

ALASKA ECONOMIC **TRENDS**

AUGUST 2009

The Cost of Living in Alaska

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Northwest Arctic Borough

A look at an economy in the remote north

Employment Scene

Alaska's economy affected by national recession



**ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT**

**Sean Parnell, Governor
Commissioner Click Bishop**

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& WORKFORCE DEVELOPMENT

Sean Parnell, Governor of Alaska
Commissioner Click Bishop

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Cover:

A photo of one-gallon milk cartons for sale in Bethel taken at 3 p.m. July 14.
(Photo by Alyssa Shanks)

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Correction

In *Trends'* July 2009 issue, Exhibit 9 listed the incorrect employer as the largest private sector employer in the Northwest Arctic Borough. The largest was the Maniilaq Association. Also, the Nome area should have been listed as the Nome Census Area.



Northwest to Alaska

By Commissioner Click Bishop

This month's *Trends* profiles Alaska's Northwest Arctic Borough, which has been home to Alaska Natives for many centuries.

Its remote location, encompassing Kotzebue Sound off the Chukchi Sea, is accessible year-round only by plane. Although there are no roads, some of its 11 communities can be reached by snow machine and dog-sled routes. Government, health care and mining are the area's largest sources of employment. Residents also rely heavily on subsistence fishing, hunting and gathering.

The high cost of living is directly linked to energy costs. In Kotzebue, residential heating fuel is a staggering \$6.35 per gallon.

This illustrates clearly that we must ensure Alaska's resources power Alaskans' homes. While we continue to move forward with AGIA, we are also addressing the energy needs of all Alaskans. Our in-state gas team is exploring the best possible options for producing and delivering in-state natural gas.

It's important that we consider the potential of all sources of gas, including Gubik, the Nenana Basin and Cook Inlet.

Cost of Living

In a state where heating homes and transportation are major expenses, the cost of energy impacts the cost of living for all Alaskans. It's a double-edged sword, as oil funds about 85 percent of Alaska's state budget. Recent oil prices ranging from a high of \$140 per barrel down to \$30 have caused the Anchorage Consumer Price Index to surge upward, then flatten – from 4.6 in 2008 to 1.3 for the first half of 2009. Anchorage is the only city in Alaska for which a CPI is calculated.

In May, the Department of Administration released the Alaska Geographic Differential Study . The study reports that cost differences among cities on Alaska's limited road system haven't changed much. But places off the road system, including Interior and Southeast Alaska, have become even more expensive than they used to be.

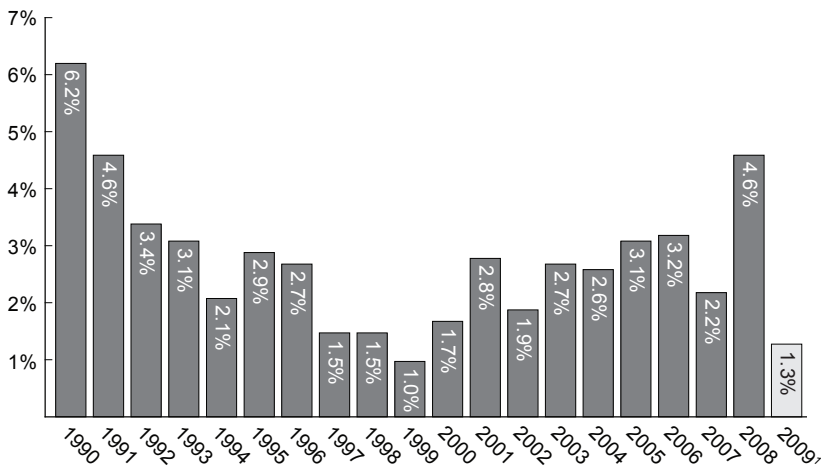
The geographic differential was established in Alaska Statute in 1961 to address differences in the cost of living in different areas of the state. But as important, it's a comprehensive study that compares the costs of living in one part of the state with another. The original study was completed in 1985, also by the McDowell Group in Juneau.

Volatile energy prices and a new geographic study

In Alaska, oil prices are usually discussed in the context of their impact on state revenue and budgets. With no state sales or income taxes, oil generates the dominant share of what state government spends.

But oil prices also have a large effect on consumer prices in a state where heating homes and transporting goods are major expenses. Oil prices shot up above \$140 in 2008 before falling back to around \$30 later in the same year. That unprecedented volatility affected Alaskans' household expenses in a variety of ways.

1 Energy Accounts for Recent Volatility Change in Anchorage CPI-U, 1990 to 2009



¹ The CPI for 2009 is the percent increase in the index from the first half of 2008 to the first half of 2009. All of the other percentages are the average of the index increases from the first and second halves of the previous years.

Source: U.S. Department of Labor, Bureau of Labor Statistics

Two ways to look at the cost of living

There are two basic ways to look at the cost of living. One is to examine the changes in prices over time. For that, the Consumer Price Index¹ is the most frequently used. It's referred to generically as the inflation rate and is used to adjust salaries and rents, among other things, so they keep pace with inflation.

The other way to measure the cost of living is to compare the costs of different locations during the same time period. This is the type of information that helps a person trying to decide whether it makes economic sense to relocate from one city to another or a company trying to equalize wages for employees in different cities. There are a variety of these types of measures available.

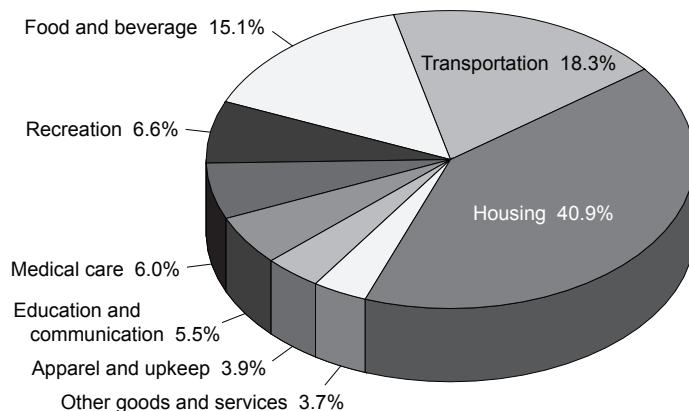
High 2008 inflation, then a big drop in 2009

The Anchorage CPI² rose 4.6 percent in 2008 – the highest annual increase since 1991 – be-

¹ All references to the CPI in this article are to the CPI-U (Consumer Price Index for all Urban Consumers), produced by the U.S. Department of Labor's Bureau of Labor Statistics unless otherwise specified.

² Anchorage is the only Alaska city for which a consumer price index is calculated. A national CPI is produced every month and monthly CPI data are also available for the nation's four Census regions (Northeast, Midwest, South and West) and for three major metropolitan areas. Data for 11 smaller metropolitan areas are produced every two months. Anchorage is in a group of 13 smaller metropolitan areas for which data are published every six months.

2 Most is Spent on Housing CPI weighting, December 2008



Source: U.S. Department of Labor, Bureau of Labor Statistics

fore falling to just 1.3 percent in the first half of 2009. (See Exhibit 1.) Despite the national recession and all the economic uncertainty of the last year, the explanation for both the high 2008 number and the low 2009 number is relatively simple: oil prices and related energy costs.

The overall index number is made up of eight different components or categories representing the different goods and services people spend money on. Each of the components is weighted in the overall index according to how large a share it makes up of the average consumer's expenditures. (See Exhibit 2.) The weights are adjusted periodically based on regular consumer surveys.

Of the eight components, the most notable change in the first half of 2009 compared to the first half of 2008 was transportation's drop of 5.4 percent. (See Exhibit 3.) The 3.9 percent increase in housing costs is potentially misleading since that number doesn't represent actual housing prices.

The Bureau of Labor Statistics tries to exclude the part of housing costs that is considered investment³ with a complicated method that attempts to determine how much home owners could charge in rent for their houses, rather than just assessing what they're worth on the market.

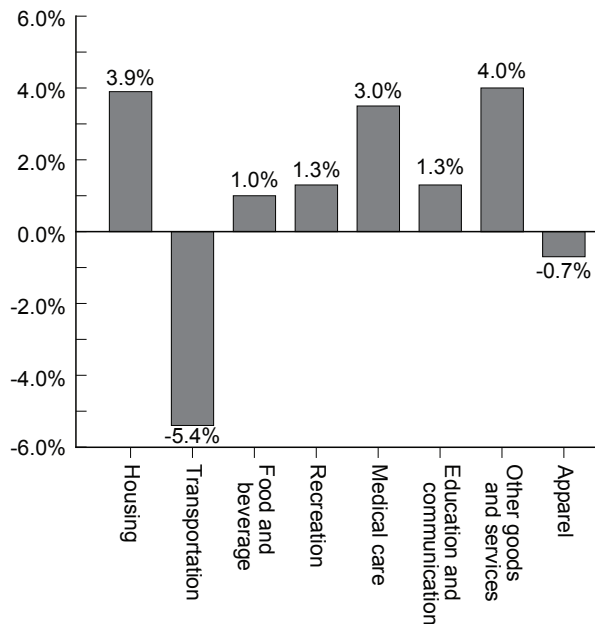
An unfamiliar direction for energy costs

Energy costs are not one of the eight separate components of the CPI, but they make up much of the transportation component and also affect, in differing degrees, the other seven.

As most consumers can attest, prices usually

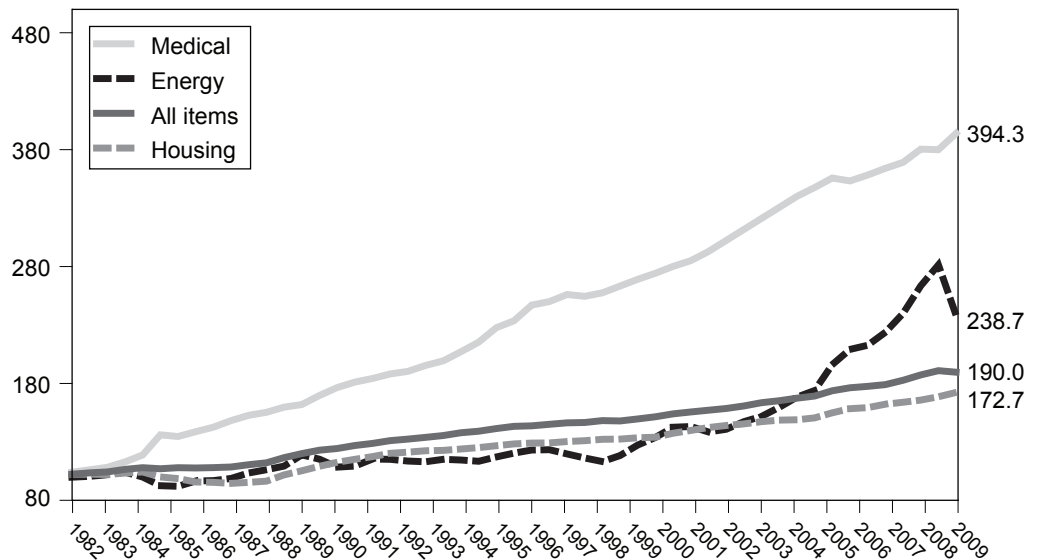
³ Investments and other savings are not included in the CPI data since they are not considered expenditures.

Behind the 1.3 Percent Increase Increase by major CPI components, 2009¹ **3**



¹ Increase from first half of 2008 to first half of 2009
Source: U.S. Department of Labor, Bureau of Labor Statistics

Health Care and Energy Costs Stand Out Anchorage CPI, selected components, 1982 to 2009 **4**



Source: U.S. Department of Labor, Bureau of Labor Statistics

move in only one direction – up. Energy costs were an exception in the first half of 2009, providing welcome relief after several consecutive years of big increases. (See Exhibit 4.) The big decline in oil prices worked their way into significantly lower prices for everything from home heating oil to motor fuel.

5 Alaska's Wide Variety of Living Costs Geographic cost differentials by area, 2008

Anchorage	1.00
Mat-Su	0.95
Glennallen Region	0.97
Parks/Elliott/Steese Highways	1.00
Kenai Peninsula	1.01
Southeast Small Communities	1.02
Fairbanks	1.03
Delta Junction/Tok Region	1.04
Southeast Mid-Size Communities	1.05
Prince William Sound	1.08
Ketchikan/Sitka	1.09
Juneau	1.11
Kodiak	1.12
Roadless Interior	1.31
Southwest Small Communities	1.44
Arctic Region	1.48
Bethel/Dillingham	1.49
Aleutian Region	1.50

Source: The McDowell Group

6 Geographic Cost Differentials By community, 2008

Anchorage	1.00
Homer	1.01
Ketchikan	1.04
Petersburg	1.05
Valdez	1.08
Cordova	1.13
Sitka	1.17
Dillingham	1.37
Nome	1.39
Barrow	1.50
Bethel	1.53
Unalaska/Dutch Harbor	1.58
Kotzebue	1.61

Note: Anchorage was used as the base city and assigned a value of 1.00 from which comparisons of the other areas could be made. For example, Mat-Su's index number of 0.95 means that living costs there are 95 percent as high as Anchorage's; the Aleutian region's 1.50 index number means costs there are 150 percent as high as in Anchorage.

Source: The McDowell Group

Although energy costs have received much of the attention in recent years, over the longer term, nothing rivals the increase in health care costs. Since the mid-1980s, the cost of health care has risen more than twice as much as either housing or the broad all-items index.

The CPI can't be used for geographic comparisons

The CPI attempts to measure how much prices are rising over time, but it's not designed to say whether one location is more expensive than another. For that, a variety of other measures and studies are available.

The State of Alaska has a new cost of living standard

For the first time in nearly 25 years, Alaska's state government has a new comprehensive intrastate cost differential study. The state contracted with McDowell Group, a Juneau-based research and consulting firm, to update their 1985 study for the state.

Although the primary purpose for updating the study was to help the State equalize pay for state employees, it will also be useful to individuals and organizations because of its comprehensiveness – all areas of the state are covered – and detail. The study will answer almost any cost of living question that involves comparing the costs of one part of the state with another, whether it be a broad overall comparison of costs or a more detailed look at costs for food, clothing, housing, transportation, medical care or any of a number of other specific categories.⁴

Using data gathered from 2,547 household surveys in 74 communities and 634 retail outlet surveys in 58 communities, the study divides the state into 18 blocks with common demographic and geographic characteristics. (See Exhibit 5.) In addition to the 18 blocks, data for 12 individual communities that were large enough to provide statistically reliable data were published – not counting the ones that themselves made up a block such as Anchorage, Fairbanks and Juneau. (See Exhibit 6.)

Anchorage was used as the base city and assigned a value of 100 from which comparisons of the other areas could be made. Mat-Su's index number of 0.95, for example, means that living costs there are 95 percent as high as Anchorage's while the Aleutian region's 1.50 index number means costs there are 150 percent as high as in Anchorage.

Comparing the 2008 study with the one done in 1985 reveals that the cost differential of cities on Alaska's relatively limited road system haven't

⁴ The full report is available on the Alaska Department of Administration Web site. Go to alaska.gov, click on "Departments" in the gold ribbon at the top, then "Administration." Then click on the heading, "Department of Administration," and "Alaska Geographical Differential Study" under "Quick Links."

changed much, but places off the road system have become even more expensive relative to Anchorage than they used to be. In the new study, Kotzebue's 161 index number was the highest and most of the remote areas exceeded 130.

The next highest category was communities that were off the road system but connected by the Alaska Marine Highway. These communities included Kodiak, Cordova, Juneau, and Sitka, among others. Communities with lower overall costs than Anchorage were those on the road system with housing costs below those in Anchorage.

ACCRA data show Alaska cities' high costs

Every quarter the ACCRA⁵ Cost of Living Index provides comparisons of living costs for about 300 urban areas in the United States. ACCRA's focus is on professional and managerial households with incomes in the top 20 percent for the area. It's often used by companies trying to equalize pay for their employees in different U.S. locations.

The annualized data for 2008 show that the three Alaska cities included in the ACCRA data were all at least 25 percent more expensive than the average ACCRA city. (See Exhibit 7.) Of the six detailed categories studied, the three Alaska cities all had higher than average costs with the exception of Anchorage utility costs.

Alaska Cities Generally More Expensive ACCRA¹ cost of living index, selected cities, 2008



	Items Index Costs	Grocery Items	Housing	Utilities	Transportation	Health Care	Miscellaneous Goods and Services
Anchorage	125.5	142.5	136.4	97.7	106.9	130.1	123.7
Fairbanks	136.1	125.9	149.6	199.2	110.8	140.2	117.0
Kodiak	125.1	149.1	116.8	146.2	116.4	128.0	119.5
West							
Portland, Ore.	116.1	106.9	132.2	92.9	108.6	106.5	116.2
Honolulu	162.8	155.8	252.5	134.4	116.5	111.4	116.8
San Francisco	172.1	128.6	292.9	98.6	113.4	120.3	130.5
Las Vegas	107.9	101.0	129.1	93.8	102.6	104.3	98.2
Reno, Nev.	110.6	110.4	123.7	94.4	102.1	110.0	106.8
Seattle	123.0	117.2	151.2	83.8	110.5	120.8	116.5
Spokane, Wash.	92.6	99.7	79.1	82.2	103.8	108.3	99.2
Tacoma, Wash.	109.9	116.0	118.7	83.1	106.9	122.8	107.4
Bellingham, Wash.	112.6	114.1	132.0	79.9	108.0	114.8	106.2
Boise, Idaho	95.8	94.4	87.7	91.0	102.5	102.8	101.7
Bozeman, Mont.	107.6	105.0	118.9	103.9	98.0	100.3	104.0
Cheyenne, Wyo.	101.5	110.0	104.5	108.9	95.9	97.9	95.7
Laramie, Wyo.	103.3	116.4	110.7	99.0	97.9	96.2	96.8
Southwest/Mountain							
Cedar City, Utah	92.0	98.7	89.5	80.1	97.2	87.7	94.2
Phoenix	101.1	103.4	100.1	90.9	100.2	99.4	104.8
Denver	105.0	108.5	110.3	96.3	97.2	105.8	104.0
Dallas	92.1	99.8	70.8	105.3	102.9	104.3	98.9
Midland, Texas	93.3	93.8	83.8	103.1	96.4	94.1	97.3
Midwest							
Fargo, N.D./Morehead, M.N.	93.3	99.4	83.7	102.1	94.8	98.4	95.8
Cleveland	96.3	103.2	87.2	105.9	100.1	103.1	96.8
Chicago	112.5	106.9	129.2	117.9	108.7	103.1	100.8
Southeast							
Orlando, Fla.	101.0	101.5	89.9	102.1	104.6	96.3	109.6
Mobile, Ala.	94.2	101.4	81.0	103.9	96.5	87.9	100.2
Atlanta, Ga.	97.2	98.9	91.3	87.6	103.0	102.0	102.1
Atlantic/New England							
New York City/Manhattan	219.8	142.4	409.6	167.3	120.2	132.6	141.8
Boston	133.6	115.9	156.7	140.6	108.1	133.6	126.4
Philadelphia	123.9	124.9	144.5	118.2	104.1	109.0	115.7

Note: Index numbers represent a comparison to the average for all cities for which ACCRA volunteers collected data.

¹ The ACCRA Cost of Living Index was originally produced by the American Chamber of Commerce Researchers Association. It's now produced by The Council for Community and Economic Research. The focus of the index, which has been published since 1968, is on professional and managerial households with incomes in the top 20 percent for the area.

Source: ACCRA Cost of Living Index

A bit of caution is in order for the Fairbanks housing costs, however, which are almost certainly too high. All other sources of housing data, including surveys of housing costs and McDowell Group's 2008 study, show Fairbanks' housing costs well below those of Anchorage and Kodiak.

ACCRA identified New York City-Manhattan as the most expensive city in the nation for the income group studied. Manhattan's index number

⁵ The ACCRA Cost of Living Index was originally produced by the American Chamber of Commerce Researchers Association, which gave the index its acronym. It's now produced by The Council for Community and Economic Research.

8 Low-Income Households Come Closer to Average

Runzheimer plan of living cost standards, February 2008

	Total Costs	Percent of Standard City	Taxation	Percent of Standard City	Transportation	Percent of Standard City	Housing	Percent of Standard City	Miscellaneous Goods and Services	Percent of Standard City
Alaska Composite	\$39,417	123.2%	\$2,448	80.5%	\$4,749	113.6%	\$24,498	136.7%	\$7,722	112.6%
Anchorage	\$41,522	129.8%	\$2,448	80.5%	\$4,934	118.0%	\$26,471	147.7%	\$7,669	111.8%
Fairbanks	\$35,112	109.7%	\$2,448	80.5%	\$4,714	112.8%	\$20,351	113.6%	\$7,599	110.8%
Juneau	\$41,616	130.1%	\$2,448	80.5%	\$4,599	110.0%	\$26,672	148.9%	\$7,897	115.1%
West										
Bellingham, Wash.	\$35,414	110.7%	\$2,448	80.5%	\$4,514	108.0%	\$20,994	117.2%	\$7,458	108.7%
Bend, Ore.	\$38,237	119.5%	\$2,723	89.5%	\$4,205	100.6%	\$24,635	137.5%	\$6,674	97.3%
Honolulu	\$57,071	178.3%	\$2,448	80.5%	\$5,240	125.4%	\$40,689	227.1%	\$8,694	126.7%
Lancaster, Calif.	\$37,149	116.1%	\$2,448	80.5%	\$4,865	116.4%	\$21,686	121.0%	\$8,150	118.8%
Los Angeles, Calif.	\$62,636	195.7%	\$2,448	80.5%	\$6,132	146.7%	\$45,824	255.7%	\$8,232	120.0%
Reno, Nev.	\$37,879	118.4%	\$2,448	80.5%	\$4,632	110.8%	\$23,380	130.5%	\$7,419	108.1%
Southwest/Mountain										
El Paso, Texas	\$29,894	93.4%	\$2,448	80.5%	\$4,377	104.7%	\$16,443	91.8%	\$6,626	96.6%
Fort Collins, Colo.	\$31,446	98.3%	\$2,736	89.9%	\$4,507	107.8%	\$17,645	98.5%	\$6,558	95.6%
Lake Havasu City, Ariz.	\$34,868	109.0%	\$2,610	85.8%	\$4,479	107.2%	\$20,667	115.3%	\$7,112	103.7%
Pinehurst, Idaho	\$27,367	85.5%	\$2,674	87.9%	\$4,182	100.0%	\$14,356	80.1%	\$6,155	89.7%
Salt Lake City, Utah	\$32,033	100.1%	\$2,808	92.3%	\$4,442	106.3%	\$18,294	102.1%	\$6,489	94.6%
Midwest										
Highland, Mich.	\$34,043	106.4%	\$2,448	80.5%	\$5,394	129.0%	\$19,118	106.7%	\$7,083	103.3%
Rapid City, S.D.	\$26,398	82.5%	\$2,448	80.5%	\$4,182	100.0%	\$13,607	75.9%	\$6,161	89.8%
Shawnee, Okla.	\$24,988	78.1%	\$3,181	104.6%	\$4,414	105.6%	\$10,960	61.2%	\$6,433	93.8%
Verndale, Minn.	\$30,176	94.3%	\$2,448	80.5%	\$4,605	110.2%	\$16,416	91.6%	\$6,707	97.8%
Southeast										
Augusta, Ga.	\$24,178	75.6%	\$3,033	99.7%	\$4,650	111.2%	\$10,175	56.8%	\$6,320	92.1%
Columbia, S.C.	\$26,042	81.4%	\$2,625	86.3%	\$4,280	102.4%	\$12,747	71.1%	\$6,390	93.1%
Cape Coral, Fla.	\$38,415	120.0%	\$2,448	80.5%	\$4,554	108.9%	\$24,508	136.8%	\$6,905	100.7%
Hessmer, La.	\$26,616	83.2%	\$3,036	99.8%	\$4,869	116.5%	\$12,057	67.3%	\$6,654	97.0%
Atlantic/New England										
Fairfax, Va.	\$44,941	140.4%	\$2,603	85.6%	\$4,645	111.1%	\$30,162	168.3%	\$7,531	109.8%
New York	\$55,946	174.8%	\$2,463	81.0%	\$5,441	130.2%	\$39,278	219.2%	\$8,764	127.8%
Egg Harbor City, N.J.	\$45,423	141.9%	\$2,743	90.2%	\$5,272	126.1%	\$30,547	170.5%	\$6,861	100.0%

Note: This exhibit shows how much more or less it would cost for a family of four to live in different cities while maintaining the same standard of living.
Source: Runzheimer International, Runzheimer's Living Cost Index, February 2008

of 219.8 means living costs there are more than twice as high as the average ACCRA city. The next highest cost city was San Francisco with an ACCRA index of 172.1.

A similar story for lower income households

The Runzheimer Plan of Living Cost Standards compares living costs at the other end of the income spectrum. The Runzheimer study is designed to show how much more or less it would cost for a family of four to live in different cities while maintaining the same standard of living.

According to the Runzheimer study, a family of four in Alaska would need at least 9.7 percent

more income and as much as 30.1 percent more income to keep the same standard of living as in the standard Runzheimer city. (See Exhibit 8.) The one advantage Alaska households have over the standard city is a lower than average tax burden.

Food costs about half as much in Fairbanks as it does in Barrow

Four times a year the University of Alaska Fairbanks' cooperative Extension Service posts the results of its Food Costs Survey. The survey covers a long list of Alaska communities and Portland, Ore. The price comparisons are made on a low-expense combination of food items that meet the minimum required levels of nutrition.

The survey also gathers information on costs for heating oil, gasoline costs and other things.

According to the March 2009 survey, a family of four enjoyed the lowest food costs in urban areas such as Fairbanks, Anchorage and Palmer-Wasilla. (See Exhibit 9.) The higher-cost communities such as Barrow, Dillingham, Nome and Bethel were those that had to rely on air transport for their food items much of the year.

Gas at \$9 per gallon in Arctic Village

According to the Alaska Department of Commerce, Community and Economic Development's semi-annual survey of fuel prices in 100 Alaska communities, the trickle down effect of falling oil prices hasn't yet made it to Arctic Village and a number of other Alaska communities. The February data show that regular gasoline costs \$9 in Arctic Village and nearly as much in a number of other communities. (See Exhibit 10.)

Not surprisingly, there was a noticeable correlation between costs and the methods by which the fuel had to be transported. Another thing the data show is the lag between the fall of oil prices and the time when rural consumers get the benefit of the lower prices. The prices in the remote communities reflect those from the summer of 2008, when oil was at its peak levels and when the fuel was delivered by barge. In contrast, the fuel prices for communities on the road system or those with year-round ice-free ports such as the Southeast communities reflect more current fuel prices.

The cost of owning and renting a home in Alaska

Under a contract with the Alaska Housing Finance Corporation, the Alaska Department of Labor and Workforce Development collects several types of housing data for 10 boroughs and census areas. (See Exhibits 11, 12 and 13.) For the first quarter of 2009, the average price of homes sold was highest in Anchorage and lowest in the Kenai Peninsula Borough.

Rent for a two-bedroom apartment showed roughly the same pattern of high and low cost

Rural Alaskans Pay More Food, fuel and lumber costs, March 2009

9

	Food at Home for a Week ¹	One Gallon Heating Oil	One Gallon Gasoline	One Gallon Propane	Lumber 2x4x8
Anchorage	\$128.16	\$2.83	\$2.16	\$4.33	\$1.95
Barrow	\$333.00	--	--	--	--
Bethel	\$263.36	\$6.00	\$5.59	\$8.43	\$5.13
Cordova	\$208.17	\$3.30	\$3.50	\$4.77	\$4.48
Delta	\$171.93	\$2.32	\$2.76	\$3.15	\$2.95
Dillingham	\$274.70	\$6.28	\$6.33	\$6.84	\$5.75
Fairbanks	\$125.87	\$2.48	\$2.43	\$3.52	\$4.22
Homer	\$169.52	\$1.83	\$2.72	\$3.19	\$2.43
Juneau	\$143.83	\$2.87	\$2.34	\$3.17	\$2.49
Kenai - Soldotna	\$149.09	\$1.73	\$2.57	\$3.85	\$2.28
Ketchikan	\$150.33	\$2.69	\$2.10	\$3.58	\$2.39
Nome	\$216.74	\$5.29	\$4.99	\$7.17	\$5.99
Palmer - Wasilla	\$126.25	\$2.69	\$2.36	\$4.20	\$2.47
Portland, Ore.	\$102.36	\$2.78	\$1.96	\$2.85	\$1.68
Seward	\$186.20	\$2.13	\$2.79	\$3.64	\$2.60
Sitka	\$176.74	\$2.50	\$2.47	\$3.59	\$2.58
Valdez	\$174.19	\$2.53	\$2.96	\$3.30	\$4.25

¹ The weekly cost for a family of four with children ages 6 to 11.
Source: University of Alaska Fairbanks, Cooperative Extension Service

Rural Alaska Pays Fuel Premium Fuel price survey, February 2009

10

Selected Communities ¹	One Gallon Heating Oil	One Gallon Gasoline	Method of Transportation
Akiak	\$6.45	\$6.25	Barge
Arctic Village	\$9.50	\$9.00	Air
Atkasuk ²	\$1.40	\$4.10	Barge/Air
Barrow ³	--	\$4.50	Barge
Brevig Mission	\$7.00	\$6.80	Barge
Chenega Bay	\$5.60	\$5.70	Barge
Delta Junction	\$2.36	\$2.70	Truck
Dillingham	\$6.12	\$5.76	Barge
Emmonak	\$8.71	\$7.25	Barge
Fairbanks	\$2.23	\$2.47	Refinery/Truck
Gambell	\$7.88	\$7.26	Barge
Homer	\$2.08	\$2.69	Barge/Truck
Hoonah	\$3.50	\$2.89	Barge
Hooper Bay	\$7.37	\$7.16	Barge
Huslia	\$7.00	\$7.00	Barge
Hughes	\$8.55	\$8.50	Air
Juneau	\$3.02	\$2.20	Barge
Kodiak	\$3.10	\$2.85	Barge
Kotzebue	\$6.35	\$7.25	Barge
Nelson Lagoon	\$5.96	\$5.71	Barge
Nenana	\$2.53	\$2.76	Truck
Nondalton	\$5.35	\$5.95	Air
Petersburg	\$2.62	\$2.63	Barge
Port Lions	\$7.42	\$6.66	Barge
Russian Mission	\$6.15	\$6.05	Barge
Unalaska	\$3.44	\$3.00	Barge
Valdez	\$2.65	\$2.86	Refinery/Barge

¹ This is just a partial list of the 100 communities surveyed.

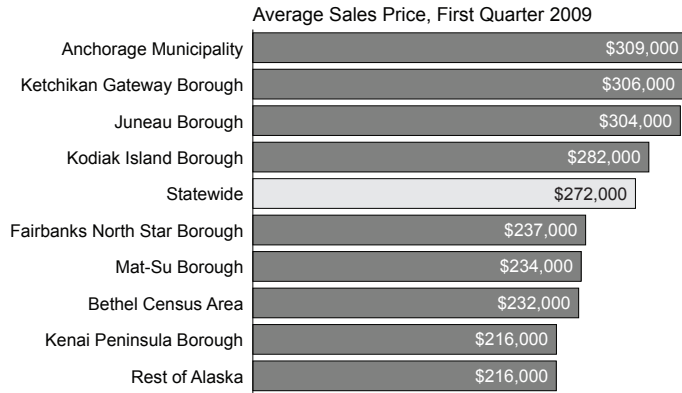
² The North Slope Borough subsidizes heating fuel prices.

³ Barrow uses natural gas as a source of heat.

Source: Department of Commerce, Community and Economic Development, Current Community Conditions: Fuel Prices Across Alaska, February 2009 Update. More current 2009 data be available in August.

11 The Cost of Single-Family Homes

Costs are highest in Anchorage



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; Alaska Housing Finance Corporation, Alaska Quarterly Survey of Mortgage Lending Activity

areas with Valdez-Cordova being the most expensive location and Wrangell-Petersburg the least. Overall, Anchorage, Juneau and Kodiak tended to be more expensive places to both own and rent and the Kenai Peninsula and Mat-Su boroughs were less expensive.

Affordability index combines housing costs with wages

High housing costs don't necessarily make housing less affordable to people living in the area if wages are at least high enough to compensate. The Alaska Housing Finance Corporation's affordability index combines wage and housing data to determine the average number of wage earners it would take in 10 different locations to afford the average sales price of a house in the area. (See Exhibit 13.)

Although the Mat-Su Borough has some of the lowest-cost housing in the state, housing there is no more affordable for people who both live and work in the borough than it is for people who both live and work in Anchorage. The reason is that wages are also lower than average for Mat-Su workers.

The lowest cost combination of the areas studied is for people who work in Anchorage – earning higher than average wages – and live in the Mat-Su Borough's less expensive housing. Of the area's studied, housing is least affordable in Juneau, where it takes 2.1 wage earners to afford the average house. That's the result of Juneau having a combination of wages that are below the statewide average and housing costs that are above it.

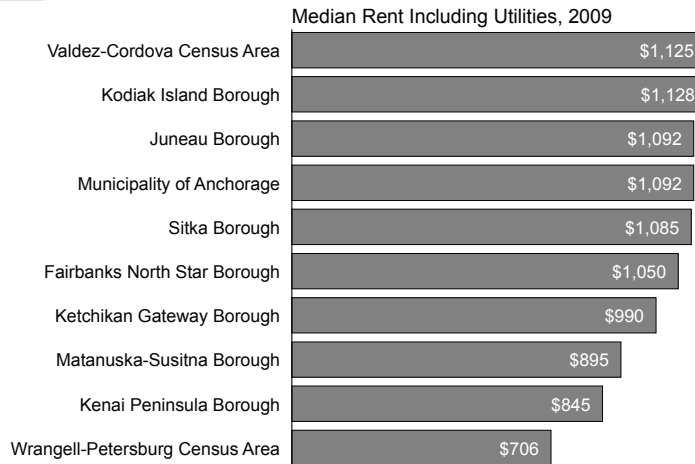
Military cost-of-living index

To equalize payments to military personnel, the Department of Defense produces a cost-of-living index for all of its overseas locations and includes Alaska and Hawaii in the index. The index doesn't include housing costs, which are covered by a separate calculation, but does compare prices for about 120 goods and services including food, clothing, transportation, medical care and utilities.

The index is an asset to any discussion of Alaska's cost of living because it includes 24 Alaska

12 Rent for a Two-Bedroom Apartment

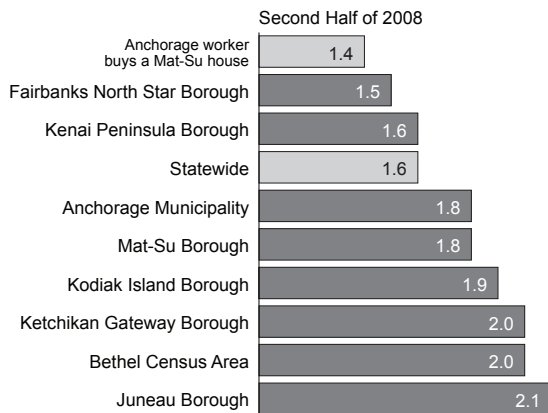
Wrangell-Petersburg pays the least



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; Alaska Housing Finance Corporation, 2009 Rental Market Survey

13 Where is Housing Most Affordable?

Wage earners needed to buy average house



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; Alaska Housing Finance Corporation

communities. The 2009 index shows especially high prices in Barrow, Bethel, Nome and Wainwright and lower prices in Wasilla, Anchorage and Fairbanks, among others. (See Exhibit 14.)

For the most part, the military index confirms what the other measures and studies show: in Alaska, unlike most of the rest of the country, rural living generally means expensive living because of the high cost of transporting food, fuel and other goods.

Military Cost-of-Living Allowances OCONUS¹ Index, Alaska 2009

14

Wasilla	120
Anchorage	122
Clear AFS	124
College	124
Fairbanks	124
Delta Junction	126
Juneau	128
Kodiak	128
Spuce Cape	128
Unalaska	128
Homer	130
Kenai (includes Soldotna)	130
King Salmon (includes Bristol Bay Borough)	130
Seward	130
Tok	132
Cordova	134
Valdez	134
Sitka	136
Ketchikan	138
Petersburg	138
Barrow	152
Bethel	152
Nome	152
Wainwright	152

¹ OCONUS is an acronym for Outside the Continental U.S. Alaska is counted as an OCONUS location for purposes of the index.

Source: Department of Defense, effective date June 2009.

A Safety Minute

Reporting Accidents in Alaska

Alaska Statute 18.60.058 requires that an employer report any accident which causes in-patient hospitalization of one or more employees. The report can be made in person to the nearest office of the Division of Labor Standards and Safety:

Anchorage: 3301 Eagle Street, Suite 305
 Juneau: 1111 West 8th Street, Suite 304
 Fairbanks: 675 7th Avenue, Station J1

or by telephone to: (800) 770-4940 (Toll Free from within Alaska) or
 (907) 269-4940 (8 a.m. to 5 p.m. Monday - Friday; Alaska time)

or by telephone to: The Federal OSHA accident reporting toll free number
 (800) 321-6742 (After 5 p.m. or on weekends and holidays)

The report must relate the following:

- The name of the establishment
- The location and time of the accident
- A contact person and their telephone number
- A brief description of the accident
- The number of fatalities or hospitalized employees
- The extent of any injuries.

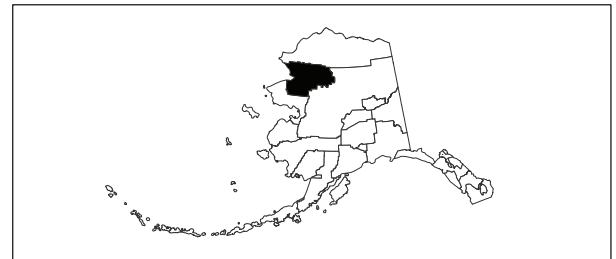
The report must be made immediately but no more than **eight hours after** receipt by the employer of information that the accident has occurred.

A look at an economy in the remote North

The Arctic Circle runs right through the Northwest Arctic Borough, which is in northwest Alaska and is about the size of Indiana. The borough stretches across 35,989 square miles of land and 4,864 square miles of water. It is bordered on the north by the North Slope Borough and on part of the west by the Chukchi Sea.

The Northwest Arctic Borough is made up of 11 communities including Kotzebue, its regional hub and borough seat of government. The borough was formed in 1986 when its population was 5,400. (See Exhibit 1.) It has since grown to 7,400 in 2008, but the density is still less than one person for every four square miles.

The borough was formed along the same boundaries as the land owned by the NANA



Regional Corporation, one of the state's 13 Native regional corporations created under the Alaska Native Claims Settlement Act of 1971. The borough's 11 villages formed village corporations under ANCSA as well.

The borough's residents are primarily Inupiat Eskimo. Northwest Alaska has been inhabited by their ancestors and the ancestors of other indigenous groups for more than 10,000 years. Some of the communities in the borough started as hunting camps or winter villages and have been inhabited for generations. Others developed around churches, points of trade, schools or mining camps.

The borough's communities are not connected by roads. Instead, people travel mostly by plane – Kotzebue, for instance, gets daily jet service from Anchorage. Small propeller-driven planes serve the area villages outside of Kotzebue.

Other popular modes of travel are by snow machine, four-wheeler and dog sled. There are cars and trucks, most of which are in Kotzebue. In winter months, vehicles travel on ice roads between communities. Ice roads are paths over the frozen rivers and sloughs scraped free of snow wide enough for vehicles to travel upon. In the warmer months small boats are used to travel between communities along the rivers.

Government, health care and mining, in that order, are the borough's biggest industries as

1 Borough Communities are Growing Population and enrollment, 2000 and 2008

Area Name	Year of Incorporation	Population		K-12 School Enrollment 2008-2009
		Estimate 2008	Census 2000	
Northwest Arctic Borough	1986	7,407	7,208	1,862
Ambler	1971	259	309	57
Buckland	1966	458	406	158
Deering	1970	133	136	29
Kiana	1964	383	388	102
Kivalina	1969	406	377	108
Kobuk	1973	109	109	35
Kotzebue	1958	3,126	3,082	701
Noatak CDP ¹		512	428	149
Noorvik	1964	642	634	198
Red Dog Mine CDP ¹		34	32	0
Selawik	1977	846	772	252
Shungnak	1967	272	256	73
Remainder of Northwest Arctic Borough		227	279	0

Notes:

All communities listed are Alaska Native Village Statistical Areas, with the exception of the Red Dog Mine Census Designated Place. A Census Designated Place is a closely settled unincorporated population center; an ANVSA is the settled area associated with each Alaska Native Village.

¹ CDP is an abbreviation for Census Designated Place.

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section, Demographics Unit; Alaska Department of Education and Early Development; U.S. Census Bureau

far as employment. And, like elsewhere in Alaska, particularly in the Bush, residents rely heavily on subsistence hunting and fishing as a means of supplementing these wage and salary jobs.

A young population

The 2008 median age of population in the Northwest Arctic Borough was just under 23 years old, making it the state's second-youngest borough or census area, behind only the Wade Hampton Census Area with a median age of 19.4. (The state's was 33.5 years in 2008.) Thirteen percent of the Northwest Arctic Borough's population was under 5 in 2008, compared to 8 percent statewide.

A young borough population translates to higher birthrates. The borough's birthrate in 2008 was the highest of all Alaska's boroughs and census areas at 29.1 births per 1,000 residents. In comparison, the North Slope Borough's was 27.4, and the Bethel Census Area's was 26.3; Anchorage Municipality's was 15.8.

Despite the high birthrate, the borough's recent population growth has been fairly modest. (See Exhibit 2.) Since 2000, the borough has grown less than 3 percent while the state has increased by 7.5 percent.

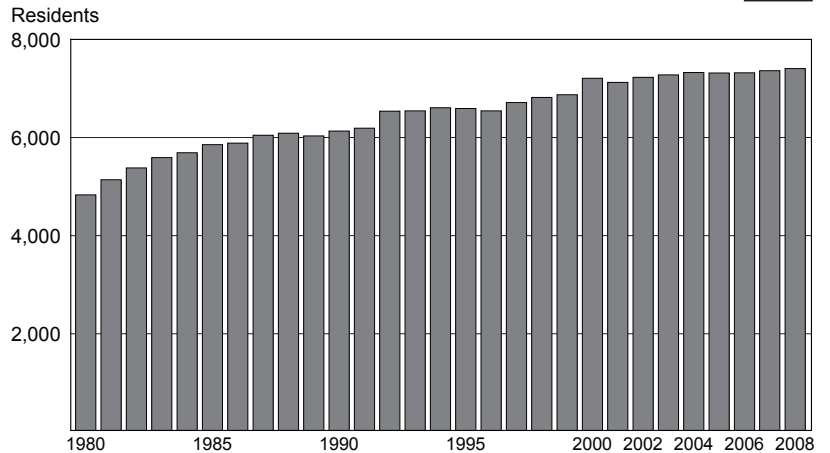
A borough apart from the state

Alaska Natives made up 82.5 percent of the Northwest Arctic Borough's population in 2000, but only 15.6 percent of the state's. Within the borough only 5 percent of the population in 2000 identified themselves as a race other than Alaska Native or white compared to 15 percent for the state. (See Exhibit 3.)

The average household size in the borough was also different from the state's. The average household size for the borough in 2000 was 3.9 people; the average size statewide was 2.7.

One big difference between the borough and the state is the relative importance of transfer payments as a portion of personal income. Transfer payments are income received for which no services are performed. It consists of

Modest Population Growth Northwest Arctic Borough, 1980 to 2008 **2**



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

payments to individuals by federal, state, and local governments. Sources of these kinds of payments include the Alaska Permanent Fund dividend – a major piece – retirement checks, Social Security checks, veterans' and Medicare benefits, family assistance and food stamps.

Transfer payments are undeniably important to Northwest Arctic Borough residents. Transfer payments, including the PFD, make up a higher percentage of the borough's personal income than the state average. (See Exhibit 4.) In 2007, transfer payments made up 32 percent of the borough's personal income compared to 16 percent for the state overall.

The lack of payroll jobs is one reason for the high percentage of transfer payments. Jobs are scarce in the borough's remote communities, making paychecks a smaller part of income than statewide. On average, in 2008, about 35 percent of the population of the Northwest Arctic Borough worked in a wage and salary job. Over that same period, close to 50 percent of the state population worked in a salaried job.

Local government a major employer

Forty percent of the Northwest Arctic Borough's employment is in government compared to 25 percent for the state. (See Exhibit 5.) Yet, 11 other boroughs and census areas in the state have higher government employment percentages than the borough.

3 Census Profile of Residents Northwest Arctic Borough and Alaska, 2000

	2000 Census	
	Northwest Arctic Borough	Alaska
Age		
Median age	24	32
Under 5 years	10.7%	7.6%
18 years and over	58.5%	69.6%
65 years and over	5.0%	5.7%
Race and Ethnicity		
White	12.3%	69.3%
Black or African American	0.2%	3.5%
American Indian and Alaska Native	82.5%	15.6%
Asian	0.9%	4.0%
Native Hawaiian and Other Pacific Islander	0.1%	0.5%
Other	0.4%	1.6%
Two or more races	3.7%	5.4%
Hispanic (of any race)	0.8%	4.1%
Gender		
Female	46.6%	48.3%
Male	53.4%	51.7%
Born in Alaska		
Percentage of population born in Alaska	85.8%	38.1%
Residence		
Percentage of population who lived in the same house in 2000 as in 1995	60.2%	46.2%
Educational Attainment		
Less than 9th grade	14.4%	4.1%
9th to 12th grade, no diploma	13.6%	7.5%
High school graduate	40.4%	27.9%
Some college, without degree	15.9%	28.6%
Associate degree		
Bachelor's degree	8.0%	16.1%
Graduate or professional degree	4.7%	8.6%
Income		
Families below poverty level	15.0%	6.7%
Median household income	\$45,976	\$51,571
Home Heating Fuel		
Fuel oil, kerosene and other	88.9%	35.8%
Wood	6.3%	3.7%

Source: U.S. Census Bureau, Census 2000

More than a third of all payroll employment – 1,000-plus jobs – is local government related. Most of these jobs are public school teachers, local safety officers and various public administrative workers. The Northwest Arctic Borough School District was the largest employer in the borough in 2008.

The school district was one of a handful of employers that were on the top ten largest employers list in 2000 and 2008. (See Exhibit 6.) Only two employers, CH2M Hill (formerly VECO) and Nullagvik Hotel, didn't stay in the top 10 in 2008. Both still employ people in the borough, but their employment numbers no longer keep them in the top 10.

State and federal employment is also included in government employment, but combined they

are about one-tenth the size of local government employment. (See Exhibit 7.)

Health services and mining dominate private industry

Health care and mining are the borough's next largest industries after local government. The major employers in those industries are the Maniilaq Association and the Red Dog Mine. They are the second- and third-largest employers in the borough.

The Maniilaq Association, a nonprofit corporation that has been operating for more than 40 years, is the borough's largest private-sector employer in 2008. It is involved in health and social services, operating the 88,000-square-foot Maniilaq Health Center in Kotzebue – the primary health care facility in the borough – and 11 village health clinics in each of the borough's smaller communities and in Point Hope, just outside the borough.

Maniilaq provides a host of other services, ranging from running the Kotzebue Senior Center and arranging for home care for the elderly to teaching the Inupiat language, history and survival skills, and giving vegetable starts to residents.

The Red Dog Mine, a zinc-lead mine 82 miles north of Kotzebue, is the world's biggest producer of zinc concentrate and is the state's largest operating mine. Teck Cominco Alaska – a U.S. subsidiary of Teck Cominco Ltd., headquartered in Vancouver, Canada – has operated the open-pit mine since 1989 in partnership with NANA Corporation who owns the land. A 52-mile haul road used to transport ore concentrate from the mine to a shipping facility on the Chukchi Sea was completed a year earlier.

The mine provides hundreds of mining jobs to the borough. Many contractors, support service providers and supply vendors provide jobs in the borough in connection with the mine.

Well-paid and stable year-round jobs, such as those created by the Red Dog Mine, are in short supply in the borough, as well as in most rural areas of Alaska.

Fourth-largest employer also in the mining business

NANA Management Services, the fourth-largest employer in the borough and a subsidiary of NANA Regional Corporation, is one of the several companies tied to Red Dog that made the list of top 10 largest employers.

NANA Management Services provides camp and fuel services, drug testing and safety training security to the Red Dog Mine, as well as to mines and oil and gas companies outside the borough. NANA Management Services also provides health care, hospitality, federal contracting and tribal services to residents in the borough.

A smaller piece of the economy

Although residents of the Northwest Arctic Borough who commercially fish have decreased since the 1980s, it is still an integral piece of the economy and an important source of income. The number of permit holders has decreased from 235 in 1986 to just 130 in 2008. That is far fewer permits held than in other coastal boroughs, like Kodiak Island and Bristol Bay, where commercial fishing is so prominent.

Most borough commercial fishers participate in the salmon fisheries, either locally or elsewhere in Alaska. The Kotzebue area does have a small commercial chum salmon harvest. Fishermen also fish for crab, herring and other finfish.

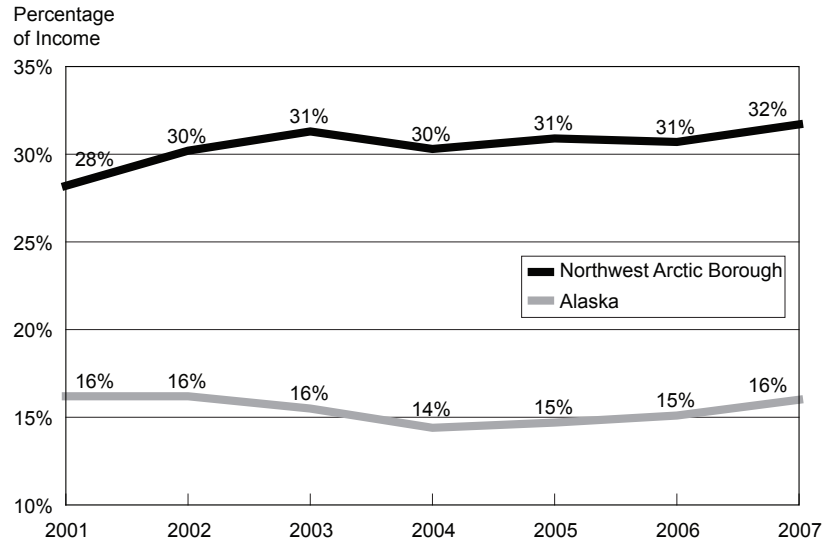
Subsistence fishing and hunting

As mentioned earlier, subsistence is an important piece of the borough's economy. Chum salmon and caribou are the most important food sources. Freshwater fish, moose, bear, and berries are also harvested.

Communities away from the coast rely heavily on caribou, birds, bird eggs and berries. Coastal communities depend more on seals and walrus. And, some communities, such as Kivalina, still hunt beluga whales as their ancestors have done for thousands of years.

Percent of Income from Transfer Payments Northwest Arctic Borough and Alaska, 2001 to 2007

4



Source: U.S. Department of Labor, Bureau of Labor Statistics

Wage and Salary Employment Northwest Arctic Borough, 2008

5

	Average Monthly Employment	Average Monthly Wages
Total Public and Private Employment	2,888	\$3,966
Construction	63	\$6,896
Trade, Transportation and Warehousing	304	\$3,043
Retail Trade	161	\$1,650
Food and Beverages	17	\$1,074
General Merchandise	127	\$1,693
Transportation and Warehousing	121	\$4,453
Air Transportation	96	\$4,452
Information	55	\$4,827
Financial Activities	135	\$3,420
Leisure and Hospitality	174	\$2,706
Other Services	44	\$1,282
Government	1,156	\$2,627
Federal Government ¹	47	\$4,226
State Government ²	69	\$4,872
Local Government ³	1,040	\$2,406

¹ Excludes the uniformed military

² Includes the University of Alaska

³ Includes the public school system

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis; U.S. Department of Labor, Bureau of Labor Statistics

Subsistence helps offset the high cost of living in the borough. A McDowell Group study released in April 2009 found that the Arctic region was 48 percent more expensive to live in than Anchorage. Kotzebue was 61 percent more expensive. (The study does not take into account the money saved from living a subsistence lifestyle.)¹

¹ Alaska Geographic Differential Study 2008, McDowell Group

6 School District is Still the Largest Employer

Top 10 private and government employers, 2008 versus 2000

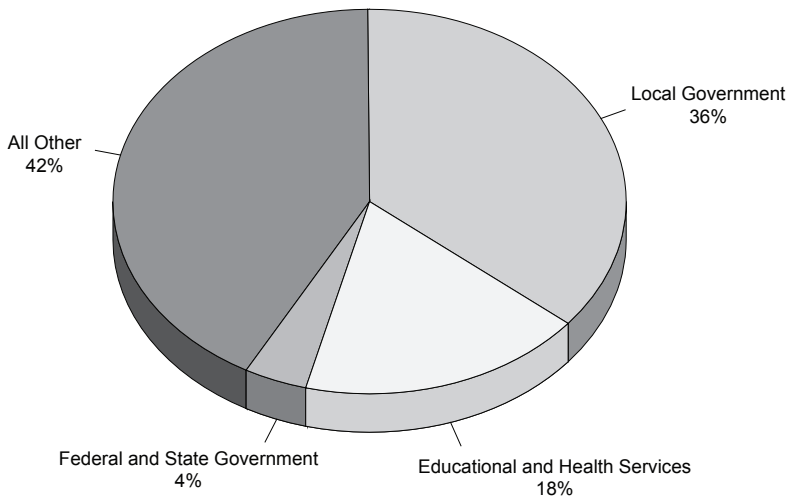
2008			2000		
		Average Monthly Employment ¹			Average Monthly Employment ¹
1	Northwest Arctic Borough School District	500-999	1	Northwest Arctic Borough School District	477
2	Maniilaq Association	500-999	2	Teck Cominco Alaska (Red Dog Mine)	459
3	Teck Cominco Alaska (Red Dog Mine)	250-499	3	Maniilaq Association	446
4	NANA Management Services	50-99	4	Kikiktagruk Inupiat Corporation	72
5	Kikiktagruk Inupiat Corporation	50-99	5	City of Kotzebue	66
6	City of Kotzebue	50-99	6	NANA/Lynden Logisitics	59
7	Alaska Commercial Company	50-99	7	VECO (now CH2MHill)	53
8	Noatak Lions Club	50-99	8	Nullagvik Hotel	50
9	Northwest Inupiat Housing Authority	20-49	9	Northwest Inupiat Housing Authority	44
10	OTZ Telephone Cooperative	20-49	10	Alaska Commercial Company	43

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

Heating oil and gasoline are delivered by barge during the ice free months of summer and are stored in large storage tanks until sold. If fuel runs out before the fuel barges return the following year, it then has to be delivered by plane. Due to its northern location, Kotzebue's shipping season for barge traffic is a short 100-day period typically from early July until early October.

7 Local Government a Major Employer

Borough employment by industry, 2008



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

As transportation and fuel costs increase, wind power is gaining popularity as a way for communities to reduce their dependence on diesel-powered generators. The Kotzebue Electric Association has installed 17 wind turbines, drastically reducing its diesel consumption.

Planes are vital

Planes are vital to life in the borough. Commercial jet aircraft, as mentioned earlier, fly to and from Kotzebue's state owned airport each day delivering passengers, freight, groceries and mail. Smaller air taxis and charter planes fly to the borough's outlying locations and communities delivering goods and services and transporting people. Planes are particularly essential for emergency medical evacuations.

Staying warm

While subsistence helps with high food costs, it does not help with one of largest costs of living in the Arctic – high energy prices. The long, cold winters – temperatures often get to -30 degrees – require a lot of fuel oil. Transporting fuel oil such long distances accounts for most of the difference in the cost of living between the borough and Anchorage. In Kotzebue in February 2009, residential heating fuel was \$6.35 a gallon and gasoline was \$7.25.

Still a high cost place to live

Fossil fuel alternatives, like large wind turbines, should make energy in the borough relatively more affordable and decrease heating costs. However, transportation of cargo and passengers to this far north corner of the state will not get any cheaper. Yet, despite the costliness of life in the Northwest Arctic Borough, people will continue to make it their home as they have for thousands of years and businesses will continue to operate there to serve them.

Alaska's economy affected by national recession

There are two clear messages in Alaska's recent unemployment and job numbers. The first is that the deep national recession is having a negative effect on the state's economy. The second is that the economic distress for Alaska is still very mild compared to what the nation is experiencing.

June unemployment numbers

Alaska's seasonally adjusted unemployment rate was essentially unchanged in June, rising a statistically insignificant one-tenth of a percentage point to 8.4 percent. May's rate was revised down one-tenth of a percentage point to 8.3 percent.

There was similar lack of meaningful movement for the U.S. unemployment rate, which rose from 9.4 percent to 9.5 percent.

Over the last year, though, both the state and nation have seen consistently rising unemployment rates. Alaska's rate has climbed about two percentage points to a level not seen since 1992 and the nation's has climbed nearly four percentage points to a 26-year high.

June job numbers

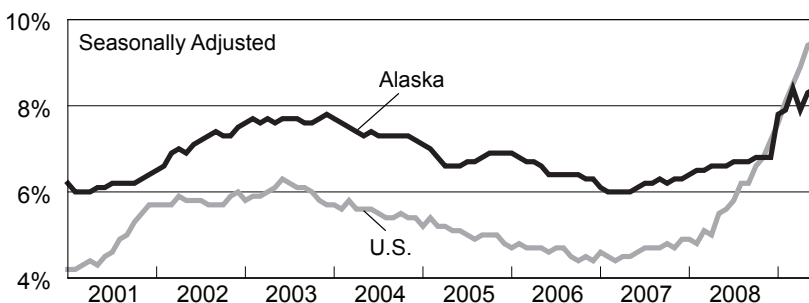
Payroll jobs in Alaska grew by an estimated 13,400 in June with most of the growth coming from seafood processing, construction and tourist-related industries. Payroll jobs are those for which a person receives a wage or salary. Fishermen and other self-employed workers are not included in the numbers.

From January to June, Alaska added about 35,000 jobs, but that increase is noticeably smaller than the 40,000 the state has added over those same five months in recent years. As a result, Alaska's job count fell slightly below year-ago levels in May and remained there in June.

But Alaska's over-the-year loss of 1,100 jobs in June equates to a decline of just 0.3 percent. With percentages that small – and with preliminary numbers that are subject to later revision – it's hard to say for certain how much to make of the losses. Whatever the specifics turn out to be, the underlying trend is more definite: job growth has slowed significantly in 2009, and there's a strong possibility that the state's 21-year streak of growth will be derailed this year.

For even casual watchers of the national economy, it should be no surprise that the recession is finally having a noticeable impact on Alaska. Tourism, retail trade and the construction industries are all struggling to cope with national trends of reluctant consumer spending, tighter credit and a shaky U.S. housing market. To date, the impact has been shallow with job losses nowhere near as large as the nation's, thanks primarily to the state's oil-based economy and its lack of manufacturing jobs of the type that have been disappearing from the U.S. economy in large numbers.

1 Unemployment Rates, Alaska and U.S. January 2001 to June 2009



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Department of Labor, Bureau of Labor Statistics

2 Nonfarm Wage and Salary Employment

	Preliminary 6/09	Revised 5/09	Revised 6/08	Changes from:	
Alaska				5/09	6/08
Total Nonfarm Wage and Salary ¹	339,800	326,400	340,900	13,400	-1,100
Goods-Producing ²	50,200	42,800	51,200	7,400	-1,000
Service-Providing ³	289,600	283,600	289,700	6,000	-100
Natural Resources and Mining	15,800	15,400	15,500	400	300
Logging	300	300	300	0	0
Mining	15,400	15,100	15,200	300	200
Oil and Gas	13,200	13,000	12,800	200	400
Construction	18,700	16,500	19,900	2,200	-1,200
Manufacturing	15,700	10,900	15,800	4,800	-100
Wood Product Manufacturing	300	300	400	0	-100
Seafood Processing	11,600	6,500	11,600	5,100	0
Trade, Transportation, Utilities	67,500	64,400	69,000	3,100	-1,500
Wholesale Trade	6,600	6,500	6,800	100	-200
Retail Trade	37,000	35,900	37,900	1,100	-900
Food and Beverage Stores	6,600	6,300	6,700	300	-100
General Merchandise Stores	9,600	9,600	9,800	0	-200
Transportation, Warehousing, Utilities	23,900	22,000	24,300	1,900	-400
Air Transportation	6,400	6,100	6,900	300	-500
Truck Transportation	3,300	3,200	3,400	100	-100
Information	7,200	7,100	7,000	100	200
Telecommunications	4,700	4,600	4,400	100	300
Financial Activities	15,000	15,000	15,200	0	-200
Professional and Business Services	27,800	26,900	27,700	900	100
Educational⁴ and Health Services	38,600	38,800	37,500	-200	1,100
Health Care	28,200	28,300	27,100	-100	1,100
Leisure and Hospitality	38,200	34,100	38,800	4,100	-600
Accommodations	11,000	8,900	11,100	2,100	-100
Food Services and Drinking Places	21,600	20,500	22,000	1,100	-400
Other Services	11,700	11,500	11,700	200	0
Government	83,600	85,800	82,800	-2,200	800
Federal Government ⁵	17,600	17,200	17,800	400	-200
State Government	24,800	26,000	24,200	-1,200	600
State Government Education ⁶	5,900	7,800	5,800	-1,900	100
Local Government	41,200	42,600	40,800	-1,400	400
Local Government Education ⁷	22,300	24,000	21,700	-1,700	600
Tribal Government	3,800	3,500	3,700	300	100

Notes for Exhibits 2 and 4:

¹ Excludes the self-employed, fishermen and other agricultural workers, and private household workers; for estimates of fish harvesting employment, and other fisheries data, go to labor.alaska.gov/research/seafood/seafood.htm

² Goods-producing sectors include natural resources and mining, construction and manufacturing.

³ Service-providing sectors include all others not listed as goods-producing sectors.

⁴ Private education only

⁵ Excludes uniformed military

⁶ Includes the University of Alaska

⁷ Includes public school systems

⁸ Fairbanks North Star Borough

Sources for Exhibits 2 and 3: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Department of Labor, Bureau of Labor Statistics

Sources for Exhibit 4: Alaska Department of Labor and Workforce Development, Research and Analysis Section; also the U.S. Department of Labor, Bureau of Labor Statistics, for Anchorage/Mat-Su

3 Unemployment Rates By borough and census area

	Prelim. 6/09	Revised 5/09	Revised 6/08
SEASONALLY ADJUSTED			
United States	9.5	9.4	5.6
Alaska Statewide	8.4	8.3	6.6
NOT SEASONALLY ADJUSTED			
United States	9.7	9.1	5.7
Alaska Statewide	8.5	8.0	6.6
Anchorage/Mat-Su Region	7.9	7.3	6.0
Municipality of Anchorage	7.3	6.8	5.6
Mat-Su Borough	9.9	9.2	7.5
Gulf Coast Region	9.3	9.2	7.3
Kenai Peninsula Borough	9.8	9.8	7.1
Kodiak Island Borough	8.5	7.6	9.1
Valdez-Cordova Census Area	7.6	8.5	6.4
Interior Region	8.2	7.6	6.7
Denali Borough	3.2	4.4	2.3
Fairbanks North Star Borough	7.8	7.1	6.3
Southeast Fairbanks Census Area	10.0	10.0	8.1
Yukon-Koyukuk Census Area	16.2	15.8	14.0
Northern Region	10.6	9.8	9.4
Nome Census Area	13.8	12.7	12.2
North Slope Borough	5.5	5.0	5.0
Northwest Arctic Borough	15.1	14.2	12.9
Southeast Region	7.5	7.3	5.8
Haines Borough	8.2	8.5	7.6
Juneau Borough	6.4	5.7	4.7
Ketchikan Gateway Borough ¹	6.8	7.0	5.2
Prince of Wales-Outer Ketchikan CA ¹	14.7	15.4	11.2
Sitka Borough	6.7	6.6	5.5
Skagway-Hoonah-Angoon CA ¹	8.8	9.5	6.8
Wrangell-Petersburg Census Area ¹	11.1	11.0	9.7
Yakutat Borough	6.9	8.1	5.9
Southwest Region	14.8	15.9	12.4
Aleutians East Borough	10.5	14.9	8.7
Aleutians West Census Area	8.3	14.6	6.2
Bethel Census Area	17.3	16.3	15.3
Bristol Bay Borough	3.2	5.2	2.5
Dillingham Census Area	12.3	13.3	10.0
Lake and Peninsula Borough	8.6	9.2	6.3
Wade Hampton Census Area	31.3	25.0	26.2

¹ Because of the creation of new boroughs, this borough or census area has been changed or no longer exists. Data for the new borough and census areas will be available in 2010. Until then, data will continue to be published for the old areas.

4 Nonfarm Wage and Salary Employment By region

	Preliminary 6/09	Revised 5/09	Revised 6/08	Changes from:		Percent Change:	
				5/09	6/08	5/09	6/08
Anch/Mat-Su	176,100	172,400	176,500	3,700	-400	2.1%	-0.2%
Anchorage	155,900	153,000	156,600	2,900	-700	1.9%	-0.4%
Gulf Coast	32,400	30,200	32,850	2,200	-450	7.3%	-1.4%
Interior	49,000	48,200	49,700	800	-700	1.7%	-1.4%
Fairbanks ⁸	39,700	39,600	40,200	100	-500	0.3%	-1.2%
Northern	20,750	20,400	19,950	350	800	1.7%	4.0%
Southeast	40,250	37,900	41,200	2,350	-950	6.2%	-2.3%
Southwest	20,800	17,700	21,050	3,100	-250	17.5%	-1.2%

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

laborstats.alaska.gov

Employer Resources

A Tax Credit for Employers

The Work Opportunity Tax Credit reduces an employer's cost of doing business and requires little paperwork. It gives private-sector employers a federal income tax credit if they hire a job seeker in a specific target group.

The success and growth of the program depends on a strong public- and private-sector partnership to help those in need find and retain jobs and gain on-the-job skills and experience. The WOTC benefits employers and increases America's economic growth and productivity.

Use of the WOTC has increased in recent years as Congress has introduced new target groups, expanded several target groups' requirements, increased the tax credit amount for certain groups and introduced new flexible filing provisions. State work force agencies in the U.S. issued nearly 700,000 certifications in 2008.

The American Recovery and Reinvestment Act of 2009 introduced two new target groups: unemployed veterans and disconnected youth. The people in those groups must have started work in 2009 or will start in 2009 or 2010.

The unemployed veteran classification is a veteran who 1) was discharged or released from active duty in the U.S. Armed Forces during the five-year period ending on the hiring date; and 2) has received unemployment compensation under state or federal law for at least four weeks during the one-year period ending on the hiring date.

The disconnected youth classification is an individual who 1) is age 16 but not yet 25, 2) is not regularly attending school, 3) has not been regularly employed for six months, and 4) is not readily employable due to lacking basic skills.

Other eligible groups include a member of a family who received Temporary Assistance for Needy Families, or TANF; a veteran who is a member of a family who received food stamp benefits or is entitled to compensation for a service-connected disability; an ex-felon released within the past year; an 18- to 39-year-old member of a family who received food stamp benefits; a 16- or 17-year-old summer youth; a vocational rehabilitation referral; or a Supplemental Security Income recipient.

An employer must request and receive certification from the Alaska Department of Labor and Workforce Development that the new hire is a member of one of the target groups before the employer can claim the WOTC on his or her federal income tax return.

For more information, go to the WOTC Web site at jobs.alaska.gov/wotc.htm.

To find applicants who are already qualified for the tax credit, contact your local job center. A listing of the state's 23 job centers is at jobs.alaska.gov/offices. Or call (877) 724-2539 (ALEX).