



ALASKA ECONOMIC
TRENDS

MARCH 2019

ALASKA'S
PERSONAL
INCOME

ALSO INSIDE

The Northwest Arctic Borough

FROM THE COMMISSIONER

New coding academies will help grow our tech industry

By **Dr. Tamika L. Ledbetter**, Commissioner

Think big, Alaska! Our state's proximity to Asian markets, our self-reliant nature, and our desire to increase resource development perfectly positions us to become a bigger economic presence globally.

Alaska must explore industry development beyond oil and seafood, and one way we can diversify our economy and match global demand is to show our capacity and drive to become a bigger part of the tech industry.

The Department of Labor and Workforce Development is working with industry leaders, public and private education and training providers, and workforce development professionals to connect people with viable employment. We're also looking at new ways to ensure Alaska has qualified applicants who are prepared for opportunities in a range of industries.

One example is the free coding academies we're planning across the state in partnership with the Department of Education and Early Development, in response to Governor Dunleavy's priorities of creating jobs for Alaskans and increasing youth awareness of employment opportunities. Our goal is to structure these academies to be small, adaptable to a range of student needs, and infused with the



kind of startup mentality that drives much of the high-tech job market.

The world of coding is one way to prepare young Alaskans for a variety of job opportunities. Learning these skills can open the door to jobs as web developers, cyber security specialists, data scientists, remote program-

mers, systems administrators, and more — all jobs that can be based in a rural community. One big appeal for Alaskans is that many tech jobs can be performed wherever there's high speed internet.

I am excited to introduce and continue to promote this industry option. We will hold three free introductory kickoff events around the state this month to teach basic coding skills and plan the upcoming academies. We're pleased to host a training team from Apple headquarters and several high-tech industry leaders and employers at these introductory sessions, scheduled for March 11 in Kotzebue at the Chukchi Consortium Library, March 12 in Wasilla at the Mat-Su Central School, and March 21 in Juneau at the Alaska State Museum.

If you're a youth or young at heart and you're interested in learning to code, we welcome you to join us. For more information and to register, please visit <http://labor.alaska.gov/everyalaskancancode> or contact your local job center.

Contact Dr. Tamika L. Ledbetter, Commissioner, at (907) 465-2700 or commissioner.labor@alaska.gov.

Every Alaskan Can Code

Introductory coding sessions, 12-4 p.m.

Kotzebue, March 11
Wasilla, March 12
Juneau, March 21



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Fall colors at Serpentine Hot Springs
in the Bering Land Bridge National
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ALASKA
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Trends is a nonpartisan, data-driven magazine that covers a range of economic topics in Alaska.

ON THIS PAGE: The background image for 2019 is an aerial photo of rivers near Circle by Dr. Travis Nelson, who teaches at the Center for Pediatric Dentistry in Seattle. Nelson visited Alaska in May 2010 to provide dental care to children in Venetie, Circle, and Fort Yukon.

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Alaska's Personal Income

The makeup of what we take in and how Alaska compares

By **NEAL FRIED**

Alaska residents brought in \$42.3 billion in personal income in 2017. Dividing that total by the number of residents — adults and children alike — puts 2017's per capita income at \$57,179.

Because personal income takes all income sources and all residents into account, it's considered the most comprehensive measure of what residents take in and is a useful barometer of an area's overall economic well-being.

Although personal income has been somewhat erratic over the years, total personal income was up about \$840 million in 2017 from the year before, which was the first full year of the state recession.

Preliminary data show this growth continued into 2018, even as the state continued to shed jobs. (See Exhibit 1.) While this could be a sign of economic recovery, it likely means other sources of income besides work earnings boosted the numbers.

65 percent comes from work

Of the \$42.3 billion Alaskans received in 2017, about \$27.5 billion — 65 percent — came from working. The nationwide share was about the same. (See Exhibit 2.)

The vast majority of Alaskans' work earnings came from regular wage or salary jobs and the remainder were from self-employment.

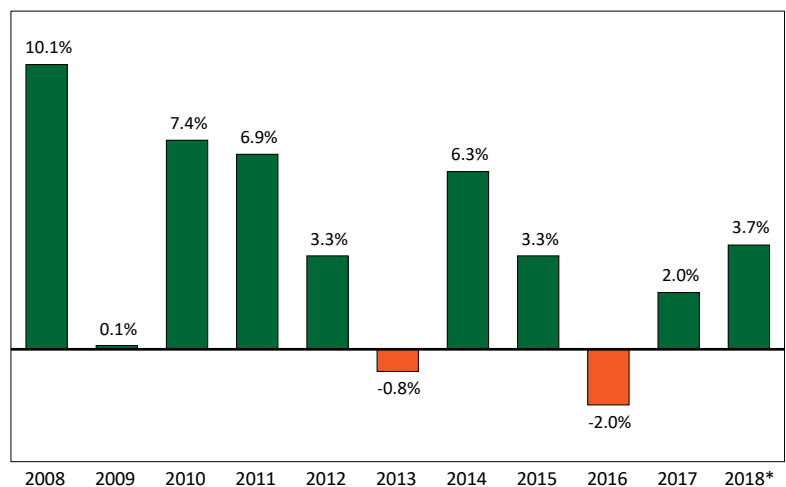
19 percent is from investments

Also similar to the U.S., close to 19 percent of per-

1

Income Changes Have Been Erratic

TOTAL PERSONAL INCOME, YEARLY CHANGE, 2008 TO 2018*



*First three quarters of 2017 compared to first three quarters of 2018
Source: U.S. Department of Commerce, Bureau of Economic Analysis

sonal income was from investments, characterized as "dividends, interest, or rent." This amounted to more than \$7.8 billion in Alaska.

Investment income includes interest and dividend distributions from private holdings in corporate stock and shareholder dividends from Alaska Native corporations. It also covers rents from real estate minus rental property expenses and the depreciation of fixed assets, and royalties from natural resource rights.

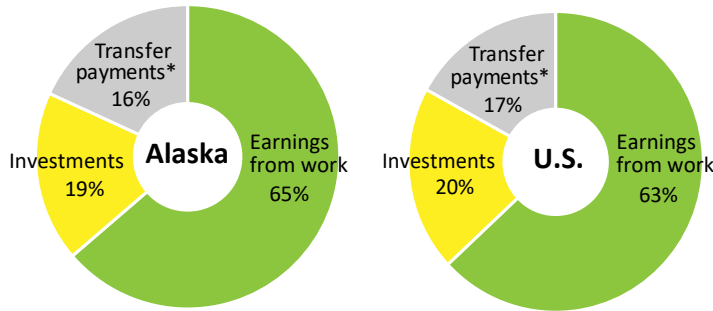
The rest from transfer payments

Transfer payments contributed the remaining 16 percent of Alaskans' income, and they too represent a similar share nationally.

Transfer payments can come from private sources, but most come from government. Examples include

2 Alaska, U.S. Income Makeup Similar

TOTAL PERSONAL INCOME, 2017



*Transfer payments include benefits such as disability and retirement payments, and in Alaska, Permanent Fund Dividends.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

retirement and disability payments, supplemental benefits for low income people, and unemployment and veterans' benefits. In Alaska, they also include Permanent Fund Dividends.

Alaska ranks 10th in the nation per capita

Personal income takes on additional meaning when calculated per capita and used for comparisons between places in Alaska and between Alaska and other states.

Alaska's per capita income of \$57,179 in 2017 put us in 10th place among states (see Exhibit 3), a ranking that hadn't changed much over the prior four years but is still the lowest we've been in recent years.

Alaska's income reached its peak relative to the nation's in 1976. That year, as the Trans-Alaska Pipeline was being built, Alaska's per capita income was a whopping 73 percent higher than U.S. per capita income.

Alaska's income remained well above the nation's until the trend changed in 1986 with the onset of the state's most severe recession to date. Our per capita income shrank from a high of 38 percent above the nation's in 1985 to a low of 4 percent above in 1999 and 2000.

Over the most recent decade, the gap fluctuated between 10 percent above the nation in 2007 to a high of 22 percent in 2010 as the national economy suffered through several years of the Great Recession. (See Exhibit 4.) After that, Alaska's advantage shrank as we entered our own recession while the national economy thrived.

The long-term narrowing trend is mainly due to the shrinking difference in wages between Alaska and the nation as a whole. (See the sidebar on page 8.) Two major reasons are that Alaska's economic growth has been slower in recent years, we've lost a disproportionate share of jobs in high-wage industries such as oil and gas, and Alaska's service sector and its lower-wage jobs have become a bigger slice of our economy.

3 Alaska Ranks 10th

PER CAPITA INCOME, 2017

1	Connecticut	\$71,823
2	Massachusetts	\$67,630
3	New York	\$64,540
4	New Jersey	\$64,537
5	Maryland	\$60,847
6	California	\$59,796
7	New Hampshire	\$59,668
8	Washington	\$57,896
9	Wyoming	\$57,346
10	Alaska	\$57,179
11	Virginia	\$55,105
12	Colorado	\$54,646
13	Minnesota	\$54,359
14	Illinois	\$54,203
15	Pennsylvania	\$53,300
16	Hawaii	\$52,787
17	Rhode Island	\$52,786
18	North Dakota	\$52,269
19	Vermont	\$52,225
	United States	\$51,640
20	Nebraska	\$50,809
21	Delaware	\$49,673
22	Wisconsin	\$48,941
23	South Dakota	\$48,818
24	Kansas	\$48,559
25	Oregon	\$48,137
26	Florida	\$47,684
27	Texas	\$47,362
28	Iowa	\$47,062
29	Ohio	\$46,732
30	Maine	\$46,455
31	Michigan	\$46,201
32	Nevada	\$46,159
33	Tennessee	\$45,517
34	Montana	\$45,385
35	Indiana	\$45,150
36	Missouri	\$44,978
37	Oklahoma	\$44,376
38	North Carolina	\$44,222
39	Georgia	\$44,145
40	Louisiana	\$43,660
41	Utah	\$43,459
42	Arizona	\$42,280
43	Idaho	\$41,826
44	South Carolina	\$41,633
45	Arkansas	\$41,046
46	Alabama	\$40,805
47	Kentucky	\$40,597
48	New Mexico	\$39,811
49	West Virginia	\$38,479
50	Mississippi	\$36,636

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Income equality 2nd among states, differs within Alaska

Alaska's income distribution is the second most equal in the nation as of 2017, according to the U.S. Census Bureau, a spot we often trade off with Utah for No. 1. (See Exhibit 5.) For income equality, the ratio, called the Gini Index, ranges from 0 to 1, with 0 indicating perfect equality and 1 meaning one household has all the income and the rest have none.

Why Alaska nearly tops the list isn't fully understood, but several factors contribute. First, Alaska isn't home to a significant number of extremely wealthy people. Alaska is also a young state, as is Utah, and Permanent Fund Dividends narrow the gap by supplementing the income of all Alaska residents.

Although Alaska's income distribution is one of the nation's most equal, per capita income varies widely between urban and rural Alaska areas. Many rural areas have per capita incomes well below the state and national numbers. (See Exhibit 6.) This disparity would be even larger if adjusted for the high rural cost of living.

Lower rural incomes are due partly to relatively fewer job opportunities and lower labor force participation rates. Families in rural Alaska also tend to be larger and younger, which further lowers per capita income. In rural areas, transfer payments make up a larger share of personal income.

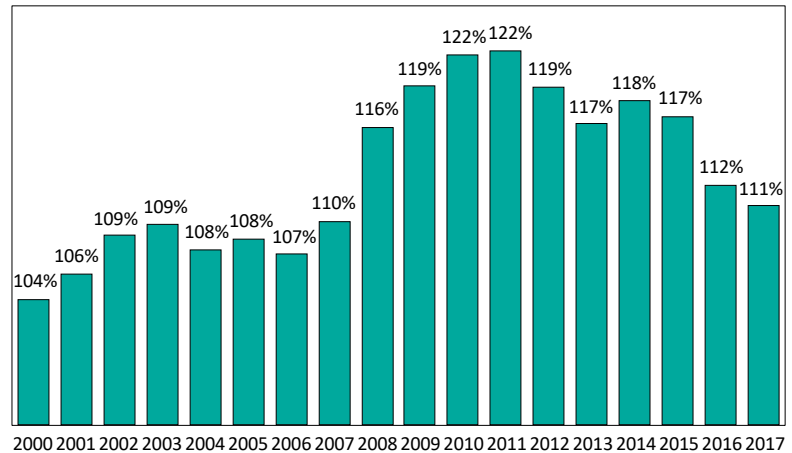
Kusilvak Census Area in the Southwest is a good proxy

4

Per Capita Income Down Relative to U.S.

ALASKA AS A PERCENTAGE OF U.S., 2000 TO 2017

Alaska per capita income as percent of U.S. income



Source: U.S. Department of Commerce, Bureau of Economic Analysis

for many small, off-road areas. At \$30,872, Kusilvak's per capita income was just 54 percent of statewide, and nearly 48 percent of its income came from transfer payments. Kusilvak is the youngest part of the state, with a median age of 22.2 to Alaska's 33.8, and its unemployment rate is often the highest in the state, due mainly to a lack of available jobs.

There are exceptions to the urban-rural divide, though. Per capita income tops the statewide figure in the North Slope, Skagway, Denali, and Bristol Bay boroughs. Conversely, incomes in the urban Fairbanks North Star and Matanuska-Susitna boroughs fall below the state as a whole.

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About the data

Personal income data come from the U.S. Bureau of Economic Analysis, which releases these numbers each quarter for all states and annually for every county equivalent.

Personal income encompasses all sources, including wages and self-employment earnings, investments, interest, rents, and transfer payments such as retirement and disability payments and the Permanent Fund Dividend, to name a few.

The per capita calculation simply divides an area's total personal income by its number of residents. Because it includes

every resident, including children and retirees, an area's demographic makeup, economic conditions, and mix of jobs all affect the final number.

Relevant demographics include family size, the typical number of dependents, population age, and the percent who participate in the labor force. For example, areas with higher percentages of children or retirees, and therefore proportionally fewer workers, often have lower per capita income.

Overall, though, Alaska has an above-average labor force participation rate and is among the highest-ranked states for female labor force participation, which both push per capita income higher.

5 Alaska Income Equality is 2nd BY STATE, 2017

	Gini Index*
Utah	0.423
Alaska	0.424
Wyoming	0.433
Iowa	0.438
Nebraska	0.439
New Hampshire	0.439
Hawaii	0.446
Wisconsin	0.447
Idaho	0.448
South Dakota	0.449
Indiana	0.45
Minnesota	0.452
Maine	0.453
Maryland	0.453
Vermont	0.453
Kansas	0.454
Montana	0.454
Colorado	0.455
North Dakota	0.455
Washington	0.456
Oregon	0.459
Nevada	0.461
Missouri	0.462
Ohio	0.464
Oklahoma	0.466
Arizona	0.467
Michigan	0.467
Virginia	0.467
West Virginia	0.469
Rhode Island	0.472
Arkansas	0.473
North Carolina	0.476
Alabama	0.477
Kentucky	0.478
New Mexico	0.478
Pennsylvania	0.478
Texas	0.478
Mississippi	0.479
New Jersey	0.479
South Carolina	0.48
Delaware	0.481
U.S.	0.482
Illinois	0.482
Tennessee	0.482
Georgia	0.483
Massachusetts	0.485
Florida	0.486
California	0.487
Connecticut	0.494
Louisiana	0.494
New York	0.546



More equal

Less equal



6 Income Varies Widely by Area PER CAPITA INCOME AROUND ALASKA, 2017

	Per capita income	Percent of statewide
Bristol Bay Borough	\$126,725	222%
North Slope Borough	\$86,588	151%
Denali Borough	\$78,138	137%
Skagway, Municipality	\$76,710	134%
Juneau, City and Borough	\$66,367	116%
Sitka, City and Borough	\$65,745	115%
Ketchikan Gateway Borough	\$65,034	114%
Petersburg Borough	\$63,637	111%
Anchorage, Municipality	\$63,532	111%
Kodiak Island Borough	\$60,891	106%
Haines Borough	\$59,951	105%
Lake and Peninsula Borough	\$59,760	105%
Valdez-Cordova Census Area	\$59,622	104%
Dillingham Census Area	\$59,340	104%
Aleutians East Borough	\$59,084	103%
Alaska	\$57,179	100%
Hoonah-Angoon Census Area	\$55,045	96%
Fairbanks North Star Borough	\$54,497	95%
Aleutians West Census Area	\$53,010	93%
Yakutat, City and Borough	\$52,812	92%
Nome Census Area	\$49,983	87%
Kenai Peninsula Borough	\$49,800	87%
Southeast Fairbanks Census Area	\$47,802	84%
Northwest Arctic Borough	\$46,033	81%
Matanuska-Susitna Borough	\$44,803	78%
Wrangell, City and Borough	\$44,286	77%
Bethel Census Area	\$42,863	75%
Prince of Wales-Hyder Census Area	\$41,420	72%
Kusilvak Census Area	\$30,872	54%

Source: U.S. Department of Commerce, Bureau of Economic Analysis

*The Gini index is the most common measure of income equality, where 0 represents exact equality and 1 would mean one household has all the wealth.
Source: U.S. Census Bureau, 2017 Median Household Income

A look at yearly wages, the biggest slice of income

Pay from working is the biggest share of total personal income. In 2017, Alaska's average annual wage was \$53,714, putting us in 16th place nationally.

Alaska has historically ranked much higher. In 2015, before the state recession hit and Alaska lost thousands of high-paying oil and gas jobs, our average annual wage was well above the national average, at \$54,755 versus \$52,942, and we ranked ninth among states.

Then in 2016, Alaska's average annual wage fell below the national average for the first time. It remained lower through 2017 and, according to preliminary data, through the first two quarters of 2018. This is because Alaska remains in a prolonged recession while the national economy is thriving, and the state's growth was slower in the years that preceded it.

Average annual wages vary considerably within the state, and often along rural-urban lines. In 2017, area wages varied from a high of \$96,912 in the North Slope Borough, home to many high-wage oil industry jobs, to a low of \$25,800 in Kusilvak Census Area in Southwest. (Wages are calculated by place of work, unlike personal income, which is by place of residence.)

Average annual wage is a more limited measure than total personal income — it's just the state's total payroll divided by the average number of jobs — but it provides some insight into an area's income-generating capacity. Note that unlike median, which is the middle value, averages can be skewed by extreme highs or lows.

Another limitation of average annual wage is that an area with few

Average annual wages around Alaska in 2017

North Slope Borough	\$96,912
Northwest Arctic Borough	\$67,200
Southeast Fairbanks Census Area	\$65,040
Aleutians West Census Area	\$57,588
Anchorage, Municipality	\$55,920
Valdez-Cordova Census Area	\$54,996
Aleutians East Borough	\$53,928
Juneau, City and Borough	\$51,036
Fairbanks North Star Borough	\$50,112
Bristol Bay Borough	\$49,656
Nome Census Area	\$49,044
Kenai Peninsula Borough	\$47,052
Ketchikan Gateway Borough	\$45,828
Kodiak Island Borough	\$44,772
Denali Borough	\$44,580
Dillingham Census Area	\$44,520
Sitka, City and Borough	\$43,488
Petersburg Borough	\$43,056
Matanuska-Susitna Borough	\$41,760
Bethel Census Area	\$40,680
Yakutat, City and Borough	\$40,560
Skagway, Municipality	\$40,344
Lake and Peninsula Borough	\$39,996
Prince of Wales-Hyder Census Area	\$39,648
Wrangell, City and Borough	\$38,316
Haines Borough	\$37,152
Hoonah-Angoon Census Area	\$35,472
Yukon-Koyukuk Census Area	\$35,244
Kusilvak Census Area	\$25,800

Source: Alaska Department of Labor, Research and Analysis Section

employment opportunities and lower per capita income can still have a high average wage for the small number of jobs that do exist. Examples are the Northwest Arctic Borough with its hundreds of jobs at the Red Dog Mine and Southeast Fairbanks Census Area, which has high-paying federal civilian jobs at Fort Greely. Both areas also have few of the lower-paying service jobs common in other boroughs.

These numbers reflect wage and salary jobs only, so they exclude self-employment such as commercial fishing. They also exclude active duty military.

Average annual wages by state, 2017

1 New York	\$70,682
2 Massachusetts	\$69,929
3 Connecticut	\$66,636
4 California	\$65,857
5 New Jersey	\$64,042
6 Washington	\$62,041
7 Maryland	\$59,603
8 Illinois	\$57,971
9 Colorado	\$56,914
10 Virginia	\$56,503
11 Minnesota	\$56,140
12 Delaware	\$55,828
13 Texas	\$55,795
U.S. average	\$55,390
14 New Hampshire	\$55,138
15 Pennsylvania	\$54,000
16 Alaska	\$53,714
17 Rhode Island	\$52,840
18 Michigan	\$52,487
19 Georgia	\$52,189
20 Oregon	\$51,118
21 North Dakota	\$50,313
22 Arizona	\$50,146
23 Hawaii	\$49,671
24 Ohio	\$49,153
25 North Carolina	\$48,920
26 Tennessee	\$48,820
27 Florida	\$48,455
28 Nevada	\$48,126
29 Missouri	\$47,364
30 Wisconsin	\$47,238
31 Utah	\$46,575
32 Louisiana	\$46,500
33 Wyoming	\$46,270
34 Indiana	\$46,192
35 Vermont	\$46,186
36 Iowa	\$46,074
37 Alabama	\$45,997
38 Kentucky	\$45,166
39 Oklahoma	\$45,121
40 Kansas	\$45,116
41 Nebraska	\$44,851
42 South Carolina	\$44,177
43 Maine	\$43,911
44 New Mexico	\$43,535
45 West Virginia	\$43,419
46 Arkansas	\$42,959
47 South Dakota	\$42,432
48 Montana	\$42,045
49 Idaho	\$41,345
50 Mississippi	\$38,788

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

Northwest Arctic

11 subsistence communities dot the sound and the rivers

By KARINNE WIEBOLD



Northwestern Alaska, which is home to 13 nationally protected areas and a designated international biosphere reserve, has been recognized globally for its beauty and abundant natural resources. It's also ancestral land of the Inupiat people, who have lived in the area for thousands of years and are the majority of its 7,850 residents today.

The Northwest Arctic Borough covers nearly 40,000 square miles — about the size of Vermont, New Hampshire, Massachusetts, and Maryland combined. The 11 communities — 12 if you count the Red Dog Mine and its small village worth of workers — are widely spread with no connecting roads.

Instead, the borough's nearly 5,000 square miles of water are its transportation nexus, and the villages' locations reflect that importance. Kivalina, Kotzebue, and Deering are all on the shores of Kotzebue Sound.

The Kobuk River supports Noorvik, Kiana, Ambler, Shungnak, and Kobuk. Buckland, Noatak, and Selawik are also located off rivers. (See the map on the next page.)

Kotzebue is the largest community by far, at 3,154 people, and it serves as the borough seat and regional transportation hub. The city sits just 20 feet above sea level on a gravel spit that juts into the sound.

Transportation challenges and high living costs

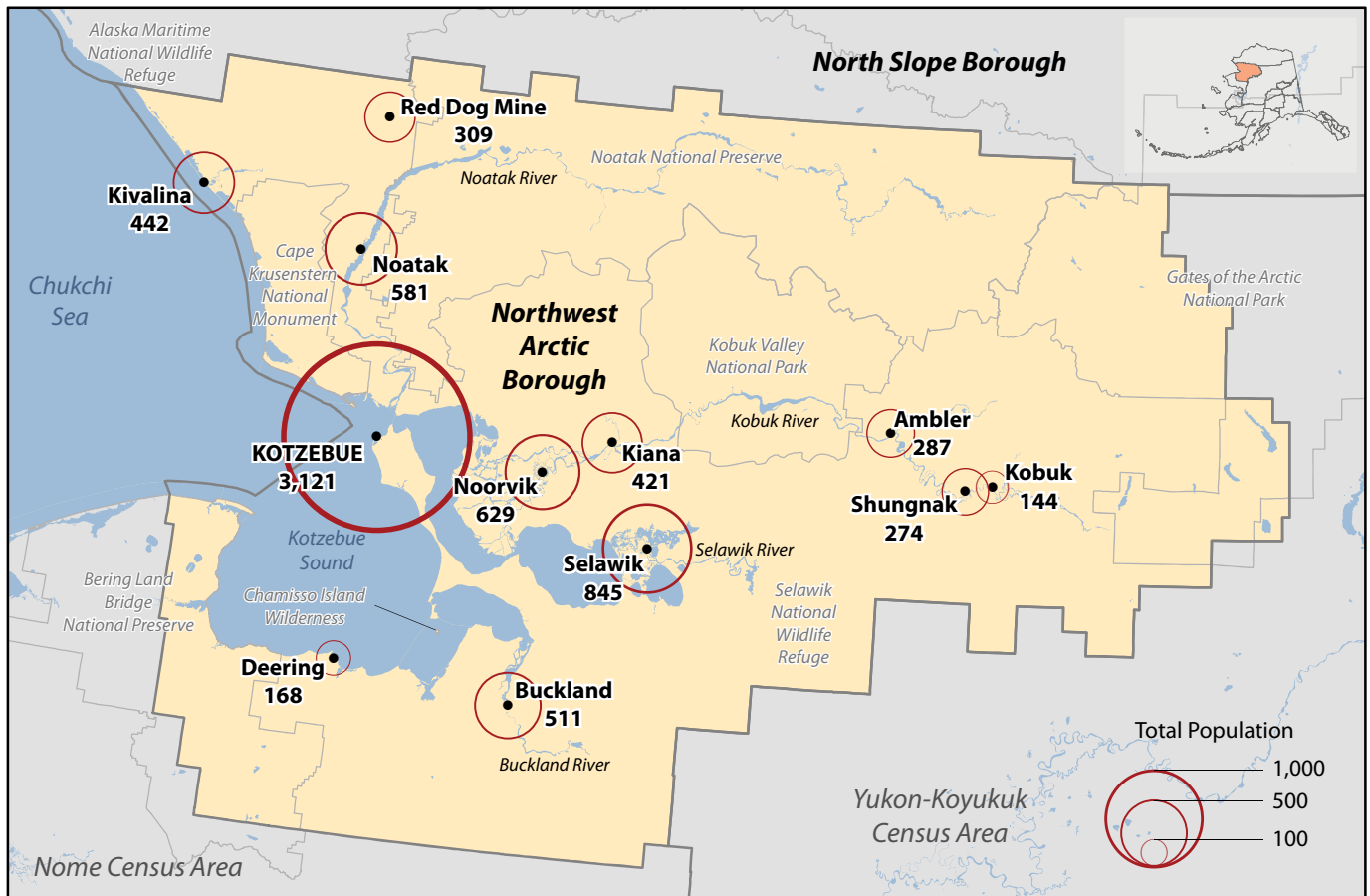
Kotzebue Sound is vast and shallow, about 100 miles long and 70 miles wide, and full of chum salmon as well as smaller numbers of other species. The word is that Kotzebue chum are larger and have a higher



Above, spotted saxifrage and bearberry grow on the tundra in the summer near Rabbit Creek. At right, a woman at a subsistence camp near Kotzebue uses an ulu to separate the blubber from the hide of a bearded seal. The blubber can be rendered into seal oil and used as a dipping sauce, and the hide can be used to make rope or to cover a wooden boat frame.

Photos courtesy of National Park Service





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

A resurgence for the small commercial chum fishery

According to the Alaska Department of Fish and Game, chum salmon is the only species in the area with sufficient numbers for commercial fishing.

The Northwest Arctic Borough's number of permit holders has varied considerably over the last three decades, driven by demand and price. Even if the fish are present and fishermen are waiting, the fishery's remote location and the fact that only chum are available mean there aren't always buyers. Chum, called keta in production, is the lowest-value salmon species.

In 2002, the last large buyer pulled out and commercial fishing was dormant for several years. But since then, buyers have reentered the market and permit holders and total catch have both increased significantly. In 2017, 98 total permit holders harvested 463,749 fish and earned \$1.8 million. Because most permit holders are local, this has brought a notable amount of additional income into the borough.

oil content than chum from other areas, making them more desirable for commercial and subsistence use. (See the sidebar at left for more about the area's small commercial chum fishery.)

The sound is ice-free just three months a year, so goods must be flown in during the other nine months. Even when the sound is clear, it's so shallow that barges have to anchor 15 miles out of town and send smaller barges the rest of the way into town. Locals say a disproportionate share of transportation costs are incurred in those last 15 miles.

In years with below-average snowfall, villagers navigate the additional challenge of silt-clogged rivers. In spring, melted snow floods the rivers and pushes out much of the silt that has accumulated there, but when there hasn't been enough snow to clear the rivers, even regional barges have a hard time making it to the up-river villages.

These high transportation costs mean Kotzebue's weekly food costs are double that of Anchorage, and the more remote villages are even higher. UAF Cooperative Extension estimated grocery expenses for a

family of four at \$463 per week, as of late 2017.

Subsistence is fundamental

Subsistence may not be paid labor, but it's a vital economic contribution that demands the time and effort of residents, from children to elders, to offset high living costs. Residents gather and share a range of wild resources, as they have for centuries.

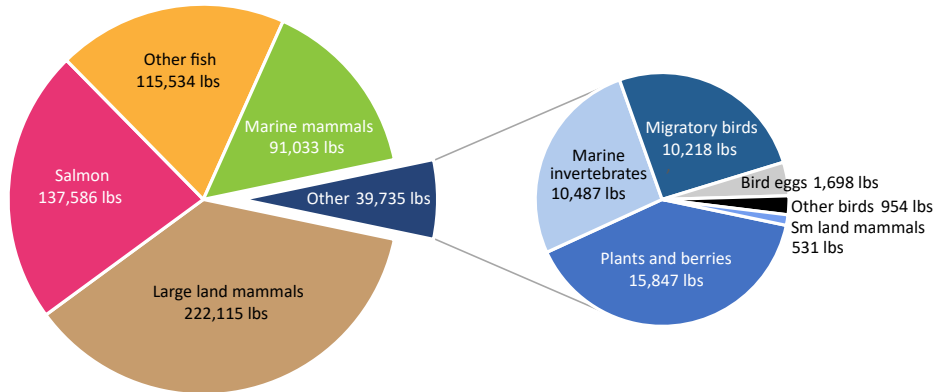
Villagers harvest beluga and bowhead whales, salmon and other fish, seals, sea otters, crabs, mussels, clams, and shrimp. They hunt caribou, moose, musk oxen, and Dall sheep to eat and use the pelts of otter, beaver, fox, and hare to make hats, mittens, parkas, slippers, and art. The tundra provides blueberries, cranberries, na-goonberries, sourdock, willow leaves, and wild celery.

Many a visitor has arrived with a cooler full of fresh fruits and vegetables from one of Alaska's cities, and locals have refilled it with local sheefish, caribou, and salmon for their return home.

A 2014 Department of Fish and Game subsistence

1 What A Year of Subsistence Looks Like

POUNDRAGE BY TYPE OF FOOD, KOTZEBUE, 2014



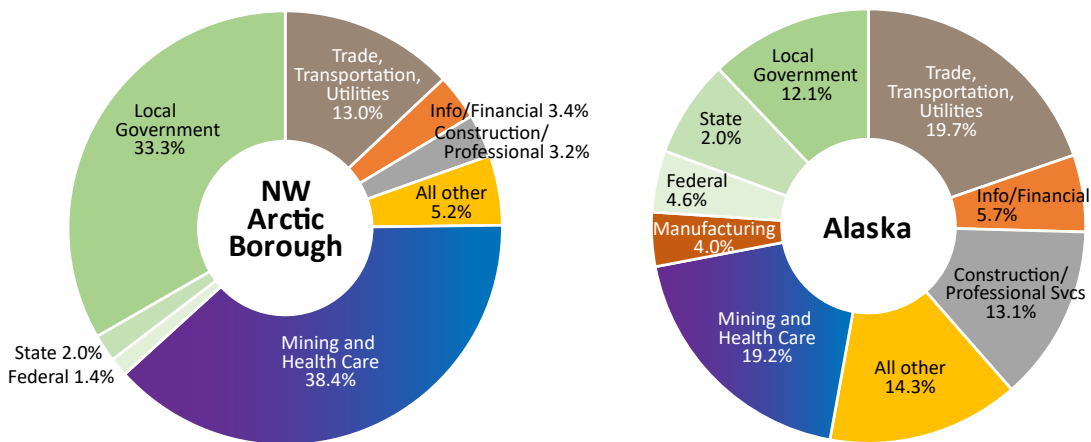
Source: Alaska Department of Fish and Game

survey determined that Kotzebue residents harvested more than 600,000 pounds of food that year, reducing their need for expensive imported groceries. (See Exhibit 1.)

The study found that 99 percent of villagers consumed food that had been caught, trapped, hunted, picked, gathered, or foraged. Eighty-eight percent of the residents attempted subsistence activities, 86 percent harvested, 96 percent received food from someone else, and 82 percent shared food.

2 Mining, Health Care, Local Government Big in the Borough

PERCENT OF TOTAL EMPLOYMENT BY INDUSTRY,* NW ARCTIC BOROUGH AND STATEWIDE, 2017



*Employment must be suppressed when industry job numbers are small enough that individual employers are identifiable. To protect employer confidentiality but show the big-picture differences between the borough and state economies, we grouped some Northwest Arctic Borough industries, also grouping the statewide numbers to allow comparison.

Note: Local government includes tribal government. In the borough, about 14 percent of local government is tribal.

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

The borough exists because of the mine

While subsistence is the area's foundation, the Red Dog Mine is its economic driver and the reason the borough was formed in 1986. The mine, one of the largest zinc mines in the world, created a tax base that made it possible to provide local government services. In unincorporated areas of Alaska, state government provides those services.

NANA, the Alaska Native Regional Corporation, selected the land under the Alaska National Interests Lands Conservation Act, or ANILCA, in 1980 after investigations showed it could contain valuable minerals.

The mine supports the borough through taxes and fees, employs between 500 and 600 people, and shares profits with NANA. NANA collected about \$355 million in fiscal year 2018, of which it distributed \$217.7 million to other regional corporations and \$3.8 million to shareholders.

Red Dog is operated by Teck Alaska Inc., a subsidiary of the global Teck Resources Limited, on NANA-owned land. As Teck recoups the cost of developing the mine, its profit-sharing arrangement with NANA shifts so that NANA receives a growing share of annual profits.

The mine is expected to last until 2031, but Teck continues to explore in the area and is optimistic about further development potential, although some prospects are on state land.

Red Dog employs about equal percentages of locals, nonresidents, and Alaskans from other areas. Remote mining work with schedules such as two weeks on, two weeks off gives workers substantial freedom to live wherever they choose.

Mining, health care, and local government are the big employers

Borough-wide, only about 18 percent of workers are nonresidents. Sixty-four percent of the people working in the borough are local, and the remaining 18 percent are Alaska residents from other areas.

Of the locals who work, the vast majority (92 percent) work in the borough.

Mining and health care represent about 40 percent of



Kivalina, a village in the Northwest Arctic Borough, faces the mounting effects of erosion. Photo courtesy of Flickr user ShoreZone

3 A Majority Native Borough

NW ARCTIC BOROUGH POPULATION, 2017

Race	Population	Percent
Alaska Native	6,243	80%
White	954	12%
Black	96	1%
Asian	74	1%
Pacific Islander	13	<1%
Two or more races	470	6%

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

local jobs (the borough had 2,843 total in 2017), with mining's share slightly larger. Both industries pay well, but mining pays some of the borough's highest wages.

A third of jobs are in local government, which provides many basic services. (See Exhibit 2.) Of the area's local government, about 14 percent is tribal.

The majority of jobs are in Kotzebue, although the smaller villages have local government jobs in the schools and village administration as well as a handful of private retail and health care jobs. The nonprofit Maniilaq Association, which operates the Indian Health Service-owned hospital in Kotzebue as well as health clinics in each village, estimates it employs 550 people.

A young, majority Native area that continues to grow

The Northwest Arctic Borough remains a majority

Alaska Native area, and mainly Inupiaq. Just under 80 percent of the borough’s population was Native in 2017 compared to 18.5 percent statewide, and another 6 percent were mixed race. (See Exhibit 3.)

The borough has 582 more males than females, and while most age groups show disparity, it’s biggest with men between 45 and 69, who outnumber women of those ages by 41 percent. (See Exhibit 4.) This is likely due to the higher percentage of men in mining.

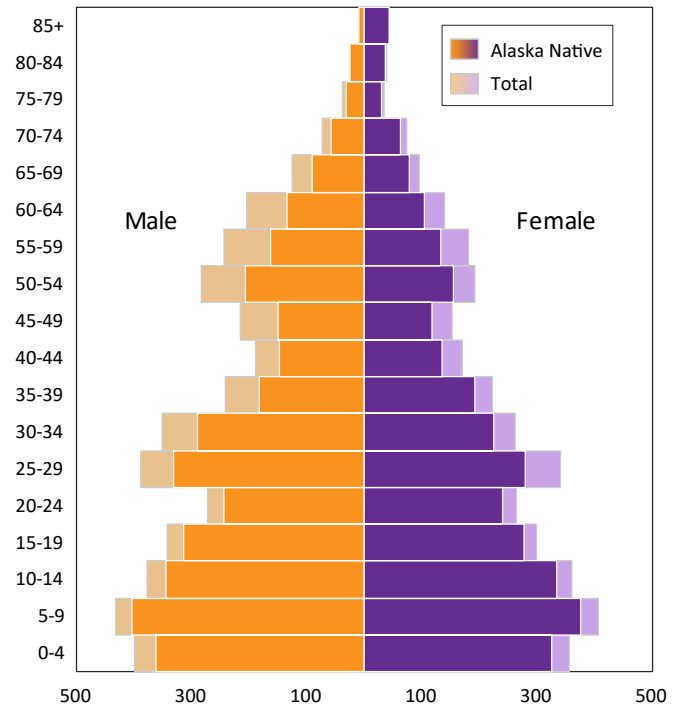
The borough is also markedly young, with a median age of 27.8 versus 34.9 statewide. Like the rest of the state, though, the borough is getting older. The Northwest Arctic Borough has “aged” by more than two years in less than a decade, with its median age climbing from 25.7 to 27.8. Over the same period, Alaska’s median age rose from 33.8 to 34.9.

As is common for areas with a young population, the borough has a higher birth rate than the state as a whole, at 2.46 versus 1.46 statewide. While more people have moved out of the borough than into it since 2000, natural increase (births minus deaths) has been more than enough to offset the migration losses in most years, keeping the borough growing. While the borough population increased nearly 9 percent between 2000 and 2018, however, the state as a whole grew by 16 percent over that period.

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4 More Males At Most Ages

AGE AND RACE, NW ARCTIC BOROUGH, 2017



Note: Alaska Native includes Alaska Native alone or in combination with another race.
 Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section



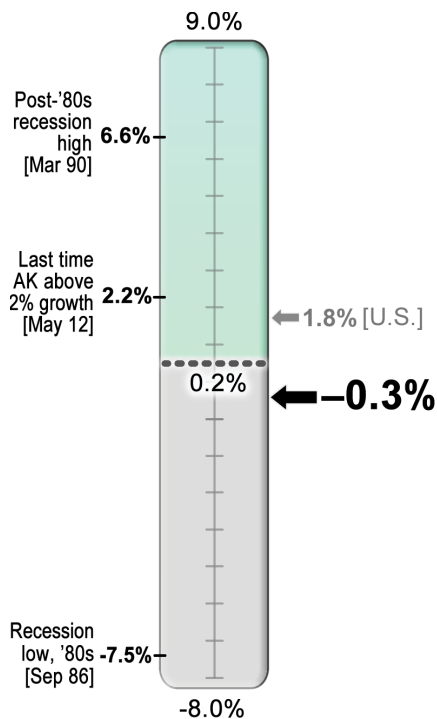
A boat travels down the Kobuk River. Boats are essential for travel, hunting, and other subsistence activities. In the winter, villagers travel the frozen rivers on snowmachines. Photo courtesy of National Park Service

Gauging Alaska's Economy



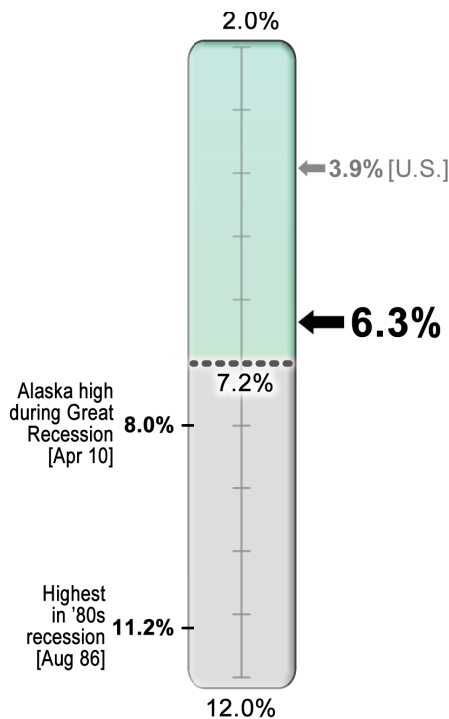
Job Growth

December 2018
Over-the-year percent change



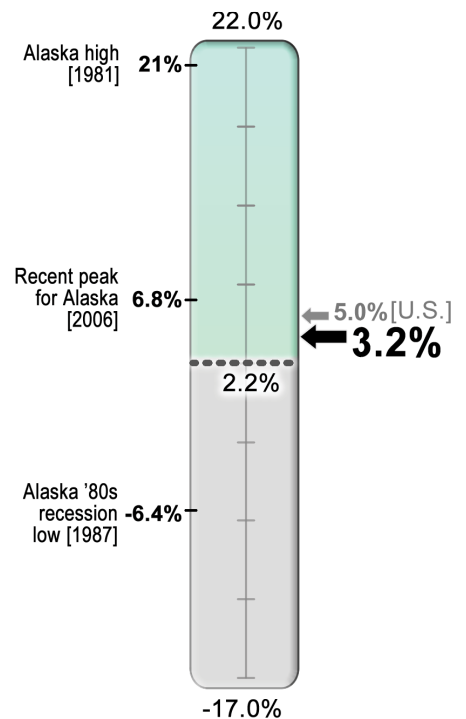
Unemployment Rate

December 2018
Seasonally adjusted



Wage Growth

3rd Quarter 2018
Over-the-year percent change



- The state has registered over-the-year job losses for 39 consecutive months, the longest period of job loss in its modern history.
- Job losses are smaller now than at any time since October 2015.
- U.S. job growth remains strong and has been positive since 2010, with the strongest growth in 2015.

- Alaska's rate has fallen noticeably in 2018, but those numbers are preliminary and the revisions will likely show smaller declines.
- Unemployment rates are complicated economic measures and generally less telling than job or wage growth as indicators of broad economic health.

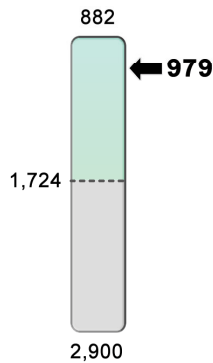
- Wages have been up for four consecutive quarters after being down the prior seven.
- Wage growth accelerated from first quarter 2018 to second quarter, which hints at a strengthening economy.

Gauging Alaska's Economy

..... ALASKA'S 10-YR AVERAGE
 ← CURRENT ALASKA

Initial Claims

Unemployment, week ending Feb. 9, 2018†

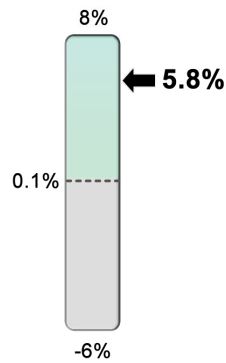


➤ For a variety of reasons, initial claims are well below the 10-year average despite job losses.

† Four-week moving average ending with the specified week

GDP Growth

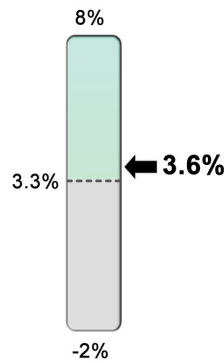
3rd Quarter 2018
Over-the-year percent change



➤ Gross domestic product is the value of the goods and services a state produces. Alaska's GDP has grown for the last eight quarters after declining for 15 out of the prior 16.

Personal Income Growth

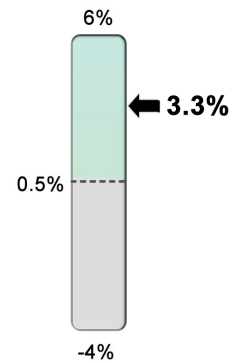
3rd Quarter 2018
Over-the-year percent change



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

Change in Home Prices

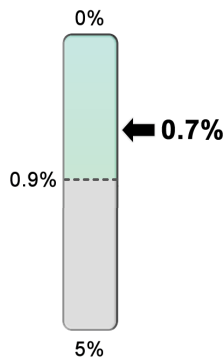
3rd Quarter 2018
Over-the-year percent change



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

Foreclosure Rate

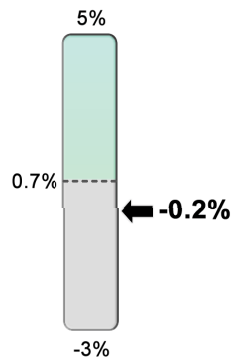
3rd Quarter 2018



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

Population Growth

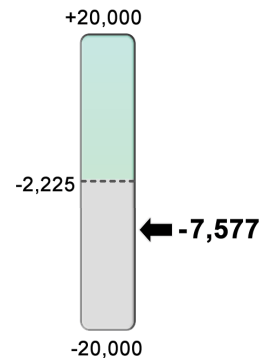
2017 to 2018



➤ The state's population has remained mostly stable during the state's recession, although 2018 was the second year of small population declines since 1988.

Net Migration

2017 to 2018



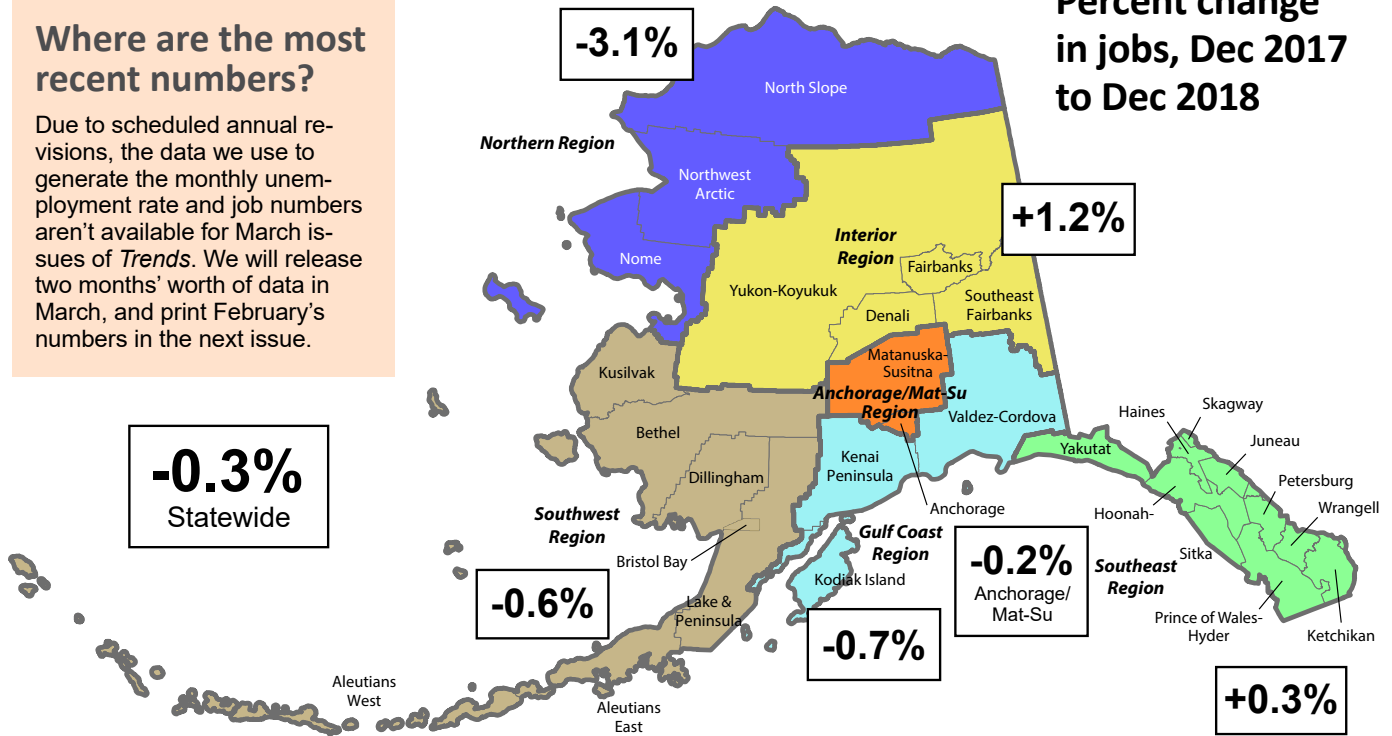
➤ The state had net migration losses for the sixth consecutive year in 2018, although natural increase (births minus deaths) offset those losses until 2017 and 2018.

Employment by Region

Where are the most recent numbers?

Due to scheduled annual revisions, the data we use to generate the monthly unemployment rate and job numbers aren't available for March issues of *Trends*. We will release two months' worth of data in March, and print February's numbers in the next issue.

Percent change in jobs, Dec 2017 to Dec 2018



Unemployment Rates

Seasonally adjusted

	Prelim.		Revised
	12/18	11/18	12/17
United States	3.9	3.7	4.1
Alaska	6.3	6.3	7.2

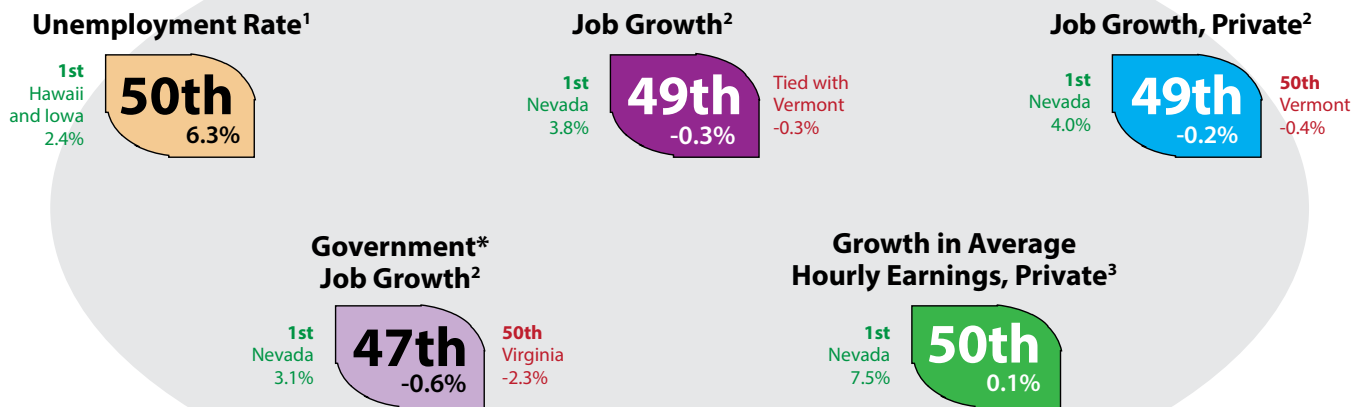
Not seasonally adjusted

	Prelim.		Revised
	12/18	11/18	12/17
United States	3.7	3.5	3.9
Alaska	6.4	6.3	7.3

Regional, not seasonally adjusted

	Prelim.			Revised		
	12/18	11/18	12/17	12/18	11/18	12/17
Interior Region	6.6	6.2	7.5			
Denali Borough	16.2	16.3	20.7			
Fairbanks N Star Borough	5.8	5.5	6.5			
Southeast Fairbanks Census Area	9.7	8.9	10.9			
Yukon-Koyukuk Census Area	14.1	14.1	17.9			
Northern Region	9.0	9.5	10.3			
Nome Census Area	10.1	10.3	11.6			
North Slope Borough	5.9	6.1	5.9			
Northwest Arctic Borough	11.2	12.4	13.9			
Anchorage/Mat-Su Region	5.6	5.5	6.5			
Anchorage, Municipality	5.1	5.1	5.8			
Mat-Su Borough	7.2	7.0	8.6			
Southwest Region	11.0	10.1	11.7			
Aleutians East Borough	7.2	4.9	5.4			
Aleutians West Census Area	5.3	4.5	5.1			
Bethel Census Area	11.3	11.2	12.6			
Bristol Bay Borough	14.0	11.0	13.8			
Dillingham Census Area	8.8	8.0	10.5			
Kusilvak Census Area	18.0	17.0	18.9			
Lake and Peninsula Borough	12.4	12.8	14.7			
Gulf Coast Region	8.0	7.4	8.7			
Kenai Peninsula Borough	7.6	7.5	8.9			
Kodiak Island Borough	8.8	5.7	7.2			
Valdez-Cordova Census Area	8.7	9.2	9.9			
Southeast Region	6.6	6.4	7.0			
Haines Borough	13.0	11.8	13.1			
Hoonah-Angoon Census Area	15.9	16.9	18.5			
Juneau, City and Borough	5.0	4.6	4.9			
Ketchikan Gateway Borough	6.6	6.7	6.8			
Petersburg Borough	9.0	7.9	9.9			
Prince of Wales-Hyder Census Area	10.3	10.4	12.0			
Sitka, City and Borough	4.4	4.0	4.9			
Skagway, Municipality	17.9	19.5	20.7			
Wrangell, City and Borough	8.0	7.3	8.5			
Yakutat, City and Borough	10.7	11.2	10.0			

How Alaska Ranks



*Federal, state, and local

¹December seasonally adjusted unemployment rates

²December employment, over-the-year percent change

³December hours and earnings, over-the-year percent change

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

Other Economic Indicators

	Current		Year ago	Change
Urban Alaska Consumer Price Index (CPI-U, base yr 1982=100)	223.099	1st half 2018	218.660	+0.9%
Commodity prices				
Crude oil, Alaska North Slope,* per barrel	\$60.39	Jan 2019	\$69.15	-12.66%
Natural gas, residential, per thousand cubic feet	\$10.39	Nov 2018	\$10.65	-2.44%
Gold, per oz. COMEX	\$1,344.80	2/19/2019	\$1,331.20	+1.02%
Silver, per oz. COMEX	\$15.97	2/19/2019	\$16.51	-3.27%
Copper, per lb. COMEX	\$2.88	2/19/2019	\$3.21	-10.44%
Zinc, per MT	\$2,638.00	2/18/2019	\$3,555.00	-25.79%
Lead, per lb.	\$0.92	2/19/2019	\$1.17	-21.37%
Bankruptcies				
	130	Q3 2018	97	+34.0%
Business	3	Q3 2018	7	-57.1%
Personal	127	Q3 2018	90	+41.1%
Unemployment insurance claims				
Initial filings	6,799	Jan 2019	6,849	-0.73%
Continued filings	46,621	Jan 2019	58,086	-19.74%
Claimant count	12,063	Jan 2019	14,409	-16.28%

*Department of Revenue estimate

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

EMPLOYER RESOURCES

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- Employer booths are free (food bank donation encouraged)
- Meet with hundreds of potential employees!
- Additional job seeker specific marketing to individuals with disabilities and veterans
- Especially useful for federal contract employers concerned with maintaining compliance with the Office of Federal Contract Compliance Programs (OFCCP)

**10 a.m.-2 p.m.
Friday,
March 29, 2019**

**University Center Mall
3800 Old Seward Highway**

REGISTER ONLINE:

<https://www.eventbrite.com/e/employment-first-job-fair-tickets-55057465361?>



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First state where real wages
and real jobs for Alaskans
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TO OBTAIN MORE INFORMATION:

Midtown Business Connection

ATTN: Employment First Job Fair
Anchorage Midtown Job Center
Phone: (907) 269-4777
Email: anchorage.employers@alaska.gov

BEST is an interagency collaboration between the Alaska Departments of Health and Social Services and Labor and Workforce Development as well as other state and federal agencies dedicated to meeting the workforce needs of Alaska businesses while improving hiring outcomes for individuals with disabilities and veterans.

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