ALASKA ECONOMIC TRENDS

DECEMBER 2013

The Military and Alaska's Economy

WHAT'S INSIDE

ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT
Sean Parnell, Governor
Dianne Blumer, Commissioner

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On the cover:
Two Alaska Air National Guard HH-60G Pave Hawks fly in formation over Alaska on March 14, 2012. The primary mission of the Pave Hawk helicopter is to recover isolated personnel in hostile environments during war. Photo courtesy of the U.S. Air Force, Master Sgt. Sean Mitchell

December Authors

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Military a critical source of jobs and income in Alaska

By Dianne Blumer, Commissioner

This issue of *Trends* focuses on the military's footprint in Alaska and impact on the economy. Only oil and federal nondefense spending account for more jobs and income.

In 2000, the military stationed 17,631 troops in Alaska, which grew to 24,449 in 2009. In addition, $500 million in construction to upgrade military installations annually between 2003 and 2010 had a big impact on Alaska's economy.

When service members leave the military, a significant number choose to remain — more than 74,000 veterans call Alaska home, which is nearly 15 percent of our population.

Alaska employers can benefit by hiring veterans who can offer skills, education, leadership, and dedication learned during their military service.

The Alaska Department of Labor and Workforce Development provides services targeted specifically to veterans, including the largest job fair in the state. November's Alaska Veterans Job Fair, held annually near Veterans Day, saw 127 employer and training booths. Employers estimate they interviewed almost 200 job seekers onsite, made 108 job offers that day, and anticipate making an additional 400 job offers to fair attendees.

Workplace Safety

Also in this issue, Alaska has seen a decline in workplace fatalities over the last two decades. In 2012, 30 workers died, which was a decrease of eight from the previous year.

But even one fatality is one too many.

The Alaska Safety Advisory Council promotes making Alaska a safer place to work and live. Appointed by the governor, the 14-member council represents industry, labor, the public, and federal, state, and local governments.

The council will host the 33rd Annual Governor's Safety and Health Conference March 4-6 at the Dena'ina Center in Anchorage, focusing on emerging safety and health issues and advanced safety needs that are unique to our state.

Conference coordinators anticipate more than 350 attendees who will be able to see the latest innovations in products and services at an expanded exhibit hall and attend any of five concurrent sessions over three full days at the conference.

For more information about conference registration, award nominations, or exhibitor space, go to: Labor.Alaska.Gov.

Unemployment Tax Rates

Gov. Sean Parnell recently announced that Alaskans will soon see a 22 percent reduction in unemployment insurance tax rates, a savings of $89 million. The average combined UI tax rate for 2014 is 2.59 percent compared to 2013's 3.32 percent.

The tax cuts are a reflection of a stronger economy with fewer unemployment claims, which is great news for Alaska. The considerably lower UI taxes for employers are also a result of the Alaska Legislature passing Gov. Parnell's tax-reduction legislation HB 76.

Alaska continues to maintain a healthy trust fund balance, which was $329,488,708 on Sept. 30. Unlike Alaska, 36 states have borrowed from the federal government to keep their unemployment trust funds solvent and about a dozen continue to do so.

Alaska's UI system meets all federal requirements, which means Alaska employers also receive a 5.4 percent offset to the 6 percent Federal Unemployment Tax Act contributions. This saves Alaska employers up to an additional $378 for each employee.

The Alaska Department of Labor and Workforce Development will begin mailing rate notices to employers early this month.

By NEAL FRIED

The Military and Alaska's Economy

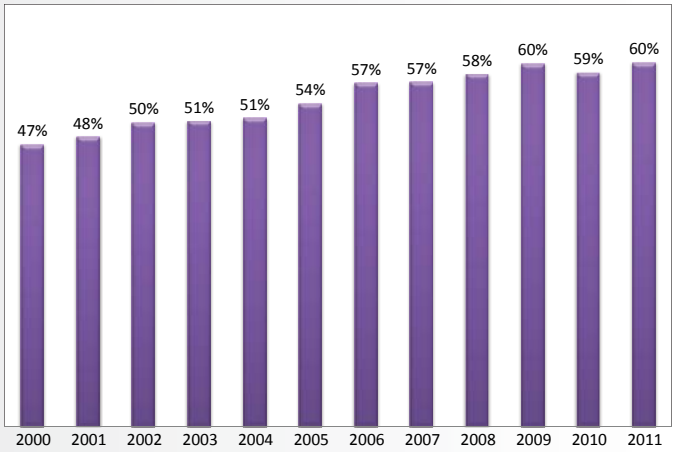
Role waxes and wanes, but it's always a major player

One of the federal government's first acts after purchasing Alaska was to send the U.S. Army to occupy and administer its new territory. However, it wasn't until World War II that the military solidified its role as one of Alaska's economic mainstays.

The military's presence in the 1940s was so major and transformational that the state was commonly referred to as "Military Alaska." More than 100,000 troops poured into the state along with billions of dollars for infrastructure.

With the end of the war, the prospect of a near pull-out by the military prompted concern for Alaska's economic future — but just a few years later, the Cold War began and Alaska's proximity to the Soviet Union cemented the military's role in Alaska's economy for many decades to come.

1 Defense Share of Federal GDP
Alaska, 2000 to 2012



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

We "export" defense

One way to look at the military's influence on Alaska's economy is to treat it like one of our leading "exports," which are especially relevant because they bring new money into the state. The benefits are similar to those from exporting gold, oil, or fish — but instead of a commodity, the military "sells" national defense, a service the rest of the country is willing to pay for.

According to economists at the University of Alaska Anchorage, only oil and nondefense federal spending generate more jobs and income in the state.

By another economic measure, the military's share of Alaska's federal gross domestic product has surpassed civilian federal spending since 2003. (See Exhibit 1.)

Tens of thousands of soldiers and their families live in Alaska and spend their income here, and with them comes money to build and maintain large, sophisticated facilities.

The military's influence on the state's economy can go unnoticed even in areas with a large presence, as it's often out of the public eye on bases that are fairly self-encompassing. Thousands of soldiers, civilians, and contractors live off the base, though, and those who live on base also spend a significant share of their wages in the surrounding community. Millions are also spent locally on procurement and construction.

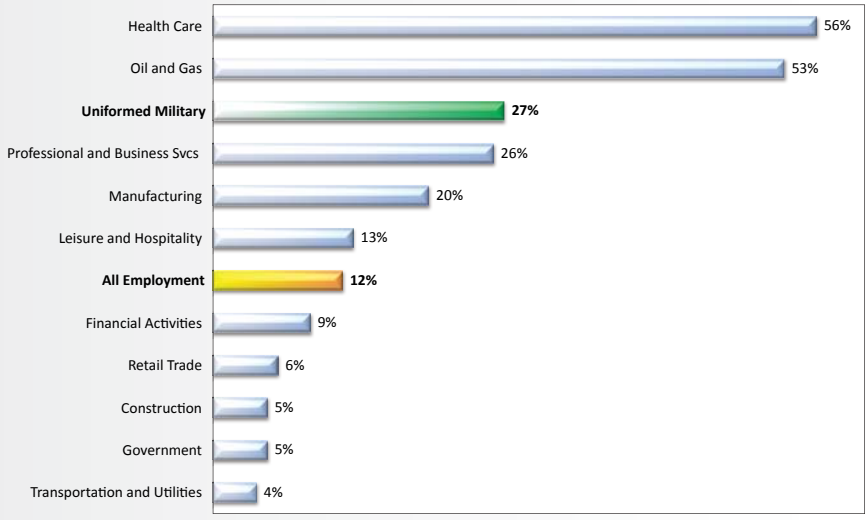
Buildups and cutbacks

Since 1940, alternating military buildups and cutbacks have been driven by often unpredictable

international events that had little or nothing to do with Alaska. The list of military buildups is long, including World War II, the Cold War, the Korean and Vietnam wars, and the recent wars in Iraq and Afghanistan. Cutbacks typically followed the ends of these wars.

The most recent military reduction was in the early 1990s as the Cold War ended and federal budget restraints came into play. Between 1990 and 2000, Alaska lost nearly a quarter of its military population as installations closed in Galena and King Salmon along with Eareckson Air Station (formerly Shemya) and the naval base on Adak, then home to 2,500 personnel. Fort Greely, near Delta Junction, was shut down in 2001 and put on caretaker status.

2 Strong Job Growth for Military
Alaska industries, 2002 to 2012



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

During that period, many of the state's other industries grew considerably faster than the military sector, which compounded these absolute declines and further diminished the military's influence on the state economy. At the time, a permanent decline seemed possible, but more unforeseen global events would soon reverse the trend.

Defense brings new vigor to the economy after 2001

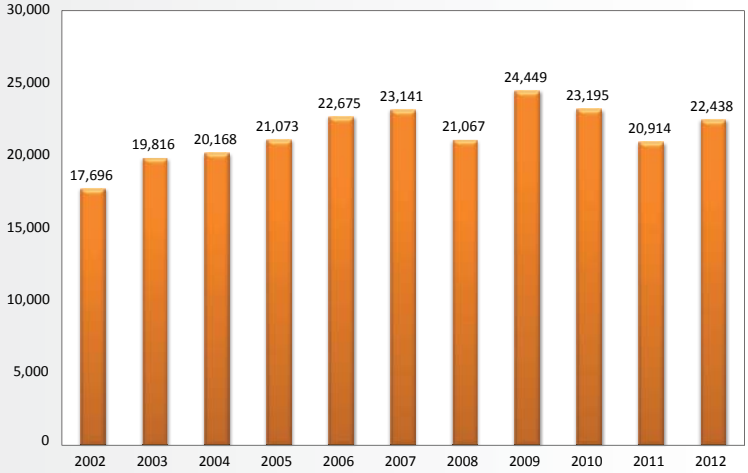
The terrorist attacks of Sept. 11, 2001, and the wars in Iraq and Afghanistan led to a huge influx of military to Alaska, with Alaska's servicemen playing a big part in these new conflicts. Federal expenditures grew in turn, thanks in part to the seniority and influence of the state's congressional delegation.

For the next decade, this expansion became an important ingredient in Alaska's broader economic growth. Uniformed military grew considerably faster than employment in most other industries. (See Exhibit 2.)

Total troop levels had fallen to 17,631 in 2000, but by 2009, the active duty count had climbed to 24,449, or the equivalent of adding a new installation. The military's share of the state's gross domestic product also grew by 138 percent between 2001 and 2011, in contrast to 85 percent growth for the overall GDP.

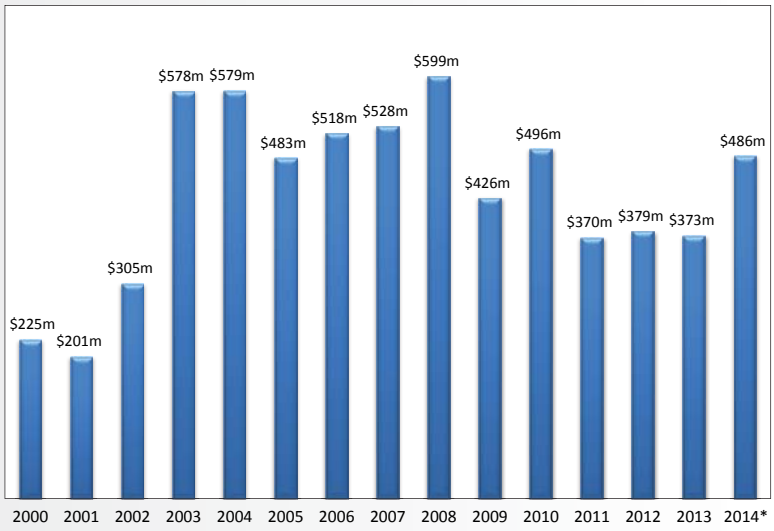
The increase in construction money probably had an even bigger effect than the influx of troops. (See Exhibit 4.) Nearly all of the state's installations underwent complete makeovers, and Fort Greely received a new anti-ballistic missile facility. According to the Army Corps of Engineers, the combined value of these projects went from $201 million in 2001 to a peak of $599 million in 2008. Between 2003 and 2010, the military spent approximately $500 million a year on construction in Alaska.

3 Active Duty Military Up Over the Decade
Alaska, 2002 to 2012



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

4 Defense Spending Booms for Decade
Alaska, 2000 to 2014*



*2014 amount is estimated
Source: U.S. Army Corps or Engineers

According to Alaska's Associated General Contractors, 10 percent or more of all construction between 2005 and 2009 was defense-related, peaking at 19 percent in 2006.

Army dominates in Alaska

Nearly all of the 22,438 servicemen in Alaska in 2012 were Army, Air Force, or Coast Guard, with a very small number of Navy and Marines. The Air Force was dominant in the state prior to the buildup in the 2000s, but the Army moved into the No. 1 spot with nearly all of the growth over the last decade.

Because Alaska has so few Marines or Navy personnel, its share of Army and Air Force is much larger than the national average. Only 38 percent of the nation's servicemen were Army, versus 59 percent in Alaska.

Although Kodiak is home to one of the nation's largest Coast Guard stations and Alaska has the most extensive coastline in the country, only 9 percent of Alaska's service personnel were Coast Guard compared to 8 percent for the nation.

A large civilian branch

The military's economic reach extends into a large federal civilian workforce. In 2012, Alaska had more than 7,000 defense-related civilian jobs with a payroll of $452 million and average earnings of $62,278. (See Exhibit 5.) Civilians often provide base support and range from highly specialized professionals working for the Corps of Engineers to retail workers in the commissaries.

The military has increasingly outsourced or sought private contracts over the years. It's difficult to get reliable numbers of employees these contractors use, but in 2010, the most recent year available, $1.8 billion in military contracts were awarded in Alaska. In 2009, Arctic Slope Regional Corporation topped the Alaska contactors list at $151 million.

These contracts include janitorial services, utilities, specialized technical support, security, food services, and housing. In the early 2000s, the military began to privatize much of its housing. For example, JL Properties of Anchorage currently owns and operates 3,262 housing units on Joint Base Elmendorf-Richardson. JL Properties' 75 employees maintain this housing and subcontract for additional maintenance. Fort Wainwright and Eielson Air Force Base, near Fairbanks, have a similar housing arrangement with a private contractor.

5 Defense-Related Civilian Jobs and Wages
Alaska, 2012

	2012	Payroll Year 2012	Average Annual Earnings
Department of Defense* (Civilian only)	5,446	$413,068,614	$75,848
Services (SVS/SVF)	843	$23,385,070	$26,554
Army/Air Force/Coast Guard Exchange (retail)	674	$5,463,641	$23,900
Installation Morale, Welfare, and Recreation Fund Personnel	292	$9,906,833	$33,928
Total	7,255	$451,824,158	$62,278

*Includes Coast Guard civilians, although they operate under the Department of Homeland Security
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Geographic concentrations

Given its size and economic clout, the military affects the entire state but its presence varies dramatically. Anchor-

age and Fairbanks are home to 90 percent of all uniformed military and their dependents. (See Exhibit 6.)

Fairbanks is a "military town," with military families representing nearly a quarter of the borough's population in 2012, and including federal civilians and contractors brings that share to over a third.

The Fairbanks Economic Development Corporation ties 39 percent of all area jobs to the military, with approximately 25 percent of those jobs connected to Eielson and the rest affiliated with Fort Wainwright. This makes the military the largest employer in Fairbanks by far. According to the U.S. Bureau of Economic Analysis, the military represented 21 percent of Fairbanks' GDP in 2011 — nationally, it's just 5 percent.

Though Fairbanks' large military percentage might be expected, the place with the second-largest percentage of military in its population might come as a surprise. The small Denali Borough is 21.9 percent military because of Clear Air Station, which is off the Parks Highway in a sparsely populated area near Anderson. (See Exhibit 7.)

Though Juneau is the state's Coast Guard command center, its largest base is on Kodiak Island. Kodiak's base is one of the largest in the nation, ranking second in the Kodiak Borough's economy after fishing. The Kodiak base also ranks third in the state both for the number of uniformed personnel and percentage of the surrounding area's population. The Coast Guard operates several other smaller stations and moors its vessels in various ports along Alaska's coast.

In terms of numbers, Anchorage has the largest base and military population in the state. In 2012, 30,933 uniformed military and dependents lived in Anchorage, representing 10 percent of the population. The Department of Defense estimated that in addition to the military jobs on base in Anchorage, there were an additional 5,111 military-related jobs and 6,000 jobs with indirect defense ties.

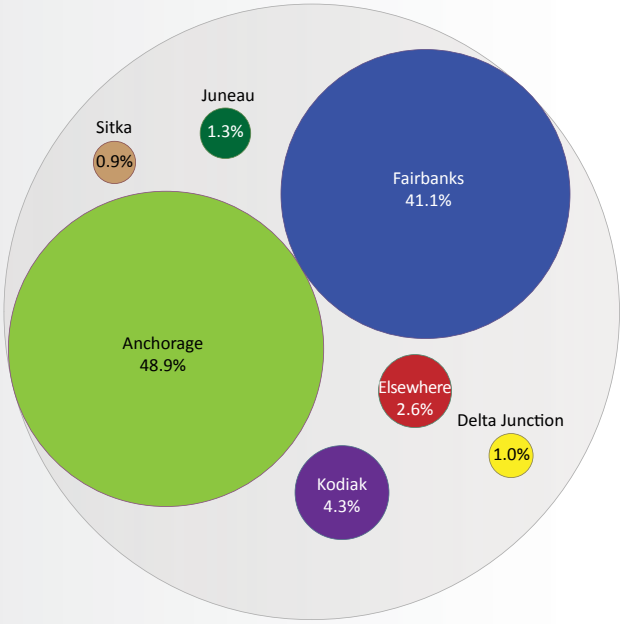
The Department of Defense also estimated the annual payroll for active duty military on Joint Base Elmendorf-Richardson at $869 million in 2012, making the average pay for a soldier $71,774, including a housing allowance. The indirectly related jobs paid $53,880 on average.

These jobs' influence extends beyond Anchorage, with many of the joint base's workers and contractors commuting from the Matanuska-Susitna Borough, which has no direct military presence. Approximately 1,045 uniformed personnel and civilians from the base lived in Mat-Su last year.

Fort Greely near Delta Junction had just 10 uniformed personnel when it was reactivated in 2004

6 Where Military Families Live

Percentage of total by area, 2012



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

7 Over a Fifth of Fairbanks is Military

Percent of area population, 2012

	Active duty	Active duty plus dependents	Percent of population
Fairbanks North Star Borough	9,216	22,296	22.8%
Denali Borough	102	402	21.9%
Kodiak Island Borough	974	2,492	18.0%
Anchorage, Municipality of	10,967	30,933	10.4%
Alaska	**22,438**	**59,003**	**8.2%**
Southeast Fairbanks Census Area	214	423	5.9%
Sitka, City and Borough of	197	503	5.6%
Valdez-Cordova Census Area	170	412	4.2%
Ketchikan Gateway Borough	185	439	3.2%
Juneau, City and Borough of	282	824	2.5%
Petersburg Census Area	32	56	1.4%
Kenai Peninsula Borough	92	207	0.4%
Aleutians West Census Area	7	16	0.3%

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

8 Demographics of Those Living on Alaska's Bases

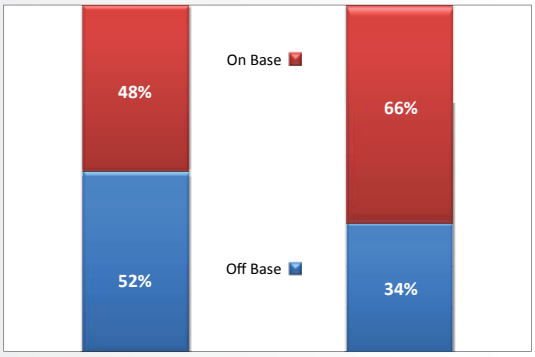
Characteristics of military personnel and families, 2007 to 2011

	Fort Richardson	Elmendorf Air Force Base	Fort Wainwright	Eielson Air Force Base	Kodiak Coast Guard Station	Alaska Average
Median age	21.7	20.9	21.8	22.6	22.7	33.8
Average family size	3.7	3.7	3.4	3.4	4	3.2
Born in Alaska, percent	11.4%	8.4%	7.3%	8.8%	14.6%	39.1%
Men 18 and over, percent	64.0%	54.0%	59.0%	55.0%	61.0%	52.0%
Women 18 and over, percent	36.0%	46.0%	42.0%	46.0%	39.0%	48.0%
Race (one race), percent						
White	70.0%	75.0%	74.0%	80.0%	76.0%	67.0%
African American	13.0%	13.0%	14.0%	10.0%	3.0%	3.0%
Native American/Alaska Native	2.0%	1.0%	1.0%	0.0%	7.0%	14.0%
Asian	3.0%	4.0%	2.0%	1.0%	0.0%	5.0%
Hawaiian/Pacific Islander						
Some other race	4.0%	4.0%	3.0%	2.0%	1.0%	1.3%
Two or more races	9.0%	4.0%	4.0%	7.0%	12.0%	8.0%
Hispanic, percent	12.0%	15.0%	13.0%	7.0%	12.0%	6.0%
Median household income	$52,824	$58,100	NA	$59,125	$66,176	$69,014
Median family income	$52,824	$59,750	NA	$60,489	$65,000	$80,178

Note: Fort Wainwright's median family and household income data were not available.
Source: U.S. Census Bureau, American Community Survey, 2007-2011 estimates

9 Some Live Off-Base

Select installations, 2012



Note: Joint Base Elmendorf-Richardson and Eielson Air Force Base were the only Alaska installations for which this information was available.

Source: U.S. Department of Defense

and designated one of the two missile defense complexes in the nation. By 2012, its military population reached 423. The fort has 26 interceptor missiles but due to threats from Iran and North Korea, the U.S. plans to increase the number to 40.

Influence on state demographics

Military personnel and their dependents are 8 percent of the state's population, which has a powerful influence on the state's demographic makeup. Over the past decade, 15 percent of Alaska's population growth came from the military.

Although the military was unable to provide any demographic details, census tract data for a number of the state's installations gives some insight into the makeup of the populations who live on the bases. (See Exhibits 8 and 9.)

- Alaska's military population is young, with a median age between 21 and 23 compared to the state's 34. (It's possible that the off-base population figures, if they were available, would increase the median age.) They also have more

See MILITARY, page 19

By SARA VERRELLI

Workplace Deaths in Alaska

Long-term decline in fatalities continues

Alaska's size, remoteness, and abundant fisheries make it especially dependent on boats and aicraft. Alaska has one of the nation's largest commercial fishing industries, and commuter and air taxi operators are the main link to much of the state, transporting people, cargo, and mail to more than 250 off-road villages. This means Alaska's workers often face different hazards than in the rest of the United States.

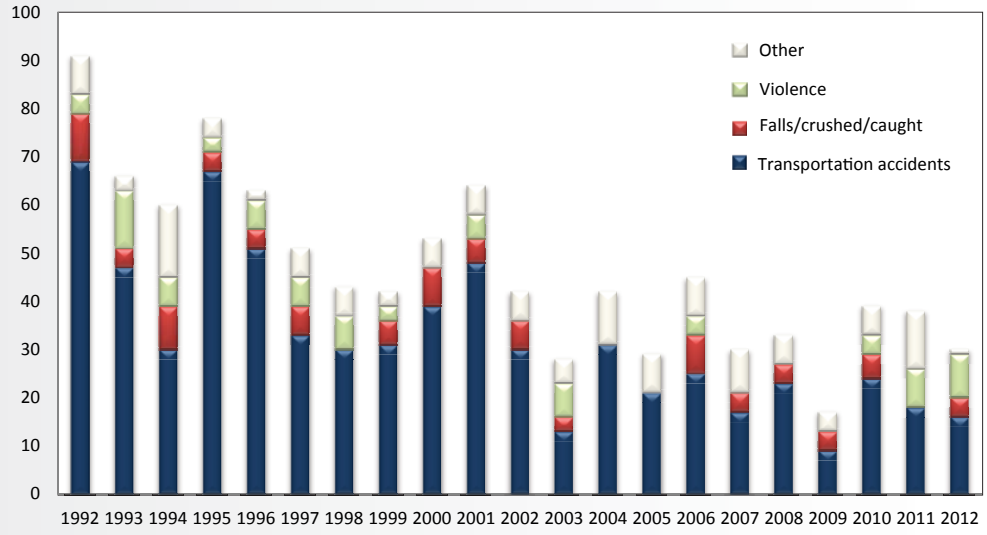
Alaska's working conditions have become safer overall than they were two decades ago, with 2012's fatalities roughly a third of what they were in 1992, the first year these cases were recorded. Alaska's rates have also declined relative to the U.S. rates over the past 20 years.

Down by two-thirds since 1992

The number of job fatalities in 2012 was also down from the prior year, but because of the state's relatively small labor force, a change from the prior year is unlikely to signal a trend. With such small numbers of annual deaths, a single accident might claim numerous lives at once, spiking the overall death rate for that year. However, looking at the totals over time shows a long-term decline. (See Exhibits 1 and 3.)

During 2012, 30 work-related deaths were recorded in Alaska, down from 38 in 2011. National fatalities declined about 7 percent over the same period, from 4,693 deaths to 4,383.

1 Workplace Deaths Decline Over Two Decades
Alaska, by cause, 1992 to 2012



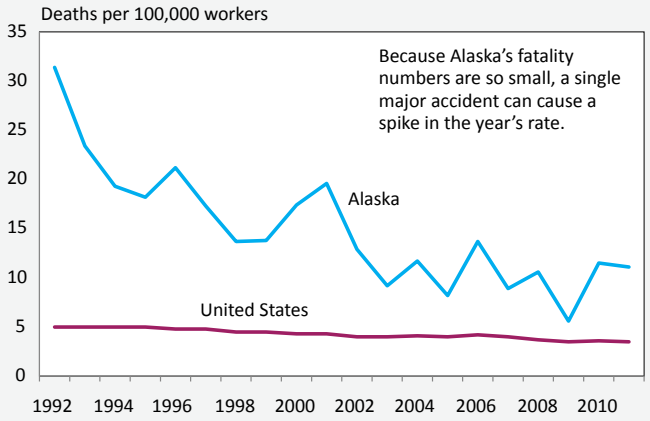
Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and U.S. Bureau of Labor Statistics

2 Rates Per 100,000
By state, 2010–11*

	2011	2010
United States	**3.5**	**3.6**
Alabama	4	5.1
Alaska	**11.1**	**11.5**
Arizona	2.7	2.8
Arkansas	8	7.6
California	2.4	2.1
Colorado	3.9	3.7
Connecticut	2.2	3
Delaware	2.6	2.2
District of Columbia	3.1	5.6
Florida	2.9	3
Georgia	2.8	2.8
Hawaii	4.2	3.2
Idaho	5.1	4.9
Illinois	3.1	3.7
Indiana	4.5	4.2
Iowa	6.3	5.2
Kansas	5.9	6.5
Kentucky	5.4	4.1
Louisiana	6.3	6.2
Maine	4.2	3.3
Maryland	2.6	2.7
Massachusetts	2.2	1.8
Michigan	3.5	3.6
Minnesota	2.3	2.8
Mississippi	5.5	6.4
Missouri	4.9	4.2
Montana	11.2	8.2
Nebraska	3.9	6.3
Nevada	3.1	3.7
New Hampshire	1.2	0.9
New Jersey	2.6	2.2
New Mexico	6.6	4.9
New York (including NYC)	2.5	2.2
New York City only	2.2	2
North Carolina	3.7	3.5
North Dakota	12.4	8.5
Ohio	3.1	3.2
Oklahoma	5.5	6.3
Oregon	3.4	2.9
Pennsylvania	3.4	4
Rhode Island	1.5	1.9
South Carolina	4.5	3.6
South Dakota	6.7	8.8
Tennessee	4.5	5.4
Texas	4	4.4
Utah	3.3	3.4
Vermont	2.6	3.9
Virginia	3.4	2.8
Washington	1.9	3.4
West Virginia	5.9	13.7
Wisconsin	3.3	3.4
Wyoming	11.6	12.9

*For death rates per 100,000, 2011 is the most recent data year available.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

3 Alaska vs. U.S. Rates
Workplace deaths, 1992 to 2011*



*Although fatality numbers are available for 2012, the 2012 rates per 100,000 will not be released until spring 2014.
Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and U.S. Bureau of Labor Statistics

Alaska was one of 32 states where the number of worker deaths were down from the prior year. Fatalities increased in 16 states plus Washington, D.C., and remained steady in two others in 2012.

Workplace fatalities are typically measured in terms of deaths per every 100,000 workers to allow comparisons between areas with different population sizes, but those rates are not yet available for 2012. In 2011, Alaska had a rate of 11.1 per 100,000 workers, and the nation's rate was 3.5. Exhibit 2 shows how Alaska's workplace death rates in 2010 and 2011 compared to other states and the nation.

Safety in various Alaska industries

Though some jobs are naturally more dangerous than others, most work sites have some safety risks, such as inclement weather, heavy machinery, or slippery surfaces. Employers can't control the weather, but they can significantly reduce employee deaths through education, training, monitoring working conditions, and providing proper equipment — and these shifts in focus over time appear to have had an effect, especially in Alaska's most dangerous industries.

During the 1990s, Alaska's commercial fishing fatality rate dropped significantly because of safety procedures that addressed fishing-specific hazards. This decline in commercial fishing deaths is part of the reason for Alaska's overall downward trend since then. Implementing individual fishing quotas in the late 1990s further decreased deaths among seafood harvesters because prior to quotas, fishermen raced to get as many fish and crab as possible during openings

that often lasted just a few days. Tight openings and heavy competition, combined with unpredictable weather, often led to more accidents.

Alaska's air transportation has also become safer, mainly due to advancements in aviation technology over time and more safety programs. An example is the Capstone Program, funded by the Federal Aviation Administration, which focused on safety in the state's rural areas by implementing automated weather information systems, global positioning systems, and terrain avoidance hardware and software to prevent crashes.

Transportation accidents the main cause everywhere

By industry, half of Alaska's workplace deaths in 2012 were in transportation and fishing — 53.3 percent. The federal government and construction came next at 4 and 3 percent respectively. (See Exhibit 4.)

By the type of fatality, transportation incidents have been the No. 1 cause of worker deaths in Alaska since the study began. While most transportation-related deaths in the U.S. as a whole are on highways, about 69 percent in Alaska involve boats or aircraft. (See Exhibit 5.)

Alaska's second-most frequent cause was violence and other injuries caused by people or animals, at 30 percent. These cases include homicides, assaults, and intentional self-inflicted injury or suicide. The third leading cause, at 13.3 percent, was being struck, caught in, or compressed by objects or equipment. This category includes falls.

Most workplace deaths are white males

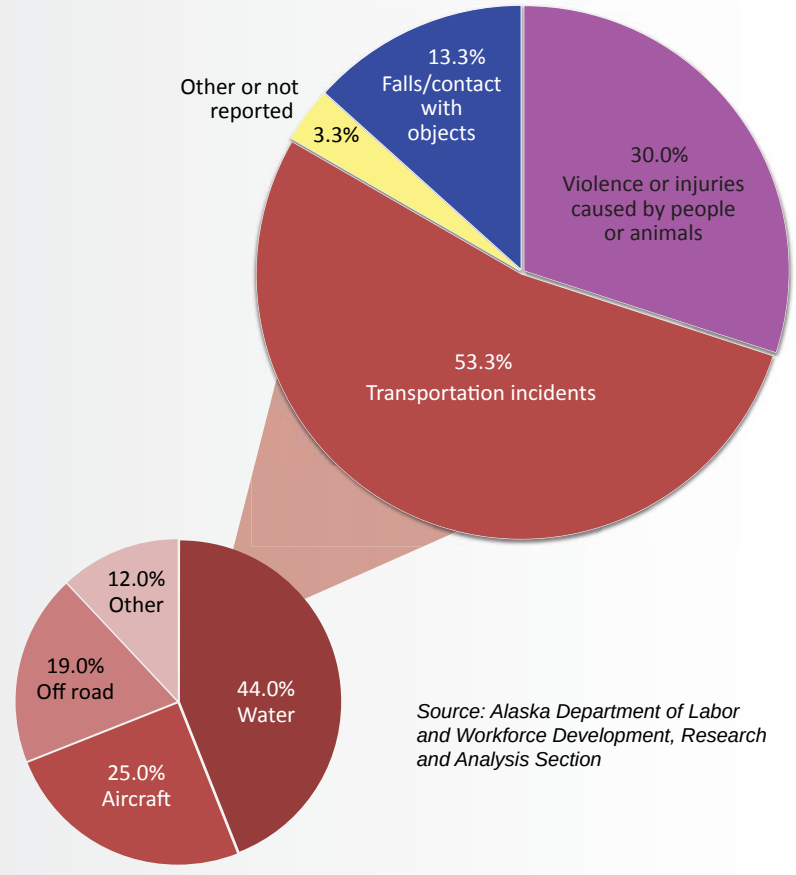
The idea that Alaska has far more men than women is a persistent myth — we do have more, though by a small margin — but worker fatalities among men dwarf those involving women. Almost all of the deceased workers were men, at 93 percent, and the U.S. rate was barely lower at 92 percent.

4 Workplace Deaths by Industry
Alaska, 2011 and 2012

Industry	2012 Deaths	2011 Deaths
Agriculture, Forestry, Fishing, and Hunting	9	11
Transportation and Warehousing	6	6
Federal Government	4	3
Construction	3	3
Accommodation and Food Service	1	3
Professional and Business Services	1	0
Administrative and Waste Serivces	1	0
Other	5	12
Total	**30**	**38**

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

5 Most Are Vehicle Accidents
Workplace deaths by cause, Alaska, 2012



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

Men are more likely to work in the most dangerous jobs in commercial fishing, aviation, and construction.

These workers were also mostly white. In Alaska, 63 percent of the workers who died in 2012 were white and non-Hispanic, compared to 68.5 percent nationally.

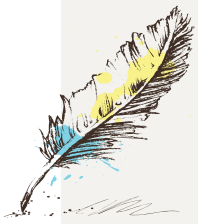
Workers between 25 and 54 years old — the prime working years — accounted for 43 percent of work-related deaths in 2012, with more deaths among older workers. Nationally, workers in this age group accounted for 59 percent.

About the Census of Fatal Occupational Injuries

The U.S. Bureau of Labor Statistics began conducting annual surveys in 1972 to estimate injuries, illnesses, and fatalities at work. Subsequent analyses showed traumatic occupational fatalities were underreported, and widely varying estimates raised concern about using a sampled survey to estimate deaths. In response, BLS and state agencies developed the Census of Fatal Occupational Injuries, implementing it in all 50 states and the District of Columbia in 1992.

CFOI maintains a complete count of worker fatalities and analyzes them in detail. The program relies primarily on death certificates, newspaper articles, reports from federal and state agencies, and workers' compensation records. It includes employer characteristics, fatality details, and demographic information about the deceased while keeping any identifying information strictly confidential. Because these data are so specific, they're especially useful to policy makers, researchers, concerned employers and workers, unions, trade organizations, and safety equipment manufacturers.

CFOI records any job-related death in Alaska, even if the worker was not a resident or didn't work for an Alaska company. These deaths include homicides, suicides, transportation accidents, contact with objects, falls, and exposure to harmful substances. Natural deaths that happen at work, such as heart attacks, are not part of the record. CFOI also excludes work-related illnesses.



This month in Trends history

DECEMBER 1965

Business activities trailed dropping temperatures throughout the state as weather forced seasonal slowups. Oil production in the Cook Inlet offshore oil fields began with the dedication of the Kenai pipeline, jointly owned by several major oil companies. The petroleum industry expects to spend close to $130 million for further drilling and development expansion in the state during 1966.

Other highlights from 1965:

- The state economy in 1965, invigorated by earthquake reconstruction projects and stimulated by private expansion interests, witnessed unprecedented development in various sectors of Alaska business to meet demands of a steadily growing population.
- Each monthly period during the year recorded higher total workforce numbers than its comparable predecessors.
- Personal income continued climbing as Alaska maintained rank as one of the fastest-growing states.
- Immigrants in record-breaking numbers rushed to the state early in the year looking for work, and continued to deluge union and Employment Service local offices during the season.
- Tourist activities surpassed previous levels, and the Marine Transportation System was pressed to accommodate intensive summer travel.
- In June and July, canneries in Bristol Bay operated at high speed in an effort to process an excellent red salmon run, but total catch figures did not reflect this record due to disappointing runs in other areas. Even so, the salmon catch was well over the 10-year average. King crab production showed signs of leading previous marks, with final figures not yet compiled.
- The initial program of the Neighborhood Youth Corps throughout the state provided work for young people, and swelled government employment figures above prior years.
- The value of exports, the bulk of which were timber products to Japan, exceeded last year's for the first nine months.

In summary, 1965 was a record year in nearly all sectors, with Alaska sharing in the vigorous economic activity that occurred nationwide.

Alaska Economic Trends has been published in Alaska since 1961. Historical articles are available at labor.alaska.gov/trends as far back as 1978, and complete issues are available from 1994.

By NEAL FRIED

Alaska's 'Young' Housing

Unlike the U.S., most homes were built in the '70s and '80s

Compared to the rest of the nation, Alaskans have a similar mix of housing types — most of its 304,000 homes are single-family, with a smaller number of multi-family units and just 5 percent mobile homes. Where Alaska differs is in the age of its housing, with few historical structures and just 4 percent of homes built before 1949 in contrast to nearly 20 percent for the nation as a whole. (See exhibits 1 and 2.)

Homes that are more than 100 years old are not at all unusual in most of the United States, but in Alaska they are rare or nonexistent with the exception of Southeast, where housing is considerably older than elsewhere in the state.

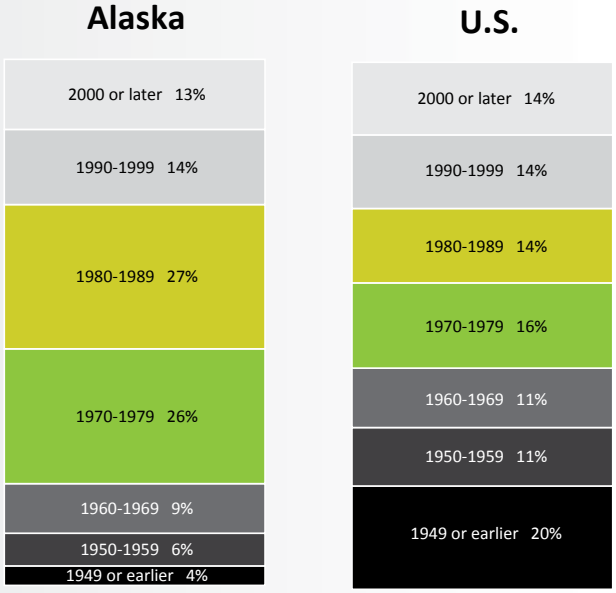
The economic conditions of the 1970s and 1980s are what made Alaska's housing pattern unique. More than half of Alaska's homes were built between 1970 and 1989, a time when the population grew at least three times as fast as the rest of the nation's.

The boom began in the 1970s

Between 1970 and 1979, more housing units were built in Alaska than in all previous decades. The '70s were an extraordinary time in Alaska's economic history, spurred by the construction of the Trans-Alaska Oil Pipeline.

During that decade, the state's population grew from 308,500 to 419,800, and of that growth, 58,000 came from new residents moving in. In 1975 alone, the state's population grew by more than 30,000 via migration, the single largest annual increase in Alaska's history. (See Exhibit 3.) Alaska had become the nation's land of opportunity, and a massive influx of new home construction followed.

1 Alaska Homes Are Newer
Versus U.S., years built



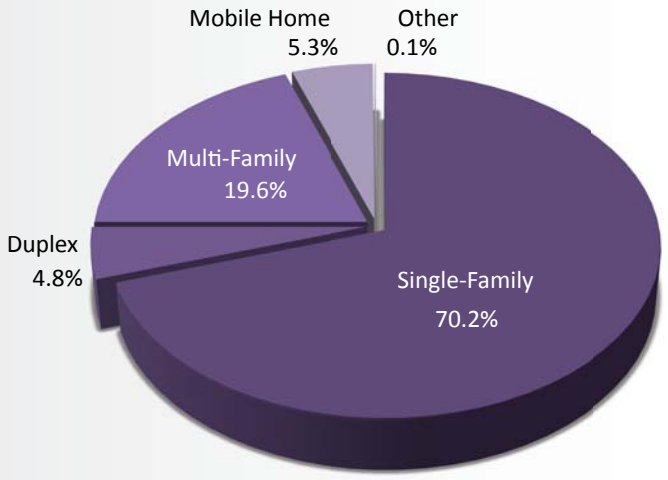
Source: U.S. Census Bureau, American Community Survey, 2007-2011

The '80s were big but rough

Alaska's housing construction growth continued in the first half of the 1980s. With now-massive amounts of oil flowing down the new pipeline and oil prices tripling, the state was awash in petrodollars. In 1979, the state collected $850 million from Prudhoe Bay and by 1982, the amount grew to $3.3 billion. This injection of cash had a massive effect on all corners of the state's economy.

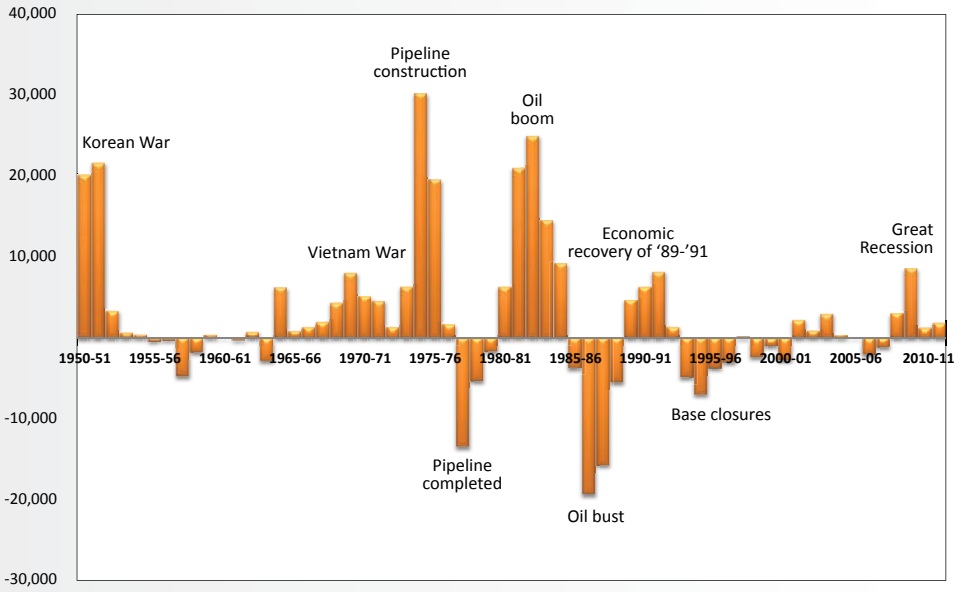
Meanwhile, the nation was in the midst of its worst post-war recession, which meant a number of job seekers moved north looking for opportunities. Between 1980 and 1985, the state's popula-

2 Homes Mainly Single-Family
Alaska housing units, 2007 to 2011



Source: U.S. Census Bureau, American Community Survey, 2007-2011

3 Swings in Alaska's Net Migration*
1959 to 2011



*Net migration is the number of people who move to Alaska minus those who move out.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

tion grew by 124,000, with 76,000 of those attributed to in-migration.

Tens of thousands of new homes were built to accommodate these new residents. In 1983, Anchorage permitted 9,100 new residential units, more in a single year than the total permitted between 2002 and 2012 in a city that's nearly a third larger today.

What followed this boom was the infamous economic bust of the late 1980s. Between 1985 and 1989, 44,000 more people left Alaska than arrived, and the housing industry was hit harder than any other. The new housing stock would take years, sometimes as much as a decade, to be absorbed.

Similar to U.S. the past 20 years

The market recovered, and between 1990 and 2011, the housing patterns for Alaska and the U.S. as a whole became almost identical. Alaska's population grew a bit faster than the nation's since 1990 — 1.3 percent versus 1.1 percent annually — and these years have been the most moderate period of population growth in the state's history.

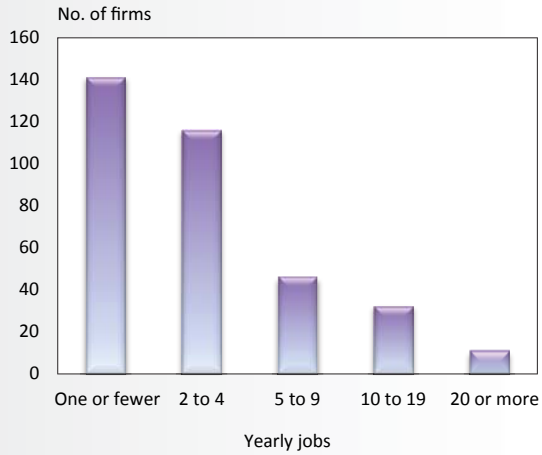
Alaska's Legal Services

Most law firms are small, centered in Anchorage

Lawyers are the most well-known part of the legal services industry in Alaska, and they're also the largest — in 2012, 89 percent of all legal firms in Alaska were law offices. The remaining 11 percent comprised notaries, title and settlement agencies, and specialty legal services such as patent offices, paralegals, and process servers.

Law firms are generally small in Alaska, and none had more than 100 jobs in 2012. Of the 344 establishments that employed at least one person in 2012, 41 percent had an average of one job or less[1] (see Exhibit 1) and only 3 percent had 20 jobs or more.

1 Alaska Law Firms Are Small
2012



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

Different pattern in Alaska

In the U.S., legal services employment dropped dramatically during the recent recession, and industry wages fell by $5.5 billion from 2007 to 2011. Technological advances have contributed to this contraction, as an increasing percentage of legal research can now be done by paralegals and other workers without law degrees.

In contrast, legal services employment in Alaska had been on a long-term steady decline, shrinking by 15 percent between 2002 and 2012 but taking less of a dramatic hit during the recession. (See Exhibit 2.)

Total wages paid by Alaska legal service firms also fell over the same period by roughly 11 percent. However, average pay changed very little in those 10 years, increasing by about $2,650 in 2012 dollars.

Annual pay for Alaska legal jobs tends to be much less than the U.S. average, at $56,621 in 2012 compared to the nation's $85,130, partly due to Alaska's smaller firms. Many of the technical and clerical jobs are also part-time or lower-paying than their southern counterparts. Forty-five percent of Alaska's legal service jobs are filled by office and administrative workers, who generally make less.

Another difference between Alaska and U.S. legal employment is that with these services being largely urban, 78 percent of legal jobs and 70 percent of firms are in a single city: Anchorage. For comparison, Anchorage has just 38 percent of Alaska's overall employment. Fairbanks and Juneau have 10 and 5 percent of the remaining legal jobs respectively.

Legal work in other industries

Litigation finds its way into nearly every industry, so not all legal workers are part of legal ser-

[1]A firm that hired a temporary worker for three months in 2012 would be rounded to zero annual average jobs for the whole year.

vices, which is only the second-largest industry for legal jobs. The biggest is state government. The state paid $62 million in wages to its legal employees and $41 million to lawyers alone in 2012. (See Exhibit 3.) Other industries with the most workers in legal occupations include the mining industry, followed by financial services and local government, in that order.

Workers and whom they work for

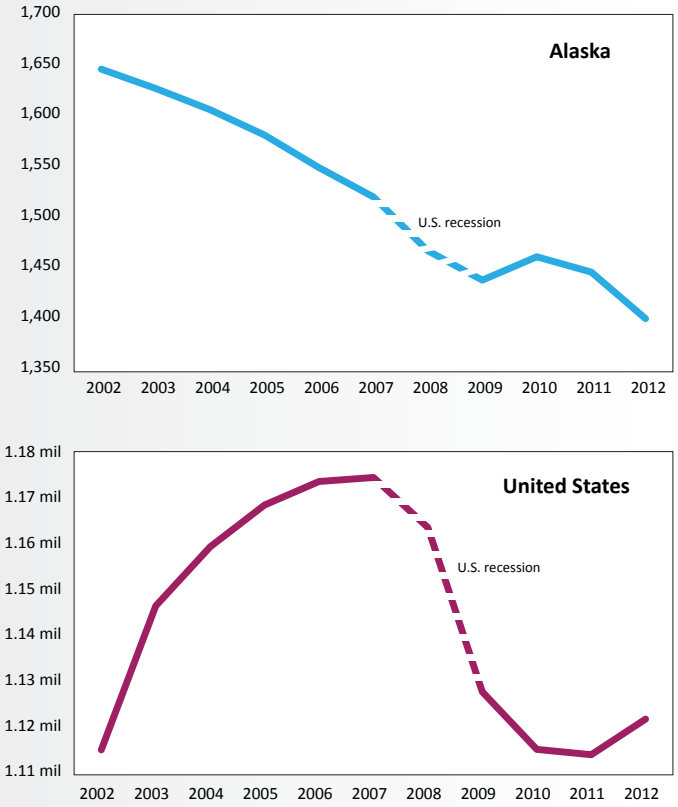
In 2012, 2,864 people held legal jobs, 1,843 of whom were Alaska residents. More than 50 percent were over the age of 45.

Among the residents, 66 percent were women compared to 50 percent for the U.S. as a whole. Women dominated the paralegal occupation at 91 percent, similar to the U.S. rate of 85.9. In contrast, more than 53 percent of lawyers were female — quite high compared to the U.S. rate of 31 percent.

In terms of individual occupations, most of the workers in the legal services industry are lawyers or paralegals, with a gamut of professional, clerical, and technical occupations in the mix as well. (See Exhibit 4.)

2 A Different Trend in Alaska

Legal services employment, 2012



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

Legal professions require specialized training, such as law school and passing the bar exam to become licensed as a practicing attorney, taking oaths as public servant judges, or obtaining techni-

3 Wages by Industry

Legal occupations, 2012

Industry	Total wages
Mining	$7,647,875
Trade, Transportation and Utilities	$1,025,563
Information	$1,207,046
Financial services	$7,389,298
Legal services	$49,577,643
Prof and Business Svcs exc legal services	$2,442,927
Health care and Education	$1,138,019
All other private industries	$2,530,206
Total Private	$74,050,816
Local Government	$7,084,131
State Government	$61,867,434

Note: No federal data are available from this source.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

4 Alaska's Legal Occupations

Private and state/local, 2012

Occupational title	Annual worker count	Total wages*
Lawyers	1,257	$97,162,626
Judicial Law Clerks	186	*
Admin Law Judges, Adjudicators, Hearing Officers	92	*
Arbitrators, Mediators, and Conciliators	15	*
Judges, Magistrate Judges, and Magistrates	65	$868,936
Paralegals and Legal Assistants	656	$20,558,371
Court Reporters	16	$266,204
Title Examiners, Abstractors, and Searchers	65	$3,205,072
Legal Support Workers, All Other	332	$12,167,169
Legal Secretaries	735	$20,309,683

*Wages are suppressed due to confidentiality requirements.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

5 Federal Legal Occupations
Alaska jobs and salaries, 2013

Type of Occupation	March jobs	Average salary
General Legal and Kindred Administration	9	$67,170
General Attorney	82	$129,772
Hearings and Appeals	4	$99,796
Administrative Law Judge	2	$144,454
Paralegal Specialist	31	$66,769
Contact Representative	25	$47,706
Legal Instruments Examining	11	$48,151
Land Law Examining	27	$77,043
Legal Assistance	22	$48,740
Veterans Claims Examining	25	$67,859
Claims Assistance and Examining	2	$47,656
Total, all legal occupations	240	$86,126

Source: U.S. Office of Personnel Management

cal certifications to become a notary.

On federal jobs

Federal workers are not included in the private industry or occupational numbers the rest of this article uses, but the most recent figures from the Office of Personnel Management show 240 jobs in the "legal and kindred services" occupations in 2012, paying an average of $86,126.

Though federal data aren't directly comparable with the other sources this article uses, these numbers would make the federal government the second-largest employer of legal workers after the State of Alaska. Many federal legal jobs are military and veteran-related, but general administration, land management, and Social Security also employ legal workers. (See exhibits 5 and 6.)

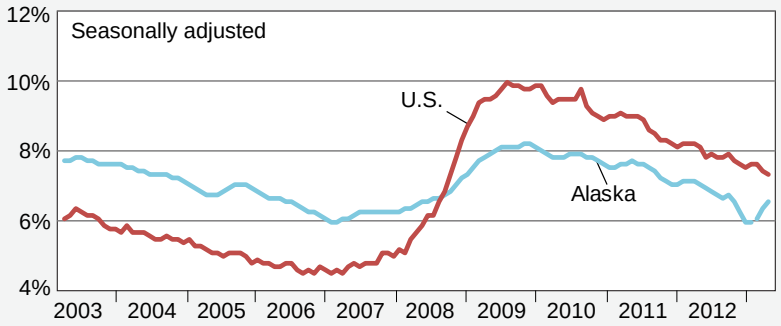
6 The Federal Legal Workforce
Alaska jobs, salaries, and length of service, 2013

Federal agency	Jobs (March)	Average salary	Avg svc in years
Veterans Benefits Administration	30	$69,705	10.1
Pacific Air Forces	15	$78,389	11.3
Air Force Legal Operations Agency	1	$104,265	13.5
Air National Guard Units (Title 32)	1	$53,670	20.9
U.S. Army Installation Management Command	8	$90,050	10.8
U.S. Army Corps of Engineers	9	$109,160	13.2
U.S. Army Medical Command	15	$50,160	6.7
U.S. Army, Pacific	6	$69,171	13.8
U.S. Coast Guard	5	$55,892	6.8
Transportation Security Administration	1	$125,896	8.3
Customs and Border Protection	3	$81,032	15
Office of the Solicitor	12	$115,302	16.1
Office of Personnel Management	1	$116,169	7.3
Offices, Boards and Division	2	$107,466	32.4
Executive Office for U.S. Attorney and Executive Offices for the U.S. Attorneys	37	$117,350	13
Indian Health Service	2	$57,867	21.4
Office of the Senior Coordinator for NW/Alaska	2	$89,990	4.2
National Labor Relations Board	1	$126,729	16
General Counsel	1	$130,249	22.3
Office of the General Counsel	3	$128,310	13.3
Indian Affairs	13	$59,819	12.9
Bureau of Land Management	36	$68,590	21.8
U.S. Fish and Wildlife Service	1	$90,186	27.1
National Oceanic and Atmospheric Administration	11	$126,862	18
Social Security Administration	18	$69,893	6.9
Federal Aviation Administration	4	$151,494	22
Forest Service	2	$67,851	23.8
Total, all agencies	240	$86,126	13.7

Source: U.S. Office of Personnel Management

Employment Scene

1 Unemployment Rates
January 2003 to July 2013



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

2 Statewide Employment
Nonfarm wage and salary

Alaska	Preliminary 10/13	Revised 9/13	Revised 10/12	Year-Over-Year Change 10/12	90% Confidence Interval	
Total Nonfarm Wage and Salary[1]	329,300	345,600	331,800	-2,500	-8,577	3,577
Goods-Producing[2]	45,500	51,100	46,500	-1,000	-3,966	1,966
Service-Providing[3]	283,800	294,500	285,300	-1,500	-5,306	2,306
Mining and Logging	18,500	18,700	17,600	900	-335	2,135
Mining	17,800	18,100	17,100	700	–	–
Oil and Gas	14,700	14,800	13,800	900	–	–
Construction	19,500	20,100	19,200	300	-1,213	1,813
Manufacturing	7,500	12,300	9,700	-2,200	-4,559	159
Wholesale Trade	5,700	6,000	6,100	-400	-739	-61
Retail Trade	35,900	36,800	35,800	100	-684	884
Food and Beverage Stores	6,300	6,300	6,300	0	–	–
General Merchandise Stores	10,000	9,900	10,100	-100	–	–
Transportation, Warehousing, Utilities	21,900	23,800	21,300	600	-234	1,434
Air Transportation	5,700	6,100	5,700	0	–	–
Information	6,100	6,100	6,200	-100	-375	175
Telecommunications	3,900	4,000	4,100	-200	–	–
Financial Activities	13,500	13,600	13,000	500	-367	1,367
Professional and Business Services	27,800	29,200	28,900	-1,100	-2,456	256
Educational[4] **and Health Services**	47,400	47,000	46,700	700	-435	1,835
Health Care	33,800	33,600	33,100	700	–	–
Leisure and Hospitality	30,000	36,100	29,700	300	-2,369	2,969
Other Services	11,700	11,900	11,900	-200	-1,021	621
Government	83,800	84,000	85,700	-1,900	–	–
Federal Government[5]	14,100	15,100	15,700	-1,600	–	–
State Government[6]	26,400	26,700	26,900	-500	–	–
State Government Education[7]	8,600	8,400	8,700	-100	–	–
Local Government	43,300	42,200	43,100	200	–	–
Local Government Education[8]	24,000	23,000	24,300	-300	–	–
Tribal Government	3,300	3,400	3,700	-400	–	–

3 Unemployment Rates
Boroughs and census areas

	Prelim. 10/13	Revised 9/13	Revised 10/12
SEASONALLY ADJUSTED			
United States	**7.3**	**7.2**	**7.9**
Alaska Statewide	**6.5**	**6.5**	**6.8**
NOT SEASONALLY ADJUSTED			
United States	**7.0**	**7.0**	**7.5**
Alaska Statewide	**6.1**	**5.5**	**6.1**
Anchorage/Mat-Su Region	**5.1**	**4.8**	**5.1**
Municipality of Anchorage	4.7	4.4	4.7
Matanuska-Susitna Borough	6.4	5.9	6.4
Gulf Coast Region	**7.1**	**6.0**	**7.3**
Kenai Peninsula Borough	7.2	6.4	7.4
Kodiak Island Borough	4.8	4.0	5.4
Valdez-Cordova Census Area	9.8	6.4	9.6
Interior Region	**6.0**	**5.3**	**6.0**
Denali Borough	10.3	3.8	15.7
Fairbanks North Star Borough	5.1	4.6	5.1
Southeast Fairbanks Census Area	10.0	8.7	9.5
Yukon-Koyukuk Census Area	12.8	11.9	12.4
Northern Region	**8.8**	**8.9**	**8.6**
Nome Census Area	9.8	10.1	10.2
North Slope Borough	4.8	4.7	4.9
Northwest Arctic Borough	14.2	14.5	13.0
Southeast Region	**6.0**	**4.7**	**5.9**
Haines Borough	7.9	5.2	6.9
Hoonah-Angoon Census Area	12.5	9.1	11.7
Juneau, City and Borough of	4.3	3.8	4.4
Ketchikan Gateway Borough	5.8	4.3	6.0
Petersburg Census Area[1]	8.7	6.7	8.9
Prince of Wales-Hyder Census Area	11.2	9.8	10.5
Sitka, City and Borough of	5.0	4.1	4.7
Skagway, Municipality of	15.6	2.7	17.9
Wrangell, City and Borough of	9.2	6.1	7.9
Yakutat, City and Borough of	6.6	5.3	7.1
Southwest Region	**13.4**	**12.2**	**12.8**
Aleutians East Borough	12.2	12.7	11.5
Aleutians West Census Area	11.5	7.6	10.7
Bethel Census Area	14.1	15.1	13.8
Bristol Bay Borough	6.8	3.1	6.2
Dillingham Census Area	10.1	8.7	10.0
Lake and Peninsula Borough	6.9	5.2	5.4
Wade Hampton Census Area	19.7	18.3	19.7

Sources for Exhibits 1, 2, and 3: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and U.S. Department of Labor, Bureau of Labor Statistics

A dash means confidence intervals aren't available at this level.
[1]Excludes the self-employed, fishermen and other agricultural workers, and private household workers. For estimates of fish harvesting employment and other fisheries data, go to labor.alaska.gov/research/seafood/seafood.htm.
[2]Goods-producing sectors include natural resources and mining, construction, and manufacturing.
[3]Service-providing sectors include all others not listed as goods-producing sectors.
[4]Private education only
[5]Excludes uniformed military
[6]This number is not a count of state government positions, but the number of people who worked during any part of the pay period that included the 12th of the month (the same measure used for all employment numbers in this table). The numbers can vary significantly from month to month; when attempting to identify trends, annual averages are more useful.
[7]Includes the University of Alaska. Variations in academic calendars from year to year occasionally create temporarily large over-the-year changes.
[8]Includes public school systems. Variations in academic calendars from year to year occasionally create temporarily large over-the-year changes.

Safety Minute

The "Fatal Four" causes of death in construction

Construction work in Alaska includes residential construction, bridge erection, roadway paving, excavation, demolition, and large-scale painting jobs. This type of work often involves exposure to a range of hazards — including falls from rooftops, unguarded machinery, being struck by heavy equipment, electric shock, silica dust, and asbestos — and requires constant vigilance by employers as well as employees.

According to the U.S. Bureau of Labor Statistics, 19.6 percent of private-industry deaths in 2012 were in construction. To help the construction industry avoid such loss, the Occupational Safety and Health Administration, or OSHA, identified four leading causes of worker death. Because 56 percent of deaths in construction resulted from these four causes, the industry nickname "Fatal Four" seems appropriate.

1. **Falls:** 36 percent
2. **Struck by Object:** 10 percent
3. **Electrocutions:** 9 percent
4. **Caught in/between:** 2 percent

Though these statistics are specific to construction, the "Fatal Four" apply to all industries. These causes may seem obvious, but apathy and a lack of situational awareness are often what make the "Fatal Four" so destructive. These four steps can help employers counteract these statistics:

- **Plan ahead:** Determine how the job will unfold. Assess potential hazards and determine which engineering controls and personal protective equipment are necessary.
- **Train:** Train employees to recognize and evaluate hazards and the potential for creating hazards during a specific job.
- **Provide the right equipment:** Provide equipment as well as train employees to select and use the equipment before starting work.
- **Reassess:** As work progresses, reevaluate existing hazards and the possibility of new ones.

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

MILITARY

Continued from page 8

dependents and larger family sizes than the state average.

- Though more women are serving in the military than at any time in history, the ratio of men to women is still much higher than in the civilian population.

- Historically, the military increased the racial and ethnic diversity of the state, but this is no longer true — Alaska's civilian population is now more diverse. The military tends to have proportionately larger white, African American, and Hispanic populations, and the state has larger percentages of Alaska Natives, Asians, and those who identify as mixed race.

15 percent in Alaska are veterans

In Alaska, you are more likely to meet a veteran than anywhere else in the country. Nearly 15 percent of the state's adult population are veterans versus 10 percent nationwide.

In 2012, the U.S. Department of Veterans Affairs listed 74,500 veterans in Alaska, on whom they spent $410 million. The largest share was $178 million for compensations and pensions, followed closely by $167 million for health care — expenditures that doubled over the past decade. Also in 2012, the department employed 643 civilians in Alaska with a payroll of $49 million.

Possible cutbacks in the future

Alaska may be at another turning point for its military with the end of the Iraq war, the winding down of missions in Afghanistan, and strains on the federal budget. Although how deep or long-lasting the cuts might be isn't yet known, future downsizing is suggested by possible base consolidations, sequestration, and some decline in military-related new construction.