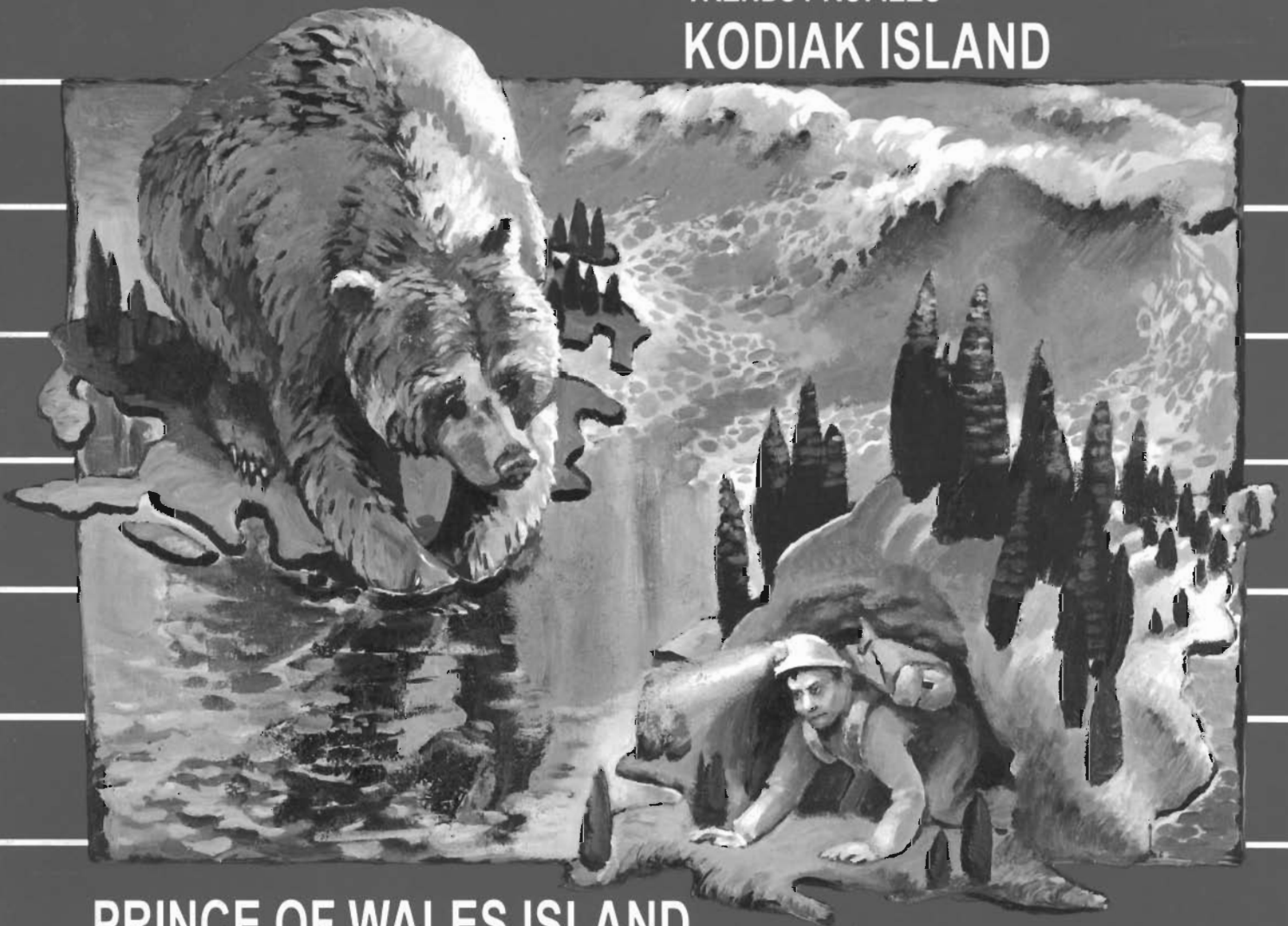


ALASKA ECONOMIC

TRENDS

February
1996

TRENDS PROFILES—
KODIAK ISLAND

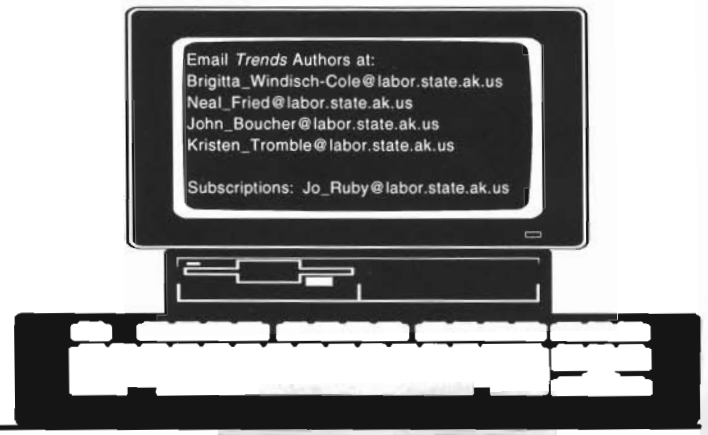


PRINCE OF WALES ISLAND

EMPLOYMENT GROWTH IS EVAPORATING

ALASKA DEPARTMENT OF LABOR • TONY KNOWLES, GOVERNOR

ALASKA ECONOMIC TRENDS



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

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State of Alaska

Tom Cashen, Commissioner
Department of Labor

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A TRENDS profile — Kodiak Island

by Brigitta Windisch-Cole

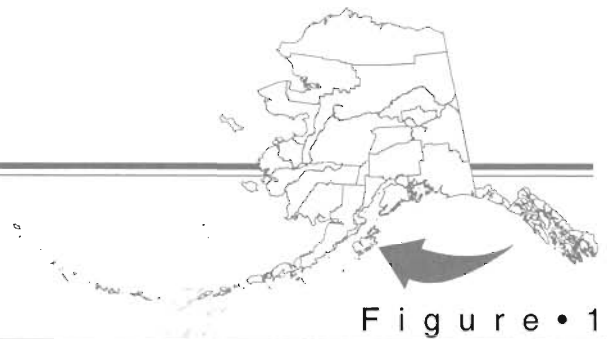
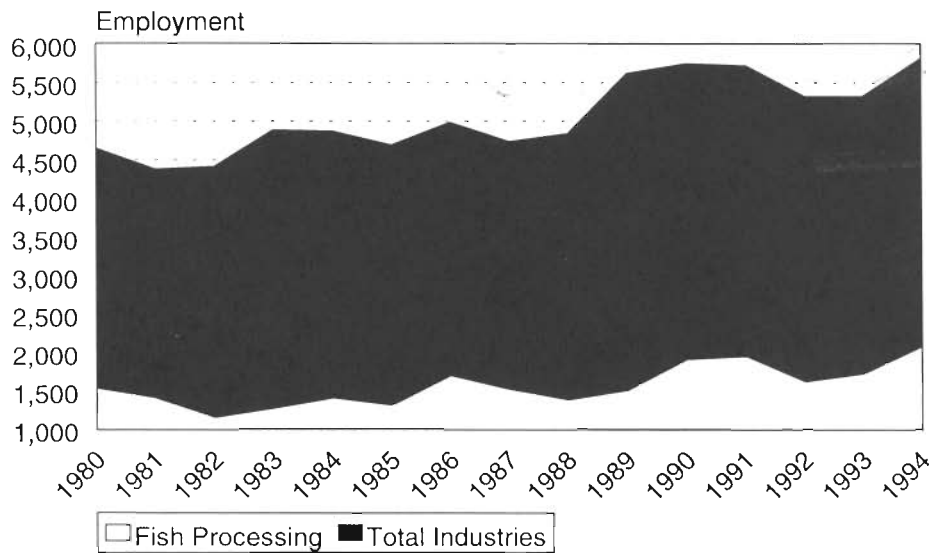


Figure • 1

The description of Kodiak as the Emerald Isle not only hints at its scenic beauty but also alludes to the abundant ocean resources in its surrounding waters. While fishing provides Kodiak's economic base, other industries such as timber, tourism, and especially the Coast Guard's presence sustain and promote growth in the construction, retail and service industries.

Kodiak's wage and salary employment history reflects the up and down fortunes of the fishing industry. (See Figure 1, Table 1.) Exceptional employment growth in 1989 marks the year of the *Exxon Valdez* oil spill in Prince William Sound, which affected Kodiak greatly. Employment grew over 16 percent in one year due to jobs created by the clean-up effort. In subsequent years, employment levels remained high because of strong fish harvests.

Kodiak's Employment Picture 1980-1994



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

Commercial fishing is an old tradition

The purchase of Alaska by the United States in 1867 ushered in a new era that created a commercial salmon fishery. By the late nineteenth century, Kodiak had become the commercial seafood production center of the Alaska territory.

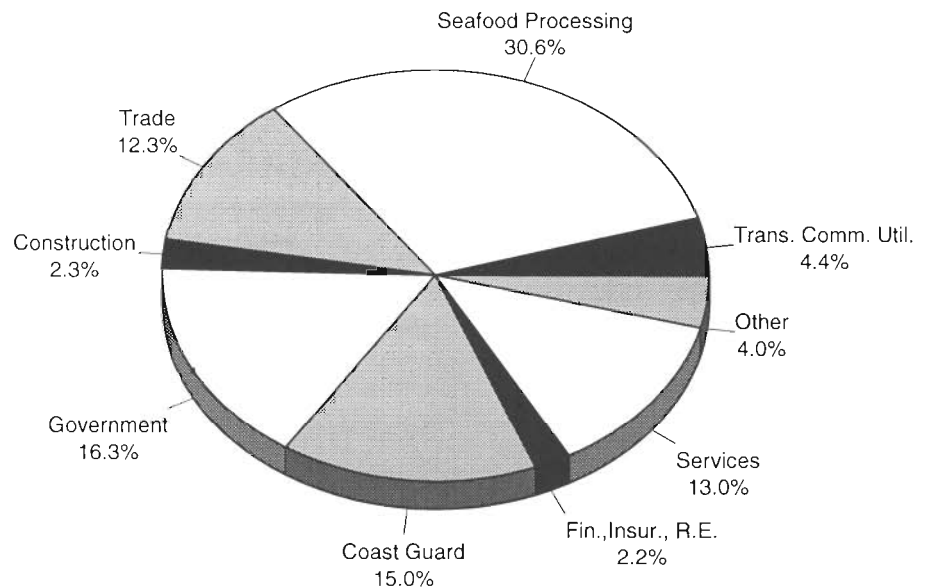
Since then, Kodiak has become one of the nation's biggest seafood ports. An impressive infrastructure developed to support the fishing industry. Harbors, docks, seaplane landing areas, seafood processing plants, and a fishery research center provide jobs and revenues that spread throughout the area's economy.

A fishing metropolis

The fishing industry dominates Kodiak's employment scene (See Figure 2.), with eight of Kodiak's

Figure • 2

Kodiak's Employment Mix 1994



Percentages may not add to 100 because of rounding.
*includes federal, state and local government employment.
Source: Alaska Department of Fish and Game.

seafood processing plants among the Island's top 15 private employers. (See Table 2.) Fish processing companies, which provided 36% of all wage and salary jobs in Kodiak in 1994, have traditionally relied on a transient work force. Almost 50 percent of Kodiak's salary and wage earners were nonresidents in 1993. Estimating employment for the harvesters is difficult because of fluctuating crew sizes, multiple fisheries, and seasons. Further compounding the fisheries employment issue is a 1995 fisheries management strategy instituted in the halibut fishery. No empirical data are available yet on the impact of Individual Fishing Quotas (IFQs) on seafood harvesting and processing employment. However, anecdotal evidence indicates that a shift in the relationship between vessel skippers and crews may be occurring in the halibut fishery. With the extra time now allowed for fishing, quota shareholders can pool their efforts and assist each other. Additional crew may not be needed.

A 1990 study by Impact Assessment, Inc., a national consulting firm experienced in fisheries research, cal-

culated that Kodiak's fish harvesting employment averaged about 1,460 jobs annually. About 496 salmon permit holders participated in the 1995 fishing season. Alaskan residents own nearly 75 percent of all Kodiak salmon permits, and almost 52 percent of these permit holders list Kodiak as their residence.

In 1994, Kodiak's commercial fishers delivered a harvest of 307.7 million pounds of seafood valued at \$107.6 million. This catch confirmed Kodiak as the third largest seafood port in the nation. Salmon is not the only ocean resource contributing to these totals. Groundfish, halibut, herring, and crab fisheries have complemented the summer's fishing season for many years. In recent years, the groundfish fishery has gained importance and its processed output nearly equaled salmon production in 1994. (See Figure 3.) But the Island's summer salmon harvest, which netted a record catch of over 187 million pounds with a harvest value of \$50.5 million in 1995, remains Kodiak's number one fishery.

With a salmon glut depressing prices on international markets,

Kodiak's fishing industry is seeking new markets and products. For example, scientists at the Fisheries Industrial Technology Center, on Kodiak, are conducting research and developing new products. Another multi-agency fishery research complex may be built in the near future to complement this on-going research effort.

Host to the largest Coast Guard base in the nation

The Coast Guard exerts the second largest impact on the local economy. Kodiak has been a military town since 1938. In 1972, both the Navy's and the Army's WW II installations were converted to the nation's largest Coast Guard base.

From Kodiak, 1,028 Coast Guard personnel monitor most of Alaska's 33,000-mile-long coastline. In 1995, there were 2,516 personnel and dependents, comprising 16.7% of the Island's population. In addition, a group of about 320 employees, consisting of civilians, private contract and other personnel, supports the base. In the upcoming reorganiza-

T a b l e • 1

Kodiak's Wage and Salary Employment by Industry, 1980-1994

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Total Industries	4,642	4,374	4,408	4,883	4,866	4,688	4,981	4,734	4,835	5,613	4,742	4,711	5,318	5,320	5,811
Mining	0	0	0	0	19	13	0	0	0	0	*	*	*	*	*
Construction	102	136	304	582	342	280	276	198	180	180	158	161	164	142	154
Manufacturing	1,824	1,544	1,276	1,378	1,473	1,380	1,733	1,569	1,479	1,671	2,062	2,091	1,810	1,885	2,260
Food & Kindred Prod.	1,544	1,422	1,167	1,285	1,423	1,326	1,708	1,534	1,396	1,520	1,923	1,961	1,631	1,733	2,092
Trans., Comm., Util.	352	321	297	311	298	231	188	222	230	664	319	320	339	323	301
Trade	611	591	713	723	749	813	757	834	842	890	921	931	851	828	841
Wholesale	35	*	*	37	35	49	52	50	56	49	36	41	45	68	72
Retail	576	578	690	687	715	764	706	784	786	841	886	890	806	759	769
Finance, Ins., Real Estate	99	95	102	105	103	105	110	108	116	106	111	112	136	135	148
Services	562	545	752	611	605	641	663	664	826	969	1,018	955	828	823	890
Agric., Forest. & Fish.	*	*	*	*	*	35	30	*	*	34	30	21	52	62	99
Government	1,038	1,052	1,046	1,115	1,165	1,174	1,209	1,081	1,112	1,098	1,120	1,116	1,120	1,115	1,113
Federal	286	257	252	253	241	243	243	234	193	161	162	165	174	171	166
State	208	253	260	273	282	282	266	237	248	282	285	275	277	263	252
Local	545	542	533	588	643	650	700	610	671	656	673	677	669	681	695
Nonclassified	*	*	*	*	*	*	*	*	*	3	*	*	*	*	*

*Nondisclosable.

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

tion of Coast Guard installations, Kodiak's base could gain additional station strength.

A portion of the annual military payroll of almost \$57 million remains on the Island. Military expenditures, such as capital projects and contracted services, also stimulate economic activity. For example, the Coast Guard appropriated \$22.6 million in 1995 for capital construction, and Kodiak's hospital delivers some health care services for Coast Guard personnel and their families. This military spending adds stability to the local economy.

Timber sales show impressive revenues

Logging on Afognak Island and Chinikak began with the passage of the Alaska Native Claims Settlement Act of 1971. In recent years, logging on Afognak and Kodiak showed impressive growth. From 1992 to 1993, revenues more than doubled. In 1994, harvest value was over \$40 million. A few companies currently harvest about 65 to 70 million board feet per year. Most logs, shipped in round, are sold on Asian markets.

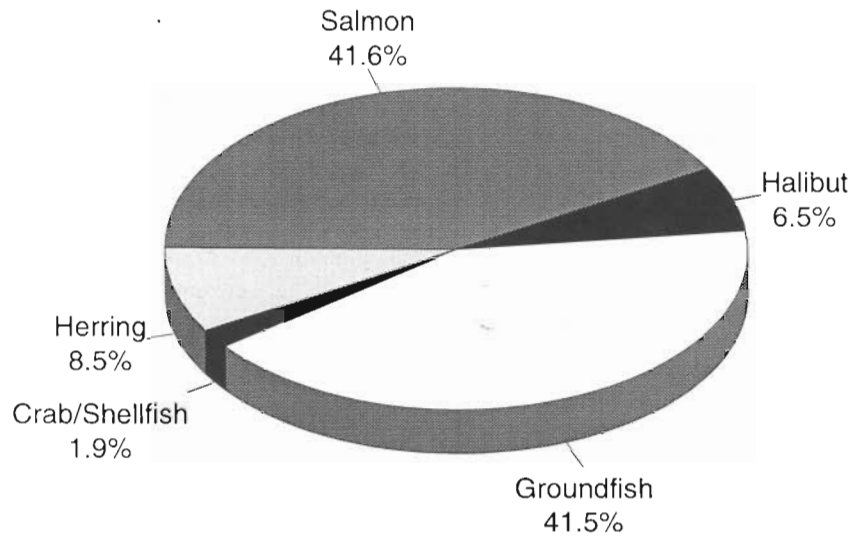
Visitors discover the Emerald Isle

Kodiak holds attractions for a variety of visitors. Hunters and anglers find spectacular locations for their sports. Other visitors choose Kodiak as a vacation spot for its scenic beauty, cultural resources, wildlife viewing, camping, hiking, and other recreational activities. According to the Kodiak Island Convention and Visitors Bureau, tourists spent approximately \$10.5 million in 1994. Recently, Kodiak's visitor industry received a boost when Princess Tours, a large tour operator in Alaska, announced it would offer Kodiak tours.

A quantum leap into the future?

Because of its ideal geographic location, Kodiak has been selected as a

Kodiak's Seafood Production Mix



Source: Alaska Department of Fish and Game, Commercial Operator's Annual Report.

Table • 2

Kodiak's Top 15 Private Employers in 1994

Rank	Firm	Average Annual Employment
1	All Alaskan Seafoods (now Tyson Seafoods)	436
2	International Seafoods of Alaska	342
3	Cook Inlet Fisheries	214
4	Queen Fisheries (now closed)	193
5	Alaska Pacific Seafoods, Inc.	189
6	Ocean Beauty Seafoods	149
7	Safeway Inc.	137
8	AK Commercial Company (formerly O Krafts)	121
9	Western Alaska Fisheries Inc.	102
10	Ben A. Thomas (logging)	80
11	Ocean Peace (seafood processor)	71
12	AK-Mac, Inc. (dba Mc Donald's in Kodiak)	62
13	Kodiak Electric Association	61
14	Westmark Kodiak Hotel	44
15	Brechan Enterprises (construction contractor)	43

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

T a b l e • 3

The Population of Kodiak Island 1995

Kodiak Island Borough	15,400
Akhiok city	80
Chiniak CDP	83
Karluk CDP	58
Kodiak city	7,620
Larsen Bay city	130
Old Harbor city	310
Ouzinkie city	259
Port Lions city	233
Women's Bay CDP	749
Coast Guard Station CDP	2,049
Remainder of Kodiak Island census subarea	3,829

CDP = Census designated place.

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

T a b l e • 4

A Snapshot of Kodiak Current Statistics

	Alaska	Kodiak
Population 1995	615,900	15,400
Kodiak's population is almost a year younger...		
Median age (1994)	29.9	29.0
...and there are more children and fewer seniors (1994)		
Percent under 5 years old	9.5%	10.4%
Percent 18 years & over	69.1%	68.1%
Percent 65 years & over	4.5%	3.4%
There are fewer women (1994)		
Percent Female	47.8%	44.9%
Kodiak's diversity (1995)		
Percent White	75.7%	66.5%
Percent Black	4.4%	1.2%
Percent American Indian, Eskimo, or Aleut	15.7%	15.3%
Percent Asian/Pacific Islander	4.2%	17.0%
Percent Hispanic	4.0%	6.8%
More workers are unemployed (1994)		
Percent of all 16 years + in labor force	70.2%	70.0%
Percent unemployed	7.9%	12.1%
Income measured:		
*Personal per capita income (1993)	\$23,070	\$20,889
Annual Average Monthly Earnings (1994)	\$2,689	\$2,135
Renters pay more...		
Anchorage (11/1995)	-	\$678
Kodiak (11/1995)	-	\$824

*U. S. Department of Commerce, Bureau of Economic Analysis.

Source: Alaska Department of Labor, Research and Analysis.

possible site of an orbital rocket launch facility. The project proposal includes \$20 million in construction to begin in 1996. The Kodiak Launch Complex would be the first non-federally-owned commercial space port.

Satellites, designed and owned by domestic and an international clientele, would loft into space from this site. Alaska's Aerospace Development Corporation also foresees an established Foreign Trade Zone to exempt foreign customers from import taxes when they utilize the Kodiak Launch Complex.

Kodiak's people

Current estimates indicate that 15,400 residents live on Kodiak (See Table 3.), with Alaskan Natives representing 15.3% of the Island's population. (See Table 4.) Many of Kodiak's fish processing workers are of Filipino or Hispanic origin. While a large portion of these workers come to work only the peak fishing seasons, many have made Kodiak their home, some for generations. (See Table 4.) The City of Kodiak, growing at an annual average of 3.7% in the past five years, and the nearby Coast Guard base make up about 63 percent of the Island's population.

What's in Kodiak's future?

In spite of changes and problems in the fishing industry, it will remain Kodiak's mainstay. The uncertainties of this industry have been part of Kodiak's history, and fluctuations in the economy will continue. The Coast Guard's presence on Kodiak not only establishes a steady demand for goods and services but also delivers a variety of public services beneficial to the local fishing industry. Logging has created jobs and stimulated business in transportation, service, and retail industries. Kodiak tourism, with its large repertoire of attractions, will continue to grow. And Kodiak, as a future space port, may become a major high-tech center in Alaska.

Prince of Wales Island

by John Boucher and Kristen Tromble

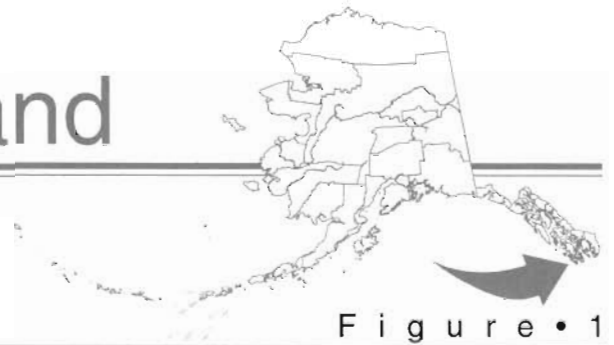
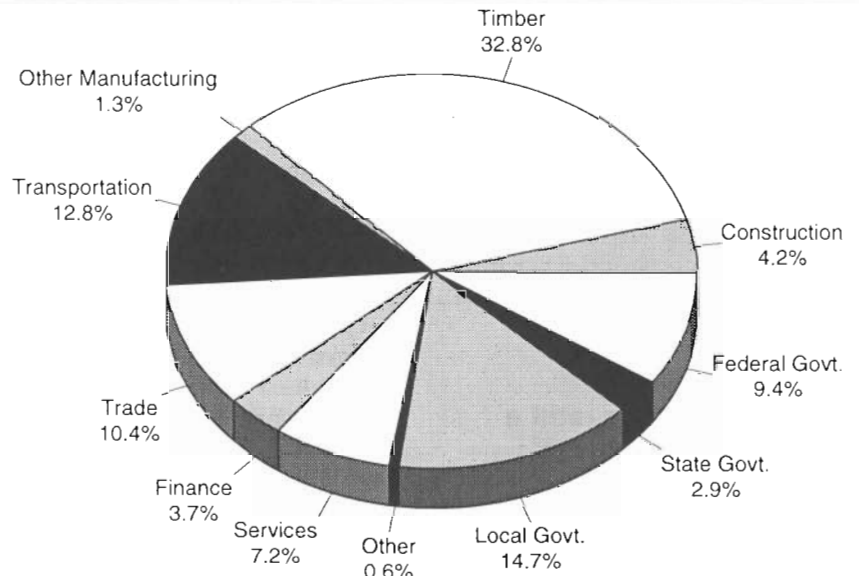


Figure • 1

Timber Provided Almost One-Third of 1994 Wages



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

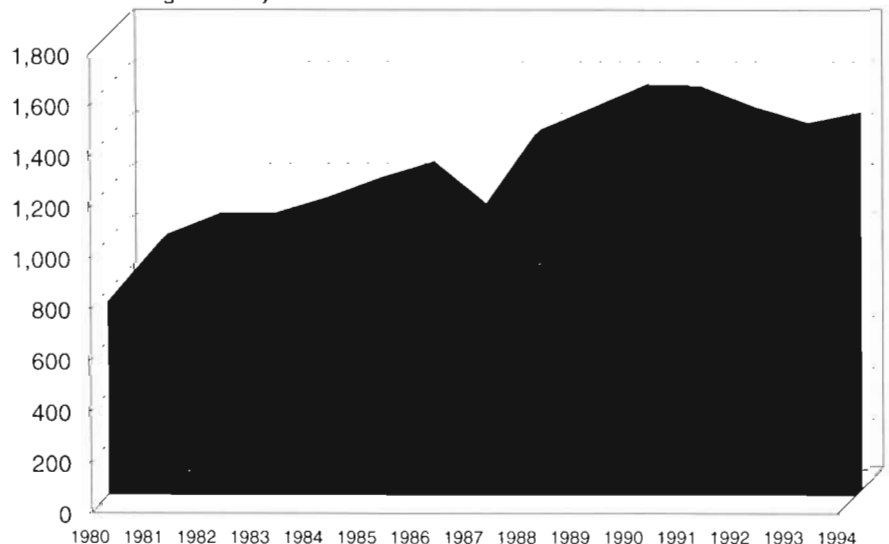
Timber harvesting a shrinking but vital job source

The wood products industry is the largest private wage and salary employer on Prince of Wales. In 1994, timber industry employment (logging and sawmill activity only) accounted for nearly one-quarter of the wage and salary jobs and one-third of the wages paid. (See Figure 1.) Sales of U.S. Forest Service timber stands and private timber stands, owned by Prince of Wales' four village native corporations and Sealaska, the regional native corporation, account for most timber harvesting employment on the island. The industry's presence on Prince of Wales is predominantly logging and related activity. Processing on the island has had a spotty history. Currently, there are several small sawmills on the island, the largest being the Viking Lumber Mill in Klawock.

Figure • 2

Prince of Wales Back On A Growth Path

Wage & Salary Jobs



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

Since the late 1980s, when combined annual timber harvests from public and private lands were at all-time highs, the number of timber industry jobs has fallen off dramatically. This detoured the island's economy from what had previously been a strong growth path. (See Table 1 and Figure 2.) Smaller harvests from public and private lands account for the drop. In the future, it appears likely that the timber industry will play an important, but shrinking role in the island's economy. Timber harvest levels from Forest Service land are currently being debated and future harvest levels are uncertain. Harvestable timber on private land will likely diminish as the village corporations deplete their saleable timber. Sealaska's timber base should make the regional corporation a steady source of timber industry activity into the foreseeable future.

Commercial fishing, still a cornerstone of Prince of Wales' economy

Prince of Wales still has strong economic ties to the fishing industry. Salmon, halibut, herring, groundfish, shellfish and numerous other products are either harvested or grown in the island's surrounding waters. The majority of the harvest occurs west of Prince of Wales, in the

rich fishing grounds of the outer islands and the open ocean. In 1993, more than \$6.5 million in seafood was harvested by Prince of Wales permit holders; salmon accounted for the largest share at more than \$4.0 million. Pink salmon constituted the majority of the salmon catch, but higher priced species provided most of the catch's value. The second most valuable fishery to area fishers in 1993 was halibut, which provided \$1.3 million in earnings. Shellfish aquaculture, particularly oysters, is another thriving part of the island's seafood industry. Several oyster farms operate on Prince of Wales. Somewhat like the timber industry, processing activity on the island is minimal.

Craig, the island's largest community, is home to the largest contingent of fishers. In 1993, Craig permit holders hauled in more than \$4.1 million in earnings, or 63.0% of the island's total take. Fishers in Edna Bay, Point Baker and Klawock collectively caught \$1.7 million worth of seafood, and Hydaburg and Thorne Bay permit holders also had significant earnings.

Fishing lodges anchor tourist industry

Prince of Wales' rich fishing grounds make it a haven for saltwater sport

fishing. The resource has spawned a thriving visitor industry built around guided saltwater sport fishing opportunities. The island's nearly 20 operating fishing lodges and a burgeoning charter boat fleet are proof of the industry's strength. The rehabilitated Waterfall Cannery is the largest facility on the island and is among Prince of Wales' largest private employers. (See Table 2.)

Besides sport fishing, other attractions are contributing to this growing segment of the Prince of Wales economy. One developing destination is the extensive cave system on the island's north end. El Capitan, the system's largest cave, attracted about 100 visitors a week over a nine-week season last summer. Demand for the tour was high enough that the Forest Service is evaluating ways to expand the number of visitors to the cave. Tourism companies are interested in developing tours that explore the cave system as a destination. Currently, the Forest Service is looking at developing a self-guided trail system to increase access to the cave system. The Forest Service also has plans underway to build a 15-unit campground at Harris River, which would significantly increase the number of campsites available to tourists in the peak season.

Table • 1

Prince of Wales Island—Employment by Industry 1980-1994

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Total Industries	757	997	1,080	1,080	1,143	1,220	1,283	1,114	1,410	1,498	1,588	1,579	1,499	1,436	1,479
Construction	*	16	24	*	29	47	35	25	69	95	68	50	48	50	61
Manufacturing	424	508	567	509	530	453	550	388	612	563	609	551	476	340	344
Trans., Comm., & Util.	*	74	71	*	15	45	49	51	57	126	131	134	141	148	149
Trade	51	94	96	99	118	122	131	159	168	173	199	208	214	228	252
Finance, Ins., & Real Estate	12	25	36	63	40	46	40	34	36	45	60	47	58	62	51
Services & Misc.	50	76	77	92	102	111	114	116	113	133	158	185	133	170	179
Government	163	205	210	239	310	396	364	341	355	363	364	405	429	438	444
Federal	27	39	47	57	59	83	88	83	79	94	97	104	122	128	121
State	14	19	23	23	25	29	30	28	29	32	30	32	34	27	28
Local	122	148	140	158	226	284	247	230	247	237	237	269	273	283	295

*Nondisclosable

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

A unique group of linked communities

Most Southeast Alaska communities are isolated. Southeast's terrain makes air and water transport the link between communities. A unique feature of Prince of Wales is the network of logging roads that links together the island's communities. The road system makes it easier for residents and visitors to take advantage of a variety of goods, services and recreational opportunities available on the island. In the long term, an island-wide transportation system offers economic opportunities that other communities in the region will find difficult to duplicate.

While roads connect most Prince of Wales communities, the island's link to other Southeast communities remains water or air. The Alaska Marine Highway System offers daily ferry service to Prince of Wales in the summer and curtailed service in the winter. Increasing the frequency of service, and increasing access to Prince of Wales, has been a goal of many of the island's communities. Currently, the communities are in pursuit of \$6 million in federal funds to build a ferry system that would offer daily service to Prince of Wales on a year-round basis. An island-wide port authority would manage the ferry and terminals. To improve the air transportation link, the Federal Aviation Administration is scheduled to upgrade the navigational aids at the Klawock Airport which would allow more bad weather landings. This could be a step to introducing jet service to the island.

Boom times on the island

Recently, Prince of Wales has experienced a population and economic boom. (See Table 3.) Increased student enrollment has stretched area schools well beyond capacity. Craig was the fastest growing city in Alaska from 1990 to 1995. The island's communities and businesses have responded by building infrastructure. Recently completed projects include a hydroelectric facility to increase power generation

Prince of Wales' 10 Largest Private Employers¹

Rank	Firm	1994 Annual Avg. Employment
1	Ketchikan Pulp Corporation	185
2	Thompson House/Little T/Young's Liquor/ Craig Bar & Liquor	74
3	Shaan Seet Inc.	50
4	Waterfall Group LTD	36
5	Lawrence Derry Trucking Inc.	32
6	Fox River Timber Corp.	28
7	Alaska Power & Telephone Co.	24
8	Ruth Ann's Restaurant	21
9	Golden Rule Camp Services Inc.	20
10	Klawock Heenya Corporation	16

¹ Published with permission of employers.

Two of the largest private employers asked to be excluded from this listing.

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

Craig Posts 54% Population Gain Since 1990

	Apr. 1, 1990	July 1, 1995	% Change
Prince of Wales	4,652	5,154	10.8
Craig	1,260	1,946	54.4
Klawock	722	759	5.1
Thorne Bay	581	650	11.9
Balance of POW	430	448	4.2
Hydaburg	384	406	5.7
Coffman Cove	186	254	36.6
Naukati Bay	93	147	58.1
Hollis	111	106	-4.5
Whale Pass	75	92	22.7
Edna Bay	86	79	-8.1
Polk Inlet	135	69	-48.9
Port Protection	62	64	3.2
Point Baker	39	62	59.0
Kasaan	54	41	-24.1
Port Alice	30	22	-26.7
Labouchere Bay	149	9	-94.0
Dora Bay	57	0	-100.0
Long Island	198	0	-100.0

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

and new health care and recreational facilities. In addition, there are ongoing efforts to improve roads and upgrade air and water transportation facilities.

Two projects critical to growth are planned for the 1996 construction season. Craig and Klawock are working to expand their water and sewage treatment capacity. Completion of these projects will increase available residential and commercial land.

Several land development projects are currently underway on the island: Thorne Bay's Goose Creek industrial site; Craig's False Island industrial site project; and the Mary Jackson subdivision in Klawock, which has commercial and residential parcels planned. Making more land available for industrial sites should spur an expansion of small wood processing facilities, seafood processors, marine industrial busi-

nesses and other commercial activity. The Mary Jackson project will also help ease the current housing crunch.

Efforts to expand the island's infrastructure are enabling Prince of Wales to develop a more self-sufficient economy. Today's island residents are less dependent on other communities for goods and services. One example of this is the recent opening of a retail mall in Klawock. This development increased the island's ability to capture local residents' spending, and it expanded employment opportunities for area residents.

T a b l e • 4

A Snapshot of Prince of Wales Statistics from the 1990 Census

	POW	Alaska
POW's population grew much faster...		
Percent change 1980-1990 (1990 Population = 4,646)	86.7%	36.9%
A higher percentage was male...		
Percent male	57.9%	52.7%
Nearly a quarter was Alaska Native...		
Percent White	74.2%	75.5%
Percent American Indian, Eskimo, or Aleut	24.7%	15.6%
Percent Hispanic (of all races)	1.7%	3.2%
Percent Asian	0.7%	3.6%
Percent Black	0.2%	4.1%
Fewer people over 25 held degrees...		
Percent high school graduate or higher	77.8%	86.6%
Percent bachelor's degree or higher	11.6%	23.0%
Labor force participation by women was lower...		
Percent of all 16 years + in labor force	72.0%	74.7%
Percent males 16+ in labor force	81.8%	82.1%
Percent males unemployed (Mar./Apr. 90)	11.9%	10.0%
Percent females 16+ in labor force	57.2%	66.4%
Percent females unemployed (Mar./Apr. 90)	6.3%	7.3%
More families were below the poverty level...		
Percent of families below poverty level	7.9%	6.8%
Median family income in 1989	\$44,112	\$46,581
Less than \$5,000	3.8%	2.6%
\$5,000-\$9,999	3.9%	3.3%
\$10,000-\$14,999	5.4%	5.5%
\$15,000-\$24,999	9.6%	11.7%
\$25,000-\$34,999	10.7%	12.6%
\$35,000-\$49,999	24.1%	18.4%
\$50,000-\$74,999	30.1%	23.8%
\$75,000-\$99,999	7.7%	12.9%
\$100,000 or more	4.7%	9.1%

Source: U.S. Department of Commerce, Bureau of the Census.

Prince of Wales' future looks bright

While some uncertainty hangs over the Prince of Wales economy, particularly the deterioration of the island's timber industry, the future appears bright. The combination of a developing transportation system, abundant natural resources, vast and relatively untapped recreational areas, and a large base of privately held land make the economic potential of the island extremely good. These economic advantages make it conceivable that by the middle of the next century Prince of Wales will have evolved into one of the major population centers in Southeast Alaska, and one of the more diverse economies in the state.

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Employment Growth Is Evaporating

By Neal Fried

With 1995's economic statistics nearly complete, Alaska's work force appears to be ending 1% ahead of last year—or 2,600 jobs larger. The good news is that 1995 will go down as the eighth straight year of job growth. The not-so-good news is that this year's performance was the weakest of the last eight, with growth waning throughout the year. In January, employment was running 2.8% ahead of January 1994's numbers, but by November this rate had dwindled to 0.3%. A combination of factors contributed to this deceleration in the economy. Altogether, there were a few sizable industry losses, little or no growth in other industries, and a diminishing performance from the economy's strongest players. (See Table 1.)

Negatives remain, but some positives exist in the oil patch

Alaska's oil industry showed a large year-to-year employment loss, primarily due to cutbacks at ARCO. However, the news from the oil patch was not all bleak. The final lifting of the petroleum export ban will help the industry and state fetch higher prices for their oil. ARCO also recently announced strong interest in developing their West Sak oil field. If their studies pan out, they could be pumping oil from this field by 1997. West Sak is a large field but, because of the thickness of its crude, only 500 million barrels may be recoverable. This compares to 13 billion barrels of recoverable oil from Prudhoe Bay.

Timber employment edging up outside of Southeast Alaska

The closure of the Wrangell sawmill still haunts the timber employment numbers. However, there is a bit of good news coming out of the industry. In late November, the Ketchikan Pulp Mill reopened their sawmill, filling about 50 positions. Outside of Southeast, where 77% of all timber employment in Alaska exists, timber employment

has crept up on Kodiak Island, the Kenai Peninsula, and the Prince William Sound-Copper Center region. Higher timber prices and the availability of beetle-killed timber is driving this growth. In fact, Ketchikan Pulp is planning to set up a log yard in Seward to store and ship beetle-killed spruce logs to Ketchikan. These job gains, totaling 100-150 jobs, are not enough to offset timber employment losses in Southeast.

Transportation's employment losses grow

Transportation's employment losses are no longer just limited to Mark Air's demise and Alyeska Pipeline Company's cutbacks. The latest setback for the industry was the Chapter 11 filing of Mark Air Express and the near closing of its operations in late November. Because the shutdown occurred late in the month, this layoff of approximately 250 workers will not show in the employment figures until December. This new hit will deepen the industry's employment losses and will assure that they carry into 1996. Although several air carriers are beefing up their operations and are hiring additional staff, they will fall far short of absorbing these laid-off workers. Unlike the earlier Mark Air layoff that occurred right before the busy summer season, these workers are entering a labor market during the nadir of the hiring season.

Alaska's public sector continues to shrink

Although the federal government furlough in November did not affect the employment figures, its numbers continue to shrink. Federal civilian employment is in its second year of decline, with continuing losses expected.

Base closures, realignments and simple troop reductions are cutting military employment. The number of uniformed military personnel, which is not included in our employ-

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T a b l e • 1

Nonagricultural Wage and Salary Employment by Place of Work

Alaska	p/		Changes from			Municipality of Anchorage	p/		Changes from		
	11/95	r/10/95	11/94	10/95	11/94		11/95	r/10/95	11/94	10/95	11/94
Total Nonag. Wage & Salary	256,600	264,300	255,800	-7,700	800	Total Nonag. Wage & Salary	121,600	123,200	121,200	-1,600	400
Goods-producing	34,400	39,800	34,400	-5,400	0	Goods-producing	11,500	12,900	11,500	-1,400	0
Mining	9,700	10,000	10,300	-300	-600	Mining	2,700	2,800	2,900	-100	-200
Construction	13,000	15,200	12,800	-2,200	200	Construction	6,900	8,000	6,700	-1,100	200
Manufacturing	11,700	14,600	11,300	-2,900	400	Manufacturing	1,900	2,100	1,900	-200	0
Durable Goods	3,000	3,300	3,200	-300	-200	Service-producing	110,100	110,300	109,700	-200	400
Lumber & Wood Products	2,200	2,400	2,400	-200	-200	Transportation	11,900	12,200	12,500	-300	-600
Nondurable Goods	8,700	11,300	8,100	-2,600	600	Air Transportation	4,300	4,400	4,600	-100	-300
Seafood Processing	5,400	7,900	4,900	-2,500	500	Communications	2,300	2,300	2,400	0	-100
Pulp Mills	500	500	500	0	0	Trade	30,400	30,000	29,400	400	1,000
Service-producing	222,200	224,500	221,400	-2,300	800	Wholesale Trade	6,200	6,200	6,000	0	200
Transportation	22,000	23,100	23,000	-1,100	-1,000	Retail Trade	24,200	23,800	23,400	400	800
Trucking & Warehousing	3,100	3,200	3,000	-100	100	Gen. Merch. & Apparel	5,500	5,100	5,000	400	500
Water Transportation	1,900	2,000	1,800	-100	100	Food Stores	3,300	3,300	3,400	0	-100
Air Transportation	6,900	7,100	7,500	-200	-600	Eating & Drinking Places	8,000	8,100	7,700	-100	300
Communications	3,700	3,800	3,800	-100	-100	Finance-Ins. & Real Estate	7,100	7,200	7,200	-100	-100
Trade	55,400	55,200	54,100	200	1,300	Services & Misc.	32,300	32,500	31,700	-200	600
Wholesale Trade	8,400	8,500	8,200	-100	200	Hotels & Lodging Places	2,700	2,700	2,700	0	0
Retail Trade	47,000	46,700	45,900	300	1,100	Health Services	6,600	6,700	6,400	-100	200
Gen. Merch. & Apparel	10,400	9,800	10,000	600	400	Government	28,400	28,400	28,900	0	-500
Food Stores	7,400	7,400	7,300	0	100	Federal	10,500	10,600	11,000	-100	-500
Eating & Drinking Places	15,000	15,300	14,800	-300	200	State	8,300	8,300	8,400	0	-100
Finance-Ins. & Real Estate	11,800	12,000	11,900	-200	-100	Local	9,600	9,500	9,500	100	100
Services & Misc.	59,200	59,900	57,600	-700	1,600						
Hotels & Lodging Places	5,700	6,200	5,500	-500	200						
Health Services	13,400	13,400	12,600	0	800						
Government	73,800	74,300	74,800	-500	-1,000						
Federal	17,400	17,800	18,300	-400	-900						
State	21,900	21,900	22,000	0	-100						
Local	34,500	34,600	34,500	-100	0						

T a b l e • 2

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/11/95	r/10/95	11/94	p/11/95	r/10/95	11/94	p/11/95	r/10/95	11/94
Mining	1247.27	1266.65	1293.31	48.4	49.0	49.8	25.77	25.85	25.97
Construction	1051.16	1225.22	1102.10	42.3	46.8	41.2	24.85	26.18	26.75
Manufacturing	464.52	541.73	470.16	34.9	45.6	36.0	13.31	11.88	13.06
Seafood Processing	289.01	415.27	319.15	32.4	48.4	36.6	8.92	8.58	8.72
Trans., Comm. & Utilities	676.08	693.35	669.86	34.6	35.0	35.2	19.54	19.81	19.03
Trade	407.23	419.22	385.53	33.6	34.0	33.7	12.12	12.33	11.44
Wholesale	627.75	649.34	598.37	37.5	38.4	37.8	16.74	16.91	15.83
Retail	368.15	378.15	348.15	32.9	33.2	33.0	11.19	11.39	10.55
Finance-Ins. & Real Estate	485.52	494.83	452.77	35.7	36.6	35.4	13.60	13.52	12.79

Notes to Tables 1-3:

Tables 1&2- Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Table 3- Prepared in part with funding from the Employment Security Division.

p/ denotes preliminary estimates.

r/ denotes revised estimates.

Government includes employees of public school systems and the University of Alaska.

Average hours and earnings estimates are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing). Averages are for gross earnings and hours paid, including overtime pay and hours.

Benchmark: March 1994

Nonagricultural Wage and Salary Employment by Place of Work

Southeast Region	p/		Changes from		
	11/95	10/95	11/94	10/95	11/94
Total Nonag. Wage & Salary	34,450	36,000	34,350	-1,550	100
Goods-producing	5,400	6,100	5,400	-700	0
Mining	250	200	200	50	50
Construction	1,650	1,850	1,650	-200	0
Manufacturing	3,500	4,050	3,550	-550	-50
Durable Goods	1,750	1,800	1,950	-50	-200
Lumber & Wood Products	1,600	1,650	1,850	-50	-250
Nondurable Goods	1,750	2,250	1,600	-500	150
Seafood Processing	1,050	1,500	850	-450	200
Pulp Mills	500	550	500	-50	0
Service-producing	29,050	29,900	28,950	-850	100
Transportation	2,650	2,800	2,600	-150	50
Trade	6,650	6,750	6,650	-100	0
Wholesale Trade	500	500	550	0	-50
Retail Trade	6,150	6,250	6,100	-100	50
Finance-Ins. & Real Estate	1,450	1,550	1,500	-100	-50
Services & Misc.	6,150	6,400	5,950	-250	200
Government	12,150	12,400	12,250	-250	-100
Federal	1,800	1,850	1,850	-50	-50
State	5,300	5,350	5,300	-50	0
Local	5,050	5,200	5,100	-150	-50

Anchorage/Mat-Su Region

Total Nonag. Wage & Salary	131,600	133,650	131,050	-2,050	550
Goods-producing	12,150	13,750	12,300	-1,600	-150
Mining	2,700	2,850	3,050	-150	-350
Construction	7,500	8,700	7,300	-1,200	200
Manufacturing	1,950	2,200	1,950	-250	0
Service-producing	119,450	119,900	118,750	-450	700
Transportation	12,850	13,250	13,450	-400	-600
Trade	33,050	32,700	32,000	350	1,050
Finance-Ins. & Real Estate	7,500	7,600	7,600	-100	-100
Services & Misc.	34,700	34,950	33,850	-250	850
Government	31,350	31,400	31,850	-50	-500
Federal	10,550	10,700	11,150	-150	-600
State	9,200	9,150	9,250	50	-50
Local	11,600	11,550	11,450	50	150

Gulf Coast Region

Total Nonag. Wage & Salary	24,650	26,550	24,150	-1,900	500
Goods-producing	5,000	6,500	4,700	-1,500	300
Mining	1,000	1,150	1,000	-150	0
Construction	1,250	1,500	1,250	-250	0
Manufacturing	2,750	3,850	2,450	-1,100	300
Seafood Processing	1,450	2,500	1,200	-1,050	250
Service-producing	19,650	20,050	19,450	-400	200
Transportation	2,150	2,250	2,200	-100	-50
Trade	4,900	4,950	4,750	-50	150
Wholesale Trade	550	600	550	-50	0
Retail Trade	4,350	4,350	4,200	0	150
Finance-Ins. & Real Estate	650	700	700	-50	-50
Services & Misc.	5,150	5,250	5,100	-100	50
Government	6,800	6,900	6,700	-100	100
Federal	650	650	650	0	0
State	1,750	1,850	1,750	-100	0
Local	4,400	4,400	4,300	0	100

Interior Region	p/		Changes from		
	11/95	10/95	11/94	10/95	11/94
Total Nonag. Wage & Salary	35,400	36,850	35,100	1,450	300
Goods-producing	3,150	3,750	3,200	-600	-50
Mining	700	750	900	-50	-200
Construction	1,850	2,350	1,700	-500	150
Manufacturing	600	650	600	-50	0
Service-producing	32,250	33,100	31,900	-850	350
Transportation	2,500	2,750	2,500	-250	0
Trade	8,000	8,000	7,850	0	150
Finance-Ins. & Real Estate	1,100	1,150	1,100	-50	0
Services & Misc.	7,700	8,150	7,450	-450	250
Government	12,950	13,050	13,000	-100	-50
Federal	3,550	3,700	3,650	-150	-100
State	4,850	4,800	4,900	50	-50
Local	4,550	4,550	4,450	0	100

Fairbanks North Star Borough

Total Nonag. Wage & Salary	31,100	31,850	30,850	-750	250
Goods-producing	2,800	3,350	2,900	-550	-100
Mining	500	550	750	-50	-250
Construction	1,750	2,200	1,600	-450	150
Manufacturing	550	600	550	-50	0
Service-producing	28,300	28,500	27,950	-200	350
Transportation	2,050	2,200	2,050	-150	0
Trucking & Warehousing	550	500	500	50	50
Air Transportation	550	550	650	0	-100
Communications	300	300	250	0	50
Trade	7,500	7,400	7,300	100	200
Wholesale Trade	850	800	800	50	50
Retail Trade	6,650	6,600	6,500	50	150
Gen. Merch. & Apparel	1,350	1,300	1,250	50	100
Food Stores	800	750	750	50	50
Eating & Drinking Places	2,500	2,550	2,550	-50	-50
Finance-Ins. & Real Estate	1,000	1,050	1,050	-50	-50
Services & Misc.	7,200	7,400	6,950	-200	250
Government	10,550	10,450	10,600	100	-50
Federal	3,000	2,950	3,050	50	-50
State	4,650	4,550	4,700	100	-50
Local	2,900	2,950	2,850	-50	50

Southwest Region

Total Nonag. Wage & Salary	15,200	16,250	15,500	-1,050	-300
Goods-producing	3,200	4,100	3,200	-900	0
Seafood Processing	2,850	3,750	2,750	-900	100
Service-producing	12,000	12,150	12,300	-150	-300
Government	5,750	5,650	6,000	100	-250
Federal	700	700	850	0	-150
State	500	500	500	0	0
Local	4,550	4,450	4,650	100	-100

Northern Region

Total Nonag. Wage & Salary	15,500	15,600	15,650	-100	-150
Goods-producing	5,600	5,700	5,700	-100	-100
Mining	5,100	5,100	5,100	0	0
Service-producing	9,900	9,900	9,950	0	-50
Government	4,950	4,950	5,050	0	-100
Federal	200	200	250	0	-50
State	300	300	350	0	-50
Local	4,450	4,450	4,450	0	0

ment figures, has fallen to the lowest level in many decades. Current strength is 19,600 compared to this decade's high of 25,471 in 1991. These troop losses, in turn, mean that fewer civilian military personnel are needed.

The federal government's losses are not confined to the Department of Defense. Indeed, most of the federal agencies in the state have lost positions during the past two years. They include the Federal Aviation Administration, Internal Revenue Service, Bureau of Indian Affairs, and Departments of Agriculture (mostly the Forest Service), Interior, and Housing and Urban Development. The Postal Service is one of the few large federal agencies that has gone unscathed. In other public sectors, state employment is even with last year's levels, while local government's has edged up.

Retail and services carry the day

Without the employment gains in retail and services, the size of Alaska's workforce would be shrinking. These two industries combined were 2,700 jobs larger in November than a year ago.

Based on employment levels, retailers prepared for a strong holiday season. Employment climbed by 250 in November and is 1,100 ahead of year-ago levels. All segments of retail, from general merchandisers to auto dealers to eating and drinking establishments, contributed to the growth.

Given the explosion of retail in 1994 and the lack of corresponding growth in the state's economy, retail's continued growth is impressive. However, competition has become brutal, since most retailers are dividing an almost fixed number of retail dollars among far more players.

Health care is service industry's biggest boost

The strongest employer in the state's services industry is health care, where over-the-year employment is up by 750. In the construction industry, a decent season has kept engineering and management services ahead of year-ago levels. Social services, too, is exhibiting some strong gains. For the third consecutive year, however, legal services is losing ground. As well, declines in the contingent work force in North Slope oil fields have adversely affected business services.

A "two-tiered" job market?

In a movement typical for the season, the state's unemployment rate climbed from 6.8% in October to 7.4% in November. (See Table 4.) Two thousand more Alaskans were out of work. But, November's unemployment rate, like those of the other months of this year, came in below the year-ago rate of 7.7%, an indicator that, in spite of sluggish economic growth, the job market tightened further in 1995. According to many employers, particularly in the retail and services industries, finding workers during the past year was often a challenge. However, employers recruiting for better paying jobs were usually overwhelmed with job seekers. Since the economy has lost many jobs in the higher-paying sectors and gained them in the lower paying industries, this "two-tiered" job market is not a surprising result.

Table • 4

Unemployment Rates by Region & Census Area

Not Seasonally Adjusted	Percent Unemployed		
	p/ 11/95	r/ 10/95	11/94
United States	5.3	5.2	5.3
Alaska Statewide	7.4	6.8	7.7
Anchorage/Mat-Su Region	6.0	5.7	6.3
Municipality of Anchorage	5.2	5.1	5.6
Mat-Su Borough	9.9	8.8	10.3
Gulf Coast Region	13.0	10.8	14.1
Kenai Peninsula Borough	12.9	13.0	12.6
Kodiak Island Borough	15.0	5.2	20.6
Valdez-Cordova	10.5	9.7	9.9
Interior Region	8.0	7.2	8.2
Denali Borough	15.6	12.8	15.4
Fairbanks North Star Bor.	7.2	6.4	7.3
Southeast Fairbanks	13.8	12.2	14.2
Yukon-Koyukuk	13.8	12.9	13.7
Northern Region	9.0	9.2	9.1
Nome	11.0	11.0	10.9
North Slope Borough	3.9	4.3	3.4
Northwest Arctic Borough	13.4	13.2	14.3
Southeast Region	7.7	6.7	7.5
Haines Borough	13.7	8.0	9.1
Juneau Borough	6.6	6.4	5.9
Ketchikan Gateway Bor.	8.0	7.5	7.4
Pr. of Wales-Outer Ketch.	10.3	8.9	11.4
Sitka Borough	5.8	4.8	7.9
Skagway-Hoonah-Angoon	7.1	5.2	11.1
Wrangell-Petersburg	10.8	8.1	8.4
Yakutat Borough	3.9	2.0	14.5
Southwest Region	6.9	7.2	6.4
Aleutians East Borough	4.4	10.3	2.8
Aleutians West	1.1	1.1	1.7
Bethel	9.3	9.2	8.9
Bristol Bay Borough	8.9	7.0	6.1
Dillingham	8.5	6.6	7.8
Lake & Peninsula Borough	5.3	5.9	6.8
Wade Hampton	14.2	13.8	12.4
Seasonally Adjusted			
United States	5.6	5.5	5.6
Alaska Statewide	7.3	7.2	7.4

p/ denotes preliminary estimates r/ denotes revised estimates
Benchmark: March 1994

- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.

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

The Alaska Economic Trends Index: 1995 Articles

January

Alaska Occupational Outlook to 1997

Excerpts from recently released publication.
Employment Scene—October 1994
Alaska's October employment and unemployment data examined.

February

A Diversified Economy—The Kenai Peninsula

Discusses the economy in the Kenai Peninsula.

Recently Released Publications

Employment Scene—November 1994

Same as above and repeated for each month.

March

Number of Nonresident Workers Declines in 1993

Examines the decrease of nonresidents in Alaska.

Employment Scene—December 1994

April

Job Growth Accelerates in 1994

The year in review, 1994.

On the Annual Benchmark Revision

Benchmark revision completed for employment estimates for 1993 and 1994.

Employment Scene—January 1995

May

Alaska Forecast 1995-96: Slower Job Growth Projected

Statewide, Anchorage and Fairbanks economies examined.

Employment Scene—February 1995

June

Measuring Alaska's Cost of Living

Latest cost of living measurements available.

Employment Scene—March 1995

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New Hires Increase During Summer of 1994

First in a new series of reports developed by AKDOL.

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The Trends 100

Alaska's largest 100 private employers in 1994.

New Hires Decline During Fall of 1994

Second report in the new hire series.

Employment Scene—June 1995

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1993 Alaska Benefits Survey

Conducted in conjunction with the annual Alaska Wage Survey.

Alaska Occupational Injury and Illness in 1993

An annually conducted survey of Alaska employers.

Employment Scene—July 1995

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An Alaska Growth Industry—Health Care

Discusses health care employment.

Employment Scene—August 1995

December

Rental Market Survey '95: Vacancy Rate Still Tight

Results of the annual survey.

Winter '95 New Hires Hit Four-Quarter Low

Third report in the new hire series.

Employment Scene—September 1995



Alaska Economic Regions

The Alaska Department of Labor shall foster and promote the welfare of the wage earners of the state and improve their working conditions and advance their opportunities for profitable employment.