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Seniors in Alaska

Alaska Department of Labor
and Workforce Development

Tony Knowles
Governor of Alaska

ALASKA ECONOMIC TRENDS

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Tony Knowles, Governor of Alaska
Ed Flanagan, Commissioner of Labor
and Workforce Development

Joanne Erskine, Editor

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

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

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Seniors in Alaska

by Cristina Klein

A tidal wave rolling toward us

Alaska's senior population is one of the fastest growing in the nation and is the fastest growing sector of Alaska's population.

The number of Alaskans over the age of 60 is expected to more than triple from 53,000, or 8.5% of the population in the year 2000, to 165,000, or 20 percent of the population, in the year 2025. (See Exhibits 1 and 2.)

This rapid growth means that Alaska's seniors and policymakers face a dilemma: the aging population will need health care, housing, and services. And someone, be it seniors, insurance companies, or government programs, will have to pay for this care and services, the cost of which is increasing.

This article looks at preliminary information on seniors from the 2000 U.S. Census and touches on issues such as medical costs and housing that affect seniors as they age. Medical innovations enable seniors with complicated medical conditions to live longer. But the cost of living longer rises, too.

Alaska Population Age 65 & Up 1950-2000

	Age 65 and Over	Total Alaska Population	Seniors as Percent of Alaska Pop
1950	4,742	128,643	3.7%
1960	5,386	226,167	2.4%
1970	6,887	300,382	2.3%
1980	11,547	401,851	2.9%
1990	22,439	553,124	4.1%
2000	35,699	626,932	5.7%

Age 60 and Over – 2000

	Age 60 & +	Total AK Pop	Srs as %
2000	53,026	626,932	8.5%

Cristina Klein is Deputy Director of the Division of Senior Services in the Alaska Department of Administration. She has previously worked as a Labor Economist for AKDOL/Research and Analysis, a program manager for the Department of Community and Regional Affairs, and as a writer, social worker, business owner, and Peace Corps volunteer. Her articles, *Welfare in Alaska—Help or Hindrance to Self-Sufficiency?* and *Is There a Nurse in the House?* appeared in *Alaska Economic Trends* in January 1993 and December 1989.

Source: U.S. Census 2000

of Alaskans age 65 and over participated in the labor force either by working or looking for work. This compares to 12.8% for the nation as a whole.

Public sector work accounted for 11.5% of senior jobs in Alaska, while employment with schools accounted for another 9.2%. About two percent of workers 65 and over worked in canneries. (See Exhibit 4.)

How do seniors pay for their retirement?

A study by the Social Security Administration shows that nationally, nine out of ten people over age 65 receive Social Security benefits. In Alaska, that rate rises to 93 percent, according to a 2000 study commissioned by the Alaska Commission on Aging.

In Alaska:

- In 1999, the Social Security Administration paid out \$256 million in retirement income to 31,930 retired workers and spouses, an annual average of \$8,000 per person.
- In 1999, 6,390 federal civilian retirees received \$138 million in retirement payments. Another 7,100 military retirees lived in Alaska in 1999, with more than 2,490 over age 60.
- In 2000, 8,916 Public Employees Retirement System retirees lived in the state (4,680 State of Alaska retirees and 3,961 Teachers Retirement System retirees). About 65 percent of all State of Alaska Public Employees Retirement System retirees are age 60 and over, while about 54 percent of retirees from the State of Alaska Teachers Retirement System are age 60 and over.
- Adult Public Assistance payments to 5,785 Alaska seniors over 60 totaled about \$24 million in FY 2000. This included FY 2000 General Relief payments to about 100 clients over 60. In 1999, Alaska Adult Public Assistance paid an average of \$328 a month to about 5,800 low income Alaskans age 60 and over.

While senior incomes generally decrease with age, seniors are likely to own their own homes and have no debts. Other benefits also improve their economic status. However, this trend reverses as seniors age and often start spending down savings and assets to pay for increased medical costs and specialized housing such as senior residential facilities, assisted living homes, and skilled nursing homes.

Health care for seniors

In 1998, federal Medicare payments to Alaskans were an estimated \$178 million. Most participants

Alaska and US Population Age 60 and over, 2000 and 2025 2

	2000		2025 Projected	
	POP	% of Total	POP	% of Total
AK Seniors	53,000	8.5%	165,000	20%
US Seniors	45.8 million	16.3%	83 million	24%

Source: Alaska Department of Labor and Workforce Development, US Census

Population Estimates by Sex Age 60 and over, 2000 3

Age	Total	Male	Female	M/F Ratio
60-64	17,327	9,208	8,119	1.13
65-69	12,626	6,371	6,255	1.02
70-74	9,881	4,862	5,019	0.97
75-79	6,863	3,066	3,797	0.81
80-84	3,695	1,522	2,173	0.70
85+	2,634	903	1,731	0.52
Total 60+	53,026	25,932	27,094	0.96

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

Health Facts about Alaskans

- The federal portion of Medicaid benefits provided to Alaska's seniors in 1999 is estimated at \$45 million for disabled and non-disabled adults over age 60.
- Health care payments to the Public Employees Retirement System (PERS) participants 60 and older living in Alaska are about \$54 million and for Teachers Retirement System about \$20 million.
- The wage index for all U.S. urban areas indicates that wage costs for hospitals in Anchorage are 29% above the U.S. average.
- The wage index for U.S. rural areas indicates that wage costs for rural hospitals in Alaska are 24% above the U.S. average.
- According to the Alaska Department of Health and Social Services, Division of Medical Assistance study:
 - Statewide, the ratio of Medicaid payments to charges was 80% three years ago (1998) but has declined to 67% in the past three years.
 - Medicaid expenditures for Home and Community-based Waiver Services grew by 312% from FY 96 to FY 99.

Medicare vs. Medicaid

Medicare

- Is federal health insurance for elderly and disabled persons who receive Social Security payments.
- Has the same coverage and eligibility in all states.
- Is fully federally funded.
- Has two parts — A. Hospital Insurance that most people do not have to pay for, and B. Medical Insurance that most people pay for monthly
- Covers Full Skilled Nursing Facilities for the first 20 days after a three-day hospital stay, with some coverage up to a maximum of 100 days.

Medicaid

- Is based on financial need.
- Is partially state funded, so eligibility and coverage differ from state to state.
- Includes Medicaid Waivers.
- Does not cover costs of the Pioneer Home system.
- Has lower income and resource limits than for Medicaid Waivers.

Medicaid Waivers

- The State of Alaska administers four Medicaid Waivers. The Older Alaskan Waiver is administered by the state's Division of Senior Services and offers home and community-based alternatives to nursing facility care to financially eligible seniors 65 and over. Medicaid pays for the medical services portion of assisted living home costs for eligible clients but not for room and board.

were seniors, as Medicare is federal health insurance for individuals age 65 and over and disabled persons who receive Social Security payments. (See Exhibit 10.)

Medicaid is a federal program based on financial need, which is partially state-funded, so that eligibility and coverage differ from state to state. Medicaid-eligible clients over 65 made up about six percent of clients in Alaska in FY 2000, but 16 percent of expenditures because of the high cost of hospitalization and living in long term care facilities.

Medicaid costs have steadily increased for seniors in Alaska. (See Exhibits 7 and 8.) According to an Administration on Aging study prepared in 1999, nationwide the age 65 and older population spends an average of 12 percent of their total expenditures on health care. Health expenditures incurred by older Americans included these average costs, which might be higher in Alaska: insurance \$1523 (13%), drugs \$637 (22%), medical services \$564 (19%), and medical supplies \$130 (5%).

Health care costs continue to increase much more rapidly than other costs in Alaska. They are also increasing more rapidly in Alaska than nationwide. The U.S. Bureau of Labor Statistics reports that for 1995-2000, the Consumer Price Index for all items in Anchorage increased by 8.9%, while the cost for medical care services increased by 27.4%. Over this same period for the U.S., the average increase for all items was 13.3%, while costs for medical care services increased by 18.7%.

The American Chamber of Commerce Researchers Association (ACCRA) Cost of Living Index for the second quarter 2000, reported that among the 311 cities surveyed, four of the ten most expensive cities are in Alaska. (The cost of living is 23.2% higher than average in Anchorage, 21.5% higher in Fairbanks, 28.2% higher in Juneau, and 36.1% higher in Kodiak.) Health costs in these cities ranged from 55.6% to 64.6% greater than the U.S. average. The absence of managed care in Alaska may be a factor in these higher costs.

In 1998, the leading cause of death among Alaskans over 65 was cancer, at 30.4% of deaths. Nationally, heart disease is the leading cause of death for seniors, followed by cancer. According to the Census 2000 figures, 15,991 or 44 percent of Alaska's population 65 and over had at least one disability.

Economic advantages for Alaska seniors

The only state subsidy dedicated to seniors is the Longevity Bonus Program for Alaskans age 65 and over. This program closed to new applicants on January 1, 1997. In 1999, the Longevity Bonus was paid out to 21,300 senior Alaskans, or about 63% of Alaskans over age 60. (See Exhibit 9.)

Alaska's seniors are entitled to other discounts and subsidies, such as free fishing and hunting licenses, automobile fee and tax exemptions, rental rebates, sales tax exemptions, Energy Assistance, Old Age Assistance, and discounts on the Alaska Marine Highway System. Senior Alaskans receive approximately \$90 million in state-mandated financial subsidies. Most of this (\$57 million in 2000) is in the form of the Longevity Bonus. Seniors receive another \$28 million in state-mandated, but primarily municipally-funded, tax exemptions. Property tax exemptions for Alaska seniors age 65 and over and disabled veterans averaged over \$1,690 per household in 2000. (See Exhibit 12.)

Alaska's seniors received more than \$97 million in 2000 Permanent Fund dividends. Permanent Fund dividend checks were mailed to 49,590 persons over age 60 in 2000. Nineteen of these individuals were age 100 and over.

Where do seniors live?

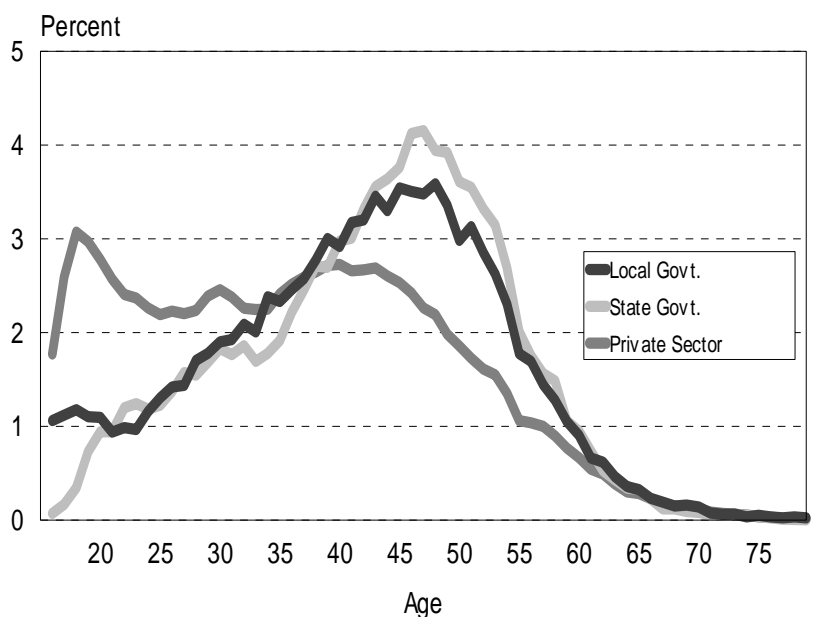
Regionally, Southeast Alaska has the highest percentage of seniors at 10.4%, while Interior and Southwest have the lowest at approximately seven percent. Approximately 21 percent of Alaska's seniors live in communities with populations under 2,500.

Employment of Alaska Seniors Age 60 and over, 1998 4

Age	Workers	Wages (in thousands)	Avg. Wage/ Worker
60-64	6,796	\$182,462	\$39,400
65-69	2,662	47,348	17,800
70-74	1,041	13,410	12,900
75-79	387	3,471	9,000
80-84	115	1,231	10,700
85 and +	77	1,117	14,500
Total	11,078	\$249,037	\$22,500

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

Alaska Workers by Age Percent distribution by sector, 2000 5



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

Some Senior Housing Facts

- The Alaska Housing Finance Corporation (AHFC) Senior Housing Office was created by the Alaska Legislature in 1990 to respond to the needs of senior citizens for adequate, accessible, secure and affordable housing. This office provides information to seniors and contractors, seeks financial assistance, and administers the senior housing loan program. Alaska Housing Finance Corporation offers grants, loans, revolving funds, and development funds to individuals and government and housing agencies.
- The Senior Housing Office of AHFC has helped finance at least 25 new senior housing facilities with total development costs of nearly \$85 million. In 1999, AHFC allocated \$7.9 million to senior housing projects in Naknek, Anchorage and Juneau.
- AHFC conducted a statewide needs assessment for senior housing and found that about 400 new units are currently needed. By the year 2005, the demand estimate is 524 new units.
- In 2000, Alaska had 279 nursing home beds, 1,343 assisted living beds (608 are in Pioneer Homes), and 52 swing beds (hospital beds that can be used as long term care.)
- Alaska had 1.6 assisted living beds for every nursing home bed in 1998. The U.S. average is .4 assisted living beds for every nursing home bed.
- Alaska's ratio of 21.1 nursing home beds per 1,000 population age 65 and over is the lowest in the nation.
- According to a recent survey of over 800 Alaskans age 60 and over, one third have a monthly income from all sources of less than \$2,000, and 8% reported a monthly income of less than \$1,000.
- Skilled nursing homes are located in 13 Alaska communities.
- Assisted living has grown from 65 homes with 240 beds in 1995 to 125 homes with 1,293 beds in 2001. This includes the Pioneer Home conversion.
- Assisted living homes in Kotzebue and Tanana are run by local providers and both receive Older American Act funds from the Alaska Commission on Aging and are further subsidized by an annual state legislative budget line item.
- The Dillingham Assisted Living Home received pre-development funds, a housing grant and technical assistance from AHFC.

One of the critical issues seniors encounter is where they will live when they need assistance with their daily activities. Seniors prefer staying in their homes as long as possible. Environmental modifications – grab bars for tubs and showers, wheelchair ramps, stair lifts, handrails, expanded doorways – improve both access and safety and allow seniors to stay at home longer.

The Older Alaskan Medicaid Waiver, managed by the Alaska Division of Senior Services, offers eligible low-income seniors the opportunity to receive home and community-based care, instead of residing in a nursing home.

The division's Rural Outreach Program provides information to rural communities on developing assisted living homes for elders.

As seniors decline and need additional help with daily activities, housing choices include group living in communities with private rooms, meals and other services, and assisted living homes where help with bathing, eating, dressing and other daily activities is offered. When a senior's medical needs become more extensive, a nursing home may be necessary.

In the year 2000, Alaska had 1343 licensed assisted living beds, 608 of which are in Pioneer Homes, 729 nursing home beds, and 52 swing beds (used as either hospital or nursing home beds).

Twenty percent of nursing home beds in Anchorage are occupied by rural residents, according to a 2000 Long Term Care Services Survey.

The U.S. Census 2000 shows 9,946 Alaska grandparents live with their own grandchildren under age 18 in their households.

Senior needs create new opportunities

Alaska's growing senior population is creating a need for specialized services and opportunities for

Years Estimated Life Expectancy 6 U.S., 1930-1998

new businesses. These include the construction of residential environmental modifications and “smart” housing, assisted living homes, and residential communities. Other opportunities include professional nursing services, paraprofessional home health care services such as personal care attendants, chore service workers, respite (relief) care providers, transportation services, case management, home-delivered meals, and adult day services.

Birth Year	Male	Female
1998	73.8	79.5
1990	71.8	78.8
1980	70.0	77.4
1970	67.1	74.7
1960	66.6	73.1
1950	65.6	71.1
1940	60.8	64.2
1930	58.1	61.6

Source: U.S. Bureau of Vital Statistics

Senior centers offer services in communities with populations of 1,500 or more. Some communities also offer transportation services, and there are 12 adult day centers in the state.

Need for caregivers grows

According to the Family Caregiver Alliance, between 7.4% and 11.8% of the U.S. workforce is involved in providing care for an older person. About 66 percent of caregivers assist older persons with activities of daily living like bathing, dressing, shopping, and preparing meals. As seniors live longer, they face more chronic illnesses and disabilities and their need for caregiver support increases.

Medicaid Older Alaskans Waiver Pgm 7 Percent of seniors participating

Year	Pop 65 and +	OA Waiver Clients	% Change	Percent of Senior Pop Participating
1997	31,034	415		1.3%
1998	32,288	528	27.2%	1.6%
1999	33,641	745	41.1%	2.2%
2000	35,699	980	31.5%	2.8%

Source: Alaska Department of Administration, Division of Senior Services

Seniors suffering with Alzheimer’s Disease and Related Disorders (ADRD) constitute a primary need for caregiver services. Among those age 65 to 74, an estimated four percent have ADRD. This prevalence rises to 16 percent for those 75 to 84, and jumps to 48 percent of those 85 years and older. Recently, the national Alzheimer’s Association released 2000-2025 projections that showed Alaska with the second highest expected increase in the nation in people with Alzheimer’s, based on the dramatic growth in Alaska’s senior population. In 1999, there were an estimated 3,803 Alaskans age 65 and over with ADRD. Because Alaska’s population age 65 and over is expected to grow so quickly, an estimated 15,700 Alaskans age 65 and over are expected to suffer from Alzheimer’s Disease and Related Disorders in 2024.

Medicaid Older Alaskans Waiver Pgm 8 Expenditures in \$Thousands

Waiver Services	FY 98	FY 99	FY 00
Care Coordination	\$900.8	\$1,083.1	\$1,470.6
Residential Supported Living	3,220.3	4,015.5	4,896.9
Chore, PDN, ADC, Respite	1,674.6	2,231.6	3,100.9
SME & Environmental Modification	385.7	470.8	718.7
Meal Service and Transportation	358.8	500.4	643.5
TOTAL	6,540.3	8,301.4	10,830.7

PDN-Private Duty Nurse; ADC-Adult Day Care; SME-Specialized Medical Equipment

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

Alaska Mental Health Trust Authority

The Alaska Mental Health Trust Authority manages Trust funds for those with:

- Developmental Disabilities
- Chronic Mental Illness
- Age-Related Dementia
- Chronic Alcoholism with Psychosis

The Office of the Long-Term Care Ombudsman is housed with the Mental Health Trust Authority. This office investigates and resolves complaints about the health, safety, welfare and rights of Alaskans age 60 and over who reside in nursing homes, Pioneer Homes, and assisted living facilities throughout the state.

Providence Extended Care Needs Study

Based on current population projections for Alaska's senior population, Providence Extended Care estimates that in 2008 Alaska will need an additional 317 new skilled nursing facility beds, and in 2018 an additional 1,118 beds over current levels.

In 1999, Alaska had 20 skilled nursing beds per 1,000. Oregon had 40 and Washington State had between 45 and 50.

Guardian and Conservatorship

Guardianship is a legal process wherein a person or agency makes decisions for an incapacitated person about placement/housing, medical care, legal issues, and services. In Alaska, the court can select:

- a family guardian
- a private guardian agency
- or a public guardian.

The public guardians are with the Alaska Department of Administration, Office of Public Advocacy.

Conservatorship is a legal process wherein a person or agency handles financial decisions for another person and reports to the court annually.

Full Guardianship includes conservatorship unless the guardianship is limited in the court order or the judge appoints a separate conservator.

Year	Statewide Cases per Guardian	Average # of cases
2001	622	56.5
1991	372	62.0
1986	231	38.5

What does care in nursing homes and assisted living homes cost?

In 2001, nursing home costs in Alaska range from a low end of \$192 a day, or \$70,080 per year, to a high of about \$602 a day, or \$219,730 per year. The average daily nursing home cost in FY01 is an estimated \$271 or \$98,915 a year. In FY 99, the Alaska Division of Medical Assistance reported that the average daily cost of nursing home care was \$252 or \$92,000 per year.

Assisted living home care in Alaska ranges from about \$1,800 a month to as much as \$7,000 a month for residents who are bed-bound and have multiple medical needs. The average cost is \$3,000 to \$3,500 a month.

The six Pioneer Homes have converted to assisted living for Alaskans 65 and older who were physically present in Alaska for a minimum of 12 consecutive months prior to application. Admissions are based on application order, not on need. The homes have five levels of service. Effective July 1, 2001, the lowest rate is for Coordinated Services at \$1,935 per month, while the highest monthly rate is for Comprehensive Services at \$5,685. The Basic Assisted Living Services rate is \$3,435 per month. For clients with Alzheimer's Disease and Related Disorders the monthly rate is \$4,655. Some payment assistance is available, based on need and financial eligibility requirements. In 1999, the state general fund was the primary source (65 percent) of revenue for Pioneer Homes.

Nationally, Medicaid is the largest single payer of long-term care services, covering almost half of the nation's nursing home costs. A study of nursing home costs in Alaska for 1998 and 1999 shows that nursing homes receive 90 percent of their revenue from public sources, including 59 percent from Medicaid. The balance comes from private payments. Many seniors become low-income and therefore eligible for Medicaid as they spend down their resources paying for long-term care.

Total Longevity Bonus Payments 1993–2000 9

In 1999, the Pioneer Homes reported 12 percent of residents were from rural areas of the state. Nursing homes reported that 20 percent of their residents were from rural areas.

Who monitors long-term care facilities?

The Division of Senior Services, Assisted Living Licensing Section, licenses and monitors assisted living homes serving seniors. The Office of the Long Term Care Ombudsman investigates and resolves complaints about health, safety, welfare and rights of Alaskans age 60 and over in nursing homes, Pioneer Homes, and assisted living facilities throughout the state.

Who pays for seniors?

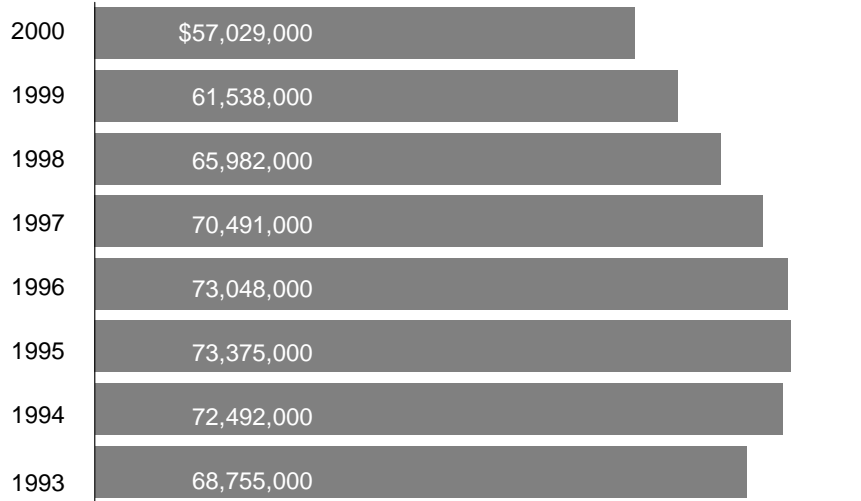
Seniors use retirement funds, savings, assets, social security, public assistance, Medicare, Medicaid, and private long-term care insurance to pay for health and supportive services. Other senior services such as nutrition, support and transportation services are funded through grants from the Alaska Commission on Aging (ACoA), Medicaid waivers, individual contributions, and community fund raising.

As seniors exhaust their resources, they become dependent on publicly-funded programs.

The outlook

The growing senior population offers both challenges and opportunities. Alaska's senior population age 60 and over is expected to more than triple from 53,000 in 2000 to 165,00 in the year 2025. Nevertheless, the numbers, relative to other states, are still small.

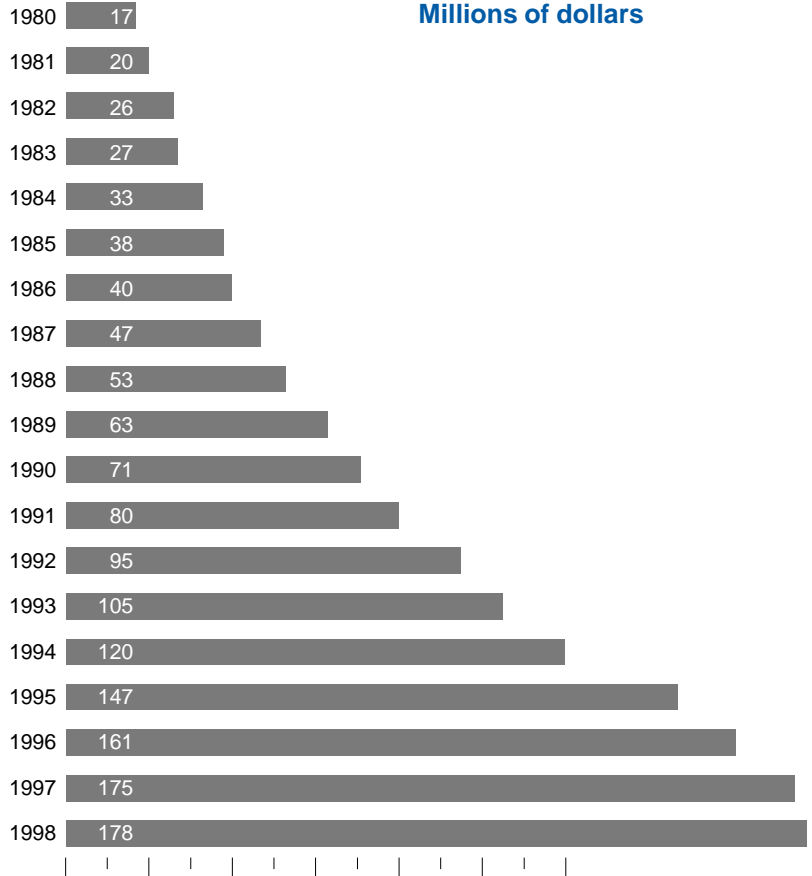
When it comes to aging, the best defense against aging poorly, with its intensive medical costs, is a strong offense—planning for the cost of future care and making healthy lifestyle choices.



Source: Alaska Department of Administration, Division of Longevity Programs

Medicare Personal Health Care Expenditures in Alaska 10

Millions of dollars



Source: U.S. Centers for Medicare and Medicaid Services

Alaska Legal Services Corporation

The Alaska Legal Services Corporation is a private, non-profit corporation funded by federal, state, and local funds which offers civil legal assistance to Alaskans who qualify on the basis of income eligibility and case type. The program serves Alaskans 60 and older through a grant from the Alaska Commission on Aging. The Seniors' Legal Services Project provides assistance or referrals in the areas of income maintenance and public assistance, health care, housing, wills and protection of institutionalized persons. Offices in Anchorage, Fairbanks, Juneau, Barrow, Bethel, Dillingham, Ketchikan, and Nome can provide assistance.

Alaska Commission on Aging Grant-Funded Services

(Service levels can be found on the Alaska Department of Administration, Alaska Commission on Aging web page at www.alaskaaging.org.)

Alaska Commission on Aging grant programs include:

- Care Coordination
- Respite Care
- Adult Day Centers
- Congregate Meals
- Home Delivered Meals
- Senior Community Service Employment Program
- Transportation
- Legal Services Programs
- Homemaker and Chore Services
- Information, Referral and Outreach
- RSVP & Senior Companions
- Foster Grandparents
- Senior Residential Services - AK Legislature grants to Kotzebue and Tanana

Alaskans Below Poverty Level 11 By age and sex

Age Group	Male	Male % of Total	Female	Female % of Total	Total
55-64	1,204	33.1%	2,433	66.9%	3,637
65-74	332	59.4%	227	40.6%	559
75+	731	32.6%	1,287	63.8%	2,018
Total	2,267	36.5%	3,947	63.5%	6,214

Source: U.S. Department of Health and Human Services

Statewide Property Tax Exemption 12 Seniors 65 and over, average including disabled veterans

1995	\$1,443
1996	1,488
1997	1,524
1998	1,628
1999	1,656
2000	1,696

Source: Alaska Department of Commerce and Economic Development

Terrorist Attacks Shake up National Economy

Alaska Employment Scene

by Brigitta Windisch-Cole
Labor Economist

Limited aftershocks reach Alaska

Events of September 11 appear to have impacted Alaska's job market and economy only marginally, but the effect is still not fully measurable because the most recent statistical data reflected the employment situation prior to the attacks. The lack of post-attack data was reflected in September's national unemployment rate, which stood unchanged from August at 4.9% (seasonally adjusted). Alaska's unemployment rate moved up two tenths of a percentage point to 5.2%, (not seasonally adjusted) doing its routine climb at the end of the summer season. (See Exhibit 5.)

Because Alaska's seasonal slowdown coincided with the catastrophic national events, lasting effects on the state's economy will not reveal themselves until later. Despite the sudden interruption of routine business and the immediate slowdown of some industries in the days following the attacks, business life in Alaska has resumed and so far the economy and labor market are in tune with normal seasonal trends.

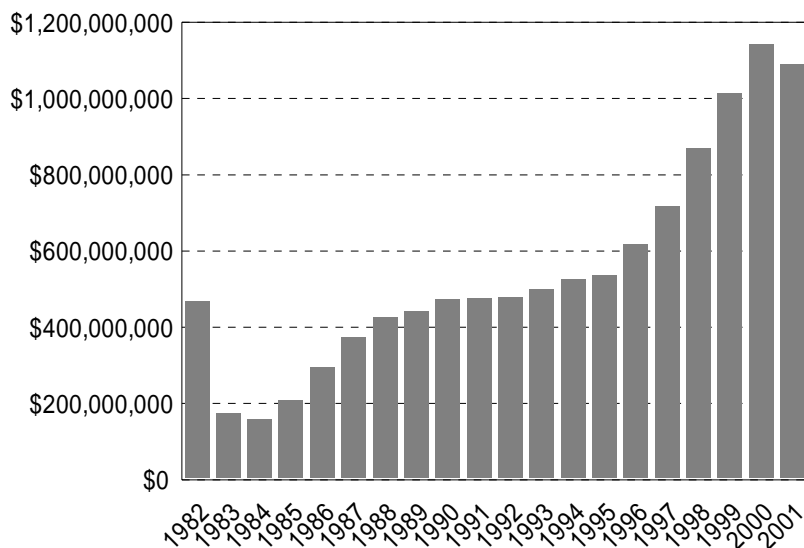
The usual seasonal decline sets in

Wage and salary employment declined by 5,200 jobs in September, a typical seasonal movement. (See Exhibit 2.) Seafood and tourism-related industries spun off the most jobs, while other seasonal job losses were broad based. State and

local government were the only sectors of the labor market to add jobs during September. Here again, the movement was an expected seasonal increase as education jobs were added at the beginning of the 2002 year for the state's universities and public schools.

(continued on page 16)

Permanent Fund Dividend 2001 is second highest ever



Source: Alaska Department of Revenue, Permanent Fund Dividend Division

2 Nonagricultural Wage and Salary Employment

By place of work

Alaska	preliminary	revised	9/00	Changes from:		Municipality of Anchorage	preliminary	revised	9/00	Changes from:	
	9/01	8/01		8/01	9/00		9/01	8/01		8/01	9/00
Total Nonag. Wage & Salary	304,400	309,600	298,500	-5,200	5,900	Total Nonag. Wage & Salary	141,100	141,500	138,500	-400	2,600
Goods-producing	46,100	49,900	44,400	-3,800	1,700	Goods-producing	14,700	15,100	14,200	-400	500
Service-producing	258,300	259,700	254,100	-1,400	4,200	Service-producing	126,400	126,400	124,300	0	2,100
Mining	11,900	12,000	11,600	-100	300	Mining	3,200	3,100	3,100	100	100
Oil & Gas Extraction	10,200	10,300	10,000	-100	200	Oil & Gas Extraction	3,000	2,900	2,900	100	100
Construction	18,100	18,900	17,200	-800	900	Construction	9,200	9,600	8,800	-400	400
Manufacturing	16,100	19,000	15,600	-2,900	500	Manufacturing	2,300	2,400	2,300	-100	0
Durable Goods	2,500	2,500	3,000	0	-500	Transportation/Comm/Utilities	15,300	15,400	15,400	-100	-100
Lumber & Wood Products	1,200	1,300	1,700	-100	-500	Air Transportation	6,100	6,100	6,400	0	-300
Nondurable Goods	13,600	16,500	12,600	-2,900	1,000	Communications	3,700	3,700	3,600	0	100
Seafood Processing	10,800	13,700	9,900	-2,900	900	Trade	32,800	33,200	32,500	-400	300
Transportation/Comm/Utilities	29,200	29,900	29,300	-700	-100	Wholesale Trade	6,400	6,500	6,400	-100	0
Trucking & Warehousing	3,200	3,400	3,000	-200	200	Retail Trade	26,400	26,700	26,100	-300	300
Water Transportation	2,400	2,600	2,400	-200	0	Gen. Merchandise & Apparel	5,400	5,200	5,100	200	300
Air Transportation	9,900	10,100	10,200	-200	-300	Food Stores	2,500	2,500	2,700	0	-200
Communications	5,500	5,600	5,400	-100	100	Eating & Drinking Places	10,000	10,200	9,700	-200	300
Electric, Gas & Sanitary Svcs.	2,800	2,900	2,800	-100	0	Finance/Insurance/Real Estate	7,600	7,700	7,600	-100	0
Trade	60,900	62,700	60,400	-1,800	500	Services & Misc.	41,800	42,500	40,000	-700	1,800
Wholesale Trade	8,800	9,200	8,900	-400	-100	Hotels & Lodging Places	3,300	3,500	3,300	-200	0
Retail Trade	52,100	53,500	51,500	-1,400	600	Business Services	7,700	7,800	7,200	-100	500
Gen. Merchandise & Apparel	10,200	10,000	10,200	200	0	Health Services	10,000	10,100	9,300	-100	700
Food Stores	6,700	6,800	6,800	-100	-100	Legal Services	1,200	1,200	1,200	0	0
Eating & Drinking Places	18,800	19,700	18,400	-900	400	Social Services	4,100	4,100	4,000	0	100
Finance/Insurance/Real Estate	12,900	13,200	12,900	-300	0	Engineering & Mgmt. Svcs.	5,400	5,400	5,300	0	100
Services & Misc.	79,700	82,200	76,800	-2,500	2,900	Government	28,900	27,600	28,800	1,300	100
Hotels & Lodging Places	9,100	10,200	9,100	-1,100	0	Federal	9,600	9,800	9,700	-200	-100
Business Services	10,000	10,200	9,600	-200	400	State	9,200	8,500	9,000	700	200
Health Services	18,300	18,300	17,200	0	1,100	Local	10,100	9,300	10,100	800	0
Legal Services	1,600	1,600	1,600	0	0						
Social Services	8,400	8,200	8,100	200	300						
Engineering & Mgmt. Svcs.	7,600	7,900	7,500	-300	100						
Government	75,600	71,700	74,700	3,900	900						
Federal	17,000	17,200	17,000	-200	0						
State	22,900	21,700	22,500	1,200	400						
Local	35,700	32,800	35,200	2,900	500						

Notes to Exhibits 2, 3, & 4—Nonagricultural excludes self-employed workers, fishers, domestics, and unpaid family workers as well as agricultural workers. Government category includes employees of public school systems and the University of Alaska.

Exhibits 2 & 3—Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Exhibit 4—Prepared in part with funding from the Employment Security Division.

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

3 Hours and Earnings

For selected industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	preliminary 9/01	revised 8/01	revised 9/00	preliminary 9/01	revised 8/01	revised 9/00	preliminary 9/01	revised 8/01	revised 9/00
Mining	\$1,369.63	\$1,466.69	\$1,443.34	45.7	49.4	51.9	29.97	29.69	27.81
Construction	1,344.74	1,370.69	1,336.70	46.1	48.4	47.1	29.17	28.32	28.38
Manufacturing	590.95	640.37	535.78	53.0	57.9	44.5	11.15	11.06	12.04
Seafood Processing	523.04	607.28	443.67	57.1	62.8	47.3	9.16	9.67	9.38
Transportation/Comm/Utilities	775.40	752.15	740.15	35.7	35.0	34.7	21.72	21.49	21.33
Trade	518.76	506.93	464.78	36.0	35.4	34.0	14.41	14.32	13.67
Wholesale Trade	824.04	759.46	682.10	42.0	40.7	38.8	19.62	18.66	17.58
Retail Trade	469.00	464.72	428.94	35.0	34.5	33.2	13.40	13.47	12.92
Finance/Insurance/Real Estate	671.91	622.69	645.55	37.6	36.5	36.7	17.87	17.06	17.59

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 2000

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

5 Unemployment Rates

By region and census area

(continued from page 13)

Annual employment growth continues

Alaska's economy continued its growth pattern with a 2.0% increase in wage and salary employment over September 2000. This increase represents a gain of 5,900 jobs compared to year-ago levels. (See Exhibit 2.) Construction (up 5.2%) and seafood processing (up 9.1%) saw particularly robust growth.

Although construction employment was down slightly from its peak level of summer activity, good weather and a multitude of projects extended the season and underscored the current strength of the industry. The seafood industry appeared to be in better shape than last year in the fall. The groundfish harvests proceeded on schedule in western Alaska and in the Gulf region. These large harvests coincided with the tail end of processing a remarkably abundant salmon harvest in Southeast Alaska. Caveats for the seafood industry still loom, however. Markets for Alaska salmon remained weak during the entire 2001 season. Commercial catches of groundfish could be impacted by regulatory intervention that aims to protect sea mammal habitat and conserve fish species. Despite over-the-year growth in September, the seafood industry faces long term challenges.

A steady performer

The state's gain in overall employment comes largely from the services industries. Nearly half of the new jobs created fall into this category. Specifically, health care services, a perpetual leader in job growth, was the strongest performer. Alaska's health care industry is seeing the benefits of widening its service repertoire. It is also reaping additional employment growth from the ongoing transition of the Alaska Native Hospital from a public to a private institution.

Small changes but some point at solid performance

Employment gains in other industries were broad-based but small. Retail's wave of expansion ebbed, though restaurant employment remained strong. In all, retail employment was up only 600 jobs from its

Not Seasonally Adjusted	preliminary 09/01	revised 08/01	09/00
United States	4.7	4.9	3.8
Alaska Statewide	5.2	5.0	5.2
Anch/Mat-Su Region	4.2	4.1	4.3
Municipality of Anchorage	3.9	3.7	3.9
Mat-Su Borough	5.8	5.7	5.9
Gulf Coast Region	7.3	6.4	8.4
Kenai Peninsula Borough	7.6	6.3	6.2
Kodiak Island Borough	7.5	8.1	16.5
Valdez-Cordova	6.1	4.5	4.8
Interior Region	5.1	4.8	4.9
Denali Borough	6.7	4.2	5.1
Fairbanks North Star Borough	4.7	4.4	4.4
Southeast Fairbanks	8.3	8.0	9.0
Yukon-Koyukuk	10.4	9.9	9.7
Northern Region	10.6	11.0	10.7
Nome	10.4	11.3	10.2
North Slope Borough	9.1	8.3	10.9
Northwest Arctic Borough	13.3	14.6	11.2
Southeast Region	5.0	4.5	4.6
Haines Borough	5.2	4.7	3.2
Juneau Borough	4.4	3.8	4.0
Ketchikan Gateway Borough	5.6	5.4	4.9
Prince of Wales-Outer Ketchikan	8.5	7.4	8.1
Sitka Borough	3.2	3.2	3.4
Skagway-Hoonah-Angoon	6.5	5.7	5.7
Wrangell-Petersburg	4.7	4.2	5.3
Yakutat Borough	5.4	10.2	6.1
Southwest Region	9.6	9.7	8.6
Aleutians East Borough	3.2	2.7	4.4
Aleutians West	5.5	5.7	5.4
Bethel	10.7	10.7	9.3
Bristol Bay Borough	8.3	7.1	6.1
Dillingham	8.4	7.8	5.6
Lake & Peninsula Borough	8.3	8.3	8.8
Wade Hampton	16.4	17.8	15.1
Seasonally Adjusted			
United States	4.9	4.9	3.9
Alaska Statewide	6.5	6.7	6.5

2000 Benchmark

Comparisons between different time periods are not as meaningful as other time series produced by Research and Analysis. The official definition of unemployment currently in place excludes anyone who has not made an active attempt to find work in the four-week period up to and including the week that includes the 12th of the reference month. Due to the scarcity of employment opportunities in rural Alaska, many individuals do not meet the official definition of unemployed because they have not conducted an active job search. They are considered not in the labor force.

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

September 2000 level. Employment growth in the oil industry has narrowed because the industry's strong rebound had already started in September 2000. But it retained a strong presence. Combined, public sector employment was up 900 jobs from year-ago levels. (See Exhibit 2.) On the local government level, growth came from education.

Airlines drag transportation employment negative

The only negative on September's annual industry balance sheet was transportation employment, with losses concentrated in the airlines. Aside from the September 11 events, whose effects will not be fully evident until later, the industry had experienced a business downturn dating from the beginning of the year. Some of the employment losses are attributable to the shutdown of Reeve Aleutian Airways and the closure of United Airline's cargo service. Atlas Air and Polar Air's announced cost-saving merger makes more employment losses likely. Further, Delta Air Lines will drop service in Fairbanks. Competition among the carriers and a slowdown of the global economy has affected both the airline passenger and cargo businesses throughout 2001.

Undoubtedly, the hardest blow to the industry will be the terrorist hijackings on September 11 and the resulting uncertainty of global events. For several days, all aircraft were grounded and the nation's airline operations were completely suspended, creating additional rifts in an already fragile business environment. How the industry will emerge from its current slump, how it will afford additional security, and what adjustments will be made locally are all hard to assess.

Immediate effects concentrate in specific industries

In addition to the airlines, related industries including hotels, freight forwarders, taxi cabs, and airport concessionaires came to a near standstill in

the days following the tragic events. The aftershocks extended to others as well. Several restaurants, for example, reported noticeable declines in business. Part of the loss was caused by the tightened security measures on the military bases and the alert status of military personnel, important clientele of Alaska's gastronomy. Consumer confidence was shaken nationwide, and undoubtedly left a mark on Alaska's retail market. Not even sizeable governmental cash injections in the form of federal tax relief checks and the Alaska Permanent Fund dividend could draw much public attention.

National events deflect attention from cash disbursements of near \$1.2 billion

This year Alaskans received a federal tax relief package that amounted to \$96.2 million. The first checks started to trickle in at the end of July and the last batch was mailed September 24. The tax reduction checks were based on federal income tax paid and filing status. Qualifying single taxpayers received a check of up to \$300. For heads of household and married couples filing jointly, the maximum amounts were \$500 and \$600 respectively. Tax rebates, which technically were advance tax reduction payments for the 2001 obligation, were sent to about 226,000 households in the state.

Alaska's Permanent Fund dividend check computed to \$1,850.28 for each eligible resident, the second highest dividend paid in history. The estimated total of the dividend distribution is about \$1.09 billion (see Exhibit 1), larger than Alaska's entire year 2000 retail industry payroll and more than eleven times the size of the federal tax rebate. Approximately 586,000 residents received the dividend check. Usually a spending spree follows the distribution date, and retailers start big advertising campaigns in September to promote specials for consumer goods and services. This year's advertisement climate in September, however, appeared cooler than usual.

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Employer Resources

Is the lack of bonding coverage keeping you from hiring someone? WE CAN HELP! The Fidelity Bonding Program is administered by the Alaska Department of Labor and Workforce Development, Employment Security Division. It is designed to eliminate bonding as a barrier to employment, and alleviate employer concerns about hiring at-risk job applicants. Go to: www.jobs.state.ak.us

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Page Topic
Is the lack of bonding coverage keeping you from working or from hiring someone?

WE CAN HELP!

The Fidelity Bonding Program is administered by the Alaska Department of Labor and Workforce Development, Employment Security Division. It is designed to eliminate bonding as a barrier to employment, and alleviate employer concerns about hiring at-risk job applicants.

Who is considered "at-risk"?

- Ex-offenders, including anyone with a record of arrest, conviction or imprisonment, and anyone who has ever been on probation or parole
- Ex-addicts (persons with a history of alcohol or drug abuse)
- Persons having a **poor credit record** or who have declared bankruptcy
- Economically disadvantaged persons who lack a work history**
- Individuals who were **dishonorably discharged from the military**
- Others who experience a barrier to gaining employment due to their personal background.

How Bonds can help

- Employers receive the bonds free-of-charge as an incentive to hire hard-to-place job applicants.
- The bond insurance reimburses the employer for any loss due to employee theft of money or property.
- There is no deductible amount (i.e., 100% bond insurance coverage).