

ALASKA ECONOMIC **TRENDS**

MARCH 2013

The Labor Force Participation Rate

Aging population
a major part of recent declines



WHAT'S INSIDE

The Yukon-Koyukuk Census Area
The Paths of Home-Grown Workers



ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT

Sean Parnell, Governor
Dianne Blumer, Commissioner

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On the cover:
This Cold War-era early warning radar site is built at Fort Yukon, just inside the Arctic Circle.
Photo by Jason Ahrens

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Alaska Job Center Network offers training, job seeker services



**By Dianne Blumer,
Commissioner**

Upcoming Job Fairs

- **March 12** Juneau Job and Career Expo at Centennial Hall: (907) 465-4562
- **March 13** Ketchikan Job Fair at The Plaza Mall: (907) 228-3218
- **March 14** Mat-Su Employer Expo at Mat-Su College: (907) 352-2505
- **March 15** Y-K Delta Job and Career Fair at Yupiit Piciryarait Cultural Center in Bethel: (907) 543-2210
- **March 23** Airport Job Fair at Ted Stevens Anchorage International Airport North Terminal: (907) 266-2119
- **March 27** Fairbanks Career Expo and Job Fair at Carlson Center: (907) 451-5958
- **April 1** Seward/AVTEC Job Fair at AVTEC Student Service Center: (907) 224-5276
- **April 10** Youth Job and Volunteer Opportunity Fair at Anchorage Muldoon Job Center: (907) 269-4777
- **April 25** At-Sea Processors Association Job Fair at Anchorage Midtown Job Center: (907) 269-4775

The Research and Analysis Section of the Alaska Department of Labor and Workforce Development provides state monthly unemployment numbers, one way to gauge the health of an economy. This month's *Trends* focuses on another indicator — the labor force participation rate.

The labor force participation rate is the percentage of those working or looking for work to the entire population 16 and older. Alaska's age structure is changing, and so is the makeup of its labor force — more women and older Alaskans are participating. But the numbers also show that the recession was hardest on young men, which mirrors the U.S. as a whole.

Through the Alaska Job Center Network and its 21 locations from Barrow to Ketchikan, Alaskans can access employment-related skills. Staff connect job seekers with employers and refer unemployed and underemployed workers for training.

While many employers cite finding qualified workers as their biggest challenge, we have many Alaskans who have trouble finding or keeping jobs. Part of a nationwide network, the “one-stop” job centers offer core, intensive, and training services.

Many Job Centers are regional hubs that serve dozens of communities and are co-located with other service agencies. Job Center staff offer workshops and services, including specialized programs for youth, veterans, and people with disabilities.

Core Services

Core services are basic and available at no cost. These include employment-related and job placement services, labor market information, and referral to services offered by partner agencies such as the Division of Vocational Rehabilitation, Division of Public Assistance, and other local employment and social service re-

sources such as child care providers.

Core services also include job preparation workshops for job search strategies, interview skills, and resume preparation. Customers can use self-serve tools like copiers, FAX machines, and the Internet. Services for employers are also available, including listing jobs on ALEXsys, the Alaska Labor Exchange System, and referral to business-specific resources.

Intensive Services

Intensive services are recommended when a job seeker is not able to access the job market through core services. These might include developing a reemployment plan, referrals to address basic needs, and a detailed career inventory assessment of a client's skills, vocational abilities, aptitude, and suitability for training if needed. This might mean helping increase math skills with a referral to Adult Basic Education.

Training Services

Training services are delivered after a case manager develops an individual employment plan that describes the training, costs, client contribution, time-frame to complete the program, and the specific high-demand job that the client is targeting after training. Each trainer is approved by the department.

Job Fairs

Alaska Job Centers support increased seasonal hiring with general job fairs across the state and fairs that are specialized, such as one for youth and one for the seafood industry.

Job center staff also work with employers to provide recruitment events. For more information about job fairs, recruitments, workshops, and seminars, visit <http://Jobs.Alaska.Gov/JobFairs/>.

The Labor Force Participation Rate

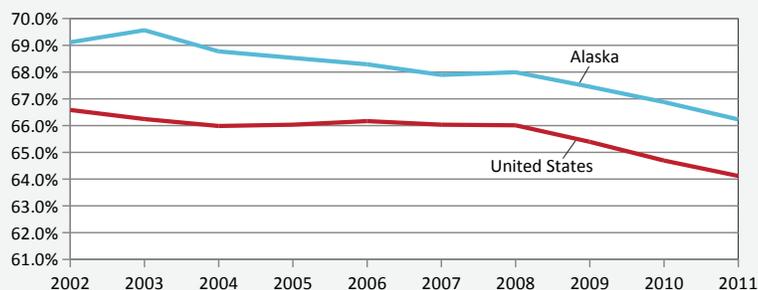
Aging population is a major part of recent declines

The labor force participation rate — essentially the percentage of the population 16 or older that's either working or actively seeking work — has declined in both Alaska and the U.S. as a whole over the last decade. But labor force participation rates rise and fall for different reasons, and moves in either direction do not in themselves signal a strengthening or weakening economy.

If the rate declines because people give up on their job searches, often described as “discouraged workers,” that can signal a stagnant or weakening economy. However, if the rate falls because a large number of people retire, that's not necessarily negative.

The big economic story for the nation over the last decade was the Great Recession, which officially began in December 2007 and ended in June 2009, although the U.S. has been slow to recover and has yet to regain a significant percentage of its lost jobs. By one measure, the U.S. labor force participation rate fell from 66.6 percent in 2002 to 64.1 percent in 2011, with most of the decline occurring after the recession hit. (See Exhibit 1.)

1 Alaska, U.S. Rates Both on Decline Labor force participation, 2002 to 2011



Note: This graph uses a different data set and scale than Exhibit 2. See the box at the bottom of this page for more on these sources.

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

Alaska was affected by the Great Recession, but it was largely insulated by its oil-based economy and the fact that its housing market did not bubble and burst. Yet by the same measure used for the U.S., Alaska's rate fell from 69.1 percent to 66.2 percent, with the same accelerated decline from 2008 to 2011. This implies other factors besides the recession were at work in Alaska.

Looking in detail at the labor force participation rate and the factors that drive it can help us better understand unemployment and the current economic climate, and can also shed light on the future makeup of the state's labor force.

About the two data sets this article uses

The Current Population Survey is a monthly survey conducted by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics. Its highest-profile use is as one of the main inputs for the monthly unemployment rate. Because the number of surveyed households is small — around 1,000 for Alaska — its use is limited for other purposes.

The other data set, the American Community Survey, is a U.S. Census product and the result of a larger, ongoing survey that replaces information formerly collected by the Census long form.

Cyclical vs. structural causes

Short-term economic changes during business cycles — the repeating ups and downs economies typically experience — are called “cyclical” factors. People tend to move in and out of the labor force as the economic climate changes.

During economic expansions, a greater demand for goods and services, the need for more work-

ers, and the resulting upward pressure on wages may entice those sitting on the sidelines to enter or re-enter the labor force. For example, a student contemplating graduate school may go straight into the work force instead if the job market is favorable, or a stay-at-home parent may re-enter the job market because the conditions are right and employers are especially hungry for workers.

The opposite is also true — during a recession, the drop in demand for goods and services often leads to layoffs. If the economic slump lasts long enough, some of the formerly employed job seekers may grow discouraged and drop out of the labor force.

But there are also longer-term dynamics, or “structural” factors, at work in an economy. Shifts in demographics, for instance, can affect labor force participation rates. Mismatches between workers’ skills and employers’ needs due to technological or other long-term changes can also have an effect.

One of the biggest structural factors at work in recent years is the aging of the nation’s baby boomers — the especially large group of the U.S. population born between 1946 and 1964. The leading edge of that group has recently begun to reach retirement age, which means an outsized group of people are beginning to retire or likely to retire in the near future.

Isolating demographic changes

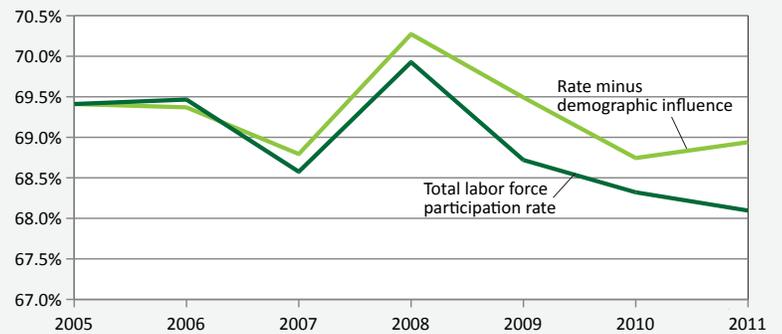
Separating demographic-driven changes in labor force participation rates from recession-related cyclical changes is important in assessing whether an economy may benefit from corrective action or whether a downturn in participation will simply run its natural course.

Methods for isolating the demographic component at the national level show demographic changes have been a major driver in U.S. participation rate declines. In Alaska, much of the decline in labor force participation rates also appears to have been structural, and more specifically connected to demographic trends.

ACS provides look at gender, age

The overall labor force participation rates for Alaska and the U.S. discussed earlier came from

2 Drop Largely Due to Demographics Alaska, 2005 to 2011



Note: This graph uses a different data set and scale than Exhibit 1. See the box on page 4 for more more the differences between these sources.

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and U.S. Census Bureau, American Community Survey

3 Alaska’s Age Structure Shifts Percentage of population, 2005 to 2011

Age	2005	2006	2007	2008	2009	2010	2011
16-19	9.0%	9.1%	8.8%	8.3%	8.7%	7.4%	7.0%
Male	9.2%	9.2%	8.9%	8.6%	8.4%	7.2%	7.0%
Female	8.9%	9.0%	8.7%	8.0%	8.9%	7.6%	7.0%
20-24	9.6%	9.8%	11.2%	11.0%	10.9%	10.2%	10.6%
Male	10.0%	10.7%	12.5%	12.2%	11.6%	10.5%	11.4%
Female	9.1%	8.9%	9.7%	9.7%	10.1%	10.0%	9.8%
25-34	16.0%	18.3%	18.0%	18.8%	19.0%	19.0%	19.2%
Male	15.5%	18.5%	18.3%	19.0%	19.8%	19.5%	19.4%
Female	16.5%	18.2%	17.7%	18.6%	18.1%	18.4%	18.9%
35-44	20.6%	19.6%	18.5%	18.3%	17.0%	17.1%	16.8%
Male	20.5%	19.3%	18.1%	18.1%	16.6%	17.3%	16.5%
Female	20.7%	19.9%	18.9%	18.4%	17.5%	16.9%	17.2%
45-54	22.4%	21.3%	20.9%	20.0%	20.0%	20.5%	19.5%
Male	22.3%	21.1%	20.3%	19.2%	19.5%	20.1%	19.3%
Female	22.5%	21.4%	21.5%	20.8%	20.5%	21.0%	19.6%
55-64	13.5%	13.3%	13.8%	14.4%	14.8%	16.1%	16.4%
Male	14.2%	13.6%	13.9%	14.3%	15.1%	16.5%	16.6%
Female	12.8%	12.9%	13.6%	14.5%	14.4%	15.6%	16.2%
65+	8.8%	8.6%	8.9%	9.2%	9.7%	9.8%	10.5%
Male	8.3%	7.6%	8.1%	8.5%	8.9%	9.0%	9.9%
Female	9.4%	9.6%	9.9%	9.9%	10.5%	10.6%	11.2%

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and U.S. Census Bureau, American Community Survey

the Current Population Survey, the most authoritative source on U.S. and state labor force participation rates overall.

The analysis that isolated demographic factors in Alaska’s labor force participation rate declines used more detailed data from the American Community Survey, or ACS, a sample-based survey

4 Participation Rates by Age and Gender Alaska, 2005 to 2011

Age		2005	2006	2007	2008	2009	2010	2011
16-19		48.3%	52.0%	50.5%	51.4%	46.0%	44.4%	39.1%
	Male	45.2%	50.8%	45.7%	49.4%	45.7%	42.9%	37.4%
	Female	51.7%	53.4%	55.7%	53.8%	46.3%	45.9%	41.0%
20-24		75.4%	73.8%	69.8%	74.2%	71.1%	66.3%	71.8%
	Male	79.8%	72.2%	66.4%	73.5%	71.1%	62.1%	69.7%
	Female	70.3%	75.7%	74.5%	75.1%	71.2%	71.1%	74.5%
25-34		79.4%	76.5%	76.2%	77.6%	76.0%	75.3%	76.4%
	Male	86.2%	81.2%	80.3%	78.6%	79.3%	77.7%	77.0%
	Female	72.8%	71.5%	71.5%	76.5%	72.2%	72.5%	75.7%
35-44		81.3%	81.0%	81.1%	79.7%	79.2%	79.2%	82.1%
	Male	86.1%	83.9%	84.9%	82.0%	81.6%	85.1%	85.2%
	Female	76.3%	78.1%	77.0%	77.3%	76.9%	72.8%	78.9%
45-54		82.4%	81.9%	81.2%	82.3%	83.9%	83.1%	82.1%
	Male	88.6%	85.1%	83.7%	85.6%	87.6%	84.9%	86.6%
	Female	76.1%	78.5%	78.6%	78.9%	80.1%	81.3%	77.4%
55-64		62.4%	64.8%	64.9%	67.7%	67.6%	68.7%	66.8%
	Male	66.7%	70.0%	70.1%	70.0%	71.8%	74.4%	68.6%
	Female	57.6%	59.1%	59.0%	65.1%	62.9%	62.3%	64.9%
65+		16.6%	18.0%	20.0%	23.1%	24.0%	24.0%	22.3%
	Male	19.8%	19.8%	26.7%	28.7%	25.1%	28.8%	23.5%
	Female	13.6%	16.4%	14.0%	17.9%	22.9%	19.6%	21.1%
All		69.4%	69.5%	68.6%	69.9%	68.7%	68.3%	68.1%
	Male	74.0%	72.6%	71.3%	71.9%	71.6%	71.4%	69.9%
	Female	64.7%	66.2%	65.6%	67.7%	65.7%	65.0%	66.2%

Source: U.S. Census Bureau, American Community Survey 1-Year Estimates

put out by the U.S. Census Bureau. (See the box on page 4 for more detail.)

Both surveys show a declining participation rate, but there are variations between the two and to avoid confusion, it's important to recognize which is being used. All of the information on participation rates by age and gender that follow uses ACS as its source.

Though the state's rate fell by 1.3 percentage points from 2005 to 2011, the decline would have only been 0.5 percentage points if demographic changes were excluded. This means shifts in the state's age structure account for over 60 percent of the total decline in the rate from 2005 to 2011. (See Exhibit 2.)

Alaska's age structure shifts

The state's population has a growing concentration of those between 20 and 34 years old as well as those 55 and older. (See Exhibit 3.) Both of these groups have consistently lower participation rates than the age groups between 35 and 54. Members of the younger group are more likely

“Cyclical” changes: Temporary ups and downs in the economy due to business cycles and recessions

“Structural” changes: Long-term changes in the makeup of the labor force due to demographic shifts or mismatches between worker skills and employer requirements

to be in college or postsecondary training and are not yet part of the labor force. Those in the older groups are more likely to be ending their careers and leaving the labor force.

Removing the demographic influence shows Alaska's labor force participation rate actually increased from 2010 to 2011. At this stage of the analysis, the specifics of these changes and their reliability are less relevant than the concept that these demographic influences on the rates are important to acknowledge and track.

More older people in labor force

Although the overall labor force participation rate has been on a long-term decline, the ACS shows that not all age groups have followed that pattern. (See Exhibit 4.) Most notably, people in the 55-to-64 and 65-plus age groups were participating at higher rates in 2011 than they were in 2005. Rates among the 55-to-64 age group increased 4.4 percentage points, and rates were up 5.7 percentage points for those ages 65-plus. (See Exhibit 5.)

In contrast, younger generations' rates have fallen. Participation declined 3.0 percentage points among those between 25 and 34, and by 9.2 percentage points for those from 16 to 19. (See Exhibit 4.)

Though the specific causes of the increasing participation rates for older Alaskans and decreasing rates for the younger groups are unknown, the recession likely played a role for both. Even though Alaska weathered the recession better than most, retirement investments lost value everywhere, affecting decisions about when people could afford to retire. Some formerly retired people re-entered the labor market, possibly out of necessity — either because of a loss of retirement savings or the loss of a job by a spouse or someone else in the household.

At the other end of the spectrum, younger Alaskans just entering the labor market had more difficulty finding work and would also have been more likely to lose their jobs when employers cut back. People are also less likely to leave their jobs during economic downturns, which means fewer openings for young people.

Gap narrows between genders

While age has played a central role in labor force participation rates, participation rates among both genders have also changed notably.

Male participation rates dropped from 74.0 percent in 2005 to 69.9 percent in 2011. Over the same period, participation rates among women moved in the opposite direction, growing from 64.7 percent in 2005 to 66.2 percent in 2011. (See Exhibit 6.)

Though a higher percentage of men still participated in the labor force, the difference narrowed over that brief period, from 9.3 percentage points in 2005 to just a 3.7 percentage point gap in 2011.

The different trends for men and women become even more pronounced when looking at certain age groups. Male participation rates for those between 16 and 29 fell from 69.6 percent in 2005 to 63.7 percent in 2011. Female participation rates for that same age group grew slightly overall, from 65.5 percent to 65.9 percent, and peaked at 69.0 percent in 2007. Participation rates among women surpassed those for men for that age group in 2007 and remained higher over the 2008-to-2011 period.

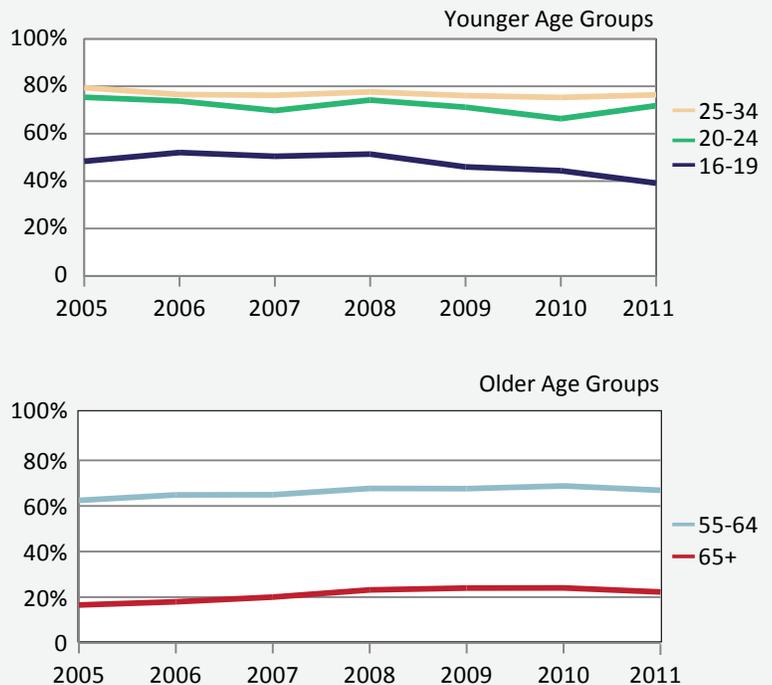
Recession hardest on young men

Though participation rates among men have fallen overall and part of the reason for that is the aging population, some data suggest the recession and related cyclical factors have been responsible for most of that decline.

Nationally, the recession was particularly hard on men — the most significant job losses were in industries such as construction and manufacturing, where a higher percentage of workers are male. Alaska's milder job losses were in some of those same industries — especially construction. However, female-dominated industries such as health care were barely touched by the recession.

5 Older, Younger Rates Diverge

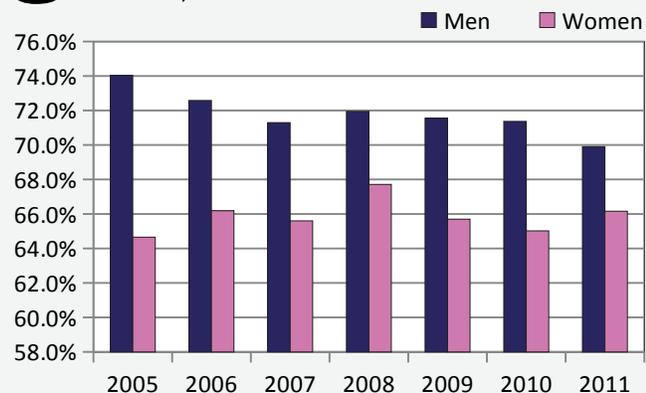
Alaska labor force participation rates, 2005-11



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and U.S. Census Bureau, American Community Survey

6 Participation by Gender

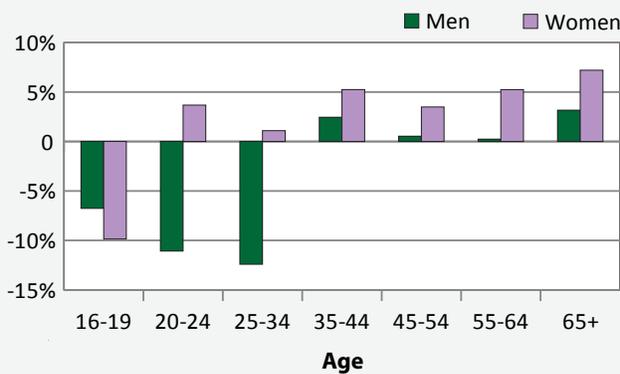
Alaska, 2005 to 2011



Source: U.S. Census Bureau, American Community Survey 1-Year Estimates

7 Young Men's Rates Fell Most

Alaska labor force participation, 2005-11



Source: U.S. Census Bureau, American Community Survey 1-Year Estimates

This means changes in labor force participation rates among women were mainly driven by other forces, including demographic changes.

Labor force participation grew for all men and women over the age of 35, and for all women over age 20. However, the recession was hardest on the young, and particularly young men. Male participation rates declined for all men 34 and younger. However, female participation declined only for the 16-to-19 age group. (See Exhibit 7.)

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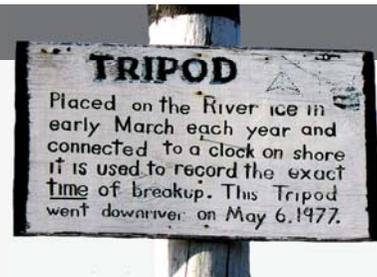
Housing Has Become More Affordable: But it's become harder to get a mortgage

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Employment Scene: How Alaska's industry mix compares with the U.S. as a whole

Yukon-Koyukuk Census Area

Communities spread far across Interior



The Yukon-Koyukuk Census Area, which stretches from just east of Alaska’s western coast to the Canadian border, is the largest and least populated of all the nation’s counties or equivalents. There are 25.7 square miles per person, and the area’s landmass is roughly the size of Germany. If the census area were a state, it would be the fourth-largest in the U.S., or about the size of Montana.

Yukon-Koyukuk’s vast and largely unpopulated land is dotted by at least 16 national parks and wildlife refuges and is home to an abundance of wild game including moose, caribou, birds, and bear. The winters along the Brooks Range in the north are some of the coldest in Alaska, with frequently sustained temperatures around -40 that sometimes fall below -60.

Unlike a borough, the census area has no unifying government. It also lacks a hub city, and with its communities spread far apart, cultures and lifestyles vary widely. Some villages began as fish camps and Catholic missions while others were settled because of trade or proximity to gold.

Despite the variation, many of the area’s characteristics make it somewhat representative of much of “village Alaska,” for which data are often sparse. For example, the area has a high cost of living — nearly 31 percent higher than Anchorage. It also is characterized by a declining population and higher-than-average unemployment due to a lack of job opportunities.

Largest city is under 600

Yukon-Koyukuk’s current population is about 5,680, a decline of 9.7 percent over the past decade. The largest city is Fort Yukon, with a 2012 population of 586. Fort Yukon is followed by Galena at 484 residents and Nenana at 408. (See Exhibit 1.)



Above, the community of Ruby in the winter. Photo by Tony Wright

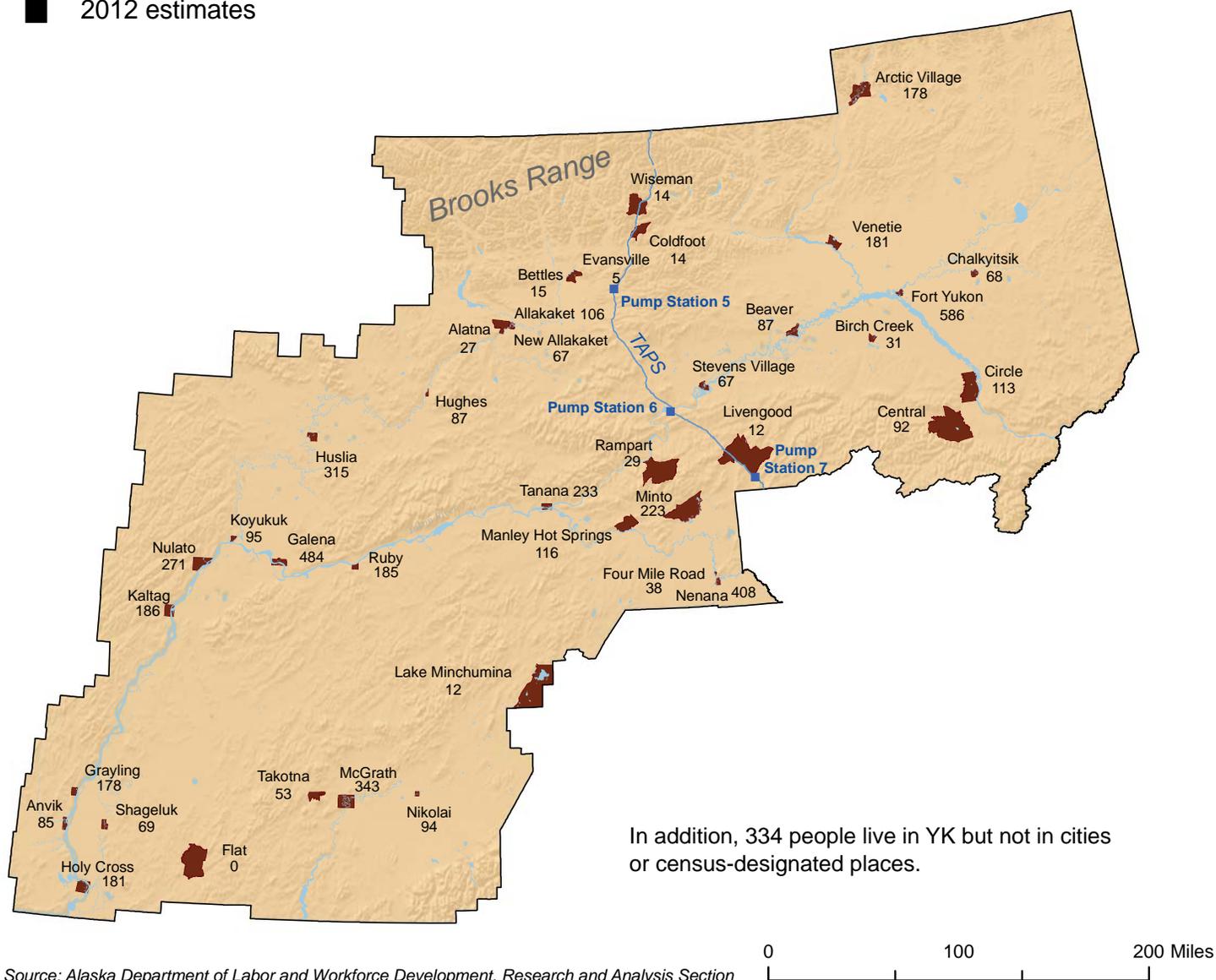
At the top of the page, this sign marks the Nenana River tripod, which is used to record the exact time of ice breakup each spring. Photo by Jimmy Emerson

Nenana is known for the Nenana Ice Classic, a yearly competition for which people across the state buy tickets to bet on the exact date and time that the frozen Nenana River will break up in the spring — a moment determined by a tripod sitting on the river ice. In 2012, the competition had a record jackpot of \$350,000.

At the southern end of the census area, a handful of villages are vantage points for the Iditarod sled dog race each year. Sled dog teams travel near Nikolai, McGrath, Takotna, Shageluk, and Grayling, and then head up the Yukon River to the village of Koyukuk before heading west.

1 Yukon-Koyukuk Communities and Populations

2012 estimates



In addition, 334 people live in YK but not in cities or census-designated places.

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

A mostly Native population

The vast majority of the census area's residents are Alaska Native, at 71.4 percent during the 2010 Census versus 14.8 percent statewide. Residents are mainly Athabascan, and many speak the Athabascan languages in addition to English.

The area's age structure also deviates from the state as a whole. Its residents are slightly older, with a 2012 median age of 35.7 versus 34.1 for all Alaskans.

Yukon-Koyukuk also has fewer adults between ages 20 and 49, possibly due to more people

leaving the area at those ages. Out-migration is common for the 20-to-24-year-old age group around the state as they leave to pursue educational and economic opportunities elsewhere. The young and middle-aged adults that remain have higher-than-average birth rates, which translate into a higher percentage of children. The area also has a larger proportion of older people — 11.2 percent of residents are 65 or older versus 8.7 percent statewide.

Subsistence a big part of life

The area has a scarcity of amenities as well as job opportunities, and its high cost of living makes

shipping groceries in a major expense. Many of the locals supplement their diets through subsistence hunting, gathering, and fishing, which has been especially challenging in recent years with the closure of portions of the Yukon River to subsistence due to low numbers of king salmon. According to the Alaska Department of Fish and Game, 2012 had one of the worst salmon runs in 30 years.

Most jobs are in government

Though the communities in the Yukon-Koyukuk Census Area differ in history and terrain, their persistently high unemployment rates are a key similarity. Unemployment has been in the double digits for more than two decades. Of the available jobs, a large percentage is with government agencies.

It's common for small communities to have a high share of total jobs in government, as even the smallest villages tend to have public services, law enforcement, and a school. In 2011, 63 percent of jobs in Yukon-Koyukuk were in federal, state, local, or tribal government, which is more than double the statewide average. That translates into one government job for every four residents in the census area — considerably more than the one-to-nine ratio statewide.

Part of the reason for this large percentage is geography. Some services are likely to be duplicated because a government employee can't efficiently travel long distances to serve residents of other communities. The other reason is simply that private-sector jobs are so limited.

How residents make a living

Although 63 percent of the census area's jobs are in the public sector, average annual earnings for government jobs are lower than the area's average — the average job brings in \$38,800 per year, while government work pays an average of \$32,500.

Among private industries, transportation stands out with nearly double the area's average earnings — \$74,900 in 2011 — which boosts the area's average wage. The industry includes pipeline transportation, where earnings are particularly high. The Trans-Alaska Oil Pipeline passes through the center of the census area, with three pump stations spaced roughly between Liven-



Above, a morning flight prepares for takeoff in Fort Yukon. Air transportation is a major part of the Yukon-Koyukuk economy, as communities are spread far apart. Photo by Kirk Crawford

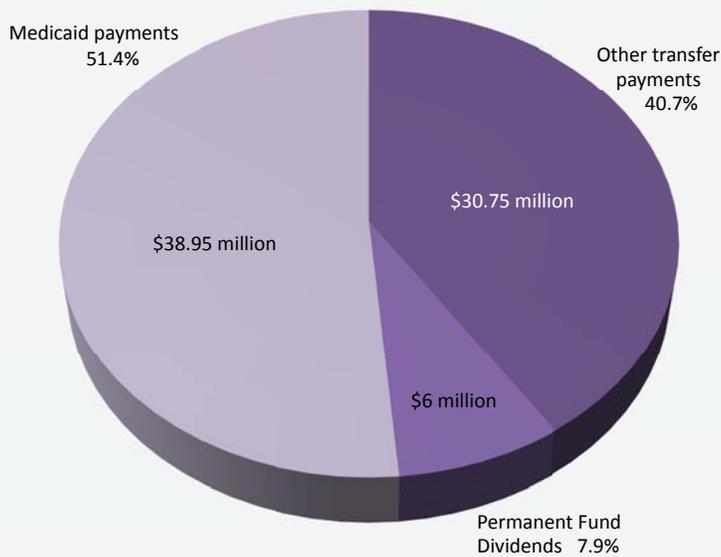
At left is a historic church in Arctic Village. Photo by Sarah Deer

good and Evansville.

Earnings tell just part of the story, though. Average annual earnings show how much money was paid to people working in the census area, regardless of whether they live there. Personal income is a better indicator of what residents make, and it's almost always higher than earnings because it includes money from other sources such as unemployment benefits, retirement benefits, Medicaid payments, and the Permanent Fund Dividend — collectively called transfer payments.

Transfer payments are a much larger share of income in Yukon-Koyukuk than statewide, where they make up about 16 percent of total income. In the census area, transfer payments account for approximately 40 percent, with the majority coming from PFD and Medicaid payments. (See Exhibit 2.)

2 Most Transfer Payments Are Medical Yukon-Koyukuk Census Area, 2011



Source: U.S. Bureau of Economic Analysis

3 Government is the Largest Employer Yukon-Koyukuk Census Area, 2002 and 2011

Industry	Employment		Avg Annual Earnings	
	2002	2011	2002	2011
Total Employment	2,161	2,371	\$28,572	\$38,808
Total Government	1,538	1,485	\$28,200	\$32,460
Federal Government	108	100	\$33,888	\$47,196
State Government	104	107	\$50,856	\$59,400
Local Government	1,326	1,278	\$25,968	\$29,040
Natural Resources and Mining	3	—	—	—
Construction	77	—	\$68,640	—
Manufacturing	13	—	—	—
Trade, Transportation, Utilities	244	248	\$29,148	\$38,496
Information	16	10	\$24,804	\$33,192
Financial Activities	47	16	\$22,572	\$29,340
Professional & Business Services	14	32	\$31,824	\$52,800
Education and Health Services	13	—	\$21,480	—
Leisure and Hospitality	70	52	\$12,600	\$14,424

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

In 2011, Medicaid and the PFD were a combined 60 percent of transfer payments and 21 percent of all area income. For comparison, these two programs were 40 percent of statewide transfer payments and only 6 percent of total statewide income.

Overall, per capita income in the Yukon-Koyukuk Census Area was particularly low, ranking 20th

out of 29 Alaska boroughs and census areas.

Income beyond government

Social assistance — which includes private services for children, the elderly, and the disabled — is the largest private-sector employer by industry, and it grew by 33 percent between 2007 and 2011.

The only other industry to have grown recently was retail trade, which has generated new jobs consistently since 2007 despite a declining population. Retail employers include general merchandise stores, gas stations, and grocery stores, and these made up 6.5 percent of all area jobs in 2011.

The high-wage transportation sector is a smaller but vital piece given the vast distances that must be traveled to distribute goods or transport people between communities across the interior. Transportation made up 2.7 percent of total employment in 2011 — and though it includes the high-paying pipeline transportation jobs, the majority are in air transport.

Other small but notable private sources of income include the Ophir mining district near McGrath, with total placer gold production of about 749,000 ounces through 2010; and a commercial arctic lamprey fishery along the Yukon River with an annual harvest of between 20,000 and 25,000 pounds.

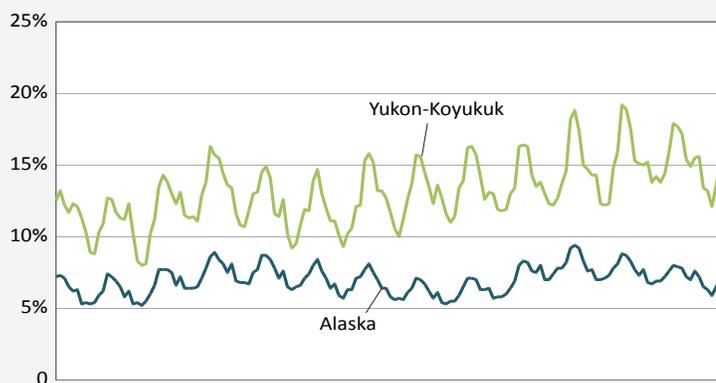
Economic strain persists

Though the area has some opportunities for work, unemployment remains higher than most areas in the state — and because unemployment only measures those who are actively looking and available for work, the statistics underrepresent those without jobs. Some Yukon-Koyukuk residents are available but may have stopped looking because they know jobs are scarce, so they are no longer considered part of the labor force.

Neither the state nor the federal government calculates alternative measures of unemployment that include this population of “discouraged workers” in the census area, but the Alaska Department of Labor and Workforce Development compiles data for the Denali Commission that

4 A History of High Unemployment

Yukon-Koyukuk Census Area, 1990 to 2011



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

identify “economically distressed” communities.¹ In 2011, over half of all residents in the Yukon-Koyukuk Census Area lived in distressed communities, a decline from 60 percent in 2003.

Although the number living in distressed communities has decreased, poverty in the area has remained about the same — 23.6 percent of all residents lived below the poverty line during the 2010 Census, down just 0.2 percent from 2000.

¹A distressed community meets one of these three criteria: its average market income was less than \$16,120 in 2011; more than 70 percent of residents 16 years or older earned less than \$16,120 in 2011; or less than 30 percent of residents 16 years and older worked all four quarters.

Home-Grown Workers in the State

Comparing those who lived here as kids to those who didn't

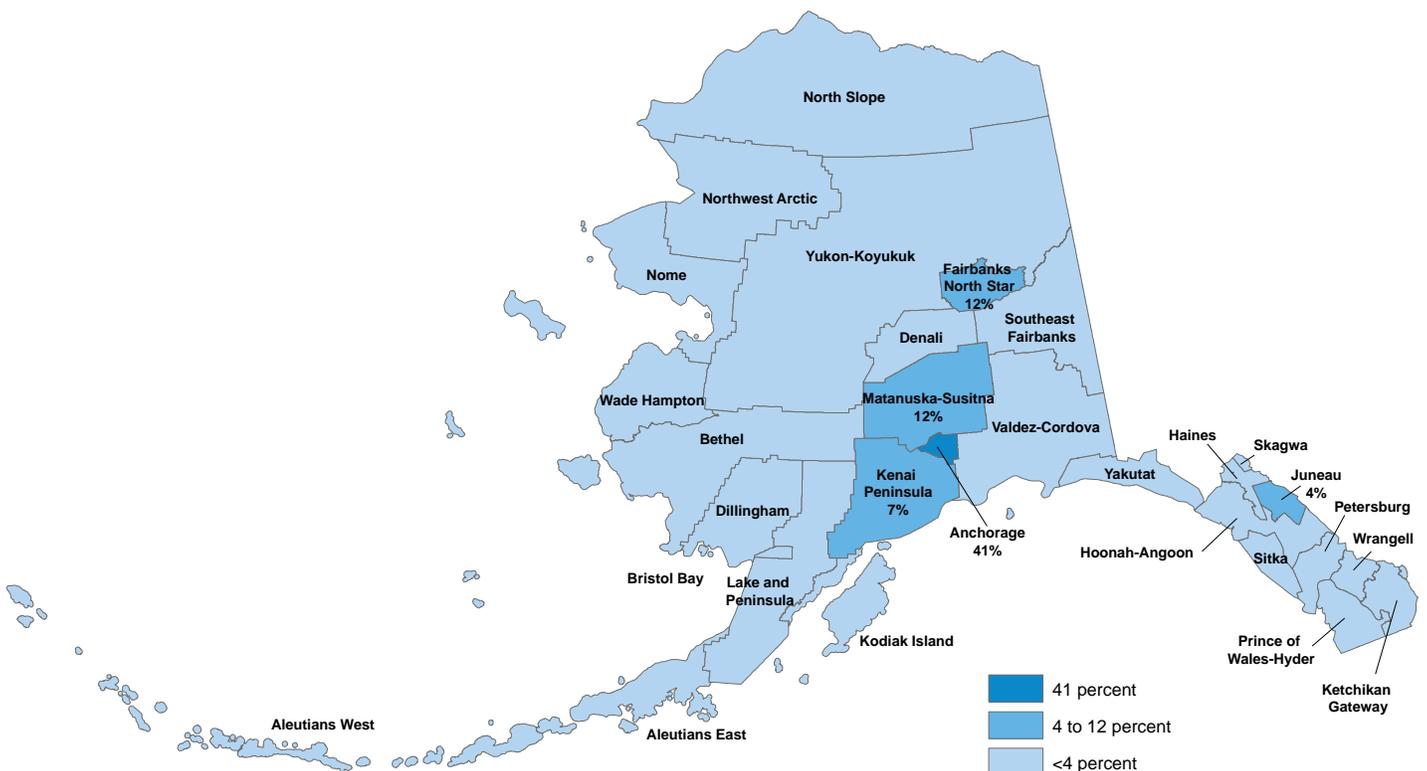
People tend to become more mobile after high school, often leaving home for college, work, or military service. In communities around the world, this out-migration of young people often causes concern that local kids are being lost, and it's no different in Alaska.

Alaska does lose some of its 18-to-21-year-olds after graduation, but many of them stay or eventually return. Of the 40,411 who applied for a Permanent Fund Dividend as 15-to-18-year-olds in 2000, 63 percent had either remained residents 10 years later or had come back. This means Alaska has a sizeable group of “home-grown workers,” or those who lived in Alaska as kids and either stayed

or returned. The state also gains a significant number of new residents from outside between age 22 and their late 30s, when people tend to be looking for job opportunities.

To examine the paths of Alaska-grown workers, the department reviewed the migration, occupations, and earnings of this 25-to-28-year-old group of PFD applicants who lived in the state as kids and compared them with applicants of the same age who moved to Alaska from outside after age 18. Those who were 25 to 28 years old in 2010 were selected because they were the first group able to apply for a PFD since birth — 1982 was the PFD's first year. (For more, see the sidebar on page 16.)

1 Most Home-Grown Workers Live in Alaska's More Urban Areas 25-to-28-year-old PFD applicants, 2010



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

Many move to the state after 18

Of the 39,129 people between 25 and 28 who applied for a PFD in 2010, nearly a third (29 percent) were newcomers to the state during the previous decade.

In two areas, Skagway and Aleutians West, more than half of this age group were from outside Alaska. Both areas attract many young workers because of their industry makeup, with shipping and seafood in Aleutians West and tourism in Skagway.

Both tend to live in urban areas

Of those who lived in Alaska as 15-to-18-year-olds in 2000, 41 percent lived in Anchorage in 2010 and 77 percent lived in the five most highly populated areas of the state. (See Exhibit 1.)

People who moved from outside were even more likely to live in urban settings, with 47 percent living in Anchorage and over 80 percent living in

the five most populous areas in 2010. Rural areas had particularly low shares of new residents at these ages.

Most rural kids stay

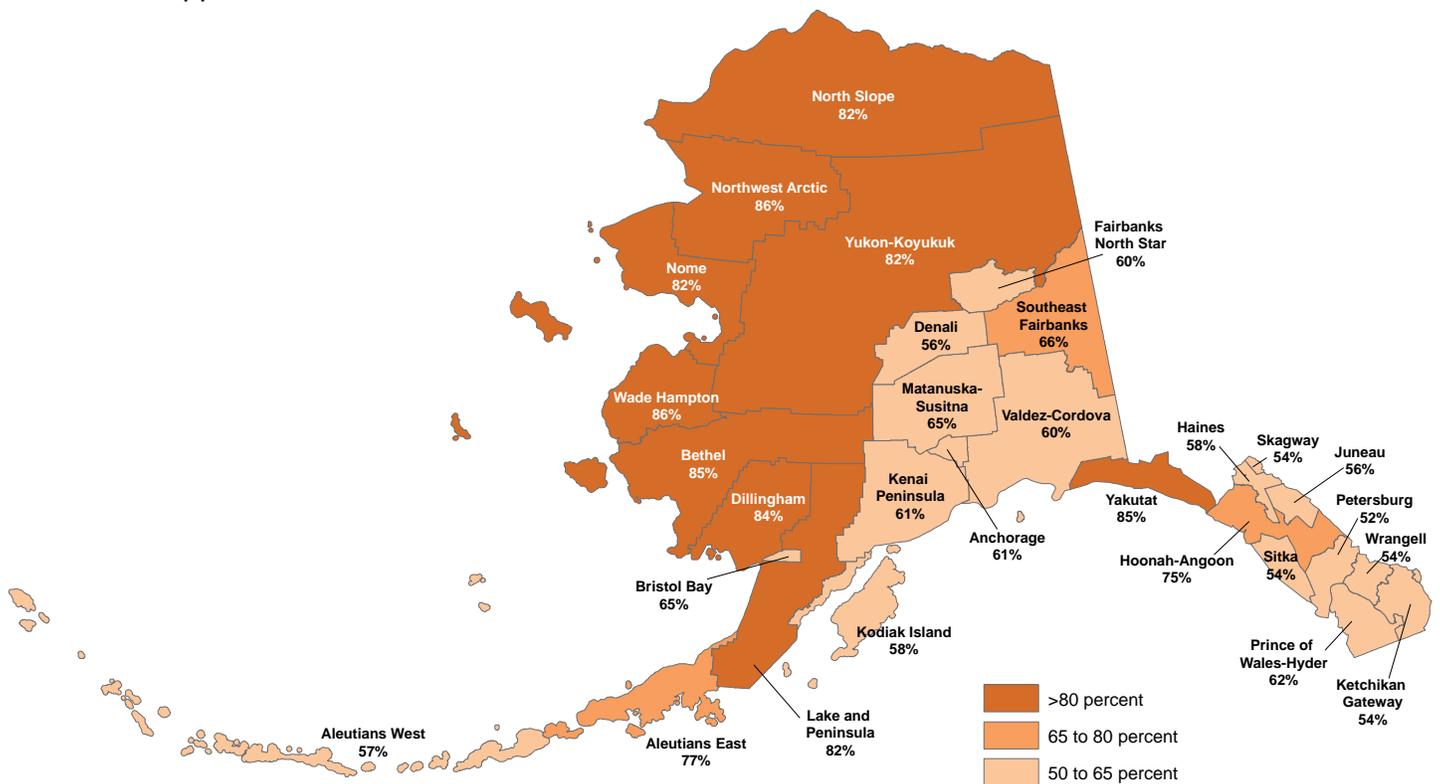
Remote areas of the state such as the Northern Region and the more remote parts of the Interior Southwest had the highest proportions of youth who stayed in the state. (See Exhibit 2.)

Yakutat is the only borough or census area with significant highway or ferry access that had more than 80 percent retention of its young people in Alaska. Those from the more accessible parts of the state may be more likely to leave because of historical connections to communities outside the state as well as easier access to them.

For Alaska kids who leave their hometown but stay in the state, there's a tendency to move to the more urban areas. The population centers of Anchorage/Matanuska-Susitna, Fairbanks, Juneau, and the Kenai Peninsula gained 1,867 young

2 Rural Kids Most Likely to Stay in Alaska

PFD applicants who were 15 to 18 in 2000 and lived in Alaska in 2010



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

About these numbers

This research only included people who applied for a Permanent Fund Dividend. To become eligible for a PFD, a person must have lived in Alaska for the entire previous year. Because of this requirement, many military service members and transient workers were not included.

It's important to note that for migration between 2000 and 2010, 25-to-28-year-old Alaskans who lived in the state as 15-to-18-year-olds in 2000 were compared with those who never lived in the state as minors, but for the occupational comparisons, 25-to-28-year-olds who lived in the state at any time as kids were compared with those who never did.

For the occupational analysis portion of the study, all PFD applicants ages 25 to 28 in 2010 were matched to records of workers covered by Alaska unemployment insurance. Workers were divided based on whether they filed for a PFD at or prior to age 18. Federal civilian and military employees and the self-employed were excluded from this analysis because they are not included in the unemployment insurance records.

Average earnings were calculated by dividing total earnings in a specific occupation by the number of workers. This does not account for seasonality or whether a worker was full-time or part-time.

people from the rest of the state between 2000 and 2010, and lost just 378 to the other boroughs and census areas for a net gain of 1,489 from within Alaska. Of the 9,050 young people who were living in Anchorage in 2000 and remained in the state, only 11 percent had moved to another borough or census area in 2010, and most of that small share was in the nearby Matanuska-Susitna Borough.

Groups had similar occupations

Home-grown workers and newcomers were likely to find employment in similar fields. Just over half (55 percent) of the 25-to-28-year-olds with a childhood connection to Alaska and half the newcomers were employed in service, retail, transportation, construction, or mining.

The two groups were also alike when looking at specific jobs. The three most common occupations for the home-grown workers were in administra-

tive support, construction, and food service. The top three for the workers who moved to Alaska after age 18 were in administrative support, food service, and retail. (See Exhibit 3.)

Construction mostly Alaskans

Construction and mining had the highest percentage of workers who lived in Alaska as kids, at 81 percent. The occupations with the lowest shares of Alaska grown workers included teachers and librarians at 65 percent; and engineering, computer, math, and science workers with 68 percent.

Wages about the same overall

The young workers who lived in Alaska as kids earned about the same as those who moved here later, with average annual earnings of \$29,362 versus \$31,068 for the newcomers. Some home-grown workers earned more than their counterparts, with postsecondary teachers from Alaska earning \$7,977 more per year followed by material production workers (\$6,631 more) and science technicians (\$5,892 more). The workers from Alaska also earned more on average in the broader construction and mining category.

In most job categories, though, newcomers earned at least slightly more. The largest differences were among doctors, engineers, lawyers, and judges. It's important to note that the sample sizes are small, and some categories have a few very high-paying occupations that can skew the average. Those who migrate to Alaska as adults also tend to have higher levels of education and may move to Alaska specifically for specialized, high-paying positions.

The data are still coming in

The first group eligible to apply for a PFD from birth is young, and their careers are still evolving. Still, social and economic outcomes are important at each stage of life, and a review even at relatively early stages can provide useful snapshots.

3 Earnings by Industry, Home-Grown Workers and Newcomers

Alaska, 2010 PFD applicants ages 25 to 28

Types of Occupations	From Alaska	Share of Total	Moved to Alaska as Adults	Share of Total	% from Alaska	From Alaska, Avg Annual Earnings	Moved to Alaska, Avg Annual Earnings
Total Jobs	21,037	100%	6,575	100%	76%	\$29,362	\$31,068
Construction, Mining, Maintenance, and Production	4,946	24%	1,169	18%	81%	\$36,855	\$35,642
Construction	2,310	11%	383	6%	86%	\$39,268	\$43,574
Oil	295	1%	73	1%	80%	\$55,578	\$63,030
Mining (Except Oil)	133	1%	14	0%	90%	\$56,580	\$68,127
Installation, Maintenance, and Repair (Excl Vehicle Repair)	1,230	6%	365	6%	77%	\$26,061	\$26,296
Vehicle Repair/Maintenance/Installation	374	2%	95	1%	80%	\$38,408	\$35,168
Food Production	151	1%	122	2%	55%	\$11,634	\$18,265
Material Production	453	2%	117	2%	79%	\$42,996	\$36,366
Health-Related	1,506	7%	567	9%	73%	\$30,570	\$37,567
Doctors and other Medical Specialists	110	1%	75	1%	59%	\$38,548	\$65,031
Health Aides and Assistants, Other Health Care Workers	847	4%	263	4%	76%	\$24,102	\$26,091
Health Technicians	345	2%	147	2%	70%	\$33,650	\$36,516
Nurses	204	1%	82	1%	71%	\$47,914	\$51,143
Management, Finance, and Business	1,675	8%	523	8%	76%	\$36,132	\$39,155
Business	164	1%	58	1%	74%	\$39,999	\$42,788
Finance	935	4%	246	4%	79%	\$32,364	\$35,025
Management	576	3%	219	3%	72%	\$41,147	\$42,831
Engineering, Computer, Math, and Science	1,023	5%	471	7%	68%	\$47,113	\$50,225
Architects, Draftsmen, and Engineer Technicians	230	1%	81	1%	74%	\$47,775	\$49,609
Computer Occupations	249	1%	84	1%	75%	\$45,104	\$46,275
Engineers	209	1%	115	2%	65%	\$69,843	\$80,484
Math and Science	93	0%	69	1%	57%	\$40,558	\$44,963
Science Technicians	221	1%	99	2%	69%	\$30,776	\$24,884
Social Sciences	21	0%	23	0%	48%	\$38,421	\$40,377
Service, Retail, and Transportation	6,545	31%	2,125	32%	75%	\$21,505	\$22,597
Food Service	1,751	8%	629	10%	74%	\$14,886	\$17,969
Retail	1,566	7%	516	8%	75%	\$18,662	\$20,179
Other Sales (Non-Retail)	499	2%	179	3%	74%	\$33,315	\$29,428
Service Occupations	661	3%	245	4%	73%	\$17,119	\$18,163
Transportation	856	4%	248	4%	78%	\$31,145	\$32,597
Materials Transportation	1,212	6%	308	5%	80%	\$25,459	\$27,603
Social, Religious, and Legal	551	3%	198	3%	74%	\$31,350	\$33,017
Counselors, Social Workers, and Religious Workers	468	2%	171	3%	73%	\$29,599	\$30,693
Lawyers and Judges	28	0%	11	0%	72%	\$56,696	\$66,300
Legal Support	55	0%	16	0%	77%	\$33,344	\$34,982
Teachers and Librarians	877	4%	466	7%	65%	\$24,071	\$31,161
K-12 Teachers	345	2%	241	4%	59%	\$34,296	\$40,580
Postsecondary Teachers	34	0%	19	0%	64%	\$29,671	\$21,694
Other Teachers and Librarians	498	2%	206	3%	71%	\$16,606	\$21,015
Other occupations	3,914	19%	1,056	16%	79%	\$25,939	\$26,602
Administrative Support Services	2,837	13%	691	11%	80%	\$26,938	\$26,716
Entertainment and Media and Communication	447	2%	138	2%	76%	\$16,331	\$20,245
Farming, Fishing, and Forestry	97	0%	29	0%	77%	\$13,218	\$16,674
Protective Services	488	2%	179	3%	73%	\$32,891	\$34,182
Unknown	45	0%	19	0%	70%	\$10,442	\$12,376

Notes: "Home-grown workers" refers to the cohort of 25-to-28-year-old 2010 PFD applicants who also applied at or before age 18. "Newcomers" refers to the cohort of 25-to-28-year-old 2010 PFD applicants who did not apply at age 18 or younger.

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

Employment Scene

Determining where job losses and gains come from



The Business Employment Dynamics program tracks businesses over time to determine to what extent net employment gains or losses are the result of jobs being created in new or expanding businesses or being destroyed in closing or contracting businesses. This is known as “churn” in the market.

BED data, which come from the federal Quarterly Census of Employment and Wages, track changes from the third month of one quarter to the third month of the next. This allows labor statisticians to tell whether losses and gains resulted from new businesses, business closures, or existing businesses adding or cutting jobs.

Because it takes time to tabulate and analyze the administrative records, the most recent statistics available are for second quarter 2012. From March of 2012 to June of 2012, Alaska gained 27,630 private-sector jobs and lost 23,362 for a net gain of 4,268. Alaska had more new jobs as a proportion of total employment than any other state over this period, at 11.1 percent (the national rate was 6.3 percent).

Job losses consistently exceeded job gains for a net loss from the last half of 2009 to the first quarter of 2010. Since then, though the numbers vary

from quarter to quarter, Alaska’s net job growth marks continued economic recovery from this short-term slump. (See Exhibit 1.)

BED also shows the majority of job creation and destruction occurs in existing businesses. In the second quarter of 2012, 81 percent of new jobs were with existing employers while 19 percent came from new businesses. Among job losses, 83 percent were layoffs and 17 percent were due to business closures. This dynamic held for all private industries, although some had more openings and closures than others.

Exhibit 1 shows business dynamics for select industries for June 2012, with existing establishments accounting for roughly 80 percent of job losses and gains across most categories. However, industries that are more competitive and fluid by nature had higher proportions of “churn” — these industries include construction, professional and business services, and leisure and hospitality.

To view historic BED series for industries, other states’ data, and not-seasonally adjusted versions of these figures, visit the U.S. Bureau of Labor Statistics’ BED Web site at www.bls.gov/bdm.

1 Business Employment Dynamics

Select industries, Alaska, June 2012

Industry	JOB GAINS					JOB LOSSES				
	Gross job gains	Due to expansions	Due to openings	Businesses expanding	Businesses opening	Gross job losses	Due to layoffs	Due to closures	Businesses contracting	Businesses closing
Construction	3,330	2,647	683	545	226	3,100	2,194	906	528	213
Retail Trade	2,412	1,982	430	651	95	2,044	1,844	200	637	66
Transportation and Warehousing	2,349	1,967	382	243	86	1,656	1,405	251	231	89
Professional and Business Svcs	2,875	2,317	558	586	197	2,922	2,183	739	603	198
Education and Health Services	2,078	1,839	239	603	67	1,667	1,427	240	529	65
Leisure and Hospitality	5,324	4,140	1,184	625	194	4,848	4,057	791	686	155
Other services	1,013	879	134	340	56	927	800	127	297	58

Note: Numbers are seasonally adjusted.

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

Employer Resources

Business Connection launches new site for employers

State of Alaska myAlaska My Government Resident Business in Alaska Visiting Alaska State Employees

Alaska Department of Labor and Workforce Development
Alaska Job Center Network

HOME JOB SEEKER WORKER EMPLOYER RESEARCHER LABOR SHORTCUTS

Business Connection

HAPPENING NOW

Career Exploration Day
February 17, 2013
Event Application

- Job Fairs, Recruitments and Workshops

POST A JOB

To advertise a job opening to Alaska job seekers, post a job on Alexsys.

ALEXsys
ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT

Click here to enter ALEXsys
Alaska's Job Bank

The job opening can be posted nationwide, too.

US.jobs
by the National Labor Exchange

For more personal assistance, contact your nearest Alaska Job Center

EMPLOYER HIRE INCENTIVES

- Corporate Employer Veteran Tax Credit
- Work Opportunity Tax Credit (WOTC)
- Fidelity Bonding
- Employee Wage Reimbursement

HIRE SKILLED WORKERS

ALASKA CAREER READY

EMPLOYMENT AND LABOR LAWS

- Alaska Employer Resource Manual
- Employment-Related Posters
- Employment Security Contribution
- Labor Standards and Safety
- Workers' Compensation
- Youth Work Permit

ALASKA ENTREPRENEURSHIP

- Small Business Development Center
- Labor Market Information
- Create a Job Description - O'NET
- Economic Information
- Job Start

PROTECT YOUR WORKERS

- WARN
- Layoff Aversion Strategies
- COBRA
- Job Training
- Trade Adjustment Assistance
- Unemployment Insurance

HIRE LEADERSHIP AND EXPERIENCE

VETS

APPLICATIONS AND PERMITS

- Employment Application (PDF) (Word)
- Youth Work Permit (PDF)

The Department of Labor and Workforce Development is pleased to unveil the new Business Connection Web site for Alaska employers and business owners. Explore resources and navigate the site by easy-to-identify topics that you have told us are important. Advertise job openings to Alaska job seekers at no cost on Alaska's job bank, ensure compliance with federal and state labor laws, garner substantial tax savings by hiring a veteran, and find out how to help protect your company's workers in an economic downturn.

To explore the new Business Connection one-stop resource, go to:
jobs.alaska.gov/employer.htm

Alaska Employers Are Our No. 1 Customer

Save money by calling us first!

Learn about the following and more:

- Free job advertisements
- Free applicant skills assessments
- Free training and recruitment space at many job centers
- Tax credits for hiring veterans
- Strategies to protect your business and your workers
- Free worker training
- Employee wage reimbursements

Business Connection staff are ready to help employers and business owners with all employment and training questions.

Call us toll free for personal, no-cost assistance: (877) 724-2539.