ALASKA ECONOMIC TRENDS

DECEMBER 2018

HOW OUR HEALTH CARE WAGES COMPARE

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Wage replacement rates

ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT

FROM THE COMMISSIONER

Wrapping up four years of putting Alaska workers first

It has been the privilege of my life to serve as the commissioner of Labor and Workforce Development for the last four years in Gov. Bill Walker's administration. I was honored to do a job every day that aligns with my core values: ensure safety and health protections for workers, advocate livable wages for families, and provide training opportunities that equip Alaskans for jobs right here in Alaska.

HEIDI DRYGAS
Commissioner

I cannot thank our department staff enough for their dedication to our mission and for their hard work these past four years despite challenging fiscal conditions. From division directors to frontline staff, I could not be prouder of what we've achieved together.

These past few weeks, I've paused to reflect and appreciate the remarkable change for good the department has delivered on behalf of Alaska's workers:

- Renewed commitment to Alaska hire
- Changed the conversation around career and technical education and renewed the state's commitment to expand CTE programs through collaboration with the Department of Education and the University of Alaska
- Awarded $20 million in federal grants to boost Alaska's workforce development
- Expanded registered apprenticeship in Alaska, particularly in high-growth occupations in health care, aviation, maritime, and construction
- Worked across divisions to support and engage the Alaska Native community, from Anchorage to rural communities
- Cracked down on worker misclassification, improved wage and hour and occupational safety and health enforcement, and reduced workers' compensation fraud
- Merged two divisions and aggressively pursued administrative efficiencies that led to more grants for training Alaskans
- Contributed to the biggest year-to-year decrease in proposed workers' compensation rates in 40 years through tireless efforts to increase efficiency and lower medical costs in our workers' compensation system
- Delivered major plans, including the Alaska LNG Project Gasline Workforce Plan, the Alaska Apprenticeship Plan, and the addendum to the Alaska CTE Plan
- Passed AO 286 to ensure law-abiding state contractors are not outbid by unscrupulous bidders who cut costs by deliberately or repeatedly depriving employees of basic rights
- Eliminated subminimum wage for workers with disabilities

These are just a few of our many accomplishments since we took office, and we made this significant progress despite a 38 percent cut to our unrestricted general fund budget. This is proof that we can do incredible things when we work together to advance an agenda that puts Alaska first.

The next four years will present major workforce challenges for Alaska, including an aging workforce, lack of a capital budget, stagnant wages, and major projects looming on the horizon. But I hope the next administration will look at these hurdles as opportunities. In Alaska, we have a call to action. If we want a more prosperous state and a healthier workforce, we share a responsibility to commit to and invest in career training and readiness programs now. Federal and state dollars are only part of this equation; success requires private and local investment too. We need to engage our school boards, legislators, and policymakers on the critical need to invest in Alaska's workforce development system.

Thank you. I was honored to serve the state I love — a state that has given me so much in return.

Contact the office of Commissioner Heidi Drygas at (907) 465-2700 or commissioner.labor@alaska.gov.

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ON THE COVER:

A nurse talks with her patient at Alaska Regional Hospital in Anchorage, photo courtesy of Alaska Regional Hospital

PAGE 4: Big Diomede, by Troy Henkel
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ALASKA
DEPARTMENT of LABOR and WORKFORCE DEVELOPMENT

Governor Bill Walker
Commissioner Heidi Drygas

ALASKA ECONOMIC TRENDS

Trends is a nonpartisan, data-driven monthly magazine that covers a range of economic topics in Alaska.

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How health care wages in Alaska rank

Alaska's pay first in U.S. overall, high for most occupations

By **AIKO ZAGUIRRE**

Health care practitioners and technicians make an average of $98,020 a year in Alaska, making Alaska the highest-paying state for these jobs overall. (See Exhibit 1.) The national average is $80,760.

Hawaii and California rank second and third at $96,670 and $96,130, and Mississippi is last at $64,620.

By occupation, Alaska ranks in the top 10 for most of the 44 on the list in Exhibit 2 and pays the highest average wage in the U.S. for optometrists, pharmacists, dental hygienists, and general health technologists and technicians.

Alaska's highest paying health care occupations overall

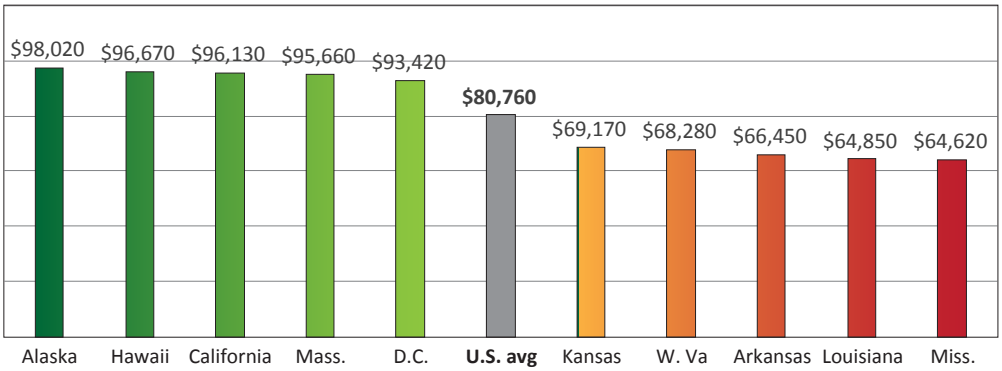
In Alaska, the occupation with the highest average wages among those studied is pediatricians at $265,750, followed by obstetricians and gynecologists at $261,680. The other positions that make more than $200,000 a year are general physicians and surgeons, psychiatrists, dentists, internists, and family and general practitioners.

Earnings may be considerably higher for specialists who are considered self-employed, including partners in a medical practice who don't receive a wage or salary, and they are not included here.

Text continues on page 6

1 Overall Highest and Lowest Paying States

AVERAGE ANNUAL WAGES FOR HEALTH CARE OCCUPATIONS, MAY 2017



Source: U.S. Bureau of Labor Statistics and Alaska Department of Labor and Workforce Development, Research and Analysis Section: Occupational Employment Statistics

2 Health Care Wages by State

Rankings by Health care practitioner or technical occupation,* may 2017

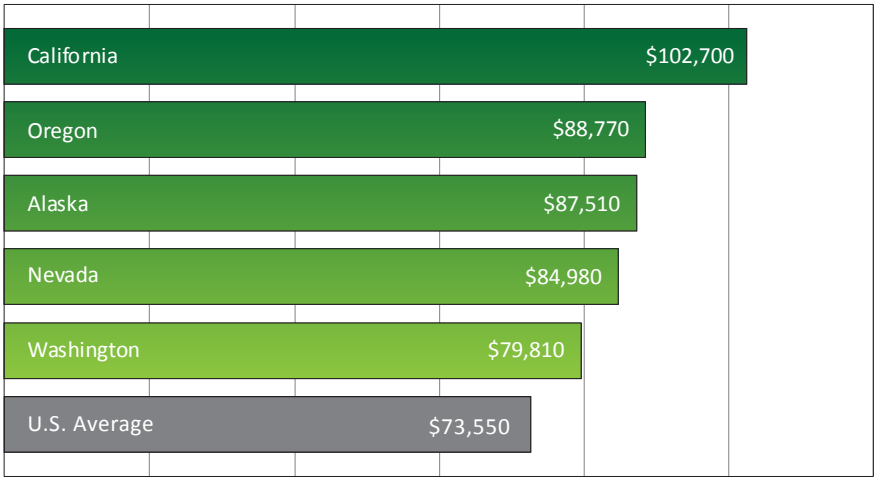
Occupation	Alaska Avg Wage	AK Rank	Highest Paying State	Lowest Paying State	U.S. Avg
Optometrists	$161,620	1st	AK	DC ($89,640)	$119,100
Pharmacists	$138,020	1st	AK	UT ($111,110)	$121,710
Dental Hygienists	$107,190	1st	AK	AL ($46,290)	$74,680
Health Technologists and Technicians, All Other	$62,200	1st	AK	LA ($36,010)	$46,690
Pediatricians, General	$265,750	2nd	MS ($274,470)	KS ($117,840)	$187,540
Nurse Practitioners	$125,140	2nd	CA ($126,770)	TN ($93,970)	$107,480
Respiratory Therapists	$73,740	2nd	CA ($79,680)	MS ($48,810)	$61,810
Dietitians and Nutritionists	$68,310	2nd	CA ($72,130)	MS ($49,110)	$60,150
Clinical Laboratory Technologists and Technicians	$66,070	2nd	RI ($68,290)	AR ($42,800)	$53,230
Surgical Technologists	$60,180	2nd	CA ($61,240)	AL ($36,320)	$48,060
Medical Records and Health Information Technicians	$54,170	2nd	NJ ($58,080)	MS ($33,320)	$42,820
Physicians and Surgeons, All Other	$256,630	3rd	NH ($275,050)	NE ($167,230)	$211,390
Psychiatrists	$248,440	3rd	CA ($259,570)	ID ($137,280)	$216,090
Dentists, General	$237,140	3rd	DE ($257,290)	LA ($115,050)	$174,110
Physical Therapists	$97,150	3rd	NV ($102,860)	SD ($75,850)	$88,080
Speech-Language Pathologists	$91,710	3rd	CT ($93,340)	SD ($60,030)	$79,770
Occupational Health and Safety Specialists	$86,080	3rd	RI ($92,600)	SC ($60,370)	$73,600
Emergency Medical Technicians and Paramedics	$48,420	3rd	WA ($68,970)	WV ($28,320)	$36,700
Chiropractors	$106,600	4th	RI ($147,900)	UT ($51,030)	$83,350
Licensed Practical and Licensed Vocational Nurses	$56,580	4th	RI & MA ($57,800)	WV ($36,190)	$45,710
Dietetic Technicians	$39,790	4th	OR ($43,790)	MO ($22,400)	$29,610
Pharmacy Technicians	$39,640	4th	WA ($42,440)	WV ($27,900)	$33,060
Physician Assistants	$116,460	6th	WA ($120,200)	MS ($70,190)	$104,760
Registered Nurses	$87,510	6th	CA ($102,700)	SD ($57,010)	$73,550
Diagnostic Medical Sonographers	$82,710	6th	CA ($91,700)	AL ($55,750)	$73,200
Radiologic Technologists	$70,960	6th	CA ($77,650)	AL ($47,670)	$60,320
Ophthalmic Medical Technicians	$42,030	7th	MN ($48,770)	AR ($30,310)	$37,500
Magnetic Resonance Imaging Technologists	$79,790	9th	CA ($87,520)	LA ($55,610)	$70,490
Occupational Health and Safety Technicians	$49,150	9th	DC ($78,460)	IN ($39,050)	$53,930
Opticians, Dispensing	$43,140	10th	MA ($62,540)	KS ($29,840)	$39,070
Family and General Practitioners	$223,090	11th	NH ($258,670)	NM ($160,780)	$208,560
Obstetricians and Gynecologists	$261,680	12th	ID ($281,710)	MI ($184,240)	$235,240
Health Care Practitioners and Tech Workers, All Other	$65,560	13th	MD ($88,360)	AL ($36,380)	$60,600
Cardiovascular Technologists and Technicians	$63,780	13th	D.C. ($79,960)	WV ($35,440)	$57,250
Radiation Therapists	$87,680	14th	CA ($113,640)	WV ($61,440)	$85,190
Therapists, All Other	$61,790	14th	NV ($87,800)	WI ($41,100)	$58,290
Hearing Aid Specialists	$56,300	15th	HI ($79,900)	AR ($34,610)	$57,030
Psychiatric Technicians	$37,260	16th	CA ($57,080)	WV ($23,040)	$36,070
Nurse Anesthetists	$184,040	18th	MT ($252,460)	AZ ($139,500)	$169,450
Internists, General	$229,820	20th	SD ($282,980)	DC ($122,790)	$198,370
Health Diagnosing/Treating Practitioners, All Other	$76,630	23rd	MD ($123,350)	NE ($43,620)	$84,210
Occupational Therapists	$82,810	24th	NV ($103,280)	SD ($66,990)	$84,640
Athletic Trainers	$46,240	27th	DC ($67,190)	AR ($39,040)	$48,630
Nurse Midwives	$83,580	34th	CA ($132,480)	MO ($69,450)	$103,640

*Excludes health care support occupations and those with fewer than 30 workers in Alaska.

Source: U.S. Bureau of Labor Statistics and Alaska Department of Labor and Workforce Development, Research and Analysis Section: Occupational Employment Statistics

3 Western States Pay High Nursing Wages

REGISTERED NURSES, AVERAGE, MAY 2017



Source: U.S. Bureau of Labor Statistics and Alaska Department of Labor and Workforce Development, Research and Analysis Section: Occupational Employment Statistics

Nationally, just four occupations' average yearly wages top $200,000. These four, in order, are obstetricians and gynecologists, psychiatrists, general physicians and surgeons, and family and general practitioners.

The lowest paying occupations

The state's lower-paying health care occupations are all technicians, jobs that require less education and training than most at the higher end.

Psychiatric technicians are lowest at $37,260 a year, followed by pharmacy and dietetic technicians at $39,640 and $39,790, respectively. These are also the bottom three earners nationally.

Alaska's wages for dietetic and pharmacy technicians are comparatively high, though, both ranking fourth nationally and paying just under $40,000. The lowest-ranking states, Missouri and West Virginia, pay these two occupations just $22,400 and $27,900.

Alaska's high rankings and where our highest-paying jobs fall

In addition to ranking first in four health care occupations, Alaska ranks second or third in another 14. (See Exhibit 2.)

The highest-paying occupations aren't always where Alaska ranks highest. For example, pediatricians in Alaska rank second, and Alaska obstetricians and gynecologists rank 12th. Alaska's physicians and surgeons, psychiatrists, and dentists rank third for earnings, and family and general practitioners rank 11th.

Another high-paying occupation in Alaska, internists, pays well above the national average at $229,820, but that ranks 20th. The top ranking state, South Dakota, pays internists an average of $282,980.

Health care is projected to be the fastest-growing industry in Alaska and in the nation over the next decade.

The differences between the top and bottom states can be extreme. For example, dental hygienists in Alaska, ranked first, make more than double Alabama's average wage, and Alaska optometrists make nearly double what they'd earn in bottom-ranked Washington, D.C.

Other positions show far less disparity. A pharmacist in Alaska would earn an average of $138,020 but even the lowest state, Utah, pays only about $28,000 less, on average.

Where Alaska ranks lower

Only two occupations in Alaska rank in the bottom half for average wages, and one of those two, athletic trainers, is barely below the middle at 27th. Athletic trainers in Alaska make just under the national average for that occupation, at $46,240.

Other positions in Alaska that fall around the national average are occupational therapists at 24th, general health diagnosing and treating practitioners at 23rd, and internists at 20th.

Alaska's lowest ranking is for nurse midwives, at 34th. Nurse midwives make $103,640 on average nationwide and just $83,580 in Alaska. The highest-paying state is California at $132,480, and the lowest is Missouri at $69,450.

Pay for registered nurses, largest group by far, ranks sixth

Registered nurses stand out because of their especially high employment numbers in the state — no other health care occupation comes close. Alaska has 5,570 registered nurses, followed by 680 pharmacy technicians at a distant second.

Alaska has more RNs than workers in the next nine largest health care occupations combined. Registered nurses are also the largest health care occupation nationally.

Alaska's average pay for registered nurses ranks sixth nationally, at $87,510. The national average is $73,550, with pay ranging from just $57,010 in South Dakota to $102,700 in California.

The western states tend to pay more for nurses in general (see Exhibit 3), with California, Oregon, and Alaska all ranking higher than most central and eastern states. Hawaii's average wage is also relatively high.

Southern states' nursing wages are low, with Alabama, Mississippi, and Tennessee at the bottom.

These numbers don't include Alaska's additional 520 licensed practical and vocational nurses and 440 nurse practitioners, two occupations that are also among the largest on the list.

Nurse practitioners require considerable additional education and they perform many of the same services as doctors. The state's nurse practitioner wages rank second nationally at $125,140, just behind California's $126,770. Tennessee ranks last at $93,970.

LPNs require less education and training than RNs, and their average wage in Alaska is considerably less at $56,580, which ranks fourth among states. LPN wages range from $36,190 in West Virginia to $57,800 in Massachusetts and Rhode Island.

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About the data

This article covers select health care occupations in Alaska that have at least 30 workers. It excludes health care support occupations such as home health aides, medical and dental assistants, massage therapists, and phlebotomists as well as loosely related occupations such as veterinarians.

All wages are annual, full-time estimates for May 2017, produced by the Bureau of Labor Statistics' Occupational Employment Statistics program in cooperation with the Research and Analysis Section of the Alaska Department of Labor and Workforce Development. R&A conducts a semiannual survey of employers for more than 800 occupations to determine the wages.

For detailed occupational wage data, including comparable data for the U.S. and other states, visit: https://www.bls.gov/oes/tables.htm.

Little Diomede

The view from the most remote community in the nation

By **SARA WHITNEY**

Most Alaskans will never get the chance to visit the place where Russia is not only visible but fills the horizon. No governor has been there, and Sen. Ted Stevens' brief touchdown via Black Hawk helicopter in 2002 was the only time a major Alaska official has made the trip.

About 10 years ago, a CNN reporter visited that tiny island in the Bering Strait, Little Diomede, to verify former Gov. Sarah Palin's assertion that Russia was visible from Alaska. She was correct: The Russian island Big Diomede was just 2.4 miles in the distance. Many residents had never heard of Sarah Palin, though, as the island had no cable television or internet at the time.

Today, what is easily the most remote community in the United States has some internet and cell service. It's also connected to the rest of the world through continued outside interest, most recently because its location has made it particularly vulnerable to climate change. Last winter, for the first time in modern history, the Bering Strait didn't freeze over. This left the island with no ice runway and no buffer from massive winter storms. It also signaled an uncertain future for Diomede, the island's only settlement.

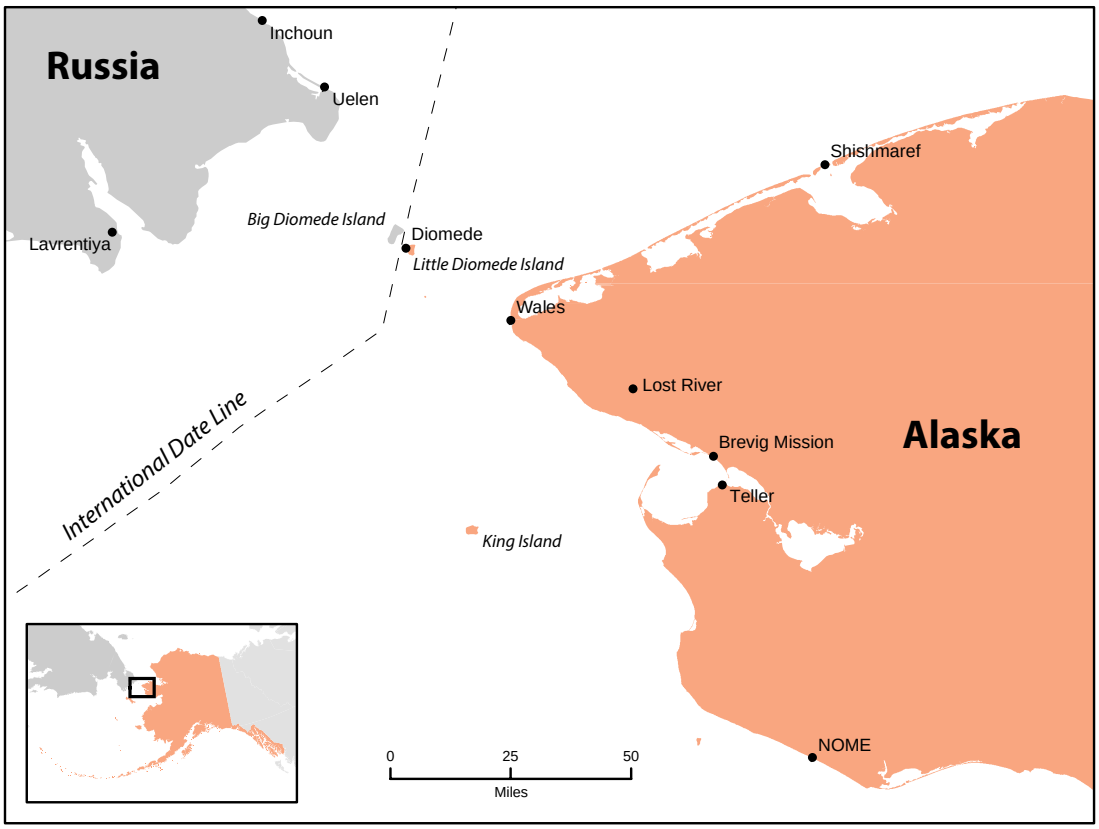
The history of the invisible line

Little Diomede is just 2.8 square miles, 135 miles northwest of Nome and about 25 miles from Russia's mainland. The rocky island is mainly granite and features near-vertical cliffs to the water everywhere except in the town itself, which sits on a slope on the west side of the island.

Diomede, the only community on Little Diomede island, is built on a slope on the island's west side. Photo courtesy of Petty Officer Richard Brahm, U.S. Coast Guard

Visiting the Russian-owned Big Diomede, if that were allowed, would be a 10-minute boat ride. Between the two islands lies the International Dateline, separating them by almost a day. To Diomede's Inupiat residents, however, the invisible line represents the continued involuntary division of family members.

Outsiders discovered the islands, which historians estimate have been occupied for more than 3,000 years, in 1648. First came the Russian explorer Semyon Dezhnyov. Then, Russian explorer Vitus Bering arrived on St. Diomede's Day, Aug. 16, in 1728.



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

During World War II, Big Diomede became a Russian military base, which it remains today. Russia forcibly relocated indigenous inhabitants to the mainland in 1948 and captured any Little Diomede residents whose walrus skin boats came too close. Even today, villagers say if their boats approach, the Russians either fire a warning shot or yell at them to turn back.

Relatively speaking, though, Russia's border with Alaska is peaceful. It's neither as tight nor as hostile as Russia's border with Europe, and aircraft incidents are rare. But that hasn't made reunification much easier.

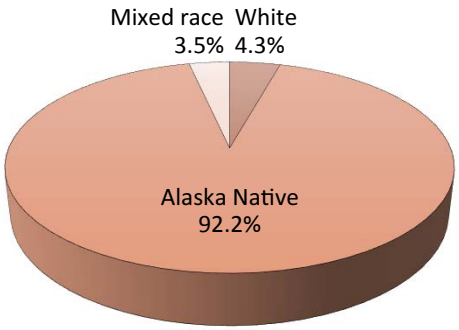
Residents hope to reunite family

All of Little Diomede's Inupiat residents have relatives on the other side, and despite the proximity, little contact has been possible over the years. During the Cold War, former Soviet leader Mikhail Gorbachev dubbed the invisible line the "Ice Curtain."

In 1987, American Lynne Cox swam between the two islands, garnering congratulations from Gorbachev as well as U.S. President Ronald Reagan. This raised villagers' hopes, but reuniting with Russian relatives remains complicated by visas, an often tense U.S.-Russia relationship, and an often treacherous crossing.

1 Majority Inupiat Population

DIOMEDE, 2010 CENSUS



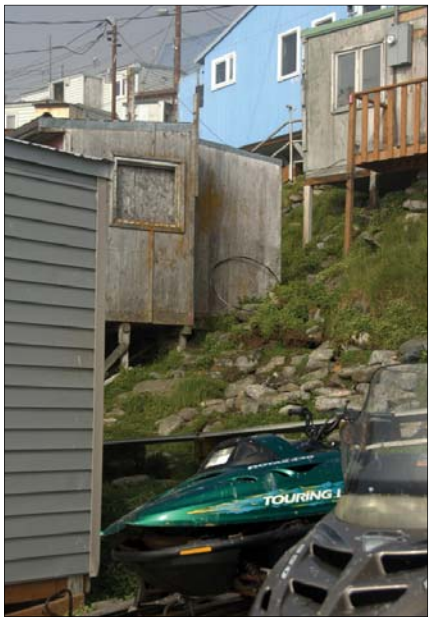
Source: U.S. Census Bureau

Communication has become a barrier as well. In addition to Little Diomede residents speaking English rather than Russian, just a handful of local elders speak their undocumented Inupiaq dialect. As of 2013, only two could read or write it.

Residents were able to arrange a visit in the summer of 2017, however — the first in decades — and have told

At left, walrus meat dries in the summer in Diomede. Above, a polar bear skin hangs from a home. Diomede's houses are built on stilts on a steep slope, shown at right, on the west side of the island.

Photos courtesy of Flickr user Weston Renoud



Alaska media they hope many more will follow.

The island's residents

Diomede, incorporated in 1970, is called *Inaliq* in Inupiaq, which means "the other one." The city had an estimated 102 residents in 2017, up from 88 the year before but down from its official 2010 Census count of 115. The population peaked at 178 in 1990.

Almost all residents are Inupiat. At the last census, nearly 96 percent reported they were Alaska Native or mixed race, and 4.3 percent were white. (See Exhibit 1.)

Like other majority-Native places in Alaska, Diomede's population is notably young, with a median age of 25.3 at the last census compared to 33.8 statewide.

The ratio of males to females wasn't far from the Alaska norm — Diomede was 53 percent male compared to 52 percent statewide. However, the age disparity by gender was notable. (See Exhibit 2.) The median age for males in Diomede was 37.3, and for females it was 16. It's important to note, though, that just a few people can significantly swing the proportions in a place this small, and it's been eight years since the last census.

Strong regional connections

In 2011, the village's federally recognized tribe had 489 members, with just 108 living on the island. The city has a village corporation, Inalik (part of the regional Bering Straits Native Corporation), as well as a seven-member Native council.

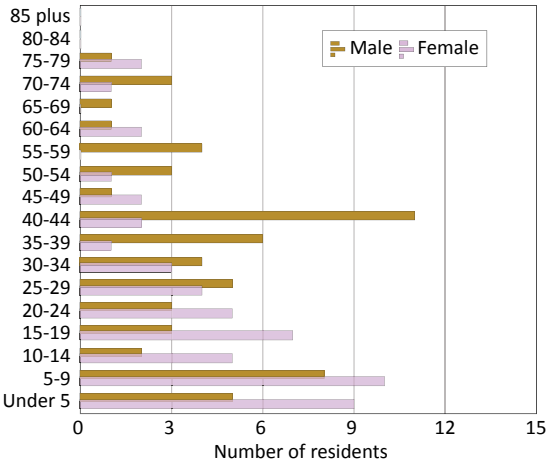
Diomede is also one of 15 member villages in the Norton Sound Economic Development Corporation, and it's one of 65 Alaska communities that participate in the Community Development Quota program, or CDQ, which Congress created to give western Alaska villages the opportunity to participate and invest in the Bering Sea and Aleutian Islands fisheries.

An economy based on subsistence

Diomede's economy is largely subsistence-based. While the small amount of tundra produces scant vegetation, the area is rich with fish, crab, beluga whales,

2 Residents by Age and Sex

DIOMEDE, 2010 CENSUS



Source: U.S. Census Bureau

walruses, seals, polar bears, and seabirds. Summer brings abundant eggs when nearly 2 million birds nest on the craggy cliffs. Some usable plants do grow on the tundra, though, and residents gather them in the fall to preserve in seal oil for winter.

Income is low, at just above $10,000 per capita and a median of about $18,300 per household from 2012 through 2016. Many villagers supplement their income through skin sewing and ivory carving. Diomede is a wholesale agent for raw ivory.

Most jobs are in city services

Diomede had just five business licenses as of November 2018, so retail and tourism opportunities are limited. The local school provides accommodation for visitors, and the small, corporation-owned store sells groceries according to available shipments.

Nearly all wage and salary workers, 87 percent, are in local government, which includes tribal government. (See Exhibit 3.) This is common in rural areas, where local government provides essential services. Local government also includes the public school, which has around 30 students and three teachers.

The city provides most local amenities. It operates a coin-operated laundromat for part of the year, in the same building as its health clinic. The laundromat doubles as a coffee shop and a place to socialize, as the island is dry, having banned sale or import of alcohol in 1978.

The cost of living is high. In July 2017, a gallon of heating fuel cost $6.50 in Diomede, and gasoline was $6.76 a gallon.

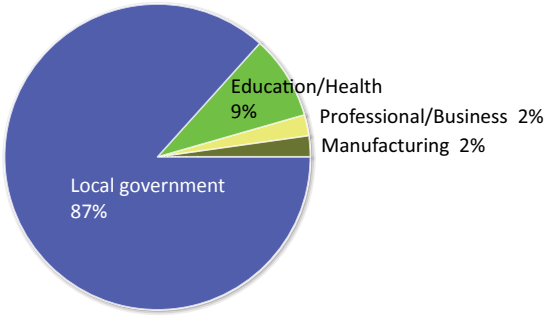
The city also runs a diesel-generated electric power plant, a post office via federal contract, a heliport via state contract, and a water treatment plant. Other services include search and rescue, volunteer fire service, bingo, and a community center.

Commercial fishing and mining have played minor economic roles in the past, although little remain today. Diomede has just a handful of commercial fishing licenses.

Seasonal work pops up occasionally, such as construction every few years when there's a project. Diomede also has a small number of seasonal jobs in transportation. Transportation is one of the many areas in which Diomede stands out from everywhere else in the country.

3 Most Work in Government

WORKERS BY INDUSTRY, DIOMEDE, 2016



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

Transportation obstacles and a changing climate

Reaching Diomede is no small feat. A supply barge arrives just once a year, and other boats are rare because of the difficulty of docking at the rocky shoreline. Helicopters arrive a few times a month, including a weekly mail run, although planes that can land on the ice sometimes deliver more frequently during the winter.

Any deliveries or other trips to the island, where the wind blows constantly and storms are typical, are weather dependent. Residents are used to delivery delays, intermittent service, and frequent power outages.

If you can arrange a trip to Diomede, you don't need permission, but you'll pay a fee of $100, good for one year, that the city charges every person who arrives.

In the winter, when the Bering Strait freezes over, residents carve out a runway so small planes can land to bring in supplies. Because the ice runway is only available part of the year even in a typical winter, limited helicopter service began in 2012. The state-funded upgrade came with a matching federal subsidy called Essential Air Service, which provides passenger service to remote U.S. communities and serves 43 other Alaska communities. Diomede is the only EAS community in the United States served by helicopter rather than airplane.

October and November are typical storm months for Diomede, but after that, the ice freezes solid until June. That changed in 2017, however, with increasing water temperatures and a record low year for Arctic sea ice.

Millions of seabirds nest each summer on the cliffs that border most of the island. The waste from so many birds further complicates the pursuit of clean drinking water. Photo courtesy of Flickr user Weston Renoud

While the small amount of tundra bears scant vegetation, the area is rich with fish, crab, beluga whales, walruses, seals, polar bears, and seabirds. Eggs are abundant each summer when nearly 2 million birds nest on the cliffs.

An unusual late storm hit the island in December, but the real crisis came in February 2018, when the ice still hadn't frozen over. Near the end of the month, another storm with gusts up to 86 mph broke up what little ice there was and blew the chunks onto the village, severely damaging homes and the limited infrastructure and leaving the town exposed to the waves.

There's been talk over the years of relocating the village to Native land at Lost River, and the changing climate isn't the only reason.

Usable land and clean water are major challenges

Because of the uneven ground, permafrost, and rockiness, real estate is limited. The island has few houses relative to its population, so multigenerational homes are a necessity. Diomede had 38 occupied homes at the last census and a handful of vacant homes that weather and time had rendered unlivable.

Because of the terrain, all houses sit on stilts. As there's no landfill, most garbage is burned. The island has no roads or buried utilities, and the inability to dig means it also lacks a cemetery, so a burial site lies open above the village. Residents traditionally sewed bodies up in walrus skins, but now coffins lie exposed on leveled rock and gravel, slowly worn by time and the elements. People stay away from the area out of respect for the dead and their artifacts.

One of the persistent challenges is water and sewer, as only the clinic and the school have year-round service. All homes have honey buckets, for which the only disposal is onto the ice or into the sea.

Although amenities are limited, residents know how to work with what's available. The city has a small seasonal water treatment plant, and some running water comes from a treated spring. Once the limited storage tanks are drained, usually by March, residents melt snow for drinking water.

Sara Whitney is the editor of *Alaska Economic Trends*. Reach her in Juneau at (907) 465-6561 or sara.whitney@alaska.gov.

Unemployment wage replacement rates

The percentage of lost wages Alaska replaces is lowest in U.S.

By **LENNON WELLER**

Unemployment insurance benefits are intended to cover a meaningful portion of a person's lost wages, and the federal government recommends a target wage replacement rate of 50 percent.

The average national wage replacement rate was about 40 percent in 2017, meaning the average U.S. claimant received 40 cents for every dollar in lost wages. (See Exhibit 1.)

Alaska's rate was 28.8 percent, or about 29 cents on the dollar, putting us in 52nd place nationally behind all states as well as Washington, D.C. and Puerto Rico.

In 2009, the last time Alaska increased the maximum weekly benefit, the wage replacement rate was 29.6 percent. The rate rose for the next few years, reaching a high of 30.9 percent in 2013, then declined to its current level.

Alaska uses a schedule rather than target rate

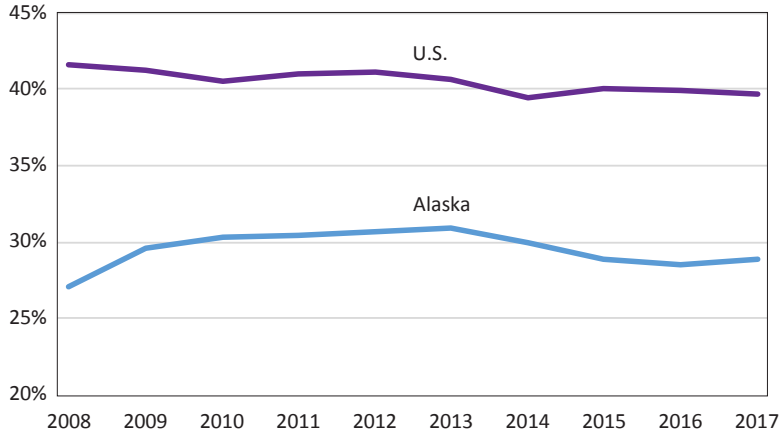
By statute, Alaska uses a fixed table rather than a target replace-

Continued on page 18

1

Alaska's Rate Peaked in 2013

WAGES REPLACED BY UNEMPLOYMENT BENEFITS, 2008-2017

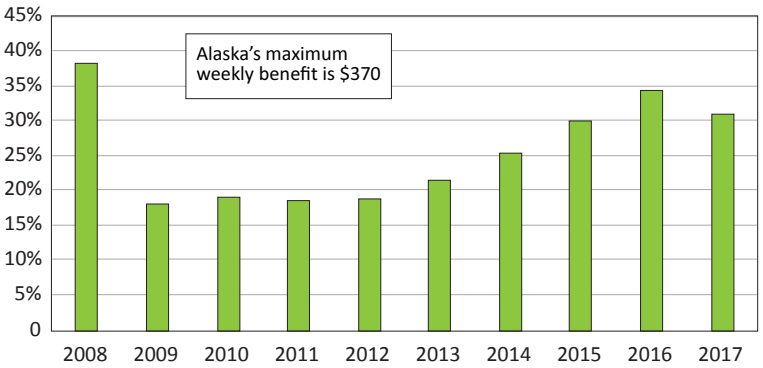


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

2

Percent Receiving Maximum Benefit

ALASKA UNEMPLOYMENT INSURANCE CLAIMANTS, 2008-2017

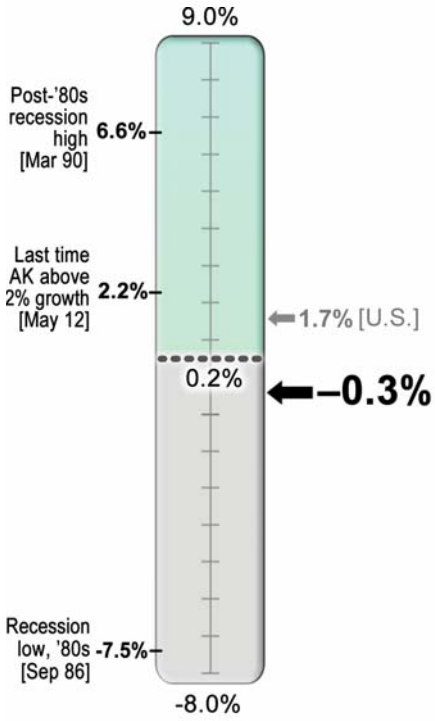


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Gauging Alaska's Economy

Job Growth

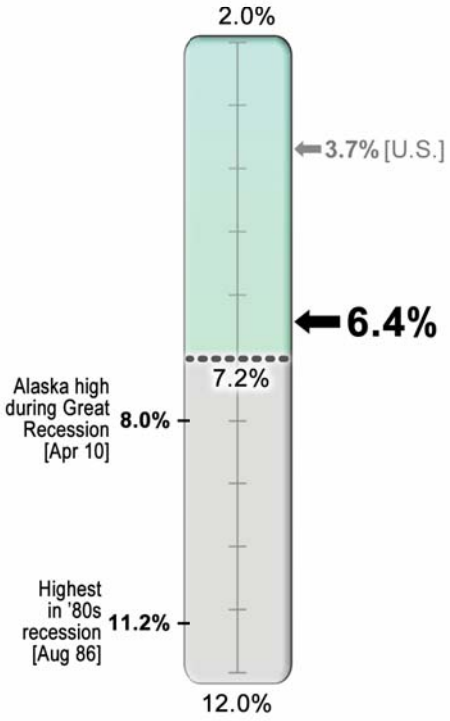
October 2018
Over-the-year percent change



- The state has registered over-the-year job losses for 37 consecutive months, the longest period of job loss in its modern history.
- Job losses have moderated noticeably in the last year; this -0.3 percent loss is the smallest since October 2015.
- U.S. job growth remains strong and has been positive since 2010, with the strongest growth in 2015.

Unemployment Rate

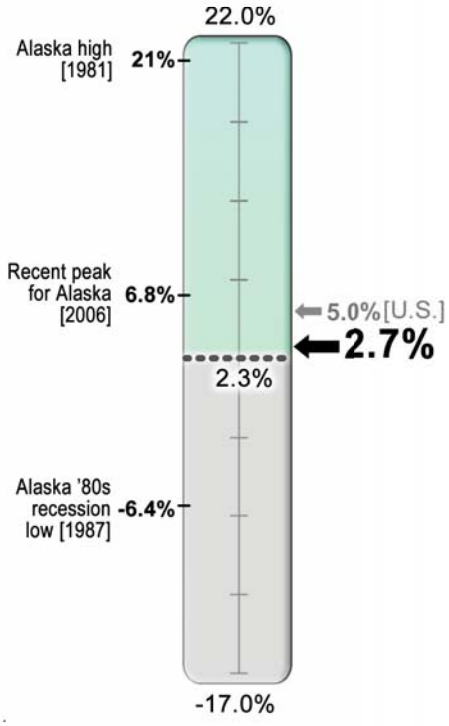
October 2018
Seasonally adjusted



- Alaska's rate has fallen noticeably in 2018, but those numbers are preliminary and the revisions will likely show smaller declines.
- The state's unemployment rate is now eight-tenths of a percentage point lower than its 10-year average.
- Unemployment rates are semi-complicated economic measures and are generally less telling than job or wage growth.

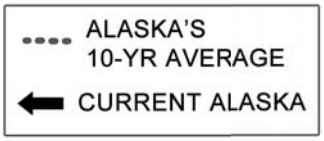
Wage Growth

2nd Quarter 2018
Over-the-year percent change



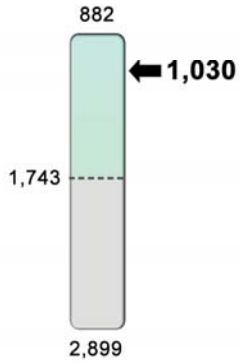
- Wages have been up for three consecutive quarters after being down the prior seven.
- Wage growth accelerated from first quarter 2018 to second quarter, which hints at a strengthening economy.

Gauging Alaska's Economy



Initial Claims

Unemployment, week ending Nov. 3, 2018†

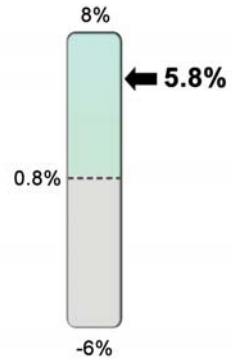


➤ For a variety of reasons, initial claims are well below the 10-year average despite job losses.

†Four-week moving average ending with the specified week

GDP Growth

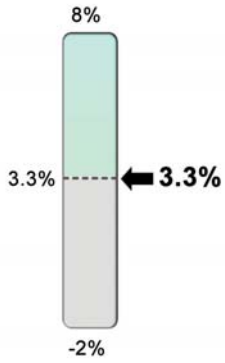
2nd Quarter 2018
Over-the-year percent change



➤ Gross domestic product is the value of the goods and services a state produces. Alaska's GDP has grown for the last seven quarters after declining for the prior 17.

Personal Income Growth

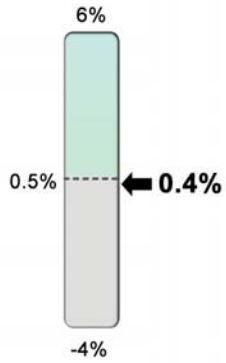
2nd Quarter 2018
Over-the-year percent change



➤ Personal income includes wages as well as government transfer payments (such as Social Security, Medicaid, and the PFD) and investment income. Growth has now resumed and is at the 10-year average.

Change in Home Prices

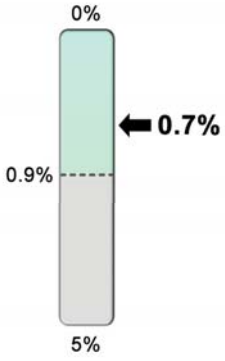
2nd Quarter 2018
Over-the-year percent change



➤ Home prices include only those for which a commercial loan is used. This indicator tends to be volatile from quarter to quarter.

Foreclosure Rate

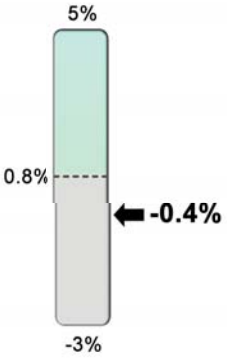
3rd Quarter 2018



➤ Foreclosure rates remain very low, highlighting how different the current recession is from the '80s recession when foreclosure rates exceeded 10 percent.

Population Growth

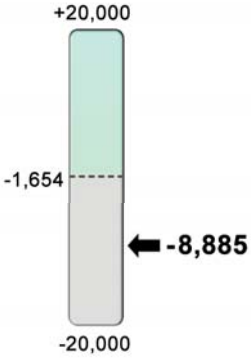
2016 to 2017



➤ The state's population has remained remarkably stable during the state's recession, although 2017 was the first year of population decline since 1988.

Net Migration

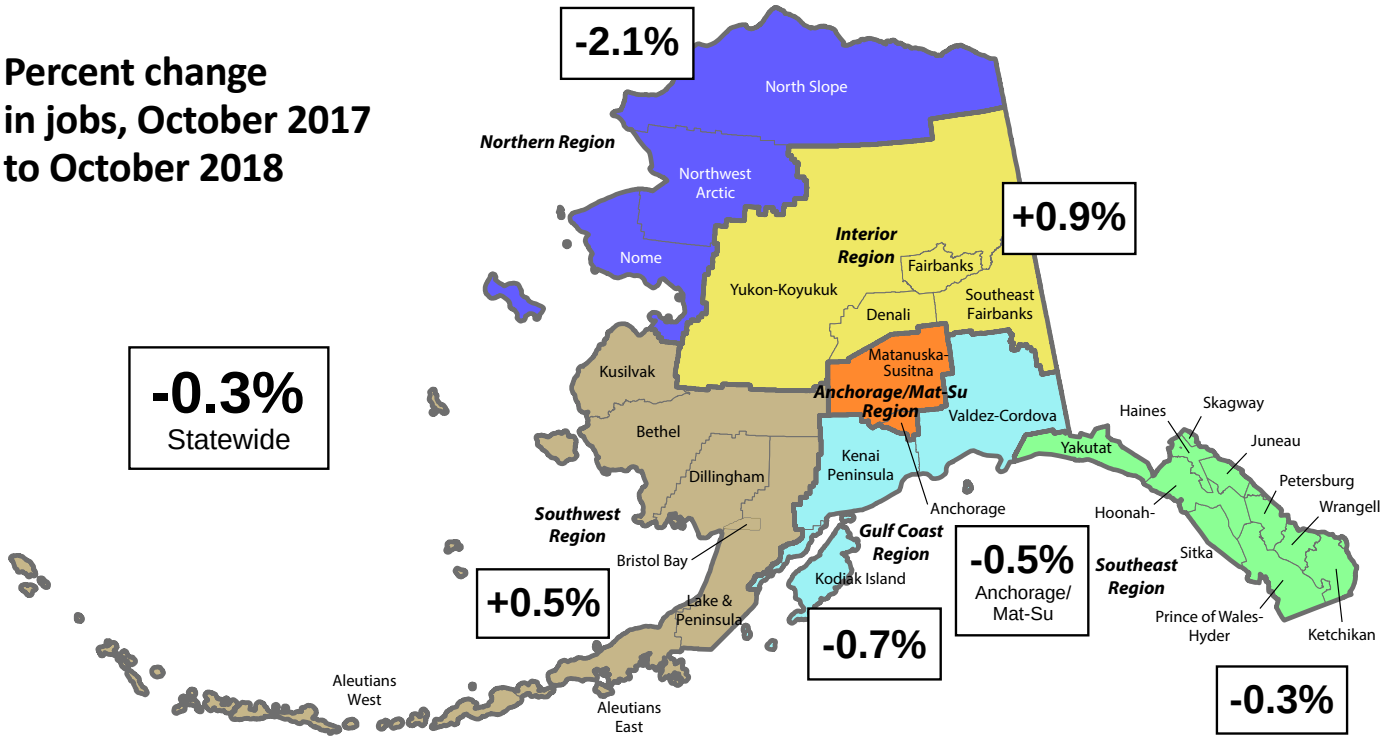
2016 to 2017



➤ The state had net migration losses for the fifth consecutive year in 2017, although natural increase (births minus deaths) offset those losses each year until 2017.

Employment by Region

Percent change in jobs, October 2017 to October 2018



Unemployment Rates

Seasonally adjusted

	Prelim.	Revised	
	10/18	9/18	10/17
United States	**3.7**	**3.7**	**4.1**
Alaska	**6.4**	**6.5**	**7.2**

Not seasonally adjusted

	Prelim.	Revised	
	10/18	9/18	10/17
United States	**3.5**	**3.6**	**3.9**
Alaska	**5.8**	**5.6**	**6.8**

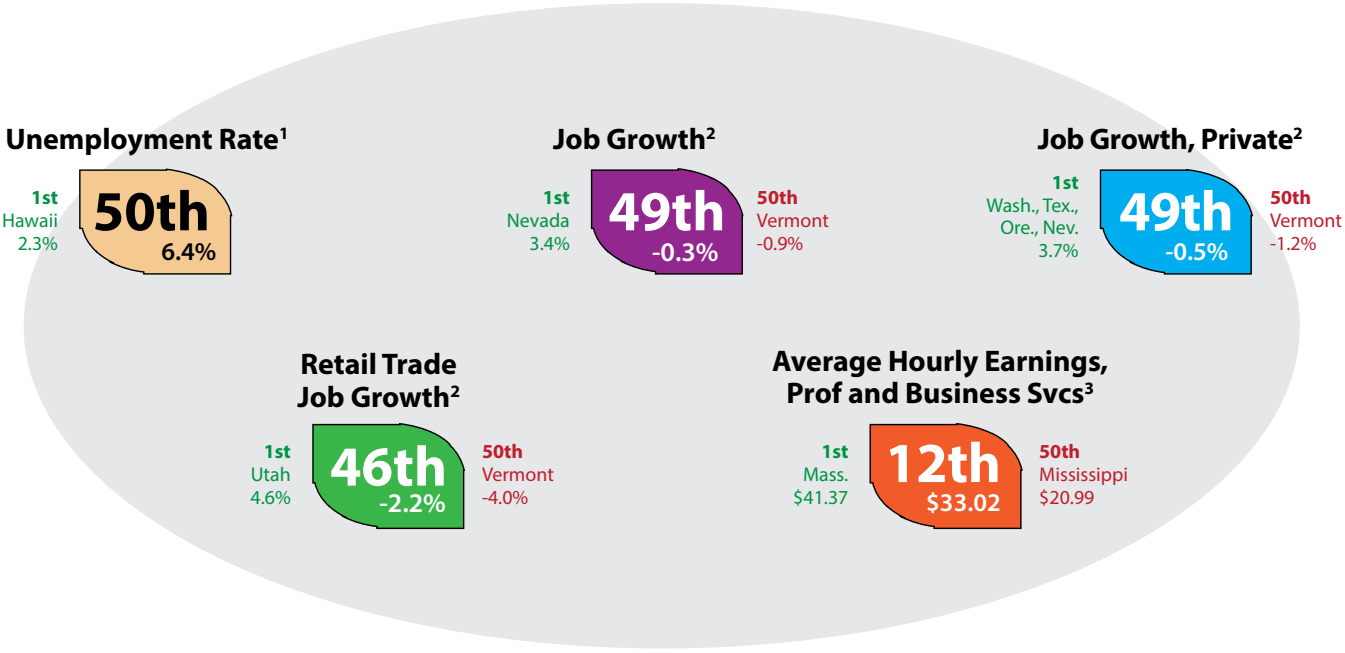
Regional, not seasonally adjusted

	Prelim.	Revised	
	10/18	9/18	10/17
Interior Region	**5.5**	**5.3**	**6.7**
Denali Borough	7.2	3.1	10.3
Fairbanks N Star Borough	5.0	4.9	5.9
Southeast Fairbanks Census Area	7.9	7.5	9.5
Yukon-Koyukuk Census Area	12.0	12.2	16.1
Northern Region	**9.1**	**9.7**	**11.1**
Nome Census Area	9.4	9.8	11.1
North Slope Borough	6.4	7.0	7.4
Northwest Arctic Borough	11.8	12.7	15.7
Anchorage/Mat-Su Region	**5.3**	**5.3**	**6.3**
Anchorage, Municipality	4.9	4.9	5.8
Mat-Su Borough	6.5	6.4	8.0

	Prelim.	Revised	
	10/18	9/18	10/17
Southwest Region	**8.9**	**8.8**	**10.2**
Aleutians East Borough	2.7	2.3	2.4
Aleutians West Census Area	4.3	3.4	4.5
Bethel Census Area	10.9	11.5	12.5
Bristol Bay Borough	8.9	5.2	10.6
Dillingham Census Area	7.7	7.4	9.6
Kusilvak Census Area	15.6	15.8	18.8
Lake and Peninsula Borough	10.3	8.9	12.5
Gulf Coast Region	**6.5**	**5.8**	**7.5**
Kenai Peninsula Borough	6.8	6.2	8.1
Kodiak Island Borough	4.6	4.8	4.9
Valdez-Cordova Census Area	7.3	5.0	8.4

	Prelim.	Revised	
	10/18	9/18	10/17
Southeast Region	**5.5**	**4.6**	**6.1**
Haines Borough	8.0	5.8	9.1
Hoonah-Angoon Census Area	10.1	6.6	12.4
Juneau, City and Borough	4.3	3.9	4.6
Ketchikan Gateway Borough	5.6	4.7	6.2
Petersburg Borough	7.6	6.3	8.0
Prince of Wales-Hyder Census Area	9.5	8.6	10.8
Sitka, City and Borough	4.2	3.5	4.8
Skagway, Municipality	9.1	3.1	14.3
Wrangell, City and Borough	5.9	5.2	7.2
Yakutat, City and Borough	6.0	6.4	9.8

How Alaska Ranks



[1]October seasonally adjusted unemployment rates
[2]October employment, over-the-year percent change
[3]October hours and earnings

Sources are U.S. Bureau of Labor Statistics and Alaska Department of Labor and Workforce Development, Research and Analysis Section, unless otherwise noted.

Other Economic Indicators

	Current		Year ago	Change
Urban Alaska Consumer Price Index (CPI-U, base yr 1982=100)	223.099	1st half 2018	218.660	+0.9%
Commodity prices				
Crude oil, Alaska North Slope,* per barrel	$80.03	Oct 2018	$57.55	+39.05%
Natural gas, residential, per thousand cubic feet	$13.06	Aug 2018	$13.39	-2.46%
Gold, per oz. COMEX	$1,224.30	11/20/2018	$1,275.30	-4.00%
Silver, per oz. COMEX	$14.27	11/20/2018	$16.94	-15.76%
Copper, per lb. COMEX	$2.82	11/20/2018	$3.12	-9.58%
Zinc, per MT	$2,600.00	11/19/2018	$3,163.00	-17.80%
Lead, per lb.	$0.89	11/19/2018	$1.12	-20.54%
Bankruptcies	130	Q3 2018	97	+34.0%
Business	3	Q3 2018	7	-57.1%
Personal	127	Q3 2018	90	+41.1%
Unemployment insurance claims				
Initial filings	6,657	Oct 2018	7,659	-13.08%
Continued filings	27,428	Oct 2018	37,651	-27.15%
Claimant count	7,286	Oct 2018	9,170	-20.55%

*Department of Revenue estimate

Sources for pages 14 through 17 include Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis; U.S. Census Bureau; COMEX; Bloomberg; Infomine; Alaska Department of Revenue; and U.S. Courts, 9th Circuit

WAGE REPLACEMENT RATE

Continued from page 13

ment rate to determine amounts. To qualify for benefits, someone filing in Alaska must have earned at least $2,500 in annual wages, and at that minimum wage level, the schedule provides $56 in weekly benefits.

The maximum weekly benefit, in place since 2009, is $370[1] and applies to someone who earned $41,750 or more.

Alaska's average weekly benefit in 2017 was $253.37, based on an average weekly wage of $1,009.19. To reach 50 percent replacement at that average wage, the benefit would have to be $504.59.

Replacement rate varies by base period wage level

While Alaska has never come close to the suggested 50 percent replacement rate overall, the schedule's replacement rates are around 50 percent or higher at all wage levels except the maximum.

At the low end of the schedule ($2,500 in qualifying wages), the replacement rate is 116 percent, and at the high end ($41,750), it's 48.5 percent.

Because the benefit is capped from there, the wage replacement percentage goes down as a claimant's qualifying earnings increase beyond $41,750.

About 30 percent of claimants receive the maximum benefit

In 2008, 38.5 percent of all Alaska claimants received the maximum benefit, which was $248 per week. The following year, when the state increased the maximum to $370, the share receiving it dropped to just 18.2 percent. It climbed after that, and by 2017, just over 30 percent of claimants received the maximum weekly benefit. (See Exhibit 2 on page 13.)

[1]This does not include any dependent allowance, which is added to the weekly benefit. The wage replacement rate does not figure in dependent allowances.

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EMPLOYER RESOURCES

Alaska's minimum wage will increase to $9.89 next year

The Alaska minimum wage will increase from $9.84 to $9.89 on Jan. 1, 2019. Voters passed a ballot initiative in 2014 to raise the minimum wage by $1 in 2015 and again in 2016, and to require annual inflation adjustments thereafter.

Alaska Statute 23.10.065(a) requires the state to adjust the minimum wage using the Consumer Price Index for Urban Alaska (formerly the Anchorage CPI) for the preceding calendar year. The CPI increased 0.5 percent in 2016, from 217.830 to 218.873.

By law, Alaska's minimum wage must remain at least $1 per hour over the federal minimum wage.

The Alaska minimum wage applies to all hours worked in a pay period, regardless of how the employee is paid (by time, piece, commission, or otherwise). All actual hours worked in a pay period multiplied by the Alaska minimum wage is the least an employer can compensate any worker. Tips do not count toward the minimum wage.

Under Alaska law, public school bus driver wages must be at least twice the minimum wage. Employees exempt from overtime are also governed under specific regulations. For more on those employees and details on Alaska's wage laws, see http://labor.alaska.gov/lss/whact.htm

Employer Resources is written by the Employment and Training Services Division of the Alaska Department of Labor and Workforce Development.

SAFETY MINUTE

How health care workers and employers can make the industry safer

Working in health care presents a number of hazards, and many health care workers put their patients' safety above their own. Working in hospitals and home care units can include moving patients, cleaning, handling medical waste and hazardous chemicals, and working with sharp instruments, as just a few examples.

Health care employers must ensure their workers are safe, and preventing injuries helps workers remain in the profession of helping patients rather than becoming one.

One important safety measure is ergonomics, which plays a major role in keeping health care workers off the injured list. According to the Occupational Safety and Health Administration, 33 percent of injuries in the health care industry are musculoskeletal disorders, and many could have been prevented with an ergonomic training plan.

In addition to emphasizing ergonomics, employers should continuously evaluate work sites for hazards and encourage workers to report symptoms and potentially injurious tasks early.

For employees, a simple stretch to loosen the muscles before moving a patient can make the difference between injury and remaining mobile.

A number of resources are available to help health care employers and workers make the industry safer.

OSHA provides online training tools that cover health care safety topics such as blood borne pathogens, fire hazards, hazardous chemicals, workplace violence, and electrical hazards. See https://www.osha.gov/dts/osta/oshasoft/.

OSHA also provides a downloadable training file called the Hazard Identification Training tool, or HazID, that walks users through a virtual emergency room. Download the file at https://www.osha.gov/hazfinder/.

The Department of Labor and Workforce Development's Occupational Safety and Health Section provides free safety consultations for employers. AKOSH consultants visit the workplace to evaluate hazards and recommend corrective measures. To request a consultation, visit http://labor.alaska.gov/lss/oshhome.htm or call (800) 656-4972.

Safety Minute is written by the Labor Standards and Safety Division of the Alaska Department of Labor and Workforce Development.