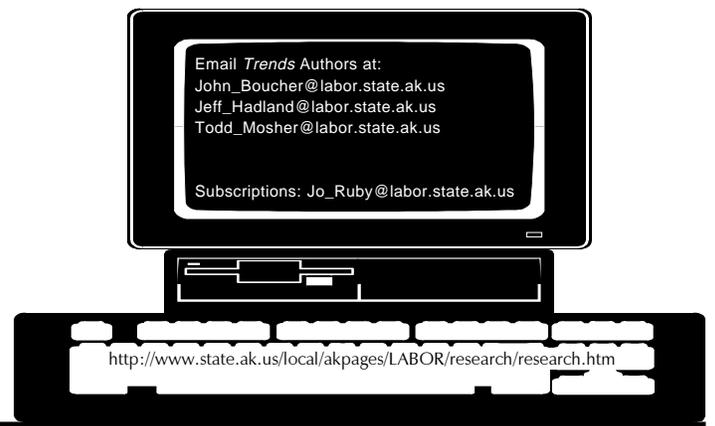


# ALASKA ECONOMIC TRENDS



*Alaska Economic Trends* is a monthly publication dealing with a variety of economic-related issues in the state.

*Alaska Economic Trends* is funded by the Employment Security Division and published by the Alaska Department of Labor, P.O. Box 21149, Juneau, Alaska 99802-1149. For more information, call the DOL Publications Office at (907) 465-6019 or email the authors.

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Tony Knowles, Governor  
State of Alaska

Tom Cashen, Commissioner  
Department of Labor

*Diana Kelm, Editor*

**March 1998**  
**Volume 18**  
**Number 3**  
ISSN 0160-3345

**Alaska  
Department  
of Labor**



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*Printed and distributed by  
ASSETS, a vocational training  
center and employment  
program.*

*Cover design by Jim Fowler*

This publication, funded by the Department of Labor's Employment Security Division, was produced at a cost of \$.70 per copy.

# Alaska's Resident Workforce Increases

By Jeff Hadland

A large number of nonresident workers are hired in Alaska every year, creating a negative impact on the Alaska economy. Employers hire nonresidents to work in Alaska for many legitimate reasons. However, too often employers assume that no qualified workers are available in Alaska, and therefore, they don't even attempt to hire here. Through information, education and recruitment efforts, the Alaska Department of Labor (AK-DOL) is continually working to increase the employment of Alaska workers in jobs currently filled by nonresidents. The most recent data show that these efforts are paying off.

## Number of nonresident workers drops to lowest level since 1990

A total of 74,761 nonresident wage and salary workers were employed in Alaska in 1996. (See Table 1.) This estimate of nonresident workers employed in Alaska's private sector, and state and local governments, represents a five percent decline from the total number of nonresidents employed in 1995 and the fewest total number of nonresident workers reported working in Alaska since 1990. (See Figure 1.)

Although 21.5% of all wage and salary workers in Alaska were reported as nonresidents in 1996, this represents an improvement over the 22.6% reported in 1995 and is also the lowest rate reported during the 1990's. (See Figure 2.)

## Major efforts to increase Alaska resident hire



Efforts to identify occupations with high numbers of nonresident workers have allowed the state to target training programs in order to meet the needs of Alaskans.



The State Training and Employment Program (STEP) has provided training to more than 9,000 Alaska workers since 1989. Grant procedures for STEP include a priority for occupations with high nonresident hire.



Governor Knowles has requested major employers in both the onshore and offshore seafood processing sectors to hire more Alaskans. In response, many of these employers who hired exclusively outside of Alaska in the past are working with the Alaska Department of Labor's Seafood Employment Unit to greatly expand in-state hiring efforts.



The Department of Labor continues to enforce the Alaska Employment Preference Law (AS 36.10.005-990) on state-funded construction projects.



A working group of administration and oil industry officials continues to promote increased utilization of Alaska workers and Alaska companies on oil and gas projects.



Members of the Alaska Employment Service staff visit employers and contact those from outside the state to inform them both of recruitment and referral services offered. They emphasize the availability of Alaska workers, and attempt to resolve problems associated with Alaska recruitment.



The Alaska Employment Service has extended its job listings to job seekers in the state's rural areas through the Internet site, <http://labor-aix.state.ak.us/cgi-bin/jobs> entitled *Alaska's Job Bank*.

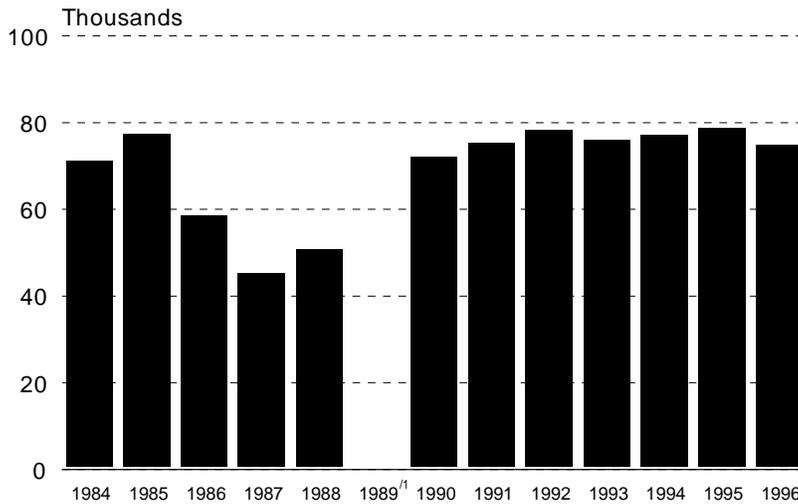
Figure • 1

## Nonresident Workers—Alaska 1984-1996

Note: Includes private sector, state and local government workers.

<sup>1/</sup> No nonresident hire report was prepared for 1989 due to lack of funding.

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



In 1996, nonresidents earned approximately \$902 million dollars, a notable \$20 million drop over 1995. Residents earned an average of \$24,494 while nonresidents earned only half as much at \$12,065. The large disparity in total earnings is related primarily to the shorter average length of time that nonresident workers are employed in Alaska. Many nonresident workers are employed in the summer months or in short-term or seasonal jobs including those related to the seafood processing and hotel/transportation/visitor-related industry sectors. Twice as many nonresident workers are employed in the third calendar quarter as are employed in the first calendar quarter of each year.

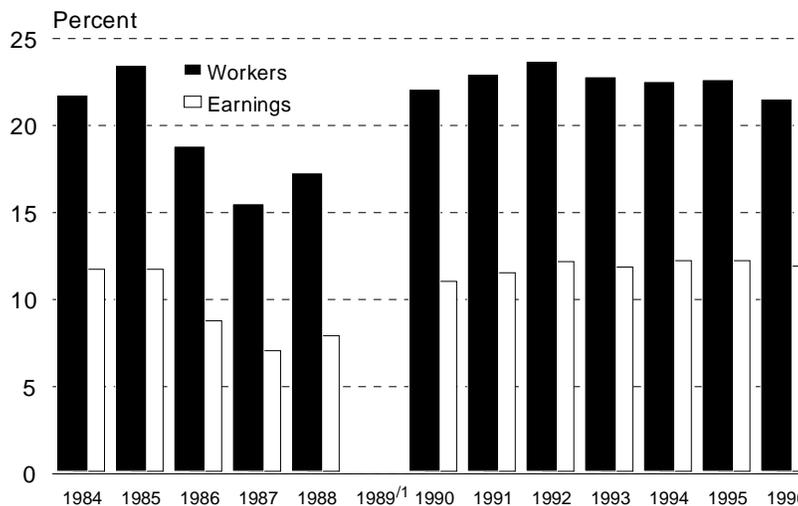
Figure • 2

## Percent Nonresident Workers and Earnings—Alaska 1984-1996

Note: Includes private sector, state and local government workers.

<sup>1/</sup> No nonresident hire report was prepared for 1989 due to lack of funding.

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



The quarterly earnings differentials vary dramatically by industry with several industries paying nonresidents higher average quarterly earnings than residents. When nonresidents earn higher average quarterly earnings than residents do, this may be the result of several factors including the importation of workers with specialized, high paying skills not currently available in Alaska. In addition, some highly paid workers in some seasonal or remote work sites have sufficient income to maintain an out-of-state residence and can commute to work in Alaska every few weeks or months.

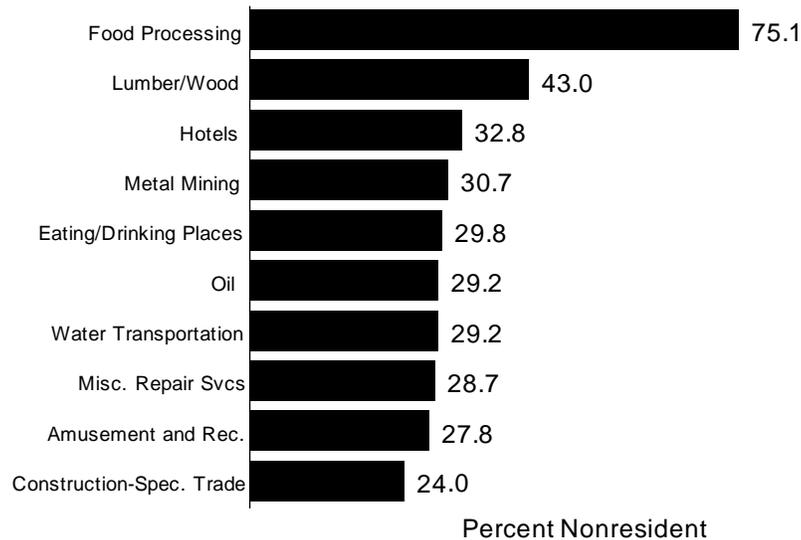
## The economic impact of nonresidents

Generally, workers spend the bulk of their earnings where they reside. On average, nonresidents take a significant portion of their earnings to their home state, depriving Alaska of the full economic benefits of the employment created in the Alaska economy. This has a direct impact on the total growth rate and income of the state. This leakage of income out-of-state results in smaller indirect income and employment than would otherwise occur if workers lived in Alaska. Many nonresidents work a relatively short time in Alaska (often for just a quarter or two) and generally do not live in Alaska, own homes or consume the bulk of their earnings in the state.

So, not only are the direct job opportunities and direct income lost to Alaskans, but also a portion of the indirect income is lost as well. Generally, economists estimate that Alaska has an economic multiplier of 1.6 to 1.8, meaning that the \$902 million earned by nonresidents in 1996, if all spent in Alaska, should generate an additional \$540 million to \$720 million in Alaska as a result of the spending and respending of those dollars. Because nonresidents spend a greater portion of their earnings outside Alaska, their income multiplier is likely smaller. If nonresidents spend even one quarter of their earnings outside Alaska, the income leakage could mean an economic loss to the state of approximately \$150 million over and above the direct income loss.

When nonresidents take jobs that Alaskans could fill, unemployed Alaskans draw upon unemployment insurance and other financial aid programs. Nonresident workers are also more likely to leave Alaska and draw unemployment insurance benefits based on earnings received in the state, even

## Private Sector Industries with Highest Percent Nonresident Workers—Alaska 1996



Note: Industries with 1,000 or more workers.

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

though they are currently living elsewhere. About 10 percent of in-state unemployment insurance claimants in 1996 were nonresidents while more than 75 percent of those filing claims outside Alaska against Alaska earnings were not residents of Alaska in 1996 (had not lived in Alaska all of 1995 and/or 1996).

## Approximately one-third of new hires are nonresidents of Alaska

Every day employers hire new workers to fill jobs created by the needs of a growing business or to fill vacancies due to normal turnover. The Alaska Department of Labor defines a "new hire" as a new worker who was not employed by the same firm at any time during the previous four quarters. Unfortunately, according to AKDOL estimates, many "new hires" are nonresidents of Alaska. In 1996, approximately 52,000 nonresidents were new hires, about one third of all new hires. These new hires represent a large base of employment opportunities for Alaskans with many of the jobs requir-

(Continued on page 7)

## Resident and Nonresident Workers and Earnings Alaska 1996 Private Sector, State and Local Government Workers

Industry	Resident Workers	Nonresident Workers	Percent Nonresident	Resident Wages (\$'s)	Nonresident Wages (\$'s)	Percent Nonresident
<b>Agriculture, Forestry &amp; Fisheries</b>						
Agricultural production-crops	244	58	19.2 %	\$1,533,696	\$298,865	16.3 %
Agriculture-livestock & animal	ND	ND	ND	ND	ND	ND
Agricultural services	1,019	313	23.5	13,070,399	2,019,565	13.4
Forestry	67	75	52.8	3,665,573	754,265	17.1
Fishing, hunting & trapping	505	449	47.1	10,344,183	5,512,641	34.8
<b>Mining</b>						
Metal mining	1,090	484	30.7	46,101,036	15,827,742	25.6
Coal mining	131	5	3.7	9,767,514	139,792	1.4
Oil & gas extraction	8,122	3,346	29.2	509,625,077	172,994,283	25.3
Mining & quarrying of nonmetallic minerals	386	180	31.8	12,120,641	3,780,534	23.8
<b>Construction</b>						
Building construction	5,604	1,708	23.4	128,500,426	23,472,903	15.4
Heavy construction	4,012	1,229	23.4	138,522,290	31,538,748	18.5
Special trade contractors	8,138	2,571	24.0	214,590,905	35,331,047	14.1
<b>Manufacturing</b>						
Food (including seafood processing)	6,337	19,162	75.1	83,382,936	154,481,664	64.9
Textiles	ND	ND	ND	ND	ND	ND
Apparel	57	12	17.4	704,501	37,732	5.1
Lumber & wood products	1,625	1,226	43.0	40,768,443	24,998,422	38.0
Furniture	43	10	18.9	792,992	53,521	6.3
Pulp/paper	882	110	11.1	32,858,199	2,137,684	6.1
Chemicals	737	27	3.5	56,349,549	1,496,240	2.6
Petroleum refining	404	22	5.2	25,279,819	1,026,296	3.9
Rubber	39	16	29.1	897,746	221,578	19.8
Leather	ND	ND	ND	ND	ND	ND
Stone, clay, glass & concrete products	313	68	17.8	6,914,390	733,157	9.6
Primary metal industries	ND	ND	ND	ND	ND	ND
Fabricated metal products	276	57	17.1	7,413,906	739,864	9.1
Industrial & commercial machinery	126	34	21.3	4,626,535	395,409	7.9
Electronic components excl. computer	ND	ND	ND	ND	ND	ND
Transportation equipment	334	101	23.2	7,677,483	1,117,329	12.7
Measuring instruments	44	2	4.3	1,935,423	82,208	4.1
Miscellaneous manufacturing	78	12	13.3	1,302,288	110,692	7.8
<b>Transportation</b>						
Local transportation	2,166	549	20.2	22,630,269	3,887,108	14.7
Motor freight	3,446	558	13.9	95,536,980	4,941,003	4.9
Water transportation	2,350	968	29.2	56,709,673	18,190,575	24.3
Air transportation	7,289	1,971	21.3	202,777,394	60,045,287	22.8
Pipelines	1,099	133	10.8	99,099,628	7,444,892	7.0
Transportation services	1,772	431	19.6	33,031,776	4,001,464	10.8
Communications	4,001	431	9.7	158,981,875	7,192,985	4.3
Electric & other utilities	2,717	228	7.7	120,631,158	4,392,902	3.5

(Continued on next page)

## Resident and Nonresident Workers and Earnings Alaska 1996 Private Sector, State and Local Government Workers (continued)

Industry	Resident Workers	Nonresident Workers	Percent Nonresident	Resident Wages (\$'s)	Nonresident Wages (\$'s)	Percent Nonresident
<b>Wholesale Trade</b>						
Durable goods	4,920	749	13.2 %	\$144,735,292	\$11,307,397	7.2 %
Nondurable goods	4,548	1,051	18.8	110,081,810	9,212,293	7.7
<b>Retail Trade</b>						
Building materials, hardware	2,132	343	13.9	46,149,115	3,506,496	7.1
General merchandise	9,804	2,137	17.9	134,152,086	12,607,673	8.6
Food stores	8,350	1,321	13.7	136,042,013	7,634,470	5.3
Auto dealers/service stations	5,914	1,036	14.9	130,877,911	9,035,241	6.5
Apparel	1,604	370	18.7	15,480,924	1,560,646	9.2
Furniture	1,721	353	17.0	28,122,040	2,301,684	7.6
Eating & drinking places	17,926	7,609	29.8	155,360,965	33,239,962	17.6
Miscellaneous retail	7,148	1,661	18.9	101,875,319	10,849,577	9.6
<b>Finance, Insurance &amp; Real Estate</b>						
Banking	4,282	457	9.6	113,527,118	4,625,886	3.9
Credit agencies	446	37	7.7	16,250,583	567,552	3.4
Brokers	297	34	10.3	19,415,242	837,937	4.1
Insurance	835	60	6.7	36,236,325	1,220,033	3.3
Insurance agents	1,069	123	10.3	32,101,632	1,670,657	4.9
Real estate	2,958	490	14.2	47,133,525	3,419,416	6.8
Holding/investment companies	2,400	293	10.9	57,419,757	3,632,493	5.9
<b>Services</b>						
Hotels	6,843	3,341	32.8	82,063,949	21,161,210	20.5
Personal services	2,200	462	17.4	25,669,047	2,498,352	8.9
Business services	8,767	2,647	23.2	155,837,554	22,657,719	12.7
Auto repair	2,692	679	20.1	44,655,970	4,312,245	8.8
Miscellaneous repair services	972	392	28.7	25,631,730	5,233,562	17.0
Motion pictures	1,081	272	20.1	7,092,557	786,409	10.0
Recreation services	3,996	1,539	27.8	37,744,218	7,103,286	15.8
Health services	13,894	1,974	12.4	395,662,562	29,417,571	6.9
Legal services	1,817	218	10.7	58,433,682	2,748,061	4.5
Education services	1,196	310	20.6	22,304,481	2,202,336	9.0
Social services	7,459	1,158	13.4	113,703,035	7,319,630	6.0
Museums & art galleries	110	14	11.3	1,375,045	79,397	5.5
Membership organizations	7,591	816	9.7	114,584,740	6,744,264	5.6
Engineering, accounting & mgmt	7,698	1,764	18.6	231,865,526	32,705,783	12.4
Private households	262	61	18.9	3,476,294	302,217	8.0
Miscellaneous services	275	107	28.0	6,723,886	1,620,568	19.4
Nonclassifiable private sector	442	208	32.0	5,480,522	1,283,090	19.0
Private Sector	210,865	70,907	25.2	4,842,687,226	857,344,181	15.0
State Government	23,512	1,429	5.7	740,997,328	18,408,288	2.4
Local Government						
	38,692	2,425	5.9	1,105,072,324	26,302,482	2.3
Total	273,069	74,761	21.5	6,688,756,879	902,054,950	11.9

ND=Nondisclosable

Residency measured by matching UI wage file with 1996 and 1997 Permanent Fund Dividend files.

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

Table • 2

## Largest Nonresident Occupations in Selected Industries Alaska 1996

NEC= Not elsewhere classified.

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

Industry	Title	Resident Workers	Nonresident Workers	Percent Nonres.	Resident Wages (\$'s)	Nonresident Wages (\$'s)	Percent Nonres.
<b>Metal Mining</b>							
	Miners	88	57	39.3%	\$ 3,322,163	\$ 1,086,635	24.6 %
	Operating Engineers	46	37	44.6	1,048,290	787,365	42.9
	Heavy Equipment Mechanics	42	23	35.4	2,032,174	954,105	31.9
	Millwrights	29	22	43.1	1,985,723	1,418,178	41.7
<b>Oil &amp; Gas</b>							
	Petroleum Technologists & Technicians	390	184	32.1	31,855,291	15,924,970	33.3
	Welders & Cutters	223	174	43.8	9,554,219	5,728,809	37.5
	Electricians	186	144	43.6	9,014,692	5,895,262	39.5
	Extractive Occup., NEC	450	144	24.2	19,576,863	5,445,149	21.8
	Operating Engineers	299	129	30.1	13,622,454	6,154,998	31.1
<b>Building Construction</b>							
	Carpenters	2,066	514	19.9	48,524,917	5,456,130	10.1
	Construction Laborers	895	225	20.1	13,477,194	1,958,016	12.7
	Manual Occup., NEC	559	201	26.4	5,926,207	1,071,396	15.3
	Electricians	34	59	63.4	970,809	1,407,872	59.2
<b>Special Trades Construction</b>							
	Construction Laborers	961	416	30.2	14,563,605	3,247,613	18.2
	Carpenters	523	188	26.4	10,798,667	1,657,392	13.3
	Plumbers, Pipefitters & Steamfitters	800	185	18.8	29,954,825	3,323,496	10.0
	Electricians	1,003	184	15.5	37,574,202	3,375,269	8.2
	Painters (Construction & Maintenance)	389	169	30.3	6,556,153	1,463,802	18.3
<b>Food Processing</b>							
	Cannery Workers, Incl. Seafood Process	3,853	13,160	77.4	33,574,939	80,171,144	70.5
	Sailors & Deckhands	52	856	94.3	1,007,743	16,129,077	94.1
	Misc. Hand Working Occup.	250	758	75.2	2,825,766	6,079,859	68.3
	Manual Occup., NEC	80	412	83.7	481,110	2,567,872	84.2
<b>Air Transportation</b>							
	Airplane Pilots & Navigators	1,004	629	38.5	41,929,761	24,659,443	37.0
	Dispatchers	149	150	50.2	12,094,567	17,284,346	58.8
	Aircraft Mechanics	438	132	23.2	14,936,594	1,853,033	11.0
	Reservation Agents & Ticket Clerks	1,010	111	9.9	18,411,060	1,005,038	5.2
<b>Eating &amp; Drinking</b>							
	Waiters & Waitresses	2,994	1,271	29.8	23,018,199	4,616,794	16.7
	Combined Food Prep & Service, Fast Food	2,411	858	26.2	9,982,004	2,297,875	18.7
	Misc. Food & Beverage Preparation Occup.	1,466	675	31.5	9,409,028	2,621,321	21.8
	Cooks, Restaurant	933	560	37.5	10,694,237	3,458,218	24.4
	Kitchen Wkrs, Food Preparation	1,308	489	27.2	10,399,800	2,041,644	16.4
<b>Hotels</b>							
	Maids	1,395	549	28.2	11,682,390	2,577,628	18.1
	Guides	106	293	73.4	975,862	2,290,029	70.1
	Waiters & Waitresses	660	275	29.4	6,845,467	1,334,699	16.3
	Hotel Clerks	531	169	24.1	5,452,086	816,969	13.0

(Continued from page 3)

ing skills readily available in Alaska. Although many of these new hires work at seasonal or entry-level positions—jobs needed by many unemployed and underemployed Alaskans—other positions require skilled workers readily available in Alaska. Occupations for which there are not qualified Alaskans represent an opportunity for Alaska's education and training institutions.

Third quarter 1996 data show that many of the top occupations filled by nonresident new hires were in seafood processing, restaurant, retail trade and construction-related occupations. As in 1995, seafood processing and cannery workers headed the list of nonresident new hires in 1996.

### Nonresident occupations by industry

Table 2 shows the top nonresident occupations for several major Alaska industry sectors. The table reflects the percentage of nonresident workers and their earnings in each occupation. Industry/occupation data are useful in identifying where training dollars should be directed within an industry.

### 1996 sees improvement in resident hire in most industries

Although the average percentage of private sector nonresident workers in Alaska was 25.2% in 1996, many industries had a much higher (and much lower) percent of nonresident workers. (See Figure 3.) Food processing continued to have the highest percentage, with slightly more than 75 percent of all workers being nonresidents in 1996. The state and local government sectors continued to have nonresident percentages of less than six percent, a level matched by only a few private sector industries. In comparisons with 1995 data, there has been significant improvement in most of the major industry categories, with the notable exception of the mining and finance, insurance and real estate industries.

Nonresident workers in Alaska are typically found in industries with a large number of seasonal jobs (often relatively low paying), industries with faster than average growth, industries with jobs having special skills, and industries where the workers may be employed in remote worksites or camps. Alaska's seasonal industries continued to dominate the list of those with the highest nonresident earnings and workers.

Following a trend of the last several years, the major industry sectors with the highest percentage of nonresident workers in 1996 were seafood processing, lumber and wood products, and ho-

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Although 21.5% of all wage and salary workers in Alaska were reported as nonresidents in 1996, this is the lowest rate reported during the 1990's.

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tels and restaurants. Other industries with a higher percentage of nonresident workers than the private sector average include hotels (32.8%), non-metal mining/quarries (31.8%), metal mining (30.7%), eating/drinking (29.8%), oil and gas (29.2%), water transportation (29.2%), repair services (28.7%), miscellaneous services (28.0%) and recreation services (27.8%).

See *Nonresidents Working in Alaska-1996*, published by the Alaska Department of Labor, for a comprehensive look at nonresident workers in Alaska.

*Jeff Hadland is a labor economist with the Research and Analysis Section, Administrative Services Division, Alaska Department of Labor. Jeff is located in Juneau.*

## Methodology

Alaska residency is determined by matching the Alaska Department of Revenue Permanent Fund Dividend (PFD) file with the Alaska Department of Labor wage file. The PFD file is a list of Alaskans who either applied for or received a PFD. The wage file contains quarterly earnings and industry information on workers covered by unemployment insurance within Alaska. Workers included in the wage file are considered Alaska residents if they either received a 1996 PFD or applied for a 1997 PFD.

For the purposes of this analysis, Alaska residency is determined by matching the worker's social security number on the wage file with the social security number on the PFD file. For a match to occur, the worker's social security number must appear on both the PFD file and the wage file. The small number of workers with missing social security numbers are excluded from the analysis.

Although most workers would have to be in Alaska all of 1996 in order to be considered residents for purposes of this report, information from both the 1996 and 1997 dividend years is used to improve the accuracy of the residency classification. Resident workers that left Alaska during 1996 would not be eligible for a 1997 PFD unless they had spent the entire year in the state. The 1996 PFD data match identifies these workers and they are counted as residents. New workers that arrived in Alaska after January 1, 1996, would generally be counted as nonresidents.

## Limitations of the data

The data have some limitations. People who did not provide a social security number on their Permanent Fund Dividend (PFD) application or who were eligible for a dividend but did not apply were not counted as residents. If certain ownership, industry or occupation codes were missing from the wage file, those records were excluded from the tally. Also excluded were persons who established residency during 1996 but did not meet eligibility requirements for the 1997 PFD.

An analysis of worker information for 1995 shows 14.0% of those workers identified as nonresidents stayed in Alaska and ultimately became eligible for the 1996 PFD. The likelihood that nonresidents will stay in Alaska and become eligible for a PFD varies by industry with food processing and oil nonresident workers less likely to become residents, while general merchandise store workers and health workers are much more likely to become residents.

The Department of Labor wage file includes only those workers covered by Alaska unemployment insurance. Therefore, information is not available for self-employed individuals or federal government employees. Nevertheless, the workers covered by this analysis are representative of the Alaska workforce. The analysis offers a good approximation of the effect of nonresident workers on the Alaska economy.

# Spring Quarter New Hires Up by 1.3% in 1997

By Todd Mosher

In recent years, Alaska hiring has been nearly as strong during the spring quarter, which includes April through June, as it has been during the summer quarter. This is the period when employers in several industries, including seafood processing, tourism, and construction, begin to gear up for the busy summer season. In 1997, there were just under 71,000 new hires during the spring quarter, up by about 950 (or 1.3%) from the same period in 1996. These figures dwarfed the winter 1997 new hires by about 30,000.

## Year-to-year hiring gains were broad-based

Most of the major regions of the state showed higher levels of hiring in the spring of 1997 compared to the previous spring. The exceptions were the Interior region, where hiring was off by about two percent, and Southeast Alaska, where hiring was about on par with the year-ago numbers. Anchorage new hires were up by a modest 1.0% compared to the spring of 1996, mostly attributable to continued growth in the services sector. Hiring in the Interior region slowed somewhat from its rapid pace of recent years. In this region, hiring in the transportation sector was about on par with the previous two springs, while retail and services hiring was down by about 2.5 percent compared to the spring of 1996.

## Important notes about the new hires data

The new hires series is designed to measure job opportunities provided by both employee turnover and new job creation. Every firm with employees working in Alaska is required to report social security numbers, occupation, work site location and wages earned for each of their employees to the Alaska Department of Labor on a quarterly basis. To be considered a new hire, a person must receive wages from a firm that he or she has not worked for in any of the four previous quarters. There is no differentiation between new hires who replace a departing worker and new hires entering newly created jobs. A worker can be counted as a new hire for more than one employer during a quarter.

## Tyson fire had short-term impact on turnover

Spring hiring in the seafood processing industry was up by 13.5% compared to the down year of 1996. Ironically, some of the upswing in new hires last spring was attributable to the unfortunate fire which destroyed a Tyson Seafoods processing plant on Kodiak Island in April. Other processors took up the slack when the Tyson plant went down and they took on additional workers as a result. This led to a higher than normal amount of "employer-hopping" by seafood workers in this area and increased the new hires counts. However, even discounting this event, hiring in seafood processing was somewhat stronger last spring compared to 1996.

Of Alaska's other sectors, wholesale trade; oil and gas; and finance, insurance, and real estate had the biggest year-to-year jumps in spring quarter

*Todd Mosher is a labor economist with the Research and Analysis Section, Administrative Services Division, Alaska Department of Labor. Todd is located in Juneau.*

T a b l e • 1

## Alaska New Hires—2nd Quarter 1997

New hires include job turnover and should not be used to assess job growth trends.

1/ Includes local passenger, water, and nonscheduled air transportation, as well as travel agencies and other travel arrangers. Not all of the employment in these categories is attributable to tourism, but all is heavily influenced by tourism in most regions.

2/ Includes all employees of publicly-owned institutions.

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

	2nd Qtr '97	Change from 1st Qtr '97	Change from 2nd Qtr '96
<b>Total New Hires:</b>	70,888	29,890	946
<b>By Region</b>			
Northern	3,144	1,063	240
Interior	10,968	6,398	-245
Southwest	5,699	467	109
Anchorage	30,316	11,611	312
Gulf Coast	9,615	5,210	574
Southeast	10,162	5,344	-85
Offshore	702	-223	106
Outside	256	41	-90
Unknown	26	-21	25
<b>By Industry</b>			
Ag./Forestry/Fishing	1,036	561	-7
Mining	1,409	709	18
Oil & Gas Extraction	985	420	65
All Other	424	289	-47
Construction	7,215	4,606	-279
Manufacturing	7,073	1,139	604
Seafood Processing	5,476	453	653
All Other	1,597	686	-49
Trans./Comm./Util.	6,027	3,164	166
Tourism Related /1	2,165	1,575	104
All Other	3,862	1,589	62
Wholesale Trade	2,130	916	172
Retail Trade	18,886	9,777	99
Fin./Ins./Real Estate	2,365	845	277
Services	19,442	6,881	484
Hotels & Lodging	4,005	3,093	-119
All Other	15,437	3,788	603
Public Administration /2	5,305	1,292	-588

The Alaska New Hires Quarterly Report measures the number of job opportunities created by business expansions, business start-ups, and job turnover. The report assists employment security personnel and the job-seekers they serve as they develop strategies for job placement in the Alaska economy. A new hire is defined as an employee who was not working for the employer in any of the four previous quarters. New hires data include job turnover; readers, therefore, are cautioned against drawing broad conclusions about job growth trends based solely on quarterly new hires data.

hiring. (See Table 1.) On the down side, spring quarter new hires by state and local government were down significantly for the second year in a row, and non-oil mining new hires could not match the last two springs, when expansions were in full gear.

# Unemployment Below 8.0% for Fifth Year In A Row

Alaska's statewide unemployment rate fell one-tenth of one percentage point in December, dropping to 7.4%. This was a slight improvement over November, and a full percentage point drop from December 1996's rate of 8.4%.

On a seasonally adjusted basis, Alaska's unemployment rate also improved. December's seasonally adjusted 7.0% statewide unemployment rate was four-tenths of a percentage point lower than November's rate and nearly a full percentage point below last December's seasonally adjusted unemployment rate of 7.9%. (See Table 4.)

The drop in December insured that the statewide unemployment rate for 1997 was below 8.0%. This was the fifth year in a row that registered a rate below 8.0%. The annual average unemployment rate for Alaska for 1997 was 7.9%. This matches the statewide unemployment rate for 1996. (See Figure 1.)

Alaska's 1996 and 1997 annual average unemployment rates are identical, but a trend of improving rates during the last half of the year headed off an increase in the annual jobless rate. During the first half of the year, the statewide figures showed significant over-the-year increases. Around May, unemployment began to fall, and by the end of the year the overall rate recovered enough to match 1996's annual rate.

## Tenth straight year of employment growth

While December's unemployment rate improved slightly, wage and salary employment counts pointed to a continued

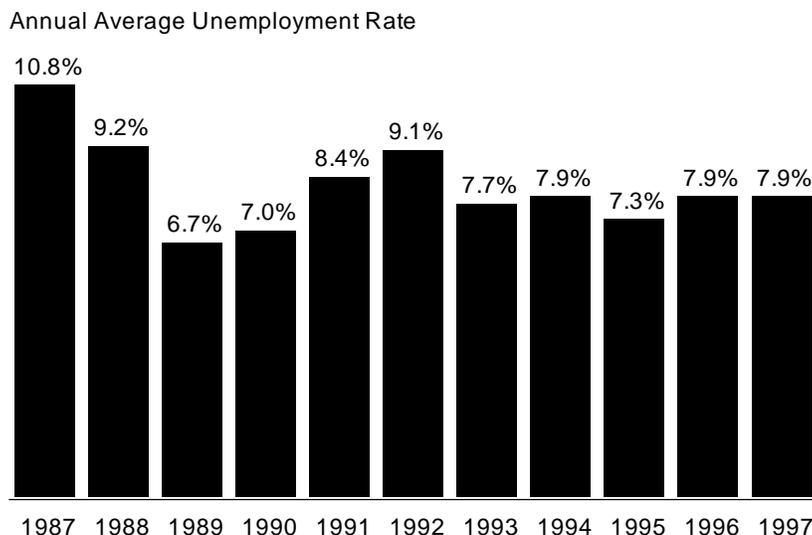
seasonal slide. The statewide wage and salary job count declined from the previous month by 4,400 jobs, primarily in Alaska's seasonal industries. Seafood processing, construction and timber all experienced significant job losses. (See Table 1.) However, more importantly, wage and salary employment was 3,100 jobs above year-ago levels. This increase extended Alaska's streak of job growth into a tenth straight year.

In December, all regions of the state lost jobs as a result of the seasonal slowdown. But, nearly every region posted an employment gain compared to December, 1996. Only in the Southeast and Southwest regions did year-to-year employment register a drop. (See Table 3.) Anchorage and the Mat-Su Borough, buoyed largely by job gains in services, trade, and transportation, were the fastest growing regions in Alaska.

*John Boucher is a labor economist with the Research and Analysis Section, Administrative Services Division, Alaska Department of Labor. John is located in Juneau.*

Figure • 1

## Unemployment Below 8.0% Five Years in a Row



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

Table • 1

## Nonagricultural Wage and Salary Employment by Place of Work

Alaska	p/	r/	Changes from:			Municipality of Anchorage	p/	r/	Changes from:		
	12/97	11/97	12/96	11/97	12/96		12/97	11/97	12/96	11/97	12/96
Total Nonag. Wage & Salary	255,400	259,800	252,300	-4,400	3,100	Total Nonag. Wage & Salary	123,300	123,500	120,500	-200	2,800
Goods-producing	29,400	33,100	30,300	-3,700	-900	Goods-producing	10,200	10,800	9,900	-600	300
Service-producing	226,000	226,700	222,000	-700	4,000	Service-producing	113,100	112,700	110,600	400	2,500
Mining	9,600	9,800	9,400	-200	200	Mining	2,400	2,500	2,500	-100	-100
Construction	11,000	12,200	11,100	-1,200	-100	Construction	6,000	6,400	5,600	-400	400
Manufacturing	8,800	11,100	9,800	-2,300	-1,000	Manufacturing	1,800	1,900	1,800	-100	0
Durable Goods	2,200	2,900	2,400	-700	-200	Transportation	11,800	11,800	11,400	0	400
Lumber & Wood Products	1,300	2,000	1,400	-700	-100	Air Transportation	5,000	5,000	4,600	0	400
Nondurable Goods	6,600	8,200	7,400	-1,600	-800	Communications	2,400	2,400	2,300	0	100
Seafood Processing	3,900	5,400	4,300	-1,500	-400	Trade	31,000	30,700	30,400	300	600
Pulp Mills	100	100	500	0	-400	Wholesale Trade	6,300	6,300	6,400	0	-100
Transportation	22,500	22,900	21,500	-400	1,000	Retail Trade	24,700	24,400	24,000	300	700
Trucking & Warehousing	2,700	2,800	2,600	-100	100	Gen. Merch. & Apparel	5,100	5,200	4,900	-100	200
Water Transportation	1,600	1,700	1,600	-100	0	Food Stores	2,900	2,900	2,800	0	100
Air Transportation	7,800	7,900	7,300	-100	500	Eating & Drinking Places	8,400	8,200	8,200	200	200
Communications	4,000	4,100	3,800	-100	200	Finance-Ins. & Real Estate	7,100	7,100	7,100	0	0
Trade	54,900	54,900	54,300	0	600	Services & Misc.	34,400	34,500	33,400	-100	1,000
Wholesale Trade	8,500	8,500	8,600	0	-100	Hotels & Lodging Places	2,500	2,400	2,300	100	200
Retail Trade	46,400	46,400	45,700	0	700	Business Services	6,100	6,100	5,900	0	200
Gen. Merch. & Apparel	10,000	10,000	9,700	0	300	Health Services	7,400	7,400	7,300	0	100
Food Stores	6,900	6,900	6,800	0	100	Engineering & Mngmt. Serv.	5,200	5,300	5,100	-100	100
Eating & Drinking Places	14,500	14,600	14,400	-100	100	Government	28,800	28,600	28,300	200	500
Finance-Ins. & Real Estate	11,800	11,800	11,600	0	200	Federal	10,100	9,900	10,200	200	-100
Services & Misc.	63,000	62,900	61,100	100	1,900	State	8,400	8,500	8,300	-100	100
Hotels & Lodging Places	5,400	5,400	5,100	0	300	Local	10,300	10,200	9,800	100	500
Business Services	8,200	8,100	8,000	100	200						
Health Services	14,400	14,300	14,000	100	400						
Engineering & Mngmt. Serv.	7,500	7,500	7,400	0	100						
Government	73,800	74,200	73,500	-400	300						
Federal	16,900	16,800	17,000	100	-100						
State	21,200	21,700	21,400	-500	-200						
Local	35,700	35,700	35,100	0	600						

Table • 2

## Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/	r/	12/96	p/	r/	12/96	p/	r/	12/96
	12/97	11/97	12/96	12/97	11/97	12/96	12/97	11/97	12/96
Mining	\$1,287.14	\$1,320.71	\$1,082.31	48.7	47.8	43.0	\$26.43	\$27.63	\$25.17
Construction	1,018.00	1,013.04	1,049.04	40.9	40.2	42.3	24.89	25.20	24.80
Manufacturing	587.11	581.13	481.99	40.8	43.4	33.8	14.39	13.39	14.26
Seafood Processing	328.64	331.30	316.22	33.5	40.6	32.5	9.81	8.16	9.73
Trans., Comm. & Utilities	630.14	676.85	662.54	33.2	35.4	34.4	18.98	19.12	19.26
Trade	399.50	421.82	409.25	32.8	33.8	33.6	12.18	12.48	12.18
Wholesale	625.50	665.73	614.40	37.5	39.0	38.4	16.68	17.07	16.00
Retail	357.92	378.02	370.82	31.9	32.9	32.7	11.22	11.49	11.34
Finance-Ins. & R.E.	521.50	550.56	518.94	37.9	37.1	36.7	13.76	14.84	14.14

Notes to Tables 1-3:  
Nonagricultural also excludes self-employed workers, fishers, domestics, and unpaid family workers.

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 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-time and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing). Averages are for gross earnings and hours paid, including overtime pay and hours.

Benchmark: March 1996

# Nonagricultural Wage and Salary Employment by Place of Work

Southeast Region	p/	r/	Changes from:		
	12/97	11/97	12/96	11/97	12/96
Total Nonag. Wage & Salary	32,950	34,000	33,150	-1,050	-200
Goods-producing	3,900	4,800	4,300	-900	-400
Service-producing	29,050	29,200	28,850	-150	200
Mining	350	350	300	0	50
Construction	1,500	1,700	1,450	-200	50
Manufacturing	2,050	2,750	2,550	-700	-500
Durable Goods	1,000	1,450	1,000	-450	0
Lumber & Wood Products	850	1,300	850	-450	0
Nondurable Goods	1,050	1,300	1,550	-250	-500
Seafood Processing	650	900	800	-250	-150
Pulp Mills	150	150	450	0	-300
Transportation	2,400	2,450	2,500	-50	-100
Trade	6,250	6,200	6,400	50	-150
Wholesale Trade	550	500	500	50	50
Retail Trade	5,700	5,700	5,900	0	-200
Finance-Ins. & Real Estate	1,500	1,500	1,450	0	50
Services & Misc.	6,650	6,650	6,300	0	350
Government	12,250	12,400	12,200	-150	50
Federal	1,800	1,850	1,800	-50	0
State	5,050	5,200	5,100	-150	-50
Local	5,400	5,350	5,300	50	100

Interior Region	p/	r/	Changes from:		
	12/97	11/97	12/96	11/97	12/96
Total Nonag. Wage & Salary	35,500	36,600	35,300	-1,100	200
Goods-producing	3,050	3,500	3,400	-450	-350
Service-producing	32,450	33,100	31,900	-650	550
Mining	1,050	1,100	1,000	-50	50
Construction	1,450	1,750	1,850	-300	-400
Manufacturing	550	650	550	-100	0
Transportation	3,100	3,300	2,550	-200	550
Trade	7,500	7,600	7,300	-100	200
Finance-Ins. & Real Estate	1,050	1,050	1,050	0	0
Services & Misc.	8,100	8,250	8,150	-150	-50
Government	12,700	12,900	12,850	-200	-150
Federal	3,650	3,650	3,600	0	50
State	4,650	4,800	4,700	-150	-50
Local	4,400	4,450	4,550	-50	-150

Fairbanks North Star Borough	p/	r/	Changes from:		
	12/97	11/97	12/96	11/97	12/96
Total Nonag. Wage & Salary	31,250	32,050	30,900	-800	350
Goods-producing	2,750	3,150	2,900	-400	-150
Service-producing	28,500	28,900	28,000	-400	500
Mining	850	900	850	-50	0
Construction	1,400	1,650	1,550	-250	-150
Manufacturing	500	600	500	-100	0
Transportation	2,700	2,850	2,200	-150	500
Trucking & Warehousing	500	600	500	-100	0
Air Transportation	650	600	600	50	50
Communications	450	450	300	0	150
Trade	7,050	7,100	6,800	-50	250
Wholesale Trade	800	800	750	0	50
Retail Trade	6,250	6,300	6,050	-50	200
Gen. Merch. & Apparel	1,450	1,450	1,400	0	50
Food Stores	750	750	750	0	0
Eating & Drinking Places	2,000	2,100	1,950	-100	50
Finance-Ins. & Real Estate	950	950	950	0	0
Services & Misc.	7,400	7,550	7,450	-150	-50
Government	10,400	10,450	10,600	-50	-200
Federal	3,100	3,050	3,100	50	0
State	4,450	4,550	4,500	-100	-50
Local	2,850	2,850	3,000	0	-150

Anchorage/Mat-Su Region	p/	r/	Changes from:		
	12/97	11/97	12/96	11/97	12/96
Total Nonag. Wage & Salary	134,150	134,300	130,900	-150	3,250
Goods-producing	11,000	11,600	10,650	-600	350
Service-producing	123,150	122,700	120,250	450	2,900
Mining	2,450	2,500	2,500	-50	-50
Construction	6,650	7,150	6,250	-500	400
Manufacturing	1,900	1,950	1,900	-50	0
Transportation	12,750	12,800	12,250	-50	500
Trade	33,800	33,500	33,100	300	700
Finance-Ins. & Real Estate	7,550	7,550	7,550	0	0
Services & Misc.	37,200	37,200	36,050	0	1,150
Government	31,850	31,650	31,300	200	550
Federal	10,200	10,000	10,350	200	-150
State	9,200	9,300	9,150	-100	50
Local	12,450	12,350	11,800	100	650

Gulf Coast Region	p/	r/	Changes from:		
	12/97	11/97	12/96	11/97	12/96
Total Nonag. Wage & Salary	23,500	24,550	23,450	-1,050	50
Goods-producing	4,400	5,200	4,500	-800	-100
Service-producing	19,100	19,350	18,950	-250	150
Mining	1,000	1,100	1,000	-100	0
Construction	1,000	1,150	1,000	-150	0
Manufacturing	2,400	2,950	2,500	-550	-100
Seafood Processing	1,250	1,700	1,250	-450	0
Transportation	2,200	2,250	2,100	-50	100
Trade	4,650	4,700	4,550	-50	100
Wholesale Trade	500	500	500	0	0
Retail Trade	4,150	4,200	4,050	-50	100
Finance-Ins. & Real Estate	650	650	650	0	0
Services & Misc.	4,950	5,000	4,850	-50	100
Government	6,650	6,750	6,800	-100	-150
Federal	650	650	650	0	0
State	1,500	1,600	1,600	-100	-100
Local	4,500	4,500	4,550	0	-50

Southwest Region	p/	r/	Changes from:		
	12/97	11/97	12/96	11/97	12/96
Total Nonag. Wage & Salary	14,200	15,350	14,450	-1,150	-250
Goods-producing	2,100	3,050	2,450	-950	-350
Service-producing	12,100	12,300	12,000	-200	100
Seafood Processing	1,850	2,800	2,200	-950	-350
Government	5,600	5,800	5,550	-200	50
Federal	400	400	450	0	-50
State	450	500	500	-50	-50
Local	4,750	4,900	4,600	-150	150

Northern Region	p/	r/	Changes from:		
	12/97	11/97	12/96	11/97	12/96
Total Nonag. Wage & Salary	15,050	15,050	14,950	0	100
Goods-producing	4,900	4,950	4,950	-50	-50
Service-producing	10,150	10,100	10,000	50	150
Mining	4,750	4,750	4,550	0	200
Government	4,800	4,800	4,800	0	0
Federal	200	200	200	0	0
State	300	300	300	0	0
Local	4,300	4,300	4,300	0	0

Table • 4

## Unemployment Rates by Region & Census Area

p/ denotes preliminary estimates

r/ denotes revised estimates

Benchmark: March 1996

Data presented here are intended to show the relative condition of Alaska's labor force for the reference month. Data published for prior years are not necessarily comparable to current information, which does not reflect benchmark revisions.

The official definition of unemployment currently in place excludes anyone who has not made an active attempt to find work in the four-week period up to and including the week that includes the 12th of the reference month. Due to the scarcity of employment opportunities in rural Alaskan locations, many individuals do not meet the official definition of unemployed because they have not conducted an active job search. These individuals are considered not in the labor force.

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

Not Seasonally Adjusted	Percent Unemployed		
	p/ 12/97	r/ 11/97	12/96
<b>United States</b>	4.4	4.3	5.0
<b>Alaska Statewide</b>	<b>7.4</b>	<b>7.5</b>	<b>8.4</b>
<b>Anch./Mat-Su Region</b>	5.7	6.3	6.2
Municipality of Anchorage	5.0	5.7	5.3
MatSu Borough	9.0	9.6	10.9
<b>Gulf Coast Region</b>	<b>13.6</b>	<b>12.7</b>	<b>16.5</b>
Kenai Peninsula Borough	13.5	13.8	16.5
Kodiak Island Borough	15.2	10.3	18.1
Valdez-Cordova	11.3	11.5	14.5
<b>Interior Region</b>	<b>7.4</b>	<b>7.9</b>	<b>8.7</b>
Denali Borough	13.5	14.3	12.4
Fairbanks North Star Borough	6.7	7.2	7.9
Southeast Fairbanks	10.2	10.5	12.5
Yukon-Koyukuk	13.5	15.2	19.3
<b>Northern Region</b>	7.3	8.1	9.0
Nome	8.0	8.9	8.7
North Slope Borough	5.0	5.1	5.0
Northwest Arctic Borough	9.7	11.5	15.4
<b>Southeast Region</b>	8.7	7.5	9.2
Haines Borough	13.5	13.3	16.0
Juneau Borough	6.6	6.5	7.0
Ketchikan Gateway Borough	8.8	7.7	10.1
Prince of Wales-Outer Ketchikan	12.3	10.4	15.7
Sitka Borough	7.5	6.1	7.5
Skagway-Hoonah-Angoon	9.7	7.4	6.7
Wrangell-Petersburg	14.1	8.7	13.0
Yakutat Borough	12.7	13.1	4.4
<b>Southwest Region</b>	<b>9.2</b>	<b>7.2</b>	<b>10.3</b>
Aleutians East Borough	6.6	4.7	14.7
Aleutians West	7.8	5.0	10.1
Bethel	8.4	7.5	8.8
<b>Bristol Bay Borough</b>	<b>16.4</b>	<b>15.3</b>	<b>12.4</b>
Dillingham	7.7	6.5	7.4
Lake & Peninsula Borough	7.1	5.2	9.2
Wade Hampton	16.1	10.6	13.7
<b>Seasonally Adjusted</b>			
United States	4.7	4.6	5.3
Alaska Statewide	7.0	7.4	7.9

## Lower oil prices and Asian crisis dominate headlines

In recent weeks, lower oil prices and the Asian crisis have dominated the economic headlines. The exact effect these events will have on Alaska's economy is unknown, but some sectors are already being influenced.

Lower oil prices will probably hit public sector spending first, although oil field services companies have traditionally shed the most jobs when oil prices drop. The current climate in Alaska's oil field services sector is one of the most optimistic in years. Numerous new projects are underway or planned for the immediate future. Currently, all of the projects expected to have major employment and production impacts are moving forward as planned. If, however, prices remain at current levels, there may be impacts in the medium range when oil companies determine their exploration and development budgets for the future.

The Asian financial crisis will affect Alaska's economy on several fronts. In 1996, Alaska exported more than \$2.8 billion worth of goods, primarily fish, timber, petroleum, coal and other minerals. Of that, Japan purchased more than \$1.5 billion in Alaskan goods, while Korea imported nearly \$500 million from Alaska. The first repercussion of the Asian crisis appears to be the recently announced layoffs at the Nikiski refinery, which were partially attributed to lower demand from the Asian market.

Demand for other Alaskan exports could be reduced by the falling value of the Japanese yen and the Korean won. Since the first of October, the value of the yen has fallen five percent against the dollar while the won has plummeted more than 40 percent.

Alaska's fishing industry will be one sector impacted by Asian currency devaluations. Last year, Japan imported nearly \$700 million in Alaska fish products. The collapse of currencies in neighbor-

ing countries, such as the Korean *won*, Thai *baht* and Indonesian *rupiah*, has made fish products from these countries more attractive to Japanese buyers. For example, Korean seafood exports to Japan have increased at a rapid rate. Meanwhile, Japanese fisheries companies expect that seafood consumption will be flat or may decrease during the coming year and that consumers will be more price conscious. With current high inventory levels reported by Japanese fish markets and the forecast for increased Alaskan seafood output, all signs point to another year of low prices for Alaska seafood.

Alaska's timber exports are also expected to fall during the coming year. Southeast Alaska Native corporations, who export a significant amount of their timber harvest to the Asian market, have indicated they will cut back on harvests in 1998. This will translate into less logging and related employment as well as lower timber-generated revenue for these corporations.

Alaska's tourism industry is expected to feel minimal impacts from the Asian economic turmoil. Korean outbound travel has dwindled and the number of Japanese travelers, who make up the bulk of our Asian visitors, so far has remained stable but could drop off as U.S. travel becomes more expensive. Asians make up only three percent of Alaska's visitors, so the impact on this industry will be less than in other sectors.

Another sector tied closely to the Asian economy is Alaska's air cargo industry. Through September of last year, more than \$3 billion of air cargo was shipped, primarily through the Anchorage airport, from Lower 48 destinations. If, as expected, U.S. exports to Asia are significantly reduced by the current situation, air cargo traffic through Anchorage to Far East destinations may fall off. However, that drop may be offset by an expected increase in Asian exports as the struggling economies attempt to export their way out of the current crisis.

# NOW

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