ALASKA ECONOMIC TRENDS

ECONOMIC PROSPECTS FOR UNALASKA

July
1994

PROBLEMATIC POPULATION ENUMERATING

MIXED ECONOMIC PICTURE EMERGES

ALASKA DEPARTMENT OF LABOR
WALTER J. HICKEL, GOVERNOR

ALASKA ECONOMIC
TRENDS

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Economic Prospects for Unalaska

by Don Karabelnikoff and Gail Lamson

This guest article discusses the recent history, current situation, and prospects for economic growth in the Aleutian Islands city of Unalaska.

The seafood industry drives the local economy. The unique characteristics of the North Pacific/Bering Sea support the largest food fish resource on earth. The current level of biological and regulartory knowledge indicate that the bottomfish fisheries can maintain about the same high level of productivity indefinitely. Thus the onshore/offshore debate may have little effect on Unalaska because the economy is driven by supporting the entire bottomfish industry, not just the shore-based component of what has become America's biggest seafood industry. This includes many other sectors of the economy such as transportation, services, trade, construction, etc. Unalaska is strategically located; it has excellent port facilities and is closest to the fishers, processors, transport ships, and the markets. Unalaska has practically no unemployment; it lacks workers, partly due to a shortage of suitable housing.

A brief history

Unalaska, a city of about 4,300[1/] is located on the Aleutian Chain nearly 800 miles southwest of Anchorage. Its 3,000+ jobs are largely associated with the adjacent seaport and airport called Dutch Harbor. The original village of Unalaska is on Unalaska Island, while Dutch Harbor is on Amaknak Island. A bridge links the two islands which are separated by only a few hundred feet of water. Today both islands fall within the city limits of Unalaska, a first-class municipality.

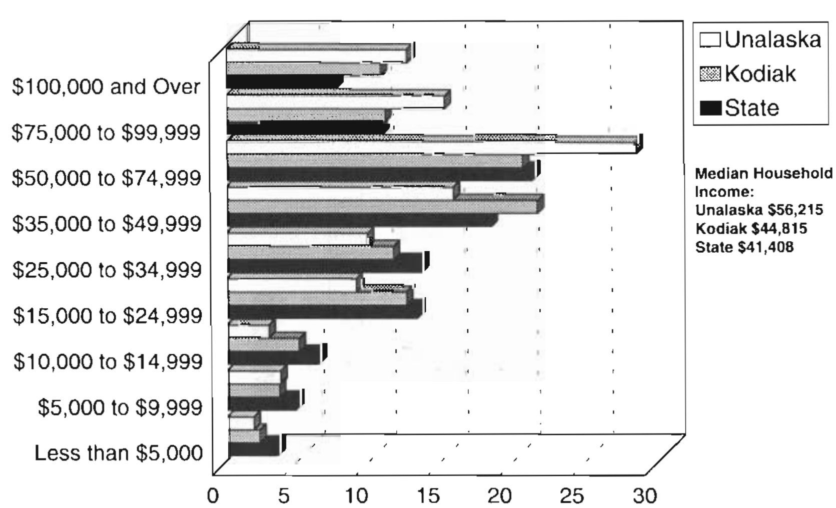
The port town of Unalaska changed from a traditional Aleut village (Ounalashka) to a Russian trading port around the year 1768. In 1759, more than 1,000 Aleuts lived in 24 settlements on Unalaska and Amaknak Islands. As in other Aleutian communities, Russian contact brought dramatic declines to the Aleut population. Between 1830 and 1940, only 200 to 400 people lived at Unalaska, primarily native Aleuts.

For two hundred years, Unalaska has served as a seaport sustained by the harvest of the region's natural resources, originally sea otter pelts and now seafood. When the crab boom and then bottomfish explosion hit the North Pacific in the 1980s, Unalaska was ideally located. Dutch Harbor is the only substantial seaport near the North Pacific and eastern Bering Sea fisheries. The fleet harvests more than 5 billion pounds of fish and crab each year. When the Magnuson Act created the 200-mile fishery zone in 1976, Americans began to take over the harvest started by Japanese, Russians, and other foreigners; the transition is nearly complete.

Don Karabelnikoff, Counselor of Real Estate, and Gail Lamson are Karabelnikoff & Associates, an Alaskan firm that provides analysis and advice in real estate, land economics and finance. They prepared the report from which this article is extracted with technical assistance from Richard Tremaine, a Natural Resource Economist, Gunnar Knapp, Ph.D., Resource Economist with the University of Alaska, Institute of Social and Economic Research, and Neal Fried and Holly Stinson, economists with the Alaska Department of Labor. National Bank of Alaska commissioned this report to help evaluate the economic conditions in the region.

Figure • 1

Household Income [1/]



[1/] Data is derived from the 1989 figures used in the 1990 census.
Source: Alaska Department of Labor, Research and Analysis Section.

[1/] This population estimate was computed by Impact Assessments, Inc., consultants for the North Pacific Fisheries Management Council. While the 1993 population estimates for the state including Unalaska are not yet available, in 1992 the population of Unalaska was estimated at 3,771 by the Alaska Department of Labor, Research & Analysis Section.

Now, in addition to about 4,300 residents of Unalaska, 18,000 people live aboard fishing or cargo vessels working out of Dutch Harbor.

A crab boom in the early 1980s was followed by the rapid development of a massive American bottomfish industry which increased the population between 1980 and 1993. Limited housing probably restricts residency by normal family households with spouses and children. Consultants for the North Pacific Fishery Management Council expect average annual population growth of 7% in Unalaska over the next ten years.

In the late 1980s Unalaska had a hard time keeping up with its growth. An old water system, inadequate community services, and lack of housing strained the city. But with the help of state grants, industry investment, and hard work on the part of the community, Unalaska began to catch up to its own growth. Even so, a severe housing shortage restricts the in-migration of potential resident workers and the creation of permanent jobs.

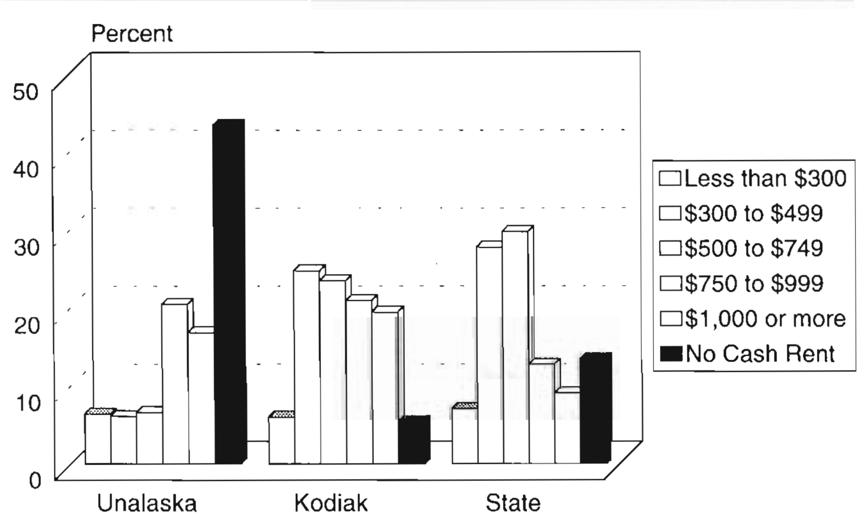
Unemployment is very low; Unalaskans who want to work can get a job, regardless of age or sex. Goods-producing firms employ the vast majority of workers. Proportionally, Unalaska's goods-producing sector is huge and relatively little employment is in services or government.

Unalaska has proportionally fewer Caucasians, Alaska Natives, and Blacks than the rest of the state, but it has many more Hispanics, Asians, and Pacific Islanders (even more than Kodiak, where processors traditionally hire Asians and Filipinos). Because of the recent influx of newcomers, only about 8% of the current residents are Aleuts, the original inhabitants of the islands. (See Table 1.)

Household residents are paid well in Unalaska; median household income is 35% higher than the median Alaskan household. (See Figure 1.) On the other hand, rental housing costs much more than in most other communities. Of the houses for rent, 30% cost $1,000 per month or more, compared with 21% in Kodiak and 11% statewide. (See Figure 2.)

Figure • 2

Residential Rent Distribution



Source: U.S. Bureau of the Census, 1990 Census.

Seafood processing provides economic base

For the past 20 years, Unalaska's dramatic growth was largely due to increased employment in the seafood industry. About half the workers are employed directly in fish processing operations, and 90% of the workforce considers itself economically dependent on the fishing industry. Jobs revolve around catching, processing the catch, transporting the catch to market, or supporting the fishers and processors. Over 250 local businesses cater to the seafood industry's many needs. The catch is processed on ships at sea and in plants on shore. Currently, four huge shore-based plants, plus several small ones, operate at Unalaska or nearby Akutan, while more than a hundred ships process the catch at sea.

The North Pacific and Bering Sea has what some call the largest fish resource on Earth. With 27 miles of ports and harbors, Unalaska/Dutch Harbor has been called the most prosperous stretch of coastline in Alaska. The regulatory environment and biological knowledge of the fish stocks indicate that harvests near the current levels can be sustained for the long term, subject to periodic cycles.

To avoid overfishing, long-standing federal regulations set quotas that limit the total amount of the catch. As fishers set out during the season, they know that when the total catch meets the quota, the regulators will close the fishing season. Each boat competes with all the others to quickly catch as many fish as possible before the closure. In recent years, the lure of excessive profits led to ruinous competition. Excess capacity exists in boats, gear, and processing facilities. The industry is "overbuilt." The threat of insolvency diminishes the importance of a high-quality catch and the safety of the crew.

Excess fleet capacity means that each catcher boat fishes relatively fewer days each year, despite high fixed costs. Skippers are under heavy pressure to maximize performance during the season, minimizing "down time" in port or at sea. If there were fewer fishing boats, each vessel would have more days to fish each year,

Table • 1

Unalaska's Demographic Profile
Compared to Kodiak and the State of Alaska—1990 Census Data

	Unalaska	Kodiak Is. Borough	State
Population Growth			
Percent Change 1980-1990[1/]	133.7%	33.9%	36.9%
Age Distribution			
Median Age	30.3	28.7	29.4
Over 18 years	88.4%	69.0%	68.7%
Over 65 years	0.8%	3.2%	4.1%
Race Distribution[2/]			
White	62.1%	63.3%	75.5%
American Indian, Eskimo, Aleut	8.4%	12.7%	15.6%
Asian/Pacific Islander	19.2%	20.1%	3.6%
Hispanic	8.3%	3.1%	3.2%
Black	2.0%	0.7%	4.1%
Labor Force Participation			
16+ Years in Labor Force	93.2%	79.8%	78.4%
Males 16+ Years in Labor Force	97.5%	86.9%	82.1%
Males Unemployed	1.0%	5.1%	10.0%
Females 16+ Years in Labor Force	81.5%	70.1%	66.4%
Females Unemployed	1.2%	5.6%	7.3%
Household Income in 1989			
Median Household Income	$56,215	$44,815	$41,408
Less than $5,000	1.9%	2.3%	3.5%
$5,000 to $9,999	3.8%	3.7%	4.8%
$10,000 to $14,999	3.0%	5.1%	6.4%
$15,000 to $24,999	9.1%	12.6%	13.3%
$25,000 to $34,999	9.9%	11.7%	13.6%
$35,000 to $49,999	15.9%	21.7%	18.5%
$50,000 to $74,999	28.4%	20.7%	21.3%
$75,000 to $99,999	15.3%	11.2%	10.9%
$100,000 and Over	12.7%	10.9%	7.7%
Monthly Rental Rates			
Median Gross Rent	$862	$676	$559
Less than $300	6.4%	6.0%	7.1%
$300 to $499	6.1%	24.8%	27.8%
$500 to $749	6.6%	23.5%	29.8%
$750 to $999	20.5%	21.0%	12.8%
$1,000 or more	16.9%	19.5%	9.1%
No Cash Rent	43.5%	5.4%	13.5%
Monthly Rental Rates - Omitting "No Cash Rent" Units			
Less than $300	11.3%	6.3%	8.2%
$300 to $499	10.8%	26.2%	32.1%
$500 to $749	11.7%	24.8%	34.4%
$750 to $999	36.3%	22.1%	14.7%
$1,000 or more	30.0%	20.6%	10.5%

1/ Starting in 1990 the U.S. Bureau of the Census counted about 1,000 persons aboard ships in the Port of Unalaska. This substantially raised the population figures. Alaska Department of Labor, Research & Analysis Section.

2/ Race distribution only for the City of Kodiak.

Source: U.S. Bureau of the Census, 1990 Census.

reducing financial stresses on each ship's skipper, owner, and financier.

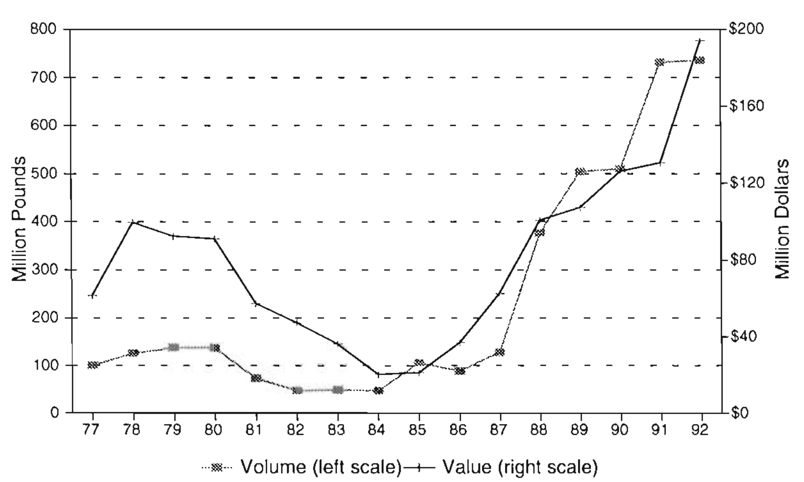
Industry economists expect a major adjustment in both fishing and processing components of the Alaskan bottomfish industry. This does not mean a reduction in the amount of fish caught or processed. It means that some of the competitors in the market will become insolvent and withdraw, but the fish will remain to be caught. Each year, fishers will catch fish and processors will package the catch for sale in the international marketplace. Fallout in the fishing industry should have little effect on employment in the fishing port that handles the catch.

Overall, bottomfish prices are likely to remain stable or rise over the long term, so Unalaska's seafood industry can look forward to sustained activity. Resource economists familiar with the North Pacific bottomfish market say that pollock prices have fallen in recent years, largely because the Japanese recession temporarily reduced ex-vessel prices at Unalaska. The Japanese buy 70% of U.S. seafood, while other Asian nations buy only small volumes. Japanese demand will rise when their economy recovers. Demand will rise further as the world population grows and the purchasing power of other Asian consumers expands.

[2] Approximately 540 vessels operate out of Unalaska every year: 75 catcher/processor trawlers, 260 crab boats, 175 longliners (including halibut vessels), 30 catcherboat trawlers. This number doesn't include the processing only vessels that operate here or that receive product from harvesting vessels. This is from a Community Profile on the Aleutian Islands/Alaska Peninsula for the North Pacific Fishery Management Council issued in April, 1994.)

Figure • 3

Commercial Fishery Landings at Unalaska
Finfish and Shellfish, All Species



Source: National Marine Fisheries Services, "Fisheries of the United States, 1992", published May 1993.

A look at other employment sectors

Information about Unalaska's economy, population, and labor market is neither complete nor consistent, partly because data is reported only in combination with other Western Aleutian communities, and because different organizations used various techniques to produce periodic statistics. The small scale of the Western Aleutian (and Unalaska) economy leads agencies to report information in the aggregate. They often omit important details to avoid revealing confidential facts that business competitors might use against each other. As a result, the only facts available are generalized information about the goods producing, service, and government sectors in Unalaska.

Bottomfish and crab, harvested in vast quantities, are practically the only goods produced in the Aleutians West Census Area. Though lower in weight, the crab fishery adds substantial dollar value to the total catch. Many moderately-paid employees process the seafood. Activity in the crab fishery caused Unalaska's employment to surge in 1980-81, then employment subsided until around 1989 when the U.S. fishing fleet replaced the foreign fishing fleets according to the Magnuson Fishery Conservation and Management Act of 1976. The U.S. fishing/processing fleet is now very substantial.[2]

Since 1988, the port of Dutch Harbor landed more seafood than any other U.S. port. (See Figures 3 & 4.) In 1992, it handled nearly as much fish as the all-time record high at Los Angeles in 1960. In the most recent five-year period, it averaged second place among U.S. ports for handling the most valuable seafood products; it rose to first place in 1992. According to a recent National Oceanic and Atmospheric Administration report the value of the 1993 landings was down by more than $30 million from 1992 while the port still maintained the number one spot in volume.

Compared to the seafood industry, other goods-producing industries seem unimportant to the local economy. Currently, there is no reason to believe the mining or petroleum industries will show any interest in the region. Site conditions prevent meaningful agricultural or forestry production. Industrial manufacturing is not a significant part of the Unalaskan economic base, except to provide needed parts and equipment.

Construction of onshore fish processing plants and work on the transportation and utility infrastructure in Unalaska employed many workers temporarily, but the construction sector is relatively small today. It will become important to Unalaska when there is money to upgrade facilities or increase the supply of housing and other forms of real estate.

Proportionately, Unalaska employs more transportation workers than most Alaskan communities. Much of the local fish catch is brought ashore at Unalaska, stored in warehouses and freezer vans, then loaded aboard ships bound for Asia. Ships sailing to Asia from the West Coast often stop at Dutch Harbor to pick up salmon products from Bristol Bay and other Alaskan processing plants. Unalaska sits near the Great Circle Route between the Pacific Northwest, Japan, and Korea, so it is convenient for major shippers to stop at Unalaska for freight. Modern ships and crews can easily handle the trans-Pacific trip nonstop, but the added freight makes a port call worthwhile.

Alaskan hub communities typically have numerous government employees, but not Unalaska. The lack of dwellings for rent makes it difficult for agencies to station people there. With the prospect of a shrinking state bureaucracy, Unalaska will probably feel little pain, unlike other rural towns. On the other hand, if adequate housing becomes available, Unalaska could experience an influx of government employees who currently serve the Aleutians from Anchorage or elsewhere.

Comparing Unalaska with other fishing communities

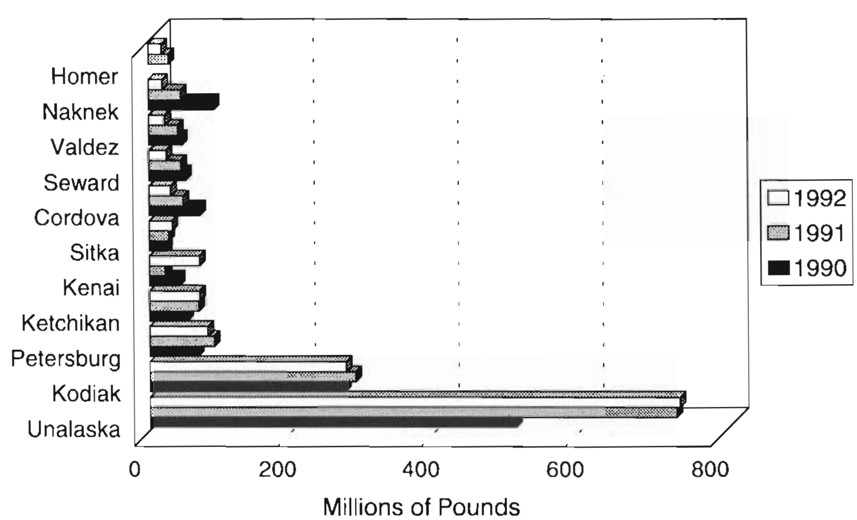
The following analyses compare employment and demographic data with generally similar regions and towns, as well as the entire state of Alaska. Dynamic growth in recent years has created holes in Unalaska's markets. The goal is to identify sectors where potential business opportunities exist.

The Aleutians West Census Area includes Unalaska and points west. Kodiak is a larger, more established fishing-oriented community. Its fisheries cater more to a small-vessel fleet that attracts family-owned enterprises. Only a few Unalaska residents are likely to own a part of the Bering Sea fishing fleet, so it will be different from Kodiak in that sense. Still, Kodiak offers insight into what Unalaska might become when its economy matures and approaches equilibrium. Data on Cordova reflects a smaller coastal town that relies on a salmon fishery, but its relatively stable long-term experience gives insight into Unalaska's situation and prospects. (See Table 2.)

Compared to the state average, there are surprisingly few workers in wholesale and retail trade at Unalaska (10% versus 19% statewide). By comparison, trade accounts for 16% of the workers in Kodiak and 14% of the Cordova economy. The new stores by Alaska Commercial Company and Carr-Gottstein Foods will fill some of the apparent

Figure • 4

Commercial Fishery Landings and Values
Major Alaskan Ports



Note: To avoid disclosure of private enterprise, certain leading ports have not been included. Dillingham is conspicuous by its absence.
Source: National Marine Fisheries Service, "Fisheries of the United States, 1992," May 1993.

Table • 2

Unalaska Shows Different Employment Profile

	Unalaska	Aleutians West	Kodiak	Cordova	State
Total Employment	3,022	4,982	5,318	1,131	245,845
Mining	0		*		10,481
Construction	74	139	164	24	10,253
Manufacturing	1,958	2,114	1,810	287	18,009
Transportation, Comm., & Util.	389	442	339	82	22,615
Trade	300	353	851	157	47,872
Finance, Ins., Real Estate	*	76	136	16	9,488
Services	59	444	828	168	52,707
Nonclassifiable Establishments			*		682
Miscellaneous	*				
Unknown	37				
Government	205	1,322	1,120	397	72,279
Employment by Sector					
Goods Producing	2,032	2,253	1,974	311	38,743
Service Producing	748	1,315	2,154	423	132,682
Government	205	1,322	1,120	397	72,279
Misc/Unknown/Nonclassifiable	37	92	70		2,141
Total	3,022	4,982	5,318	1,131	245,845
Percent of Total					
Goods Producing	67.2%	45.2%	37.1%	27.5%	15.8%
Service Producing	24.8%	26.4%	40.5%	37.4%	54.0%
Government	6.8%	26.5%	21.1%	35.1%	29.4%
Misc/Unknown/Nonclassifiable	1.2%	1.8%	1.3%		0.9%

Note: Asterisks or omissions occur where the agencies that report employment data do not disclose facts to preserve the confidentiality of private enterprise in small communities.

Source: 1992 employment data from the Alaska Department of Labor.

void, but probably not all of it. Trade-type firms include building materials, hardware, garden supply, general merchandise, food, apparel and accessory stores. Other enterprises are automotive goods, home furnishings and equipment, eating and drinking places and miscellaneous retail stores.

Unalaska seems to have abnormally low employment in the service sector (hotels and lodging places, tourism, health services, appliance and automobile repairs, personal services, etc.). While 21% of the state works in the service sector, only 2% of the locals reportedly work in services (compared to 15% in Cordova and 16% in Kodiak). The 1992 labor statistics may understate service employment in Unalaska. Further, the new Grand Aleutian Hotel hired many new service workers in 1993. Still, this analysis suggests an opportunity for service enterprises to employ more workers at Unalaska because the market is presently underserved.

Prospects for the future

Unalaska has an adequate amount of usable land, though some of the site conditions are challenging and costly to overcome. Unlike many Alaskan communities, Unalaska has a reasonable supply of privately-owned land, but no subdividers have turned enough raw acreage into homesites that have adequate access and utilities. Where the town has residential lots available, they seldom have utilities available. The Ounalashka Village corporation owns a lot of the urban land, but it has not been available for development (except for the new project starting at Margaret Bay). As a result, there is a relative shortage of building sites in Unalaska. When subdividers develop homesites on private land and/or as Ounalashka's land becomes available for use, the town will overcome the undersupply of developable land.

The housing demand has grown faster than the supply of new housing; it is so scarce that local businesses must provide housing for the employees who migrate to fill the job opportunities. Since practically every willing worker is employed, most firms have to import employees to expand their enterprise. The housing shortage pushed rents higher than in other Alaskan towns.

Single-family residences are only occasionally available for purchase. Rental units, either houses, duplexes, or apartment dwellings, are difficult to obtain and expensive. If homesites are available at a reasonable cost, homebuilders can probably build affordable housing in Unalaska, since construction costs are reported to be moderate. The problem seems to be the lack of bank financing and building sites. As a result, good rental housing is scarce. At the same time, the current ambiance of Unalaska is that of a pioneer town where newcomers are reluctant to put down roots. Most workers leave their families in other towns or they have no family ties. Some families probably look at Unalaska as a temporary place to live for a few years before moving elsewhere.

Unalaska will gain stability when it provides adequate housing and other real estate to meet the needs of the current and prospective population. Still, there is doubt that it will evolve into a community like Southeast Alaska's Petersburg. The combination of location, weather, and other community characteristics will probably not create a town that has a large share of traditional nuclear families. In part, this is because the scale of the Bering Sea vessels requires so much capital that large corporate enterprises will own the fishing vessels, not mom and pop family operations. This reduces the chance that fishing-related families will choose Unalaska as their home.

Conclusion

The seafood business is likely to maintain or increase its current level of productivity over the long term. The industry is likely to experience a shakeout over the next few years because it has many more catchers and much more processing capacity than necessary. The evolution of the industry may be painful to individual investors, but the economic impact on Unalaska should remain quite high, perhaps even stronger in the future.

Even if the economic effect of the fishing industry weakens in Unalaska, service and support components of the economy need to expand to catch up to the demands created by the seafood industry. The data in this article reveal where private enterprise should consider expansion and the extent to which government agencies may increase local staffing. The construction industry needs to build facilities to house the businesses that should serve the needs of the existing community. The business community needs adequate housing for workers and their families before they can attract employees to fulfill important roles. Right now, every willing worker is employed—at high wages—because there is a scarcity of labor in the community. Workers will migrate to Unalaska only when living conditions are acceptable. If adequate affordable housing is available, workers will become available at wages that make it possible for private enterprise to fill the gaps in the marketplace.

As an urban economy grows, the goods and services sector supporting the local economy also grows in depth and variety. The growth is not proportionate; it expands at a faster rate than the basic export sector. The lack of local entrepreneurs with adequate capital and information interferes with economic expansion associated with import substitution (that is, growth in the local goods and services sector providing items that were previously imported or not consumed because they were not available at an affordable price). Unalaska presents a clear case of this temporary situation.

With capital and knowledge, substantial expansion in the inventory of real estate will find users who need the full range of housing, especially rental apartments and commercial real estate. These users need the space to provide goods and services that will satisfy the pent-up demand that is currently ignored or satisfied by purchases from distant and costly sources. When individual enterprises assess the situation, Unalaska should experience increases in public infrastructure and privately-owned real estate to provide the needed housing and workplaces. At the same time, essential workers will migrate, expanding the local economy until it reaches equilibrium.

Unalaska will continue as a viable economy for many years to come. This is largely due to the enduring presence of the seafood industry in one form or another, plus the expansion of support enterprises that are yet to be fully developed.

Problematic Population Enumerating

by Gregory Williams

Gregory Williams is the state demographer with the Research & Analysis Section, Administrative Services Division of the Alaska Department of Labor. He is located in Juneau.

The U.S. census enumerates people at their usual place of residence. A usual place of residence is a place where a person lives for six months of the year or more. If a person has no usual place of residence, they are counted where they are found.The census also counts persons aboard commercial ships in American waters. These ships are assigned to the port they were bound into or out of on April 1 of the census year. These facts make the census enumeration of a community like Unalaska particularly problematic.

First, because of the seasonality of shore-based fish processing, the population is highly transient. Since recruitment for the predominately Seattle based fish processing companies is usually from the Seattle area, the west coast and mountain states, many workers have usual places of residence elsewhere. Some, however, are truly transient or may not be U.S. citizens. Secondly, almost a third of the population assigned to Unalaska's in 1990 is attributable to shipboard populations who happened to be bound into or out of the port on April 1, 1990. This may include catcher processors working the Bearing Sea.

Since Unalaska is America's largest fisheries port, considerable numbers of ships pass through to offload fish for shipment elsewhere, to refuel, and change crews. While an unknown number of persons were counted aboard commercial ships in Unalaska in 1980, the numbers were substantially smaller, in part because the Magnuson Act did not impact the number of long liners until the early 1980s. The end result is that interpreting even census population numbers and change for a community like Unalaska is particularly difficult.

Table 1 shows the population of Alaska, Aleutians West and Unalaska by race and Hispanic Origin. In both decades, Unalaska has had a higher proportion of Asian and Pacific Island and Hispanic populations than Alaska as a whole. Of persons on shipboard 23% were Asian and Pacific Islander and another 20% were of Hispanic Origin. The most noticeable change in ethnic composition since 1980 is the decline in Native population in Unalaska.

Table • 1

Census Shows Population Changes from 1980-1990

	Alaska	Pct.	Aleutians West Borough	Pct.	Unalaska	Pct.	Ships Bound For or Out Of Unalaska	Pct.
RACE								
April 1, 1990								
Total	550,043	100.0	9,478	100.0	3,089	100.0	901	100.0
White	415,492	75.5	6,360	67.1	1,917	62.1	506	56.2
Native American	85,698	15.6	1,076	11.4	259	8.4	17	1.9
Black	22,451	4.1	662	7.0	63	2.0	39	4.3
Asian & Pacific Islander	19,728	3.6	979	10.3	593	19.2	212	23.5
Other Races	6,674	1.2	401	4.2	257	8.3	127	14.1
April 1, 1980								
Total	401,851	100.0	6,125	100.0	1,322	100.0		
White	309,728	77.1	4,156	67.9	848	64.1		
Native American	64,103	16.0	1,004	16.4	200	15.1		
Black	13,643	3.4	320	5.2	19	1.4		
Asian & Pacific Islander	8,054	2.0	518	8.5	220	16.6		
Other Races	6,323	1.6	127	2.1	35	2.6		
ETHNICITY								
April 1, 1990 Hispanic Origin	17,803	3.2	742	7.8	213	6.9	181	20.1
April 1, 1980 Hispanic Origin	9,507	2.4	260	4.2	42	3.2		

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

A Mixed Economic Picture Emerges

by Neal Fried

As 1994 progresses, a mixed economic picture is emerging. Some industries, such as retail, construction, and services, are chalking up impressive gains. (See Figure 1.) Others, such as timber, oil, and fishing are losing ground. Alaska's economy is not firing on all cylinders and the road is bumpy, but the economy keeps moving forward.

Unemployment falls in most areas

The job market is picking up as the year moves closer to the summer months. Additional construction, timber, and visitor industry workers returned to work in April, causing Alaska's unemployment rate to fall from 9.1% in March to 8.7% in April. (See Table 4.)

Unemployment rates around the state followed a similar pattern. In nearly all of the regions, unemployment rates fell. The major exceptions were Kodiak, where the unemployment rate almost doubled, and Aleutians East where it nearly tripled. The end of the pollock season in March and a poor herring season in April for Kodiak's onshore processors idled many of the seafood processing workers. The size of the herring catch was actually good, but an inordinate number of offshore processing boats showed up in April to help process the herring. This meant that many of the onshore workers who are typically busy with the herring harvest in April were instead jobless. By June, with new halibut and pollock openings, many of these workers should be returning to work.

Although 300 timber workers returned to work in April as the season began to fire up, the industry's work force was apparently dealt a more permanent blow. Plans to convert the Sitka Pulp mill, which closed in September, into a fiberboard operation were recently dashed. According to the company, the Forest Service was not willing to supply enough timber to make it an economically viable alternative.

Oil industry work force on pins and needles

The good news in the oil patch and for the state's oil revenue picture is that oil prices

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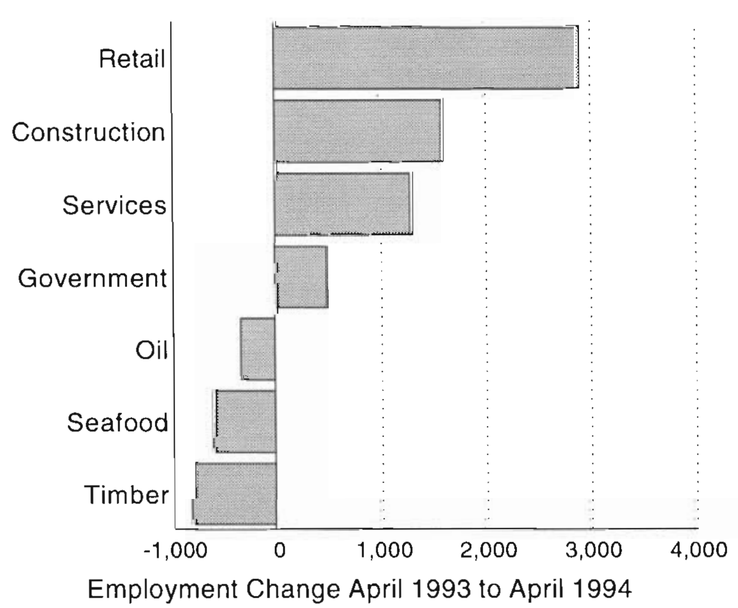
Figure • 1

Retail Leads Job Gains



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

Table • 1

Nonagricultural Wage and Salary Employment by Place of Work

Alaska

	p/ 4/94	r/ 3/94	4/93	Changes from 3/94	Changes from 4/93
Total Nonag. Wage & Salary	251,500	247,900	245,900	3,600	5,600
Goods-producing	36,300	35,800	36,300	500	0
Mining	9,700	9,600	10,100	100	-400
Construction	10,900	10,100	9,300	800	1,600
Manufacturing	15,700	16,100	16,900	-400	-1,200
Durable Goods	2,700	2,300	3,100	400	-400
Lumber & Wood Products	2,000	1,700	2,400	300	-400
Nondurable Goods	13,000	13,800	13,800	-800	-800
Seafood Processing	9,700	10,600	10,300	-900	-600
Pulp Mills	500	500	900	0	-400
Service-producing	215,200	212,100	209,600	3,100	5,600
Transportation	22,100	21,900	22,000	200	100
Trucking & Warehousing	2,700	2,800	2,800	-100	-100
Water Transportation	1,700	1,600	1,700	100	0
Air Transportation	7,300	7,100	7,200	200	100
Communications	3,800	3,700	3,700	100	100
Trade	49,500	47,600	46,200	1,900	3,300
Wholesale Trade	8,200	7,900	7,800	300	400
Retail Trade	41,300	39,700	38,400	1,600	2,900
Gen. Merch. & Apparel	8,600	8,200	6,100	400	2,500
Food Stores	6,700	6,500	6,700	200	0
Eating & Drinking Places	13,400	12,600	13,200	800	200
Finance-Ins. & Real Estate	11,200	11,200	10,800	0	400
Services & Misc.	56,500	55,700	55,200	800	1,300
Hotels & Lodging Places	4,800	4,500	4,800	300	0
Health Services	12,400	12,400	12,200	0	200
Government	75,900	75,700	75,400	200	500
Federal	19,700	19,600	19,500	100	200
State	22,300	22,200	22,100	100	200
Local	33,900	33,900	33,800	0	100

Municipality of Anchorage

	p/ 4/94	r/ 3/94	4/93	Changes from 3/94	Changes from 4/93
Total Nonag. Wage & Salary	117,300	115,800	114,200	1,500	3,100
Goods-producing	10,200	9,700	10,000	500	200
Mining	3,200	3,200	3,400	0	-200
Construction	5,300	4,900	4,900	400	400
Manufacturing	1,700	1,600	1,700	100	0
Service-producing	107,100	106,100	104,200	1,000	2,900
Transportation	11,900	12,000	11,900	-100	0
Air Transportation	4,500	4,400	4,400	100	100
Communications	2,300	2,300	2,400	0	-100
Trade	26,900	26,400	25,100	500	1,800
Wholesale Trade	6,100	5,900	5,700	200	400
Retail Trade	20,800	20,500	19,400	300	1,400
Gen. Merch. & Apparel	4,500	4,400	3,000	100	1,500
Food Stores	3,000	3,000	3,200	0	-200
Eating & Drinking Places	6,900	6,800	6,900	100	0
Finance-Ins. & Real Estate	6,900	6,900	6,700	0	200
Services & Misc.	31,600	31,100	30,900	500	700
Hotels & Lodging Places	2,300	2,200	2,300	100	0
Health Services	6,400	6,300	6,300	100	100
Government	29,800	29,700	29,600	100	200
Federal	11,700	11,700	11,700	0	0
State	8,500	8,500	8,300	0	200
Local	9,600	9,500	9,600	100	0

Table • 2

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 4/94	r/ 3/94	4/93	p/ 4/94	r/ 3/94	4/93	p/ 4/94	r/ 3/94	4/93
Mining	$1,334.34	$1,308.61	$1,234.79	54.0	53.5	51.6	$24.71	$24.46	$23.93
Construction	1,101.18	1,085.63	1,030.95	44.8	45.5	43.1	24.58	23.86	23.92
Manufacturing	416.30	453.49	448.72	36.2	45.9	39.5	11.50	9.88	11.36
Seafood Processing	276.34	380.44	324.26	33.7	48.9	39.4	8.20	7.78	8.23
Trans., Comm. & Utilities	644.25	622.71	634.83	34.9	33.0	34.9	18.46	18.87	18.19
Trade	374.36	369.00	367.55	33.1	32.8	32.7	11.31	11.25	11.24
Wholesale	602.56	596.36	574.18	38.8	38.5	38.0	15.53	15.49	15.11
Retail	329.28	323.97	326.83	32.0	31.7	31.7	10.29	10.22	10.31
Finance-Ins. & R.E	461.16	454.65	440.90	34.7	35.0	35.7	13.29	12.99	12.35

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 1993

Table • 3

Nonagricultural Wage and Salary Employment by Place of Work

Southeast Region

	p/ 4/94	r/ 3/94	4/93	Changes from 3/94	Changes from 4/93
Total	33,200	31,300	33,750	1,900	-550
Goods Producing	4,850	3,900	5,750	950	-900
Mining	200	150	300	50	-100
Construction	1,350	1,100	1,350	250	0
Manufacturing	3,300	2,650	4,100	650	-800
Durable Goods	1,600	1,250	1,900	350	-300
Lumber & Woods Products	1,500	1,200	1,800	300	-300
Nondurable Goods	1,700	1,400	2,200	300	-500
Seafood Processing	950	650	1,150	300	-200
Pulp Mills	550	550	850	0	-300
Mining	28,350	27,400	28,000	950	350
Transportation	2,750	2,500	2,750	250	0
Trade	5,900	5,550	5,600	350	300
Wholesale Trade	500	500	500	0	0
Retail Trade	5,400	5,050	5,100	350	300
Finance-Ins. & Real Estate	1,250	1,200	1,150	50	100
Services & Misc.	5,850	5,600	5,650	250	200
Government	12,600	12,550	12,850	50	-250
Federal	1,900	1,900	2,000	0	-100
State	5,550	5,500	5,600	50	-50
Local	5,150	5,150	5,250	0	-100

Anchorage-MatSu Region

	p/ 4/94	r/ 3/94	4/93	Changes from 3/94	Changes from 4/93
Total	126,100	124,850	122,900	1,250	3,200
Goods	10,850	10,600	10,600	250	250
Mining	3,350	3,400	3,550	-50	-200
Construction	5,700	5,450	5,250	250	450
Manufacturing	1,800	1,750	1,800	50	0
Service-producing	115,250	114,250	112,300	1,000	2,950
Transportation	12,700	12,800	12,800	-100	-100
Trade	29,250	28,800	27,200	450	2,050
Finance-Ins. & Real Estate	7,250	7,250	7,050	0	200
Service & Misc.	33,400	32,850	32,750	550	650
Government	32,650	32,550	32,500	100	150
Federal	11,750	11,800	11,800	-50	-50
State	9,350	9,300	9,100	50	250
Local	11,550	11,450	11,600	100	-50

Gulf Coast Region

	p/ 4/94	r/ 3/94	4/93	Changes from 3/94	Changes from 4/93
Total Nonag. Wage & Salary	24,950	24,050	24,200	900	750
Goods-producing	6,350	6,050	6,150	300	200
Mining	1,100	1,000	1,150	100	-50
Construction	1,100	1,000	800	100	300
Manufacturing	4,150	4,050	4,200	100	-50
Seafood Processing	2,900	2,850	2,900	50	0
Service-producing	18,600	18,000	18,050	600	550
Transportation	2,100	2,050	2,100	50	0
Trade	4,550	4,200	4,050	350	500
Wholesale Trade	550	450	550	100	0
Retail Trade	4,000	3,750	3,500	250	500
Finance-Ins. & Real Estate	600	600	600	0	0
Services & Misc.	5,050	4,850	4,900	200	150
Government	6,300	6,300	6,400	0	-100
Federal	600	600	650	0	-50
State	1,750	1,800	1,800	-50	-50
Local	3,950	3,900	3,950	50	0

Interior Region

	p/ 4/94	r/ 3/94	4/93	Changes from: 3/94	Changes from: 4/93
Total Nonag. Wage & Salary	33,950	32,800	32,400	1,150	1,550
Goods-producing	2,550	2,300	2,250	250	300
Mining	850	800	600	50	250
Construction	1,100	950	1,100	150	0
Manufacturing	600	550	550	50	50
Service-producing	31,400	30,500	30,150	900	1,250
Transportation	2,400	2,350	2,350	50	50
Trade	7,200	6,700	6,900	500	300
Finance-Ins. & Real Estate	1,100	1,050	1,050	50	50
Services & Misc.	7,350	7,200	6,900	150	450
Government	13,350	13,200	12,950	150	400
Federal	4,000	3,900	3,750	100	250
State	4,750	4,700	4,700	50	50
Local	4,600	4,600	4,500	0	100

Fairbanks North Star Borough

	p/ 4/94	r/ 3/94	4/93	Changes from: 3/94	Changes from: 4/93
Total Nonag. Wage & Salary	29,600	28,700	28,550	900	1,050
Goods-producing	2,300	2,100	2,150	200	150
Mining	700	650	500	50	200
Construction	1,050	900	1,100	150	-50
Manufacturing	550	550	550	0	0
Service-producing	27,300	26,600	26,400	700	900
Transportation	2,000	2,000	2,000	0	0
Trucking & Warehousing	450	450	450	0	0
Air Transportation	600	600	600	0	0
Communication	250	250	300	0	-50
Trade	6,750	6,300	6,500	450	250
Wholesale Trade	800	800	750	0	50
Retail Trade	5,950	5,500	5,750	450	200
Gen. Merch. & Apparel	1,150	1,150	950	0	200
Food Stores	650	650	650	0	0
Eating & Drinking Places	2,450	2,050	2,450	400	0
Finance-Ins. & Real Estate	1,000	1,000	1,000	0	0
Services & Misc.	6,750	6,600	6,400	150	350
Government	10,800	10,700	10,500	100	300
Federal	3,300	3,200	3,100	100	200
State	4,500	4,500	4,450	0	50
Local	3,000	3,000	2,950	0	50

Southwest Region

	p/ 4/94	r/ 3/94	4/93	Changes from: 3/94	Changes from: 4/93
Total Nonag. Wage & Salary	18,250	19,300	18,250	-1,050	0
Goods-producing	6,200	7,250	6,550	-1,050	-350
Seafood Processing	5,850	6,950	6,200	-1,100	-350
Service-producing	12,050	12,050	11,700	0	350
Government	6,150	6,200	6,300	-50	-150
Federal	1,100	1,150	1,150	-50	-50
State	500	500	500	0	0
Local	4,550	4,550	4,650	0	-100

Northern Region

	p/ 4/94	r/ 3/94	4/93	Changes from: 3/94	Changes from: 4/93
Total Nonag. Wage & Salary	15,150	15,300	14,400	-150	750
Goods-producing	5,550	5,550	5,100	0	450
Mining	4,200	4,150	4,550	50	-350
Service-producing	9,600	9,750	9,300	-150	300
Government	4,600	4,750	4,450	-150	150
Federal	200	200	200	0	0
State	350	350	350	0	0
Local	4,050	4,200	3,900	-150	150

are drifting upward. The bad news is that Alaska's largest oil industry employer, Atlantic Richfield, will soon be announcing sizeable layoffs. No specifics are known yet, but major plans to downsize are in the works. Anchorage, where Atlantic Richfield is headquartered, is bracing itself for this announcement. Employment numbers in this industry are already below year-ago levels.

More positive oil-related employment news is coming from the pipeline rehab work Alyeska Pipeline Service Company is presently undertaking. Most of the construction related gains in the Gulf Coast (the Valdez terminal) and in the Northern regions are related to pipeline repair work. (See Table 3.) The gains in Interior's mining industry employment numbers are also pipeline rehab work being performed by an oil service contractor.

Retail remains the engine of job growth

Retail's numbers are posting a whopping 41% gain or 3,000 jobs ahead of year-ago levels. (See Table 1.) Retail trade made news again in April. A new Kmart opened in Juneau with a work force of 230. Additionally, the Alaska Commercial Company recently acquired Krafts of Kodiak. The purchase includes two supermarkets, two convenience and three liquor stores. Alaska Commercial plans to renovate and expand one of the supermarkets and will eventually hire an additional 50-60 employees.

The state budget shrinks some

Both the state's operating and capital budgets for fiscal year 1995, which begins in July, experienced cuts from last year's levels. The operating budget will come in 3% below the year-ago level. This will mean a decline in the number of funded state positions in FY95. How many jobs this will translate into is not yet known, but it certainly will have the effect of trimming the state's work force. Local governments will feel the pinch caused by a 10% reduction in revenue sharing dollars coming from the state. The University of Alaska's budget was also reduced. Only the education budget for elementary and secondary education enjoyed an increase for the next fiscal year.

The state's capital budget took a much larger hit. After last year's $522 million, the second largest in a decade, 1995 will be the smallest since 1980. This year's $100 million capital budget is largely limited to matching federal funds and will fund some water sanitation projects in rural Alaska. The much smaller FY95 capital budget will not be felt immediately because of the lag time in getting the projects underway which were funded by last year's large budget.

Table • 4

Unemployment Rates by Region & Census Area

	Percent Unemployed	
	p/ 4/94	r/ 3/94
Alaska Statewide	8.7	9.1
Anch.-MatSu Region	7.3	7.6
Municipality of Anchorage	6.4	6.7
MatSu Borough	12.9	13.0
Gulf Coast Region	13.2	13.2
Kenai Peninsula Borough	13.8	15.7
Kodiak Island Borough	13.1	7.5
Valdez-Cordova	10.6	11.1
Interior Region	10.1	10.5
Denali Borough	13.6	18.8
Fairbanks North Star Borough	9.3	9.5
Southeast Fairbanks	15.3	15.6
Yukon-Koyukuk	17.5	18.9
Northern Region	10.9	10.9
Nome	13.4	12.7
North Slope Borough	3.5	4.1
Northwest Arctic Borough	17.2	17.3
Southeast Region	8.8	11.0
Haines Borough	13.3	15.7
Juneau Borough	5.9	7.3
Ketchikan Gateway Borough	8.6	11.2
Pr. of Wales-Outer Ketchikan	13.7	17.1
Sitka Borough	11.8	12.8
Skagway-Yakutat-Angoon	12.9	17.1
Wrangell-Petersburg	10.0	14.1
Southwest Region	6.8	6.1
Aleutians East Borough	5.2	1.8
Aleutians West	1.7	1.1
Bethel	8.6	7.9
Bristol Bay Borough	6.7	9.8
Dillingham	10.0	8.8
Lake & Peninsula Borough	8.1	8.2
Wade Hampton	12.1	12.4
Seasonally Adjusted Rates		
Alaska Statewide	8.3	8.3
United States	6.4	6.5

p/ denotes preliminary estimates r/ denotes revised estimates
Benchmark: March 1993

- ***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 Section.

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.