programs that award roughly \$2.7 million in grants a year to school districts and nonprofits for Alaska's most needy youth. Business Partnerships also plans to serve some 60 youth with disabilities this year, fiscal year 2006, as part of its Youth in Transition program. That program, which specifically targets disabled youth, provides roughly \$325,000 a year to nonprofits.

A Cost-Benefit Analysis

The value of DVR's program lies both in the intangible social benefit and in the measurable economic benefit. An example of the social

Profile: Mitch Stoutenberg

In 1980, 20-year-old Mitch Stoutenberg's sore knee quickly turned into a battle with cancer. After losing a leg, he dealt with harsh cancer treatments, recurrences, surgery to remove a lung and more treatments – six years of his life struggling to survive.

Finally Mitch finished his chemotherapy. Once he was fitted with a leg prosthesis, he was ready to start looking for work to support himself and his family. He went to the Division of Vocational Rehabilitation, where he received counseling and guidance as well as job placement services.

Mitch's DVR counselor helped him land a job as a janitor at the Fairbanks International Airport. The job turned out to be exactly what he needed: steady hours with good benefits that didn't require a lot of extensive retraining. Today, Mitch is the services foreman overseeing the crew that maintains the airport facilities. He says he loves his job.

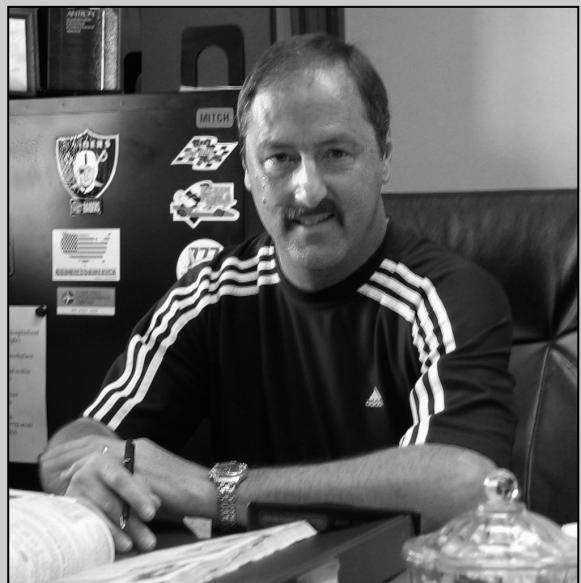


Photo by Larry Hintz

Profile: Claudia Criss



Photo by David Gelotte

Claudia Criss is a familiar face to many in downtown Juneau. Legally blind since birth, Claudia began working with DVR in the early 1990s. She trained with DVR's Business Enterprise Program to become an independent vending facility manager, then ran Juneau's Federal Building cafeteria for 7 ½ years, averaging some 800 sales transactions a day.

Moving on from there, Claudia went through more training and almost a year ago began running the State Office Building coffee and snack bar. Claudia has four employees and says the snack bar has roughly 500 transactions a day. The menu items include two daily lunch specials, vegetarian selections, homemade brownies that sell out everyday and other favorites requested by her "regulars."

She says her bachelor's degree in home economics, along with her other training, has helped her run the businesses.

"I like my job and love my customers. And we have great employees," she says. "I am just very lucky."

value is an increase in self-esteem when an individual goes to work and becomes a productive member of society. The economic value can be measured through a cost-benefit analysis that demonstrates a positive return on the investment of Alaska's public resources.

A DVR cost-benefit analysis shows that for every dollar DVR spent in federal fiscal year 2004 – on everything from staff salaries and other administrative costs to all services for all clients – DVR's clients who left the program employed will earn an average \$9.71 in wages and will pay an average \$1.94 to the government in taxes over the course of their working lives.

Furthermore, the average reduction in public support for each DVR client who got a job was \$5,581 and the average income increase was \$183,155, both over the course of the individual's working life, according to the DVR analysis, which used DVR numbers and those from two annual federal reports. The reports, issued by the Rehabilitation Services Administration, are the "Annual Rehabilitation

Program/Cost Report," called the RSA-2, and the "Federal Case Services Report," called RSA-911. Each year, vocational programs throughout the United States are required to collect information about the people they serve and submit it to the Rehabilitation Services Administration.

In addition, DVR's calculations show a 44-percent reduction in the number of people reporting public support as their primary source of income from application to closure with a job in federal fiscal year 2004. And since many in DVR's program receive Social Security, the Social Security Administration reimburses DVR for part of its costs in helping Social Security recipients find jobs. Social Security reimbursed DVR more than \$750,000 in fiscal year 2005.

To make the above analysis, data collection occurred when people applied to the DVR program and when they left employed. The analysis included employed individuals' weekly earnings, their ages, the amount of their public support, as well as the length of time their vocational rehabilitation cases were open.

Public support includes both state and federal programs, such as Adult Public Assistance and Social Security.

As to the costs used in the calculations, the yearly expenditures for the entire DVR program were used, not just the expenditures made on behalf of those who completed the program employed. The average years of remaining work life were calculated based on the average age of the employed individuals when they left the program and an average retirement age of 65. The income was then discounted at 5 percent for inflation. For this set of calculations, each person was anticipated being employed for an average 23.45 years.

The Alaska Job Center Network

Almost 65,000 active job seekers registered with Alaska's Employment Security Division in 2005. More than 10,000 of these job seekers may be people with disabilities – people who have historically found it difficult to access services, according to a DVR estimate based on the Census Bureau's 2003 community survey.

To counter this, DVR is collaborating with two state Workforce Investment Act partners, the Employment Security Division and the Division of Public Assistance, to make job centers more accessible for people with disabilities. A five-year, \$3.5 million Customized Employment Grant from the U.S. Department of Labor has been the catalyst for the redesign of job centers in Juneau, Fairbanks, the Mat-Su area



Photo by Lance Sargent

Profile: Mark Hufford

It was October 1, 1995 and Mark Hufford was climbing down a tree from a bear stand. The next minute he was lying on the ground, wondering why he couldn't feel his legs. He had fallen 20 feet to the ground, and that left him paralyzed from the waist down. Mark was a construction worker before his fall. Now he uses a wheelchair, but it hasn't slowed him down.

Mark, still a bear hunter, has been a DVR counselor associate since 2004, helping people through the rehabilitation process. Now, aside from his full-time DVR job in Anchorage, he's pursuing a master's degree in rehabilitation counseling. Mark also regularly competes in the Sadler's Midnight Sun Ultra Challenge from Fairbanks to Anchorage, the longest wheelchair race in the world. He races a hand cycle and has been the first-place Alaskan for all five of the years he's raced.

When it comes to his career, he's just as dedicated.

"If I can help even one person to become truly rehabilitated like I am, to be happy in the work they are doing, that to me is very rewarding," he said. "I wouldn't be in this position, successfully working in a job I love, if not for DVR. DVR was instrumental in my success, not only in funding my schooling, but in the emotional support they offered. They helped me learn more about my disability and helped me change my bitterness to understanding. To be giving back to the disability community now is the best feeling in the world."

and Anchorage. While the money from the Customized Employment Grant has improved direct services to people with the most significant disabilities, it has also improved services for the general public.

DVR is also using federal Assistive Technology Grant funds – \$350,000 a year for three years – to ensure that adaptive devices are available in all job centers. The Employment Security Division has applied for federal grant money to improve access for people with disabilities to services in the job center network and related community services.



Photo by James Poulson

Profile: Jody Vilandre

Sitka.com is a popular Web site about Sitka that Jody Vilandre designed and maintained. But then Jody was struck by a rapidly progressive form of multiple sclerosis. She couldn't type, let alone maintain a Web site.

Jody approached DVR in December 2003. The division worked with Assistive Technology Library of Alaska, a nonprofit agency, and Frontier Medical, a private company, to get the adaptive equipment that made it possible for Jody to not only continue working, but to also be mobile and independent. Jody received voice-activated software, new controls for her wheelchair – an environmental control unit that allows her to turn the lights off and on and use the telephone – and the support and training to make it all come together.

Congress in 1988 designated October as National Disability Employment Awareness Month to highlight the abilities and skills of Americans with disabilities and to increase the public's awareness of the contributions made by workers with disabilities.

Profile: Client Y

"Client Y" came to DVR for assistance in 1997. With both his legs amputated below the knees due to Hodgkin's Lymphoma, severe facial scarring and two fingers amputated on one hand, he was unsure of a vocational direction. When he applied to DVR's program, his primary source of support was state and federal public assistance.

DVR assisted Client Y with vocational technical training in computer engineering. But despite having skills that were extremely marketable and in demand, he didn't get a job. His DVR counselor followed up with his prospective employers and concluded that his appearance was difficult for hiring managers to overcome. While it's illegal to discriminate against disabled people in employment, a national study shows that people with disabilities average 20 more job interviews to get a job than people without disabilities.

Client Y kept applying to jobs. His unwillingness to give up paid off: His vocational rehabilitation counselor helped him get a job with a school district as a systems operator network specialist. The counselor, working with a customized employment facilitator, helped with job negotiations.

Client Y works full time earning nearly \$20 an hour plus benefits. He no longer receives public assistance.

4 Vocational Rehabilitation Offices

labor.state.ak.us/dvr/

Division of Vocational Rehabilitation Offices	
Anchorage DVR Office – Sixth Avenue 1016 W. Sixth Ave., Suite 102 Voice phone/TDD (907) 269-3580 or Toll free (888) 330-6468	Anchorage DVR Office – Bragaw 3600 S. Bragaw St. Voice phone/TDD (907) 269-2060 or Toll-free voice phone/TDD (800) 478-4467
Anchorage DVR Office – Muldoon (within the Anchorage Job Center) 1251 Muldoon Road, Suite 101 Voice phone/TDD (907) 269-3570 or Toll-free (800) 478-4378	Eagle River DVR Office (within the Eagle River Job Center) 11723 Old Glenn Hwy., Suite B-4 Voice phone/TDD (907) 696-6840
Fairbanks DVR Office Teamsters Office Building 751 Old Richardson Hwy., Suite 102 Voice phone/TDD (907) 451-6261 or Toll free (800) 478-2839	Juneau DVR Office (within the Juneau Job Center) 10002 Glacier Hwy., Suite 305 Voice phone/TDD (907) 465-8943 or Toll free (800) 478-2387
Kenai DVR Office 145 Main Street Loop, Suite 143 Voice phone/TDD (907) 283-3133 or Toll free (800) 478-3136	Ketchikan DVR Office (within the Ketchikan Job Center) Tongass Commercial Center 2030 Sea Level Drive, Suite 220-A Voice phone/TDD (907) 225-6655 or Toll free (800) 478-5387
Kodiak DVR Office (within the Kodiak Job Center) 305 Center St., Suite 5 Voice phone/TDD (907) 486-5787 or Toll free (800) 478-5787	Sitka DVR Office 304 Lake St., Room 101 Voice phone/TDD (907) 747-4788 or Toll free (800) 478-2726
Wasilla DVR Office (within the Wasilla Job Center) 877 W. Commercial Drive Voice phone/TDD (907) 352-2545 or Toll free (800) 770-4124	Alaska Native Vocational Rehabilitation Agencies Aleutian/Pribilof Islands Association - Anchorage Phone (907) 276-2700 Association of Village Council Presidents - Bethel Phone (907) 543-7337 Bristol Bay Native Association - Dillingham Toll free (888) 285-2262 Cook Inlet Tribal Council Inc. - Anchorage Phone (907) 265-7915 Kawerak Inc. - Nome Phone (907) 443-4362 or Toll free (877) 759-4362 Kodiak Area Native Association - Kodiak Phone (907) 486-9823 or Toll free (800) 478-5721 Maniilaq Association Vocational Rehabilitation - Kotzebue Phone (907) 442-2268 Metlakatla Indian Community - Metlakatla Phone (907) 886-5872 North Slope Vocational Rehabilitation - Barrow Phone (907) 852-2448 Tanana Chiefs Conference - Fairbanks Phone (907) 452-8251 ext. 3232 Tlingit & Haida Indian Tribes of Alaska - Juneau Phone (907) 789-4264 ext. 104 or Toll free (877) 525-8263
DVR Administrative Offices	
Juneau Division of Vocational Rehabilitation Alaska Department of Labor and Workforce Development 801 W. 10th St., Suite A Juneau, AK 99801-1894 Voice phone/TTD (907) 465-2814 or Toll-free voice phone/TTD (800) 478-2815 Fax (907) 465-2856	
Anchorage Division of Vocational Rehabilitation Alaska Department of Labor and Workforce Development 1251 Muldoon Road, Suite 101 Anchorage, AK 99504-2096 Voice phone/TTD (907) 269-3570 or Toll free (800) 478-4378 Fax (907) 269-3632	

Ask the Economists

This is the first of a series of articles that will appear periodically in Trends. The series will address questions submitted by our readers and those commonly asked by callers. While the format of future articles remains to be determined, our first attempt responds in a light-hearted way to a series of questions frequently asked our economists. These deal with the different databases and methodologies the Alaska Department of Labor and Workforce Development uses to monitor employment.

We encourage our readers to submit questions they may have about Alaska's economy by writing, faxing or e-mailing us: "Ask the Economists," Research and Analysis, Alaska Department of Labor and Workforce Development, P.O. Box 25501, Juneau, Alaska 99802-5501, phone (907) 465-4500, fax (907) 465-2101, e-mail AsktheEconomists@labor.state.ak.us. Please include "Ask the Economists" on the top and add your phone number in case we have a question about your submission. (If you don't want us to use your name, put that on your submission.)

A day at the office

By Neal Gilbertsen,
Economist

[A drab office building filled with identical cubicles. The clock in the corner is reading 6:45 p.m. As the curtain opens, a shabbily but neatly dressed economist is pondering deeply as he attempts to analyze a particularly difficult set of data. The phone rings and the economist wearily sets his papers on his disorderly desk, reaches for his phone and answers.]

Economist: "Good evening. This is the Alaska Department of Labor and Workforce Development. How may I help you?"

Caller: "Yes...I'm working on a project and want to know what Alaska's total employment was in 2003."

Economist: "Have you checked our Web site at almis.labor.state.ak.us?"

Caller: "Not yet. Wouldn't it be easier for you to just tell me what the number is?"

Economist: "Very well. According to the Alaska Department of Labor and Workforce Development, Alaska's 2003 employment total was 296,876, or 299,300, or 305,063, or 377,773."

Caller: "Are you just trying to confuse me or are you confused?"

Economist: "We are not at all confused, and causing you confusion is simply a valued externality derived from our sophisticated methodologies. Our highly trained statisticians devote decades to developing and improving our various approaches to monitoring and measuring employment!"

Caller: "I am duly impressed with your technical abilities, but I simply want to know Alaska's 2003 employment total."

Economist: "Well the answer depends upon how you are employing the word 'employment.'"

Caller: "And the definition of 'is' is?!!! Look! According to Webster, 'employment' is a noun defined as 'The state of being employed; synonym WORK.' So how many people were working in Alaska in 2003?"

Economist: "Now we are getting somewhere! According to the Occupational Database Resident Hire (ODB) report, there were 377,773 unique individuals who worked for wages in Alaska in 2003."

Caller: "Thanks. It took you long enough to answer a simple question, but at least now I know how many jobs there were."

Economist: "No you don't! That wasn't the question at all. You asked, 'How many people were working?' and that involves a count of individuals, not jobs. As you surely must recognize, a job can be filled by more than one person over a period of time."

Caller: "But don't you run into the same problem if you only count jobs? I mean can't a person be working at two or even three jobs at the same time?"

Economist: "Of course they can. But we can still count the jobs."

Caller: "Okay. Then let me ask how many jobs there were in 2003?"

Economist: "According to our Quarterly Census of Employment & Wages (QCEW) report there were 296,876 jobs, but our Current Employment Survey (CES) staff seems to think there were 299,300."

Caller: "Well which is it?"

Economist: "Both. It all depends upon how one counts certain jobs."

Caller: "Here we go with the definition-quibbling stuff again! Could you tell me the difference between the two counts?"

Economist: "The difference between the CES and the QCEW is relatively minor. The CES is an estimate based on a current sample of industry reporters and is used to estimate employment on a monthly basis. This makes the report much more useful for those who like to track current events. The QCEW is based on a full count of industry reporters, but takes much longer to compile. Every year the CES is adjusted to conform to the QCEW, but there is always a slight difference."

Caller: "Why?"

Economist: "Well, the QCEW does not count teachers who stop drawing their salaries over the summer and CES does, although it uses an estimate of teachers that will return to their jobs in the fall."

Caller: "I think I'm beginning to understand, but I'm still a little uncertain. You gave me four numbers, but you've only explained three of them. Where does the other one come from?"

Economist: "Oh, you must mean the LAUS number."

Caller: "LAUS?"

Economist: "Local Area Unemployment Statistics."

Caller: "What do unemployment numbers have to do with employment numbers?"

Economist: "My dear sir, if we are to calculate unemployment rates, we must first know how many people are in the labor force, how many of them are working and how many of them are looking for work."

Caller: "So now we are counting people again, not jobs?"

Economist: "Precisely!"

Caller: "Well how do you know how many people ARE in the labor force, and all that other stuff?"

Economist: "We ask them. Every month we contact roughly 1,000 households in Alaska and inquire how many of them are working, how many are looking for work and how many are not. Someone came up with a really original name for this. We call it the 'household survey.'"

Caller: "Yes, the name is really original, but why are the numbers so different from your other data?"

Economist: "Well, we take the household survey results and put them into a mysterious black box along with some numbers from our unemployment claims, CES and the U.S. Census as well as some highly complex statistical formulae, then we turn on the computer and it delivers the numbers. We use these to generate our unemployment rates."

Caller: "Okay, let me get this straight. In general, I shouldn't use your 'Employment' numbers to track employment when I find them on the 'Unemployment' Web site?"

Economist: "That's right."

Caller: "I'll trust your judgment. Are there any other differences?"

Economist: "Yes. LAUS employment and unemployment are attributed to where a person lives, while all the other data count it in the area where the job is located. It is also the only survey that attempts to monitor self-employment."

Caller: "You mean to say that ODB, CES and QCEW don't count people who work for themselves or any of the jobs they do?"

Economist: "That is correct!"

Caller: "Does LAUS?"

Economist: "It tries. The household survey counts those who identify themselves as self-employed as 'Employed' but the published tables do not differentiate between those who are self-employed and those who are employed by others."

Caller: "Are all these numbers on the Web?"

Economist: "Yes. Go to our Web page and click on 'Employment,' then choose either 'Current Employment Statistics (CES)' or 'Employment & Earnings/202' for employment data. If you want unemployment information, click on 'Unemployment.' If you want occupational data, click on 'Occupational Information,' then 'Occupational Database.'"

Caller: "Thank you for all your help."

Economist: "Don't mention it. We are here to serve the public. Do you have any other questions?"

Caller: "Just one."

Economist: "Well?"

Caller: "What was Alaska's total employment in 2003?"

Employment Data on the Research and Analysis Web Site	
Web site: almis.labor.state.ak.us	
Click on "Employment," then " Employment & Earnings/202. "	This link contains the monthly, quarterly and annual average employment for Alaska and all boroughs and census areas – the Quarterly Census of Employment & Wages (QCEW) data. This is a <u>count of jobs</u> .
Click on "Employment" then " Current Employment Statistics (CES). "	This link has the most-current monthly and annual average employment estimates for Alaska, the Municipality of Anchorage, Fairbanks North Star Borough and the six economic regions by industry. This is an <u>estimate of jobs</u> .
Click on "Unemployment," then " Unemployment Rate. "	The monthly and annual unemployment rates in Alaska and all boroughs and census areas are on this link. Alaska labor force data are also included. This is based on the <u>household survey of individuals</u> , and is used for <u>unemployment rate estimates</u> .
Click on "Employment," then "Resident Hire" and then " Nonresidents Working in Alaska. "	This link shows the occupation and place of work information for all wage and salary workers covered by unemployment insurance for Alaska and all boroughs and census areas. This is a <u>count of individuals</u> who are working.

Alaska Employment Scene

By Neal Fried,
Economist

Alaska's economy well on its way to 18 years of growth

It is truly remarkable. Alaska is going to extend its streak of employment growth to 18 years in 2005. That is two years longer than the next longest stretch of growth – 1961 to 1976 – in Alaska's economic history. Only seven other states can claim such long periods of uninterrupted growth: Arizona, New Mexico, Nevada, Idaho, Montana, Wyoming and North Dakota.

Employment growth rate matches the 10-year average

Overall average employment for the first seven months of 2005 is running 1.6 percent or nearly 4,800 jobs ahead of the average for the first seven months of 2004. This growth rate matches the state's past 10-year annual average. In other words, 2005 is looking like an average growth year. Yet there are certainly regional and industry employment changes that are different from the trends in recent years.

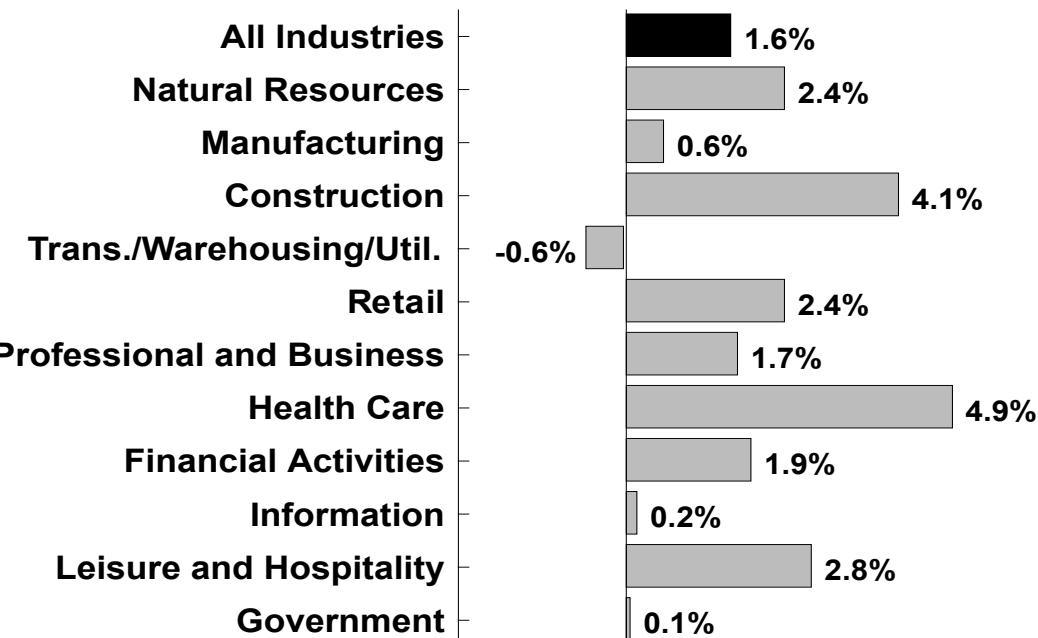
Health care, retail, construction and leisure and hospitality providing most of the boost

The industries that are most responsible for Alaska's economic growth in the first seven months of 2005 include health care, retail trade and construction, as well as the hotel and restaurant industry. Each industry is running 700 to 1,100 jobs ahead of levels for the same period in 2004. But most other industries are also running in the black. (See Exhibit 1.)

The strong real estate market is keeping the financial sector nearly 2 percent ahead of levels for the first seven months in 2004 and a decent fishing season is keeping manufacturing above water. The other larger manufacturing player, the wood products industry, is continuing to experience the losses that have plagued the industry for over a decade. A slight increase in oil activity and emerging hard-rock mining is keeping the broad natural resources category positive. The public sector's numbers are

1 Nearly All Industries Continue to Operate in the Black

January to July 2005 compared to the same period in 2004



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

just barely positive with federal government employment barely negative, which is explained by a slow fire season. Both state and local government numbers are coming in just slightly positive.

Health care remains number one job creator but slows

Health care continues to lead the way in employment growth through the first seven months of 2005. It has added 1,129 jobs, but that number is slightly less than the 1,300 jobs it added during the same period in 2004. This could represent a slowdown in health care's forward momentum. But the upcoming opening of the new hospital in the Mat-Su area, the expansion of other hospitals and a general growth trend probably ensure continued growth in the health care industry for at least the next several years.

A good visitor season helps lift leisure and hospitality

A strong showing in the visitor industry has boosted leisure and hospitality employment. Some of the largest gains appear to be in cruise ship activity. And nearly all of the state's major visitor and convention bureaus are reporting a brisk season.

The largest gains in the leisure and hospitality sector are in the food services and drinking arena. Food service employment added 700 jobs between the first seven months of 2004 and the same period in 2005. Apparently the desire to eat out is insatiable. It's unclear to what extent the growth is due to visitors versus local demand.

Construction can't be held down

Strong public and private activity is keeping construction on the move. It went into the expansion mode in 1989 and just won't quit. Much of the current activity is concentrated in the Fairbanks and Anchorage/Mat-Su regions. Military and retail activity have been keeping Fairbanks' contractors busy; broad commercial and public activity keep pushing the Anchorage/Mat-Su area's numbers to lofty levels as well. For example, Anchorage's permit valuation activity is coming in at \$410 million for the first seven months of 2005; it was \$393 million for the same period last year. But nearly every region of Alaska is enjoying healthy levels of construction activity. For example, the construction of the Pogo mine near Delta is in full swing, with a work force of roughly 300 to 400 and the crews for the new Kensington mine north of Juneau are just beginning to gear up. Around the state, the elixir of low interest rates is keeping the housing market humming.

Retail – new stores keep opening

Retail trade, the state's largest private sector employer, has continued to expand. The two hot retail markets in 2005 have been centered around Fairbanks and the Matanuska-Susitna Borough. During the past year, Fred Meyer, Wal-Mart, Home Depot, Lowe's, Safeway, Sportsman's Warehouse, Barnes & Noble and others have opened or are about to open new stores; others are expanding their existing

operations. In Fairbanks' case, the retail industry appears to be playing catch-up with much of the rest of the state. In the Mat-Su region, the expansion is accommodating the state's fastest growing borough. Nearly every other region in the state has had a more moderate retail growth rate.

Oil industry's employment growth disappointing

Although employment in Alaska's oil industry is finally growing again, it's rather muted. This is especially odd with the backdrop of six years of relatively high oil prices, posting nearly three years of \$30-plus per barrel oil prices. Normally, one would expect a stronger employment response in such a high-price environment. Instead, employment fell for two years and finally stabilized last year. Oil and gas industry employment during the first seven months of this year is running 1.7 percent ahead of levels for the same period in 2004. And there is no expectation that the trend will change anytime soon.

That is different from most of the nation's other oil and gas producing states. In 2004 and 2005, oil industry employment has experienced strong growth in Texas, Wyoming, New Mexico, Montana and Colorado. Louisiana, just prior to Hurricane Katrina, is like Alaska, and one of the few exceptions. Nationally, oil and gas employment grew by nearly 5 percent in 2004 and by nearly 7 percent during the first seven

months of this year. The difference may lie in the gas share of the oil and gas industry. It appears most of this employment growth is coming from a boom in natural gas exploration and production across many of the Western states and not from the oil side. And Alaska at this point produces very little gas. That of course could change dramatically if gas pipeline construction gets underway.

Only Southeast Alaska is registering losses

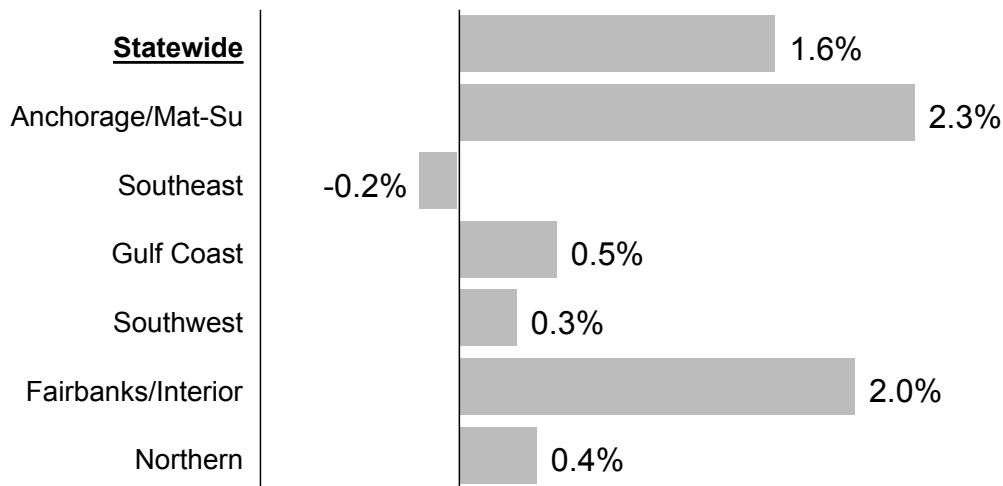
Southeast was the only one out of the state's six economic regions that had a lower average job count over the first seven months of 2005 than for the same period in 2004, but its losses have

been relatively small. (See Exhibit 2.) Most of Southeast's employment numbers are running flat, as many industries are running at near-identical levels as a year ago.

Although five of the state's six regions have had positive employment numbers for the first seven months of 2005, the bulk of the growth is coming out of the Fairbanks/Interior and Anchorage/Mat-Su regions. Health care, retail and construction are keeping these two economies going strong. Decent fishing and healthy visitor numbers are keeping the Gulf Coast region in the black. Healthier fishing numbers are also keeping Southwest's employment barely above water. The Northern region's numbers are getting a boost from improved oil industry numbers on the North Slope.

2 Job Growth is Positive in Most Regions

January to July 2005 compared to the same period in 2004



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

Anchorage's inflation remains tame despite much higher energy prices

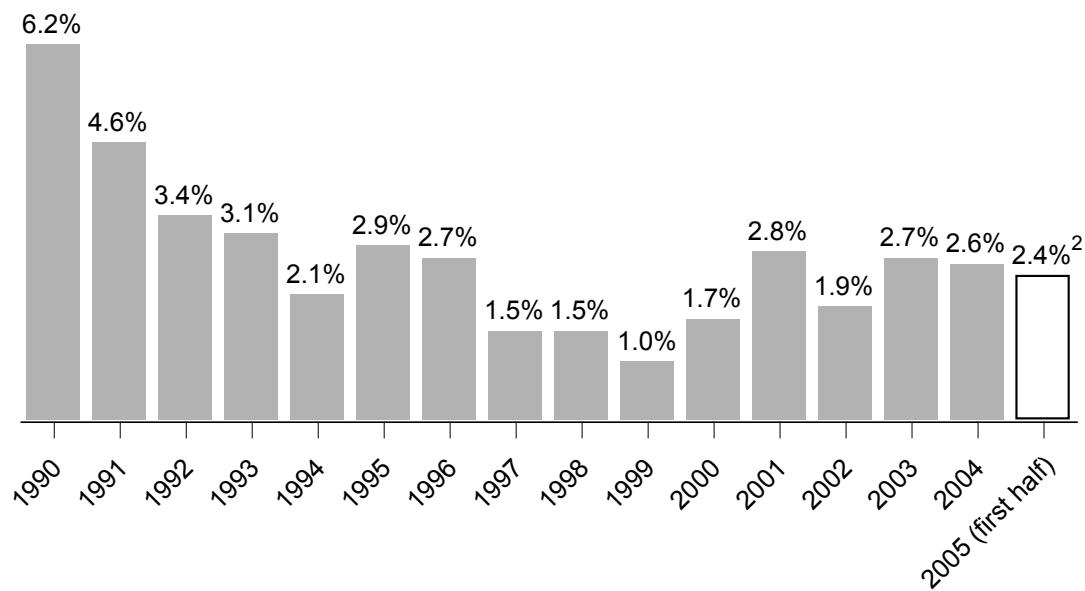
The Anchorage Consumer Price Index for all urban consumers increased by 2.4 percent for the first half of 2005. (See Exhibit 3.) This is the only price index produced in Alaska and is often used as the default number by businesses, individuals and governments in contracts with price-escalator clauses or just as a guide for changes in salaries, rentals and so forth. It is produced twice a year, at half-yearly intervals.

The year-to-year variation in Anchorage's inflation has been small in recent years, even though it reflects higher energy prices that

registered double-digit increases. But there were other categories such as housing and food where the increase was far more moderate. Some categories, such as clothing and alcohol, actually experienced deflation.

A separate medical-care index was published for the first time in four years. It appears health care costs continue to rise fast. Between 2000 and 2005, health care cost prices rose 26 percent, twice as fast as the overall price index.

Consumer Prices Increase in Anchorage Anchorage Consumer Price Index changes,¹ all urban consumers **3**



Source: U.S. Bureau of Labor Statistics

¹ Percentages are the year-over-year percentage changes in the average annual CPI.

² The 2005 percentage compares the first half of 2005 with the first half of 2004.

4 Nonfarm Wage and Salary Employment

	preliminary 08/05	revised 07/05	revised 08/04	Changes from:	
Alaska				07/05	08/04
Total Nonfarm Wage & Salary¹	330,100	331,300	325,400	-1,200	4,700
Goods Producing	52,400	54,500	50,600	-2,100	1,800
Service-Providing	277,700	276,800	274,800	900	2,900
Natural Resources & Mining	10,900	10,800	10,700	100	200
Logging	500	500	500	0	0
Mining	10,300	10,200	10,100	100	200
Oil & Gas Extraction	8,600	8,500	8,600	100	0
Construction	22,500	22,000	21,500	500	1,000
Manufacturing	19,000	21,700	18,400	-2,700	600
Wood Product Mfg	400	400	400	0	0
Seafood Processing	15,000	17,700	14,400	-2,700	600
Trade, Transportation, Utilities	67,900	68,200	67,000	-300	900
Wholesale Trade	6,700	6,800	6,600	-100	100
Retail Trade	37,800	38,000	37,100	-200	700
Food & Beverage Stores	6,300	6,400	6,400	-100	-100
General Merchandise Stores	9,700	9,800	9,700	-100	0
Trans/Warehousing/Utilities	23,400	23,400	23,300	0	100
Air Transportation	6,800	6,800	6,900	0	-100
Truck Transportation	3,300	3,300	3,200	0	100
Information	7,000	7,000	6,900	0	100
Telecommunications	4,300	4,300	4,200	0	100
Financial Activities	15,400	15,300	15,300	100	100
Professional & Business Svcs	24,900	24,900	24,800	0	100
Educational & Health Svcs	36,100	36,100	34,400	0	1,700
Health Care	26,500	26,400	24,900	100	1,600
Leisure & Hospitality	37,600	37,600	37,200	0	400
Accommodation	11,400	11,500	11,300	-100	100
Food Svcs & Drinking Places	21,500	21,500	21,200	0	300
Other Services	11,600	11,400	11,900	200	-300
Government²	77,200	76,300	77,300	900	-100
Federal Government ³	17,700	17,800	17,900	-100	-200
State Government	23,000	23,400	23,000	-400	0
State Gov't Education	5,500	5,700	5,300	-200	200
Local Government	36,500	35,100	36,400	1,400	100
Local Gov't Education	17,700	16,100	17,600	1,600	100
Tribal Government	4,500	4,500	4,600	0	-100

Notes

¹Excludes self-employed workers, fishermen, domestics and unpaid family workers as well as agricultural workers.

²Includes employees of public school systems and the University of Alaska.

³Excludes uniformed military.

⁴Metropolitan Statistical Area

Prepared in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics.

Regional data prepared in part with funding from the Employment Security Division.

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

5 Unemployment Rates By borough and census area

	prelim. 08/05	revised 07/05	revised 08/04		
NOT SEASONALLY ADJUSTED					
United States				4.9	5.2
Alaska Statewide				5.7	5.8
Anchorage/Mat-Su (MSA) ⁴				5.2	5.2
Municipality of Anchorage				4.9	5.0
Mat-Su Borough				6.4	6.4
Gulf Coast Region					
Kenai Peninsula Borough				6.4	6.2
Kodiak Island Borough				6.0	6.1
Valdez-Cordova				5.9	6.1
Interior Region					
Denali Borough				2.1	2.0
Fairbanks North Star Bor. (MSA) ⁴				4.7	5.0
Southeast Fairbanks				7.8	8.4
Yukon-Koyukuk				9.0	10.1
Northern Region					
Nome				12.0	11.9
North Slope Borough				9.2	9.4
Northwest Arctic Borough				13.6	14.0
Southeast Region					
Haines Borough				4.1	4.3
Juneau Borough				4.7	4.7
Ketchikan Gateway Borough				4.6	4.6
Prince of Wales-Outer Ketchikan				9.9	9.9
Sitka Borough				4.2	4.5
Skagway-Hoonah-Angoon				6.6	6.6
Wrangell-Petersburg				6.1	6.8
Yakutat Borough				4.7	4.9
Southwest Region					
Aleutians East Borough				6.9	6.1
Aleutians West				3.7	4.2
Bethel				12.7	12.9
Bristol Bay Borough				3.5	2.2
Dillingham				9.6	8.9
Lake & Peninsula Borough				3.4	2.9
Wade Hampton				21.8	25.2
SEASONALLY ADJUSTED					
United States				4.9	5.0
Alaska Statewide				6.6	6.5

2004 Benchmark

The official definition of unemployment excludes anyone who has not actively sought work in the four-week period up to and including the week that includes the 12th of the reference month. Many individuals do not meet this definition because they have not conducted an active job search due to the scarcity of employment opportunities in rural Alaska.

6 Nonfarm Wage and Salary Employment By Region

	preliminary 08/05	revised 07/05	revised 08/04	Changes from:		Percent Change:
				07/05	08/04	
Anch/Mat-Su (MSA) ⁴	169,000	168,600	165,400	400	3,600	0.2% 2.2%
Gulf Coast	33,350	34,150	33,100	-800	250	-2.3% 0.8%
Interior	48,600	48,300	47,600	300	1,000	0.6% 2.1%
Northern	15,600	15,250	15,900	350	-300	2.3% -1.9%
Southeast	41,900	41,250	41,700	650	200	1.6% 0.5%
Southwest	21,700	23,600	21,300	-1,900	400	-8.1% 1.9%

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

almis.labor.state.ak.us

Employer Resources

Often the best candidate for a job is not necessarily the most experienced one. Sometimes the best candidate has a positive attitude and great work habits, but lacks specific occupational skills needed for the job. The Alaska Job Center's On-the-Job Training program gives employers the opportunity to hire a good worker for a job, get a portion of the employee's wages reimbursed by the participating agency and train the employee to meet their needs.

Go to <http://www.jobs.state.ak.us/employer.htm> and click on "On-the-Job Training" on the right for more information or contact your nearest Job Center.

The screenshot shows the homepage of the Alaska Job Center Network. The title bar reads "Alaska Job Center Network - Microsoft Internet Explorer". The menu bar includes File, Edit, View, Favorites, Tools, and Help. The toolbar includes Back, Forward, Stop, Home, Search, Favorites, and Print. The address bar shows the URL "http://www.jobs.state.ak.us/employer.htm". Below the address bar is a Google search bar. The main content area features the "Alaska Job Center Network" logo and the tagline "Jobs are Alaska's Future". A sidebar on the right is titled "Quick Links" and lists various resources with small icons next to them. An arrow points from the text "On-the-Job Training" in the sidebar to the "On-the-Job Training" link in the main content area. The footer contains links for "Job Seekers", "Workers", "Employers", "Researchers", "Department Shortcuts", and "Webmaster". It also states "Page Updated August 24, 2005". The bottom navigation bar shows the URL "http://almis.labor.state.ak.us/".

The Alaska Job Center Network is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. TDD/Alaska Relay: (800) 770-8973.