

ALASKA ECONOMIC

TRENDS

January 1994



RURAL ALASKA'S
DIFFERENT
ECONOMIC PICTURE

EMPLOYMENT UP
IN MOST OF
STATE'S REGIONS

CREATING JOBS & INDUSTRY IN RURAL ALASKA

ALASKA DEPARTMENT OF LABOR
WALTER J. HICKEL, GOVERNOR

ALASKA ECONOMIC TRENDS

Contents

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Rural Alaska's Different Economic Picture

by Neal Fried

Employment opportunities in rural Alaska are less plentiful than in urban areas of the state. That is why many of the initiatives described by the Department of Community and Regional Affairs in the accompanying article are being undertaken in rural Alaska. Although the opening statement of this paragraph is accurate, it is a generalization. Some of Alaska's rural communities have an abundance of employment opportunities. In other communities the number of jobs can be counted on one hand. The size of rural communities varies from three people in Napaimute to 4,818 in Bethel. Alaska Natives are the majority population in rural Alaska, but there are some areas in which they are a minority. (See Figure 1.)

Rural Alaska defined

Defining "rural Alaska" is difficult. The U.S. Census Bureau defines a rural place as a community of 2,500 or less. Some of Alaska's isolated communities not connected to the road system don't fit this definition. Examples are Nome, Kotzebue, Barrow and Bethel. Most would agree these communities are rural. There are, however, some real differences in economic opportunities between these regional centers and the smaller villages in rural Alaska.

There are other ways to define "rural Alaska." Some would only include communities of 500 or less. For purposes of this article, we chose to define rural Alaska as those boroughs and census areas not connected to the road system or the marine highway. (See Table 1.) The strength of this definition is there is little quarrel that all of these areas are predominantly rural. One weakness is there are rural areas of the state which are excluded. Some are connected to the road system, such as Copper Center. Others exist within boroughs or census areas where there are both rural and urban communities. An example would be the Kodiak Island Borough.

Jobs are scarce; unemployment is high

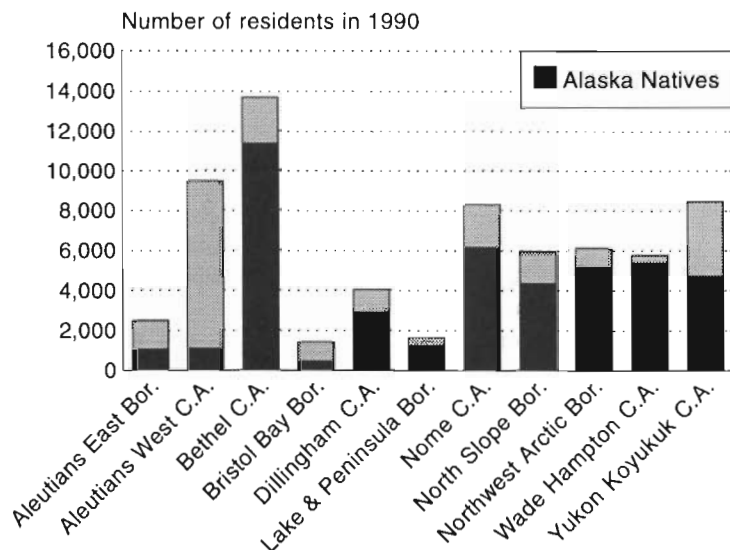
Finding a wage or salary job in rural Alaska is often a daunting task. Only 66% of rural adults participate in the labor force versus 75.8% in the rest of the state. In some areas, such as the Bethel and Wade Hampton census areas, labor force participation rates barely exceed 50%.

The unemployment rate for rural Alaska is more than twice as high as in the rest of the state. (See Table 1.) In the Bethel census area nearly a third of the 36 villages reported unemployment rates of 25% and higher. These figures underestimate the urban/rural difference, because the number of dis-

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Figure • 1

Alaska Natives Predominate in Rural Alaska



Source: U.S. Department of Commerce, Bureau of the Census.

Selected Indicators for Rural Alaska

	Population	Unemploy- ment Rate	Percent with Degree		Median Household Income	Percent Living in Poverty
			High School	College		
Aleutian Islands East Borough	2,422	1.4	66.4	12.9	\$42,384	11.9
Aleutian West Census Area	9,918	3.3	85.8	14.8	\$35,187	9.0
Bethel Census Area	14,069	13.1	62.3	13.1	\$25,402	30.0
Bristol Bay Borough	1,415	6.9	89.8	18.9	\$51,112	5.1
Dillingham Census Area	5,155	10.6	69.8	15.3	\$28,779	24.6
Lake and Peninsula Borough	1,722	15.1	60.7	14.4	\$25,231	20.0
Nome Census Area	8,491	16.5	65.0	13.8	\$30,144	22.4
North Slope Borough	6,290	14.7	68.5	14.1	\$50,743	8.7
Northwest Arctic Borough	6,303	20.3	63.8	11.9	\$33,313	18.5
Wade Hampton Census Area	6,091	28.9	57.8	10.2	\$20,586	31.0
Yukon Koyukuk Census Area	6,713	21.4	73.2	13.8	\$23,945	26.0
Rural Alaska	67,589	14.0	69.4	13.6	—	21.4
Rest of State	502,711	8.2	88.8	24.2	—	7.3
Statewide	570,300	8.8	86.6	23.0	\$41,408	9.0

Sources: U.S. Dept. of Commerce, Bureau of the Census and 1990 Census.

couraged workers, who are not included in the unemployment rates, are more numerous in rural Alaska.

There are myriad reasons why employment opportunities are scarce in rural Alaska. The primary reason is there simply are fewer jobs to go around. Many of these communities don't have the ability to support a vibrant cash economy because of their remoteness, high costs, small sizes and/or limited resources.

In spite of these limitations, employment in rural Alaska managed to grow by 1.2% per year during the past decade. This was half the rate of growth for Alaska as a whole. (See Figure 2.) Rural Alaska's population also did not grow as fast as the state's but, unlike employment, population did grow at more than half the urban rate. If employment opportunities were to become as plentiful in rural Alaska as in urban areas, its rate of employment growth would have to exceed urban Alaska's for many years.

Less education is part of the picture

There are reasons beyond scarcity of jobs which explain the lack of employment opportunities for the rural population. A significant number of jobs that do exist in rural Alaska, particularly in the regional centers, are filled by imported labor. The primary reason why these jobs don't translate into opportunities for the local population is because local residents often don't possess the skills required to fill these jobs.

Many of these jobs are managerial and professional occupations in the health and educational fields. They tend to be the higher-paying, non-seasonal jobs. For example, in the Nome census area 60% of the labor pool are Alaska Natives but they hold only 39% of the managerial and professional jobs. Statewide 11% of the labor force are Alaska Natives; they account for 7% of the managerial and professional occupations.

A look at educational levels attained in rural Alaska sheds light on this problem. In the rest of the state 88.8% of the adult population are high school graduates versus 69.4%

in rural Alaska. When it comes to four-year college degrees the difference is considerably greater. (See Table 1.) Statewide, 23.0% of adults hold four-year degrees versus 13.6% in rural Alaska. If local residents possessed the necessary skills, more employment opportunities would exist for them.

An activity not accounted for in the employment or other economic indicators discussed here is subsistence. It could be argued that time spent in the pursuit of subsistence should be counted as employment. Not only should it be counted, but to some extent it excludes the pursuit of cash employment. Since statewide data collection of subsistence activities is sporadic, it is difficult to quantify and compare these two pursuits. What is known is that in the villages of rural Alaska, subsistence activity is a major part of the economy for many of the households.

Fewer jobs means less income

Since most of Alaskans' income is from wages and salaries, it is not surprising that incomes in rural Alaska come up short when compared to their urban counterparts. Households in eight of the ten areas included in this article had incomes considerably below the statewide average. (See Table 1.)

The most recent per capita income numbers also show a stark contrast. Not only do the per capita income figures in most of rural Alaska fall below the statewide average but they also fall below the national average. (See Figure 3.) If the cost of living were taken into account the difference would be even greater. Rural Alaska also has more children per household than urban Alaska, which further depresses per capita income.

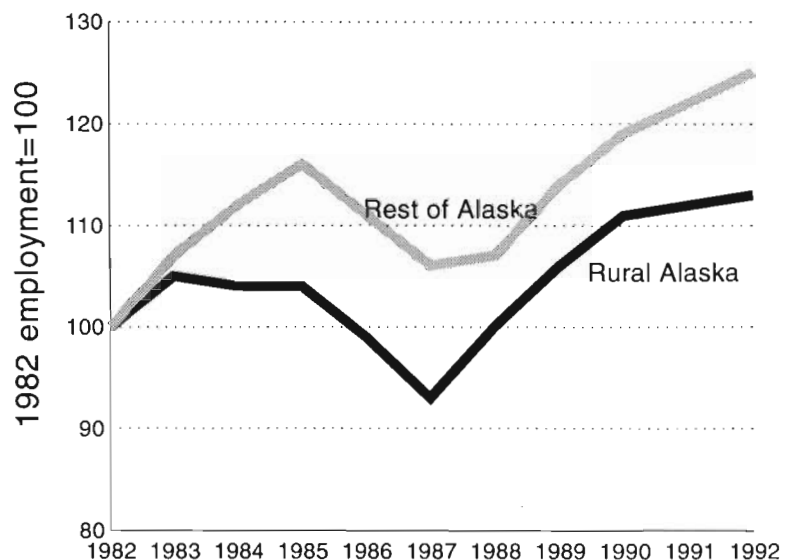
Not all of the income information is discouraging. Over the past decade incomes in many areas of rural Alaska grew substantially, even after adjusting for inflation (See Table 2.) This was particularly true for those areas with low incomes. For example, per capita income for the Wade Hampton, Bethel, and Dillingham census areas, along with the Northwest Arctic Borough, grew over 20%. This compares to 8.6% for the state as a whole.

Part of this increase came as a result of the tremendous growth in oil revenues which translated into growth of transfer payments from the state. Some also came from economic development. For example, opening of the Red Dog mine in Northwest Arctic Borough had a substantial impact on the area's income. Development of North Slope oil resources puts the North Slope Borough in its own league in rural Alaska.

Because of the lack of economic activity, rural Alaska is more dependent on the public sector as a source of employment (See Figure 4). Many of these areas are also more dependent on federal and state transfer payments. These payments account for more than 25% of personal income in five of the ten rural areas in this article. (See December 1993 *Alaska Economic Trends*). The area most dependent on this type of income is Wade Hampton, where 45% of personal income is from transfer payments. According to a report by the University of Alaska's Institute of Social and Economic Research

Figure • 2

Employment Growth More Moderate in Rural Alaska



Source: Alaska Department of Labor, Research & Analysis Section.

Table • 2

Per Capita Income in Alaska's Rural Areas

	Per Capita Income		Percent Change
	1991	1980*	
ALASKA	\$21,723	\$19,857	8.6
Aleutian Islands Census Area		17,540	
Aleutians East Borough	19,223	—	—
Aleutians West Census Area	17,946	—	—
Bethel Census Area	13,279	10,539	20.6
Bristol Bay Borough	27,927	26,859	3.8
Dillingham Census Area	21,219	15,137	28.7
Lake & Peninsula Borough	17,783	—	—
Nome Census Area	14,706	12,790	13.0
North Slope Borough	23,848	25,442	-6.7
Northwest Arctic Borough	17,771	11,911	33.0
Wade Hampton Census Area	9,630	7,698	20.1
Yukon-Koyukuk Census Area	14,956	14,165	5.3

* Adjusted for inflation.

Note: Aleutian Islands Census Area split into Aleutians East Borough and Aleutians West Census Area.
Source: U.S. Department of Commerce, Bureau of the Census.

(ISER), much of the growth in village Alaska's incomes in the 1980s occurred because of an increase in federal and state transfer payments.

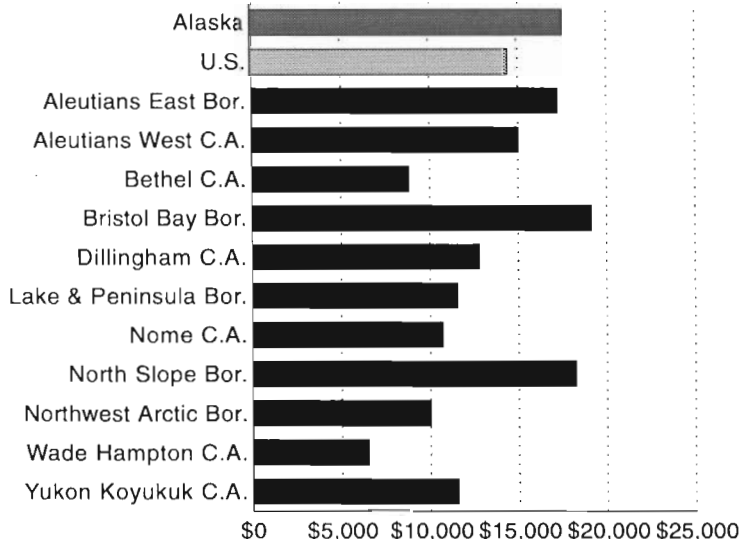
Less income translates into more poverty

From a statewide perspective Alaska's poverty picture is quite positive. According to the Census Bureau, 10.0% of the state's population lived in poverty in 1992 versus 14.5% nationally. When these figures are dissected into regions, however, a different picture emerges.

The 1990 census found the incidence of poverty was more than twice as high in rural Alaska than in the balance of the state (21.4% versus 9.0%). (See Figure 5.) In some areas, such as Bethel, it climbs to as high as 30%. In many villages the poverty rate exceeds 50%. If the difference in the cost of living is taken into account, the contrast widens. A lack of economic opportunities helps explain the much higher incidence of poverty in rural Alaska.

Figure • 3

Per Capita Income is Lower in Much of Rural Alaska



Source: U.S. Department of Commerce, Bureau of the Census.

The poverty picture improved from 1980 to 1990. According to the 1980 census 25.7% of rural Alaska was below the poverty threshold. This declined to 21.4% in the 1990 census. Nearly all of rural Alaska benefited from this decline. The largest improvement was in the Northwest Arctic Borough (27.5% in 1980 versus 18.5% in 1990)—probably because of the Red Dog mine opening.

Some rural areas don't fit the mold

It is true the incidence of poverty, the lack of employment opportunities and lower incomes plague much of rural Alaska. There are, however, exceptions to this rule. Economic indicators for the Aleutians East and West areas, along with the North Slope and Bristol Bay Boroughs, defy this picture. Personal income in these areas exceeds the statewide average and their degree of poverty is below average. Unemployment in a number of these areas is also below the statewide average. Many of these areas enjoyed robust employment growth in recent years. All of these areas are either endowed

with rich fishery resources, a large military presence or oil resources.

These areas are evidence that a lack of economic opportunity is not always synonymous with rural Alaska. Economic opportunities have been created in rural Alaska. In many cases it is a formidable task, but it is certainly not without precedent.

Many concerns exist for the future of rural Alaska

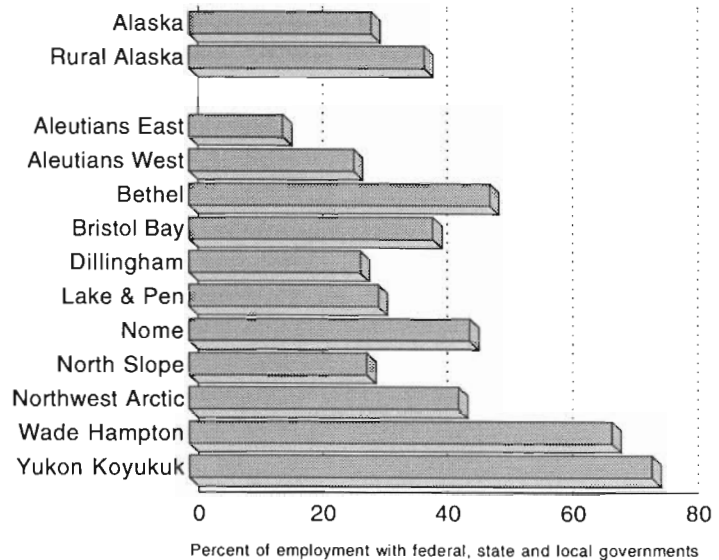
There are a number of reasons for concern over the future economy in rural Alaska. One is rural Alaska's greater dependence on government transfers and public sector employment. Because of budget restraints at both the federal and state levels it is unlikely they will be a source of additional growth in the future. Instead, there is a good chance they could become a source of decline in rural economies. Another economic concern is that the rural population, along with the rest of the state, continues to grow. This will likely put increasing strains on the subsistence economy.

The age of rural Alaska's population may become the biggest challenge to its economic future. Rural Alaska's birth rate is considerably higher than in the urban parts of the state. Nearly 40% of rural Alaska's population is under the age of 19 versus 33% elsewhere in the state. (See Figure 6). This in turn means that during the next two decades a growing number of working-age adults will be entering the work force in rural Alaska. Without more vigorous employment growth, unemployment and poverty will only worsen.

It may also mean more rural residents will migrate to the urban centers where there are more economic opportunities. According to data compiled by the Department of Labor and ISER researchers, there is already evidence that this is happening. For example in the past the community with the largest number of Alaska Natives was always one of the rural regional centers. In 1986 Anchorage took over as the community with the largest Alaska Native population.

Figure • 4

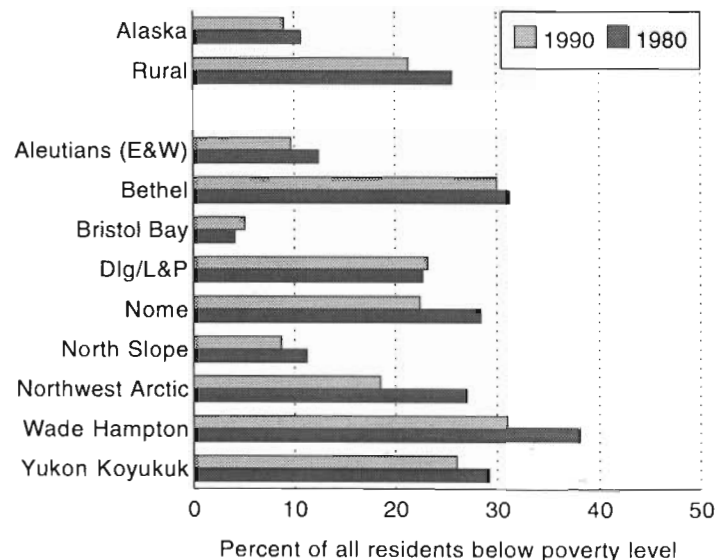
More Public Sector Employment in Rural Alaska



Source: Alaska Department of Labor, Research & Analysis Section.

Figure • 5

Poverty Rates 1980-1990



Source: U.S. Department of Commerce, Bureau of the Census.

Creating Jobs and Industry in Rural Alaska

by Edgar Blatchford

Edgar Blatchford was appointed Commissioner of the Alaska Department of Community and Regional Affairs by Governor Hickel in 1990.

Blatchford has a MS in Journalism from Columbia University and a JD from the University of Washington. A former newspaper editor/owner and Native corporation executive, he has lived and worked in Alaska all his life.

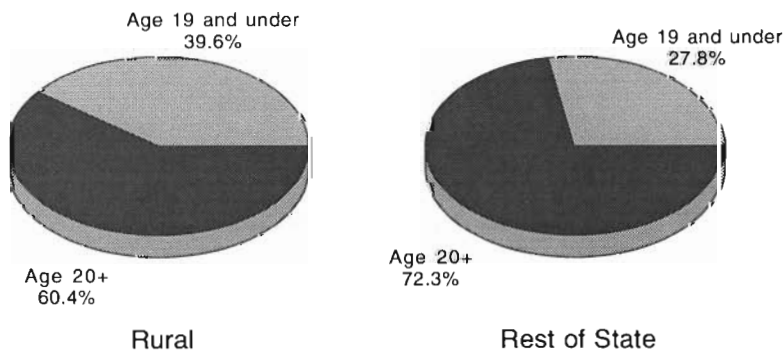
What is the proper role of government in the community economic development process? In most descriptions of economic development, the purpose is to foster the creation of private sector jobs and sources of new income in communities. While there are many state and federal programs, all aimed at creating jobs and increasing income at the local level, there has been an increasing emphasis on collaborative approaches to community development needs and issues. Collaboration is a key feature of many federal programs as limited resources compel us to look for new and innovative solutions to recurring problems.

In Alaska, the Department of Community and Regional Affairs (DCRA) coordinates community and rural affairs across the state. The role of state government in developing sustaining economies is a difficult one, particularly in rural areas of Alaska with its barriers of dispersed population, limited infrastructure, prohibitive construction costs, and transportation limitations. Coordination and collaboration among all sectors public and private, are critical to maximizing the effectiveness of limited available resources. The key to rural community economic development, is to involve the private sector in finding workable "public/private" partnerships.

Continued from *Rural Alaska's Different Economic Picture*, page 5

Figure • 6

Rural Alaska Has More Young People



Some researchers are surprised rural-urban migration has not been more substantial given the contrast in the standard of living. They surmise part of the reason may be because the opportunities to be involved in subsistence activities in urban Alaska are few. Some rural residents may be hesitant to move to larger communities because they are not confident they possess the work skills to compete. What appears certain, however, is that if additional economic development does not occur in rural Alaska, the pressures to move to urban Alaska will grow. Unless the private sector in the future provides more employment and economic opportunities in rural Alaska, the next decennial census is not likely to paint a better picture for rural Alaska.

Source: Alaska Department of Labor, Research & Analysis Section.

This article briefly highlights three initiatives targeting development in rural Alaska. These three initiatives—a state job training and employment program, a business loan program and a capital funding program, and a major resource reallocation initiative—have a common strong public/private partnership approach. All three utilize local direction to stimulate job growth in rural Alaska.

STEP responds to local job realities

Alaska's State Training and Employment Program (STEP) provides an important tool for Alaska's economic development. It was created as a pilot project in 1989 and extended by last year's state legislature. STEP fills in the service gaps the federal job training programs are unable to address due to more restrictive program requirements. Funding for STEP comes from employee contributions to the Unemployment Insurance Trust Fund administered by the Alaska Department of Labor (DOL).¹ The resulting STEP program funds, jointly administered by the DOL and the DCRA, address Alaska-specific job training concerns. STEP allocations are approved by the Alaska Job Training Council for distribution to the state's three Private Industry Councils. The Alaska Statewide Private Industry Council, the largest in the state, serves all of rural Alaska as a job training entity with the Job Training Partnership Act (JTPA) as well as STEP.

Through grant awards to various training projects, STEP is intended to:

- Prevent future claims against unemployment benefits and reduce employer UI costs
- Attract new businesses to Alaska and foster the growth of existing businesses through availability of a skilled labor force
- Ease the impacts of Alaska's chronic economic fluctuations through training or retraining workers for new or emerging industries and technologies

STEP responds better and faster to the realities of the Alaska job market. It has more flexibility than equivalent federal job training programs. Targeted employment areas,

projects, services and eligibility criteria for STEP are developed in cooperation with the Alaska DOL and the Alaska Statewide Private Industry Council to maximize service to Alaskans including those residents of rural areas most in need of training. STEP also helps promote local hire by ensuring trained Alaskans are available for local jobs.

Rural Alaskans are served by the Alaska Statewide Private Industry Council which enrolls eligible people in a variety of programs teaching rural skills. In 1992, for example, these programs covered asbestos abatement/removal, power plant operator, EMT/medic training, seafood harvesting (sea cucumber, urchin and roe technician and fishing industry jobs), and water/sewer utility operators. Most of these positions exist in rural Alaska and many of the program participants are currently working in the areas they were trained in. The Alaska Statewide PIC reports that a total of 231 participants were served in the statewide STEP program.

Table 1 shows the 1994 STEP program grant awards for the Alaska Statewide Private Industry Council which serves primarily rural Alaska. These reflect a strong emphasis on sustainable employment and the changing opportunities and challenges confronting rural Alaska--fisheries development, tourism, value-added manufacturing.

One example of sustainable employment supported by STEP is the Older Persons Action Group (OPAG) training program which was awarded \$161,000. Many of the 44 trainees to be served by OPAG's personal care attendant upgrade training are living and working in rural, remote communities. Recent changes in federal Medicaid regulations allow elders to receive medical assistance in their villages rather than being forced to come to live in Anchorage or larger cities to receive needed health services. Federally-funded personal care attendants must upgrade their skills. Through STEP the skills of personal care attendants, living and working in the village are upgraded and recertified as mandated by federal regulations; the elder is able to stay in the village; and new dollars are brought into the village economy. All this is due to the collaborative partnership among federal, state and private sector entities.

¹Alaska's STEP Program is funded by one-tenth of one percent of employee contributions to the Unemployment Insurance Trust Funds. STEP funds for SFY94 will total more than \$2.9 million statewide.

1994 STEP Program Grants*

Recipient	Award	Trainees	Description
Alaska Laborers Training Trust	\$47,899	75	Rural residents training
Chatham Straits Seafoods	\$75,000	8	Salmon roe tech training (value-added manufacturing in Petersburg)
Fresh Fish Company	\$15,000	15	Seafood custom processing (Sitka)
Golden Age Fisheries/ Coastal Villages Fishing Coop	\$75,000	23	Fisheries management, fish processing, crew management (western AK villages)
Hospice & Homecare of Juneau	\$22,598	20	Certified nurses aide training for southeast Alaska communities
Innovation Training and Education Coop	\$37,381	8	Project Career Course
Northwest Arctic Borough	\$18,060	2	Economic Development Specialist training
Older Persons Action Group (OPAG)	\$161,000	44	Personal care attendant upgrade training (interior Alaska villages)
People Count	\$54,540	20	Office occupations, travel, tourism (Kenai)
South East Regional Resource Center	\$37,700	20	Nurses aide training (Prince of Wales and Ketchikan)
West Coast Construction (Klawock Village Corp.)	\$9,010	40	Construction road safety training
Yukon Delta Fisheries Dev. Association	\$75,000	15	Fisheries training (YK Delta villages)
Total Awarded	\$671,201	318	Persons to be trained

* Note: These grants were awarded to the Alaska Statewide Private Industry Council for projects primarily in rural Alaska.

Source: Alaska Department of Community and Regional Affairs. (Note: New projects only, does not include carryover projects from any previous year.)

Unique public/private effort harvests more than fish

The Alaska Community Development Quota (CDQ) program, approved in March 1992 and implemented that fall, is a very different harvest plan that could change the way fishing is done in Alaska. The program allows small communities along the Bering Sea to partner with fishery companies to harvest, process and market codfish, pollock or other commercially viable fish. Communities can either catch the fish themselves or sell their quotas; and they are required to spend that money on sustainable jobs within the community.

Approximately 100,000 metric tons of U.S. fish, or 7.5% of the allowable catch limit each year to 1995, is reserved for the CDQ program. Rural communities in western Alaska will benefit substantially from the current billion-dollar bottomfish boom since the North Pacific Fishery Management Council added pollock to the program. From December 1992 through June 1993, \$1.3 million was paid out in fishing wages and over \$32 million worth of product was caught in rural Alaska's name. (See Table 2.)

The 56 eligible communities in Western Alaska, among the most underdeveloped in the state, incorporated into six regional associations to compete for shares of the quota. Regions received from 5% to 27% of the total quota which translates into approximately \$1.8 million to \$8.3 million. To develop viable plans to spend all that money, the communities had help from federal, state, and industry partnerships with the state departments of Community & Regional Affairs (DCRA), Commerce and Economic Development (CED), Fish & Game (ADF&G) and the Office of the Governor. Together they worked with the U.S. Department of Commerce National Marine Fisheries Service (NMFS) and the North Pacific Fishery Management Council (NPFMC).

As specified in each CDQ group's development plan, reviewed by the state and approved by the U. S. Secretary of Commerce, benefits will go to the individual communities. The plans feature profit sharing from pollock quota, quality partnerships with ex-

perienced fishery companies, immediate and long-term employment opportunities, capital to pursue near-shore fisheries development activity, fishery infrastructure development, scholarship endowments, and quality employment training programs.

For example, the Central Bering Sea Fishermens' Development Association is focusing their efforts improving the St. Paul small boat fleet as did the Yukon Delta Fisherman's Development Association. The Coastal Villages Fisheries Co-op has purchased 50% interest in a factory trawler. In addition to fishery-related employment, the Aleutian Pribilof Island Community Development Association employed twenty more residents through infrastructure projects, community liaison officers and longshore employment.

The activities of the CDQ groups have created more than 200 jobs, seasonal and non-seasonal, since the program began. The value of the CDQ pollock is estimated to total \$80 million harvested over the 1992-95 program period, depending upon market prices for pollock products. Expansion of CDQs to other species depends on management and the resultant economic development by the six CDQ groups. In any case, the CDQ program will be closely monitored as to its success contributing to sustainable rural economic development.²

Creative financing geared for rural Alaska

The Rural Economic Development Initiative (REDI) integrates several funding programs using the knowledge and ability of staff skills to heighten community involvement as well as tap outside resources in the creation of private sector jobs in rural Alaska. REDI has three grant and one loan financing options: Community Development Block Grants (CDBG) federally funded competitive grants; Rural Development Assistance (RDA), state funded regular competitive grants; Mini-Grants, small state funded innovative competitive grants; and the Rural Development Initiative Fund (RDIF), a state-funded loan program for rural small businesses; and a source of capital to finance rural entrepreneurial activities. (See Figure 1.)

²Figure 2 employment numbers and wages are preliminary estimates and do not reflect the entire employment activity for the particular CDQ group, only persons actually working in the groundfish industry and wages (not shares) from that particular industry. All six CDQ organizations have submitted applications for the 1994/1995 pollock stock. The U.S. Secretary of Commerce will have acted on the applications by November 15, 1993. The current CDQ program will sunset December 31, 1995 unless extended.

Community Development Quota Employment and Income Information
(For the period December 1, 1992 through June 30, 1993)

	% Annual 92-93 Quota	Year-to-Date Revenues to 6/30/93	Fishing Emp.	Fishing Wages
Aleutian Pribilof Island Community Development Assn. (4 western Alaska villages and St. George Island)	18	\$5,761,258	50	\$90,000
Bristol Bay Economic Dev. Corporation (14 Bristol Bay/ southwest Alaska villages)	20	\$4,183,513	38	\$163,749
Central Bering Sea Fisherman's Association (St. Paul Island)	10	\$3,193,209	3	\$ 24,000
Coastal Villages Fishing Coop (17 Yukon- Kuskokwim villages)	27	\$8,340,801	30	\$360,000
Norton Sound Economic Dev. Corporation (15 villages in northwest Alaska)	20	\$6,850,011	61	\$351,300
Yukon Delta Fisheries Dev. Association (4 Yukon villages)	5	\$1,833,519	47	\$300,000
Total	100	\$30,162,311	233	\$1,289,049

Note: Fishing employment and fishing wages reflect groundfish activity only. These wages are paid directly to crew (employees) by the fishing company partner.

Source: Certified audits 1992 and 6 months ending June 30, 1993. Alaska Department of Community and Regional Affairs.

REDI provides the underpinnings of progress in rural communities, creating jobs, making use of locally available resources and adding value to them, producing goods now shipped in from outside, and tapping local creativity and know-how. It is up to the community to come up with the projects based on a holistic view of the community situation. The REDI program scouts for project ideas, assesses them and supports their development. Support includes assistance preparing applications to leverage additional sources of financing and help developing necessary man-

agement skills. At the stage of selecting applications for funding, priority is given projects which create jobs by bringing in private sector dollars from outside the community or region.

In 1990 the REDI program launched the Innovative Mini-Grant program to find new ways to tackle the difficult challenge of community economic development for Alaska's small and rural communities. REDI assists and funds promising economic development opportunities in rural Alaska communities.

Although these grants are small, they reward original thinking with "seed" grants to the sponsoring community. Following are descriptions of some REDI projects shown in Table 3:

Tourism Development - Tourism is a high return industry which utilizes local resources and skills. The Rainforest Tour of Southeast represents just one of many tourist projects. Similar enterprises have been funded in Arctic Village, Huslia, Copper Valley, Nome, Haines, Minto, Stevens Village, Saxman, Glennallen, Kake and St. Lawrence Island.

Commercial Greenhouses - REDI supports the development of rural commercial greenhouses and root cellars which will extend the growing season, provide longer storage. The greenhouses utilize waste heat from community generators and provide some local employment and income from fresh vegetables sold to residents, local schools and commercial outlets. Greenhouse projects operate in Chuathbaluk and Russian Mission.

Cottage Industry - The program encourages cottage industries such as Native Arts and Crafts gift shops, home crafts industry centers, and producing a wholesale catalog for arts and crafts materials. REDI funded undertakings in Dot Lake, Aniak, Shishmaref and other locations.

Fur Industry - These programs support fur trapping and buying which has been a traditional rural industry since the days of the Russian-American Company in Alaska. They provide marketing expertise and training to trappers, brokers and retailers of fur processing in Alaska. Two undertakings are the Shishmaref Tannery and Yukon-Kuskokwim Mink Festival.

Meat Industry - REDI supports the planning and development of small, regional meat production for bulk marketing to village cooperatives, stores and individuals. One activity expands on an economic enterprise in beef production which will reduce the need for purchasing food outside the community. These projects operate in Mekoryuk and Tanacross.

Fisheries Development and Value-added Fish Processing - REDI assists and finances fish processing plants and provides marketing for the production, sale, and distribution of specialized items such as quality smoked fish strips and extruded products for urban markets and beyond. Coordination with other organizations including the Bering Sea Fishermans' Association, the Department of Environmental Conservation and the Environmental Protection Agency to achieve regulatory reform for small processors, resulted in a prototype plan for a "pocket processor" in Kake, Galena and Nelson Island.

Aquaculture - REDI explores the feasibility of aquatic farming and develops commercial shellfish mariculture operations in many

T a b l e • 3

Rural Economic Development Initiative Disbursements 1988 to 1993

Fiscal Year	Number of Projects	Total Amount Obligated to Recipients
Community Development Block Grant		
1988	17	1,379,800
1989	36	1,424,035
1990	20	1,391,595
1991	24	1,516,710
1992	24	1,678,333
1993	4	198,570
Total	125	\$7,589,043
Rural Development Assistance		
1988	24	1,700,000
1989	21	1,700,000
1990	39	1,618,000
1991	34	1,540,000
1992	28	1,248,000
1993	44	1,490,000
Total	190	\$9,296,000
Rural Economic Development Initiative		
1988	41	3,079,800
1989	57	3,124,035
1990	59	3,009,595
1991	58	3,056,710
1992	52	2,926,333
1993	48	1,688,570
Total	315	\$16,885,043

Note: The remaining FY93 grant funds will be awarded in early 1994 calendar year.
Source: Department of Community and Regional Affairs.

rural communities. They also produced materials for generic marketing campaign for sale of Alaska oysters for 72 aquatic farms including those in: Yakutat, Angoon, Tatitlek, Chenega Bay and many others.

Community Development - Community infrastructure to support health and safety of the community is a given for economic development. Without this basic infrastructure, (health clinics, childcare and headstart centers, docks, tank farms, roads, water and sewer, airport improvement and safety projects, among others), significant economic development activities will be difficult. Projects are in Hooper Bay, St. Mary's, Kwethluk, Thorne Bay, False Pass, and St. George.

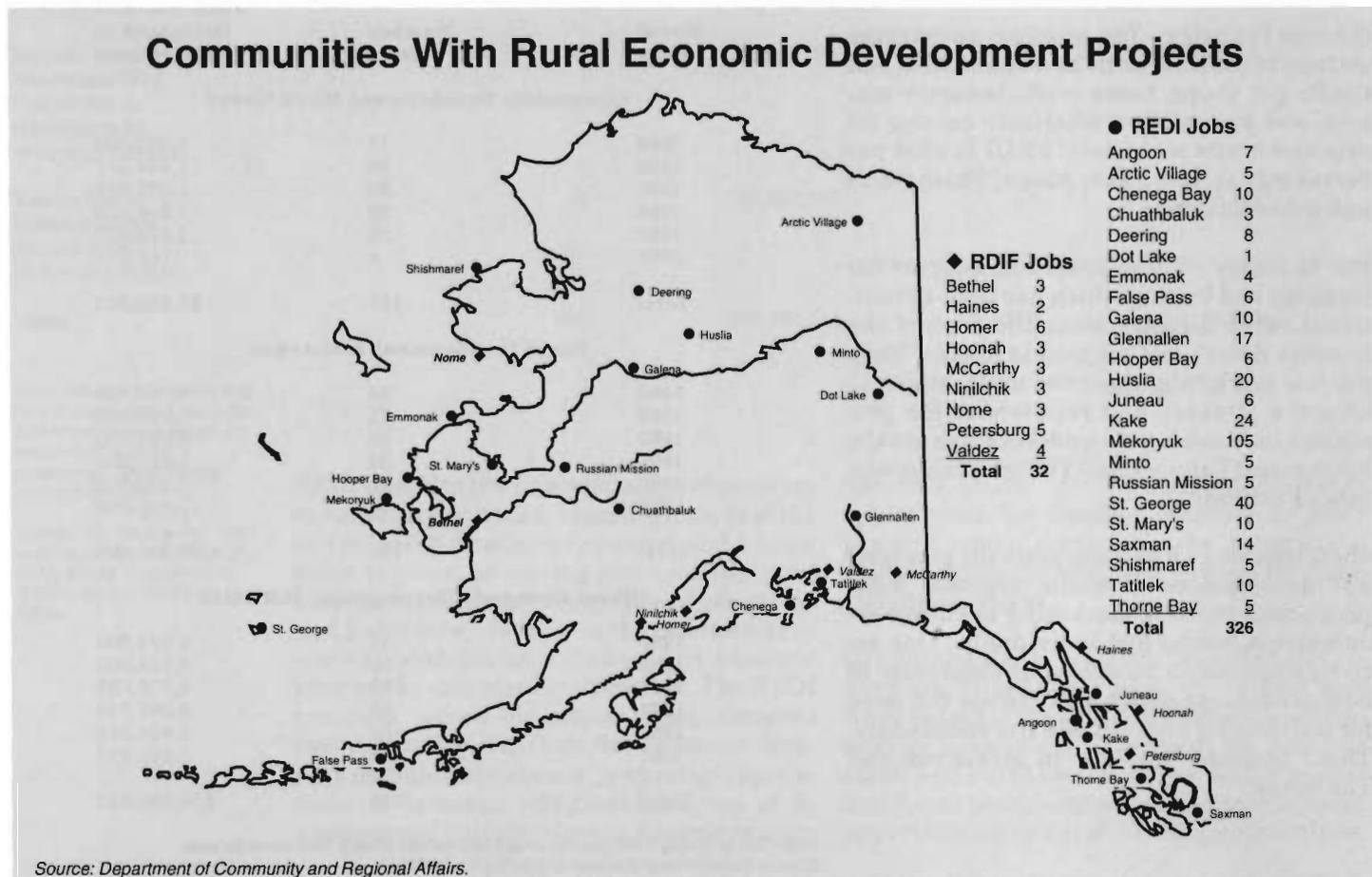
Conclusion

The programs reviewed in this article illustrate the cooperative theme of Alaska's state

government efforts in working with local communities, private businesses, regional development organizations and individuals to create self-sustaining local jobs and income opportunities for rural residents. The government's role in this model is to act as a catalyst to stimulate economic development in rural Alaska. Most importantly, government's aim is to stimulate the private sector and rural communities.

The "best" social program is a job. However, the approach should be a holistic one, sensitive to cultural traditions such as subsistence hunting and fishing. Economic development means jobs for local people; anything else dilutes the vitality of the community. To help the local community, both long- and short-term job opportunities must match the skills of the residents.

Figure • 1



Employment is Up in Most of the State's Regions

by Neal Fried

The state's employment and unemployment numbers delivered both good and bad news in October. On the good news front is the fact that there were 6,000 more jobs this October than a year ago. (See Table 1.) Also, the state's unemployment rate of 7.3% was considerably lower than last year's rate of 8.9%. (See Table 4.) The bad news was the sharp seasonal increase in the state's unemployment rate in October. It ended a three-month stretch when Alaska's rate was below the national average.

October's increase in the unemployment rate also signaled the beginning of the typical winter seasonal slide in employment. Every major industry category but two shed some of their work force in October. Only the finance-insurance-real estate and government categories did not lose ground. Finance-insurance-real estate's employment tends to be less affected by seasonal changes. The government work force grew as schools and universities continued to add staff for the school year.

Not surprisingly, nearly half of the seasonal job loss was in fish processing as the salmon season came to a close. Another industry with large seasonal job losses was construction. The transportation, retail and services industries also had large seasonal losses, mostly due to the end of another vigorous visitor season.

Southeast's economy lags

Along with the predictable seasonal employment losses came some more permanent ones. Layoffs from the closure of the Sitka pulp mill began to show up in October. Pulp employment fell by 200 and will continue to slide through January when only 20-30 maintenance workers will be left from a workforce of about 400. (See Table 3.) Sitka's October unemployment rate of 6.6% reflects these layoffs. Sitka is one of the few areas in the state with a higher October unemployment rate than last year.

The sizable job loss at the Sitka pulp mill—along with the April closing of Greens Creek mine near Juneau—caused Southeast's present weak economic showing. (See Figure 1.) Southeast's economic picture would be even bleaker if it were not for the third highest salmon harvest since statehood and a strong boost in visitor traffic.

Southcentral's economy almost robust

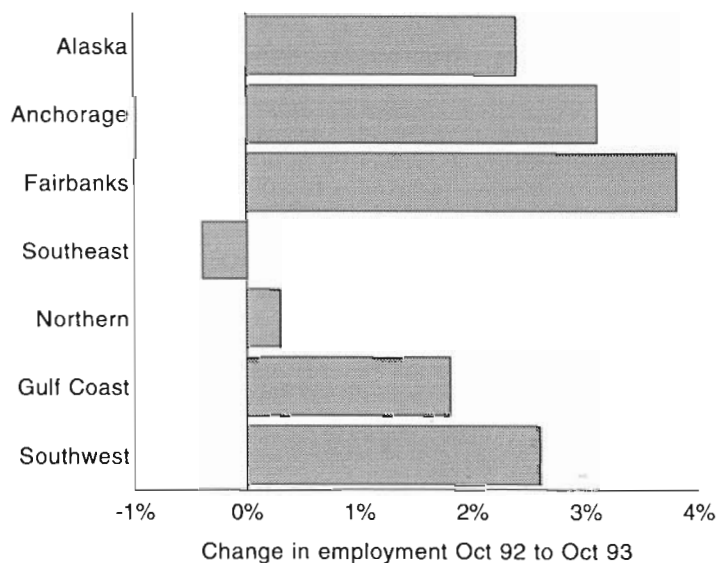
Anchorage and the rest of southcentral Alaska remained on the flip side of the economic spectrum. For the first 10 months of the year, employment in Anchorage was up 2.2% compared to 1.5% statewide. Anchorage's October numbers were up by 3,600 jobs—the strongest growth since 1990.

Growth in construction, retail and services are keeping Anchorage's employment numbers strong and unemployment down. Con-

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Figure • 1

Most Regions in the State are Growing



Source: Alaska Department of Labor, Research & Analysis Section.

Table • 1

Nonagricultural Wage and Salary Employment by Place of Work

Alaska

	p/		Changes from		
	10/93	9/93	10/92	9/93	10/92
Total Nonag. Wage & Salary	252,700	262,900	246,700	10,200	6,000
Goods-producing	38,400	44,100	37,200	5,700	1,200
Mining	10,300	10,600	10,300	300	0
Construction	13,700	14,700	12,300	1,000	1,400
Manufacturing	14,400	18,800	14,600	4,400	200
Durable Goods	3,500	3,700	3,500	200	0
Lumber & Wood Products	2,700	2,800	2,600	100	100
Nondurable Goods	10,900	15,100	11,100	4,200	200
Seafood Processing	7,500	11,500	7,500	4,000	0
Pulp Mills	600	800	900	200	300
Service-producing	214,300	218,800	209,500	4,500	4,800
Transportation	22,700	24,600	22,300	1,900	400
Trucking & Warehousing	3,000	3,100	3,100	100	100
Water Transportation	1,600	2,100	1,500	500	100
Air Transportation	7,300	7,700	7,100	400	200
Communications	3,800	3,800	3,700	0	100
Trade	50,000	51,500	47,700	1,500	2,300
Wholesale Trade	7,800	8,000	7,900	200	100
Retail Trade	42,200	43,500	39,800	1,300	2,400
Gen. Merch. & Apparel	8,000	7,800	6,700	200	1,300
Food Stores	7,300	7,700	7,200	400	100
Eating & Drinking Places	13,900	14,900	13,300	1,000	600
Finance-Ins. & Real Estate	11,000	10,900	10,800	100	200
Services & Misc.	54,900	57,200	53,600	2,300	1,300
Hotels & Lodging Places	5,200	6,400	5,200	1,200	0
Health Services	12,200	12,100	11,900	100	300
Government	75,700	74,600	75,100	1,100	600
Federal	19,500	20,100	19,700	600	200
State	22,100	22,100	22,000	0	100
Local	34,100	32,400	33,400	1,700	700

Municipality of Anchorage

	p/		Changes from		
	10/93	9/93	10/92	9/93	10/92
Total Nonag. Wage & Salary	119,300	120,800	115,700	1,500	3,600
Goods-producing	12,900	13,400	11,800	500	1,100
Mining	3,300	3,300	3,300	0	0
Construction	7,700	8,100	6,500	400	1,200
Manufacturing	1,900	2,000	2,000	100	100
Service-producing	106,400	107,400	103,900	1,000	2,500
Transportation	12,300	12,800	12,200	500	100
Air Transportation	4,600	4,800	4,500	200	100
Communications	2,300	2,300	2,200	0	100
Trade	27,600	27,800	26,600	200	1,000
Wholesale Trade	5,700	5,800	5,700	100	0
Retail Trade	21,900	22,000	20,900	100	1,000
Local	3,800	3,700	3,200	100	600
Food Stores	3,800	3,800	3,700	0	100
Eating & Drinking Places	8,000	8,100	7,800	100	200
Finance-Ins. & Real Estate	6,800	6,800	6,700	0	100
Services & Misc.	30,600	31,200	29,700	600	900
Hotels & Lodging Places	2,300	2,500	2,300	200	0
Health Services	6,200	6,200	6,100	0	100
Government	29,100	28,800	28,700	300	400
Federal	11,100	11,400	11,200	300	100
State	8,400	8,300	8,200	100	200
Local	9,600	9,100	9,300	500	300

Table • 2

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/	r/	10/92	p/	r/	10/92	p/	r/	10/92
	10/93	9/93		10/93	9/93		10/93	9/93	
Mining	\$1,216.06	\$1,280.00	\$1,175.31	49.9	51.2	49.3	\$24.37	\$25.00	\$23.84
Construction	1,118.39	1,132.64	1,126.66	44.7	44.4	44.2	25.02	25.51	25.49
Manufacturing	527.04	536.15	530.46	43.2	47.7	42.0	12.20	11.24	12.63
Seafood Processi	387.08	434.00	367.16	45.7	51.3	41.3	8.47	8.46	8.89
Trans., Comm. & Ut	654.74	646.56	619.69	35.7	35.9	34.6	18.34	18.01	17.91
Trade	354.56	366.12	358.80	32.0	32.4	32.5	11.08	11.30	11.04
Wholesale	585.22	595.79	563.50	38.2	37.9	38.1	15.32	15.72	14.79
Retail	312.71	324.36	318.08	30.9	31.4	31.4	10.12	10.33	10.13
Finance-Ins. & R.E	446.55	446.02	437.65	35.3	34.9	34.9	12.65	12.78	12.54

Notes to Tables 1-3:

Tables 1&2- Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Table 3- Prepared in part with funding from the Alaska State Employment Security Division.

p/ denotes preliminary estimates.

r/ denotes revised estimates.

Government includes employees of public school systems and the University of Alaska.

Average hours and earnings estimates are based on data for full- 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 1992

Nonagricultural Wage and Salary Employment by Place of Work

Southeast Region	p/	r/	Changes from		
	10/93	9/93	10/92	9/93	10/92
Total Nonag. Wage & Salary	34,800	37,900	34,950	3,100	150
Goods-producing	6,200	8,100	6,450	1,900	250
Mining	100	100	350	0	250
Construction	1,650	1,750	1,450	100	200
Manufacturing	4,450	6,250	4,650	1,800	200
Durable Goods	2,200	2,300	2,200	100	0
Lumber & Woods Products	2,150	2,250	2,150	100	0
Nondurable Goods	2,250	3,950	2,450	1,700	200
Seafood Processing	1,450	2,900	1,350	1,450	100
Pulp Mills	600	850	950	250	350
Service-producing	28,600	29,800	28,500	1,200	100
Transportation	2,800	3,200	2,900	400	100
Trade	5,950	6,350	5,800	400	150
Wholesale Trade	550	600	550	50	0
Retail Trade	5,400	5,750	5,250	350	150
Finance-Ins. & Real Estate	1,200	1,200	1,200	0	0
Services & Misc.	5,650	6,150	5,600	500	50
Government	13,000	12,900	13,000	100	0
Federal	2,150	2,350	2,200	200	50
State	5,450	5,450	5,500	0	50
Local	5,400	5,100	5,300	300	100

Anchorage-MatSu Region

Total Nonag. Wage & Salary	128,300	129,900	124,000	1,600	4,300
Goods-producing	13,600	14,250	12,450	650	1,150
Mining	3,500	3,450	3,500	50	0
Construction	8,150	8,650	6,900	500	1,250
Manufacturing	1,950	2,150	2,050	200	100
Service-producing	114,700	115,650	111,550	950	3,150
Transportation	13,300	13,800	13,050	500	250
Trade	29,750	29,950	28,700	200	1,050
Finance-Ins. & Real Estate	7,150	7,100	7,000	50	150
Service & Misc.	32,550	33,300	31,450	750	1,100
Government	31,950	31,500	31,350	450	600
Federal	11,250	11,500	11,250	250	0
State	9,250	9,150	9,050	100	200
Local	11,450	10,850	11,050	600	400

Gulf Coast Region

Total Nonag. Wage & Salary	24,900	26,850	24,450	1,950	450
Goods-producing	6,100	7,300	6,300	1,200	200
Mining	1,250	1,300	1,250	50	0
Construction	1,350	1,350	1,300	0	50
Manufacturing	3,500	4,650	3,750	1,150	250
Seafood Processing	2,300	3,400	2,600	1,100	300
Service-producing	18,800	19,550	18,150	750	650
Transportation	2,100	2,250	2,100	150	0
Trade	4,600	5,050	4,200	450	400
Wholesale Trade	500	550	500	50	0
Retail Trade	4,100	4,500	3,700	400	400
Finance-Ins. & Real Estate	650	600	650	50	0
Services & Misc.	5,150	5,450	4,900	300	250
Government	6,300	6,200	6,300	100	0
Federal	550	650	600	100	50
State	1,850	1,850	1,800	0	50
Local	3,900	3,700	3,900	200	0

Interior Region	p/	r/	Changes from:		
	10/93	9/93	10/92	9/93	10/92
Total Nonag. Wage & Salary	34,200	36,000	33,150	1,800	1,050
Goods-producing	3,150	3,400	3,150	250	0
Mining	700	700	700	0	0
Construction	1,750	1,950	1,750	200	0
Manufacturing	700	750	700	50	0
Service-producing	31,050	32,600	30,000	1,550	1,050
Transportation	2,450	2,850	2,400	400	50
Trade	7,200	7,700	6,550	500	650
Finance-Ins. & Real Estate	1,100	1,100	1,100	0	0
Services & Misc.	7,150	7,700	6,900	550	250
Government	13,150	13,250	13,050	100	100
Federal	3,950	4,200	4,000	250	50
State	4,750	4,650	4,600	100	150
Local	4,450	4,400	4,450	50	0

Fairbanks North Star Borough

Total Nonag. Wage & Salary	30,050	31,250	28,950	1,200	1,100
Goods-producing	2,900	3,200	2,950	300	50
Mining	550	600	550	50	0
Construction	1,650	1,850	1,700	200	50
Manufacturing	700	750	700	50	0
Service-producing	27,150	28,050	26,000	900	1,150
Transportation	2,050	2,300	2,000	250	50
Trucking & Warehousing	500	500	500	0	0
Air Transportation	500	550	450	50	50
Communication	250	250	300	0	50
Trade	6,800	7,250	6,150	450	650
Wholesale Trade	800	800	800	0	0
Retail Trade	6,000	6,450	5,350	450	650
Gen. Merch. & Apparel	1,350	1,250	1,000	100	350
Food Stores	750	800	650	50	100
Eating & Drinking Places	2,050	2,550	1,950	500	100
Finance-Ins. & Real Estate	1,050	1,050	1,050	0	0
Services & Misc.	6,550	6,750	6,250	200	300
Government	10,700	10,700	10,550	0	150
Federal	3,300	3,450	3,300	150	0
State	4,500	4,400	4,350	100	150
Local	2,900	2,850	2,900	50	0

Southwest Region

Total Nonag. Wage & Salary	16,050	17,700	15,650	1,650	400
Goods-producing	4,050	5,500	3,750	1,450	300
Seafood Processing	3,600	5,000	3,300	1,400	300
Service-producing	12,000	12,200	11,900	200	100
Government	6,400	6,200	6,400	200	0
Federal	1,200	1,200	1,200	0	0
State	500	500	500	0	0
Local	4,700	4,500	4,700	200	0

Northern Region

Total Nonag. Wage & Salary	14,450	14,650	14,400	200	50
Goods-producing	5,200	5,600	5,150	400	50
Mining	4,700	5,050	4,550	350	150
Service-producing	9,250	9,050	9,250	200	0
Government	4,800	4,400	4,800	400	0
Federal	250	250	300	0	50
State	350	350	350	0	0
Local	4,200	3,800	4,150	400	50

struction valuation for the city through October is running \$140 million ahead of year-ago levels. The retail invasion continued in October as Fred Meyer and Toys R Us began hiring for their November store openings.

The Kenai Peninsula and Mat-Su Boroughs are also enjoying respectable growth. Since the Anchorage and Mat-Su Borough's economies are closely tied together it is not surprising they are moving in similar directions. The new Job Corps Center in Palmer is giving the local economy an additional boost. The recent completion of the four-lane highway between Anchorage and Mat-Su may do the same. The Kenai Peninsula's growth is tied to this year's strong fish harvests, a busy visitor season and a rejuvenated oil industry. The recent K-mart opening is also boosting their employment numbers.

The rest of the state is doing OK

All of the other regions in the state are growing. Healthy fish harvests and what is being billed as another good visitor season are helping to keep the Gulf Coast and Southwest regions' employment figures above water. What appears to be an upbeat economic performance in Fairbanks is somewhat misleading. During most of 1993 Fairbanks employment growth was less than 1%. October's numbers got an extra boost with K-mart's opening. Increased oil industry activity on the North Slope is keeping the Northern region's employment numbers on the plus side of the ledger.

Another oil company leaves

Alaska's prospects as an oil-producing region continued to dim as Conoco announced they would be the third major oil company to leave the state (Chevron and Shell have already left.) Conoco will trade its Milne Point property and other North Slope holdings for some British Petroleum (BP) holdings elsewhere in the country. At least half of Conoco's 110 employees will be hired by BP, but the net effect will still be a smaller oil industry workforce. Low oil prices is another bit of bad news coming out of the oil patch. Prices have fallen to a three-year low. If a rebound in prices is not around the corner, 1994's economic prospects will become a little more uncertain.

Table • 4

Unemployment Rates by Region & Census Area

	Percent Unemployed		
	p/ 10/93	r/ 9/93	10/92
Alaska Statewide	7.3	6.0	8.9
Anch.-MatSu Region	6.3	5.4	8.1
Municipality of Anchorage	5.6	4.9	7.3
MatSu Bor.	10.8	8.6	14.0
Gulf Coast Region	9.8	8.6	12.2
Kenai Peninsula Bor.	11.6	7.6	14.3
Kodiak Island Bor.	5.3	13.6	8.9
Valdez-Cordova	9.0	5.3	8.5
Interior Region	9.3	7.0	10.5
Denali Bor.	10.7	4.5	12.7
Fairbanks North Star Bor.	8.8	6.8	9.8
Southeast Fairbanks	13.3	7.9	14.5
Yukon-Koyukuk	15.2	11.9	16.1
Northern Region	9.1	8.5	10.5
Nome	9.0	8.6	9.1
North Slope Bor.	5.4	4.1	4.7
Northwest Arctic Bor.	14.5	14.2	19.8
Southeast Region	6.9	4.9	7.9
Haines Bor.	6.3	4.4	8.5
Juneau Bor.	6.4	5.3	7.8
Ketchikan Gateway Bor.	6.3	4.0	8.7
Pr. of Wales-Outer Ketch.	8.8	6.2	9.5
Sitka Bor.	6.6	3.8	4.6
Skagway-Yakutat-Angoon	10.1	5.7	9.6
Wrangell-Petersburg	7.9	5.0	8.6
Southwest Region	5.8	4.2	7.3
Aleutians East Bor.	1.9	1.2	1.5
Aleutians West	2.4	1.2	2.1
Bethel	7.9	6.0	10.8
Bristol Bay Bor.	6.9	4.0	8.7
Dillingham	8.2	5.7	11.2
Lake & Peninsula Bor.	6.8	4.5	9.9
Wade Hampton	9.0	8.7	11.2
Seasonally Adjusted Rates			
Alaska Statewide	7.5	6.8	9.6
United States	6.8	6.7	7.3

p/ denotes preliminary estimates r/ denotes revised estimates
Benchmark: March 1992

- **Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.**
- **The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.**

Source: Alaska Department of Labor, Research & Analysis

Alaska Employment Service

Anchorage: Phone 269-4800

Bethel: Phone 543-2210

Dillingham: Phone 842-5579

Eagle River: Phone 694-6904/07

Mat-Su: Phone 376-2407/08

Fairbanks: Phone 451-2871

Glennallen: Phone 822-3350

Kotzebue: Phone 442-3280

Nome: Phone 443-2626/2460

Tok: Phone 883-5629

Valdez: Phone 835-4910

Kenai: Phone 283-4304/4377/4319

Homer: Phone 235-7791

Kodiak: Phone 486-3105

Seward: Phone 224-5276

Juneau: Phone 790-4562

Petersburg: Phone 772-3791

Sitka: Phone 747-3347/3423/6921

Ketchikan: Phone 225-3181/82/83



The mission of the Alaska Employment Service is to promote employment and economic stability by responding to the needs of employers and job seekers.