

ALASKA ECONOMIC **TRENDS**

SEPTEMBER 2017

The **MAT-SU** ECONOMY

ALSO IN THIS ISSUE



Metlakatla

The MAT-SU ECONOMY

Second most populous borough has long led the state for growth

PAGE 4

By NEAL FRIED

METLAKATLA

Canadian tribe founded Alaska's only reservation

PAGE 10

By SARA WHITNEY

GAUGING ALASKA'S ECONOMY

PAGE 14

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ON THE COVER: Moose by the highway, photo by U.S. Bureau of Land Management.
ON PAGE 4: Wasilla flower, photo by Flickr user SeePlanet. ON PAGE 10: Tsimshian bearded mask
at the Museum of Natural History in New York City, photo by Flickr user Thomas Quine.

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Expanding Matanuska-Susitna training partnerships



Heidi Drygas
Commissioner

This month's *Trends* explores the sustained economic growth in the Matanuska-Susitna Borough. Our department is working hard with Mat-Su employers to expand training programs that will raise wages and improve economic security for Alaskans who live and work in the area. From veterans training programs to Mat-Su Regional Hospital, apprenticeships and other training programs are expanding career pathways for Mat-Su residents.

Our department's Job Center in Wasilla connects Mat-Su residents with many of these training opportunities. Staff work with employers to start and expand training programs, and help workers find good jobs. Some of our staff work exclusively with veterans, helping them transition to civilian jobs. Our staff also assist veterans with marketing the skills they developed in the military that are valuable in the workforce.

For several years, we have worked with the leadership of Mat-Su Regional Hospital to establish registered apprenticeships for hospital employees. IBEW Local 1547, which represents the hospital's workers, has been a strong partner in this effort.

Although Mat-Su Regional Hospital had not used apprenticeship in the past, its leadership saw value in improving productivity of the workforce, and IBEW had many years of experience with the apprenticeship training model. As a result, the hospital started Central Sterile Processing and Surgical Technologist apprenticeships. In addition, hospital leadership is establishing an innovative new registered apprenticeship, MRI Technician. Through a partnership between our department and the Alaska State Hospital and Nursing Home Association, Mat-Su Regional Hospital is expanding training for perinatal and perioperative nursing.

JobCorps is another Mat-Su employer

that is expanding training programs. In partnership with the U.S. Department of Labor, JobCorps has started a new Nurse Aide apprenticeship for workers in the long-term care industry. Under this creative program, participants will start their training at JobCorps and finish the apprenticeship while working full time, allowing them to earn wages as they complete their training.

The Nurse Aide apprenticeship at JobCorps is similar to new apprenticeships being implemented by Alaska's Pioneer Homes, including the veterans' home in Palmer. The Pioneer Home apprenticeships, developed thanks to the leadership of the Department of Health and Social Services, significantly strengthen dementia care and other training for long-term care providers. Generations of Alaskans have relied on the Pioneer Homes for long-term care, and apprenticeship continues to improve that quality of care.

Mat-Su Health Services in Wasilla and the Sunshine Community Health Center in Talkeetna are participating in the Alaska Primary Care Association's new apprenticeship program. Thanks to the APCA and its member clinics, new Community Health Worker, Clinical Medical Assistant, Medical Office Assistant, and Biller Coder apprenticeships are creating new career pathways while improving quality of health care in Alaska and in Mat-Su. I am particularly excited about the Community Health Worker occupation, which has the potential to reduce costs while improving health outcomes by improving care coordination.

I want to thank the employers, labor unions, and employer associations that are working together to expand training in the Matanuska-Susitna Borough. Working together, we can continue improving economic opportunity and security for Mat-Su workers.



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THE MAT-SU ECONOMY

Second most populous borough has long led the state for growth

By **NEAL FRIED**

For decades, the Matanuska-Susitna Borough has been the state's hot spot for growth. Between 2010 and 2016, its population grew by 15 percent while the state as a whole grew by 4 percent and nearby Anchorage by just 2 percent.

The borough has also long led the state for new home construction. In 2016, nearly half of Alaska's new housing units were built in Mat-Su. (See Exhibit 1.)

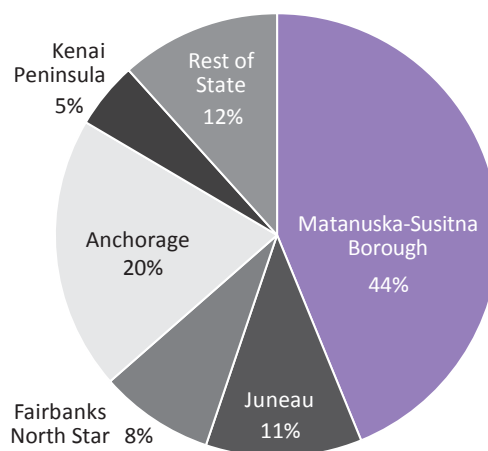
Even with the state in a recession, Mat-Su continued to add jobs in 2016 (see Exhibit 2), and its population grew by 3 percent while the state and Anchorage lagged at less than 1 percent.

Surpassed Fairbanks to become second most populated area

Mat-Su surpassed the Fairbanks North Star Borough in 2015 to become Alaska's second most populous borough and the only place besides Anchorage with a population of more than 100,000. Mat-Su's population reached 102,598 in 2016.

This long-term growth trend means the borough is now home to a little over a quarter of the Anchorage/

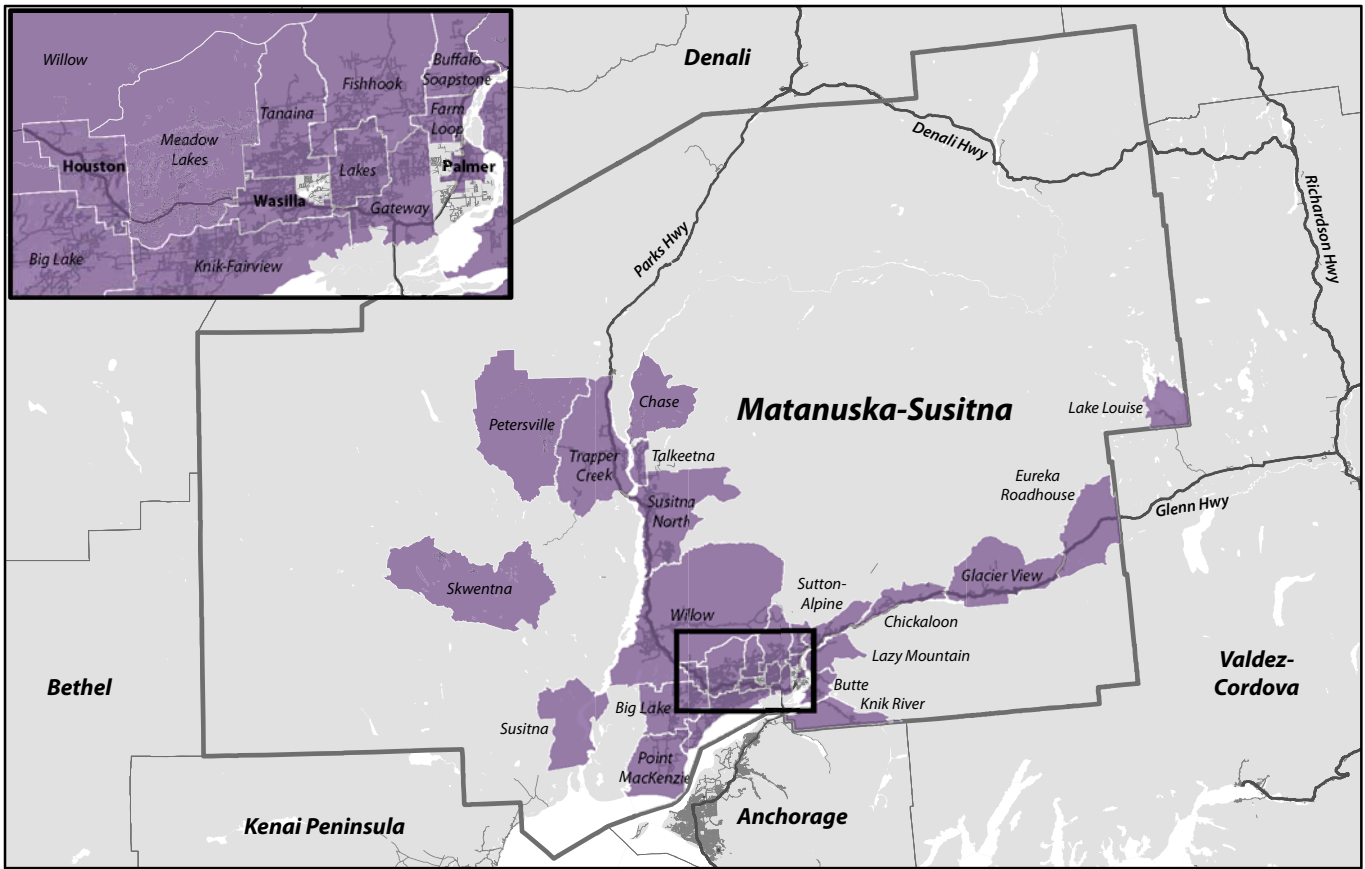
1 First for Building New Homes PERCENT OF STATE'S NEW UNITS, 2016



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

Matanuska-Susitna Region's total population. (See Exhibit 3.) As recently as 1990, Mat-Su represented just 14 percent of the region.

Mat-Su's three incorporated cities of Palmer, Wasilla, and Houston are home to 17 percent of its population, with the majority residing in the other 26 unin-



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

corporated communities. Nearly all of these places have grown in recent years, with Point MacKenzie,¹ Knik-Fairview, Fishhook, and Gateway as the stand-outs. (See Exhibit 4.)

This influx of new residents has boosted the borough's school enrollment by 8 percent over the past five years, which equates to 1,471 additional students. Without Mat-Su's contribution, statewide enrollment over that period would have been essentially flat.

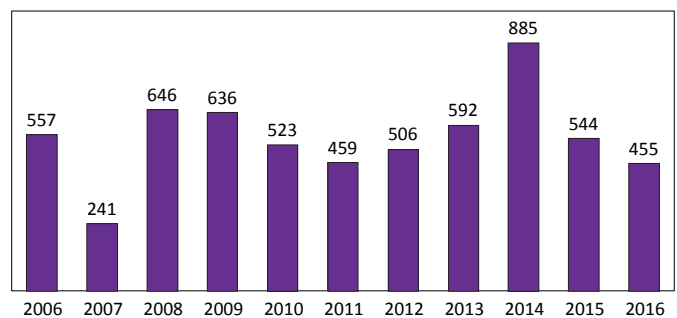
The only borough to gain residents through migration

Mat-Su's migration pattern has also defied the statewide trend, as it's one of the only areas in Alaska to have a net gain from migration in recent years.

Although the state grew overall between 2012 and 2016, more people left Alaska than moved in — meaning statewide growth came from natural increase, or births minus deaths. Net-migration for Anchorage,

¹Most of Point MacKenzie's growth came from the prison that opened in 2012 with 1,536 beds.

2 Many Years of Job Growth MATANUSKA-SUSITNA BOROUGH, 2006-16



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

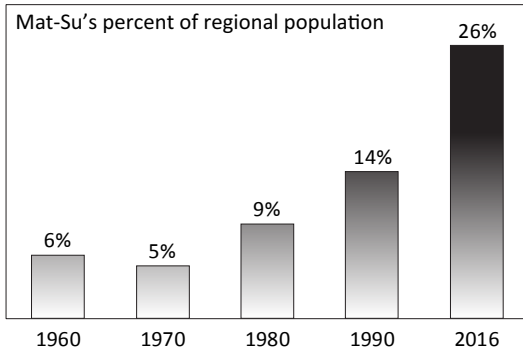
where Mat-Su gets its largest share of new residents, has been negative since 2010. (See Exhibit 5.)

While some Mat-Su residents move to Anchorage, the reverse is much more common. Jobs pay more in Anchorage and housing is more affordable in Mat-Su, making the roughly 45-minute commute worthwhile

3

Percent of Total Region

ANCHORAGE/MAT-SU REGION, 1960-2016



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

4

Population by Community

MATANUSKA-SUSITNA, 2010 AND 2016

Area Name	2010	2016	Percent change
Matanuska-Susitna Borough	88,995	102,598	15%
Big Lake CDP	3,350	3,655	9%
Buffalo Soapstone CDP	855	980	15%
Butte CDP	3,246	3,560	10%
Chase CDP	34	34	0%
Chickaloon CDP	272	253	-7%
Eureka Roadhouse CDP	29	44	52%
Farm Loop CDP	1,028	1,198	17%
Fishhook CDP	4,679	5,805	24%
Gateway CDP	5,552	7,084	28%
Glacier View CDP	234	245	5%
Houston city	1,912	2,163	13%
Knik-Fairview CDP	14,923	18,493	24%
Knik River CDP	744	795	7%
Lake Louise CDP	46	40	-13%
Lakes CDP	8,364	9,060	8%
Lazy Mountain CDP	1,479	1,562	6%
Meadow Lakes CDP	7,570	8,540	13%
Palmer city	5,937	6,268	6%
Petersville CDP	4	4	0%
Point MacKenzie CDP	529	1,782	237%
Skwentna CDP	37	36	-3%
Susitna CDP	18	13	-28%
Susitna North CDP	1,260	1,500	19%
Sutton-Alpine CDP	1,447	1,426	-1%
Talkeetna CDP	876	903	3%
Tanaina CDP	8,197	9,121	11%
Trapper Creek CDP	481	489	2%
Wasilla city	7,831	8,704	11%
Willow CDP	2,102	2,047	-3%
Balance	5,959	6,794	14%
Alaska	710,231	739,828	4%
Anchorage	291,826	299,037	2%

Note: CDP means census-designated place.

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

for many. Forty-four percent of Mat-Su residents work outside the borough, with the largest share commuting to Anchorage. (See exhibits 6 and 7.)

Home prices and average wages

Part of the Matanuska-Susitna Borough's economic advantage lies in its affordable housing market, with a price differential that's enticing to the region's workers as well as those who work elsewhere but want to live near an urban area. And while difficult to quantify, the area's scenery and more rural lifestyle likely attract homebuyers as well.

In the first quarter of 2017, the average single-family home in Mat-Su sold for \$283,156, nearly a third less than the average home in Anchorage. (See Exhibit 8.) But housing affordability takes an area's average wages into account as well as its home prices, and because Mat-Su's average wages are also lower, a home is no more affordable in Mat-Su for a Mat-Su earner than for an Anchorage worker buying in Anchorage.

For both Mat-Su and Anchorage workers, it takes about 1.4 average paychecks to afford a home in their respective areas. The equation changes considerably for those who buy a house in Mat-Su and commute to Anchorage. (See Exhibit 9.)

Anchorage's average annual earnings run 33 percent higher than Mat-Su's, at \$55,668 and \$41,832 respectively in 2016. Anchorage is home to a larger number of higher-wage jobs in oil, government, and transportation whereas Mat-Su's jobs exist largely to provide services to the local population and tend to be in lower-wage industries. (See Exhibit 10.)

The second most common work site for Mat-Su commuters is the North Slope Borough, whose average annual wage is a whopping \$96,276 due to its large oil industry.

The oil industry is a big slice of Mat-Su residents' earnings, even though the borough isn't home to a single oil industry job. Mat-Su residents earned \$281 million from the oil industry in 2015, the most recent year available, second only to Anchorage residents. For perspective, total payroll for all jobs within the borough that year was \$976 million.

Labor is its biggest export

The borough's economic vitality comes from an array of industries. Key sources of economic stimulus come from outside the borough, though, through its proximity to Anchorage and the large number of Mat-Su residents bringing in wages they earned

elsewhere. In a sense, one of the borough's chief exports is its workforce.

In 2015, the most recent year available, nearly a third of employed Mat-Su residents worked in Anchorage and 14 percent worked elsewhere in the state (see Exhibit 6), earning higher wages on average than those employed locally. In turn, commuters return home and invest their earnings in housing, consumer goods, businesses, and services.

The percentage who commute hasn't changed much over the past decade, but their locations have shifted some, with a growing share working on the North Slope and fewer commuting to Anchorage. The percent working on the Slope doubled between 2010 and 2015, from 4 percent to 8 percent, while the share working in Anchorage decreased from 33 percent to 30 percent.

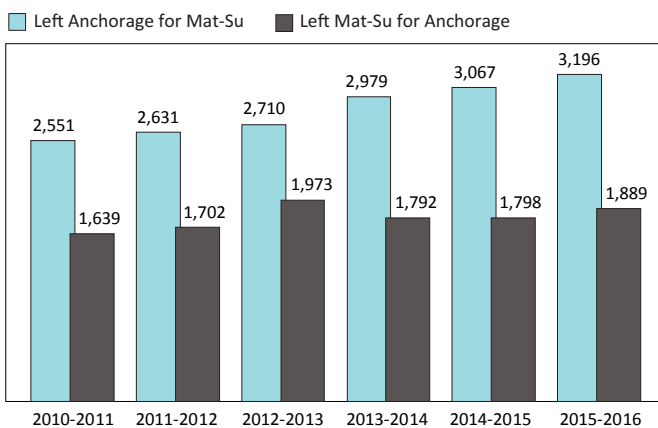
The Mat-Su Borough's large percentage of commuters makes it one of the few places in Alaska that bring in more income from outside the borough than they lose to other boroughs or outside Alaska. Most places in Alaska have more nonresident workers and workers from other boroughs than residents who work elsewhere and bring their earnings home.

The Bureau of Economic Analysis estimated that Mat-Su net-



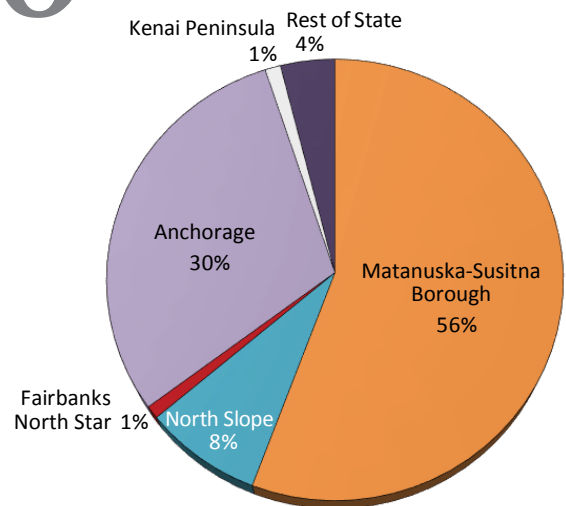
Alaska State Fair attendees check out a vegetable competition in Palmer. The fair, which ends on Labor Day each year, attracts thousands of people from around the state and features amusement rides, games, exhibits, live entertainment, and food. Photo by Flickr user Arctic Warrior

5 Many Move from Anchorage MAT-SU/ANCHORAGE MIGRATION, 2010 TO 2016



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

6 Where Residents Work MATANUSKA-SUSITNA, 2015



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

ted \$1.7 billion in personal income from outside the borough in 2015, which represented more than a third of the borough's total personal income.

It's important to note that these commuting numbers are likely understated because they exclude self-employed commuters and those who work for the federal government and the military.

Visitor industry continues to grow

Mat-Su's location fosters a strong local visitor industry. In addition to its proximity to Anchorage, the borough is home to Denali State Park, which serves as the gateway to Denali tours and climbs and is a major fishing and hunting destination.

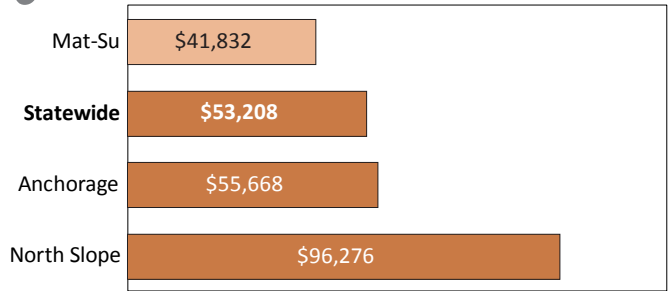
Mat-Su's tourism season continues in the winter as well, peaking with the start of the Iditarod Sled Dog Race that begins in Wasilla.

While most of Alaska's visitors come from outside the state, Mat-Su's visitor industry relies on a blend of Anchorage residents who own recreational property there and thousands of visitors from Southcentral and elsewhere in Alaska who spend vacations, holidays, and summer weekends in the area fishing, hunting, and hiking.

More visitor accommodations such as large hotels have popped up over the last two decades, making the area an increasingly popular destination for summer visitors making their way to the Upper Susitna Valley.

7 Higher Wages Are Elsewhere

HOW AVERAGE WAGES COMPARE, 2016



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

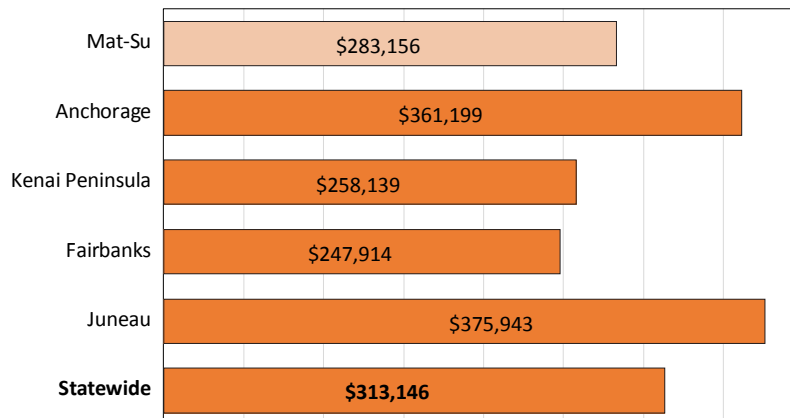
Farming plays a notable role

Another notable local industry is agriculture, which was once a dominant sector in Mat-Su but plays a smaller role today. But while this article's employment data don't include agricultural production, other data sources show the number of farmers is growing again.

The advent of farmers' markets, a growing interest in local meat and eggs, and an expanding peony industry are breathing new life into Mat-Su agriculture. And while marijuana cultivation is a new industry, there's little doubt that it's giving the area's agriculture a boost.

8 Mat-Su Homes Cost Less Than Average

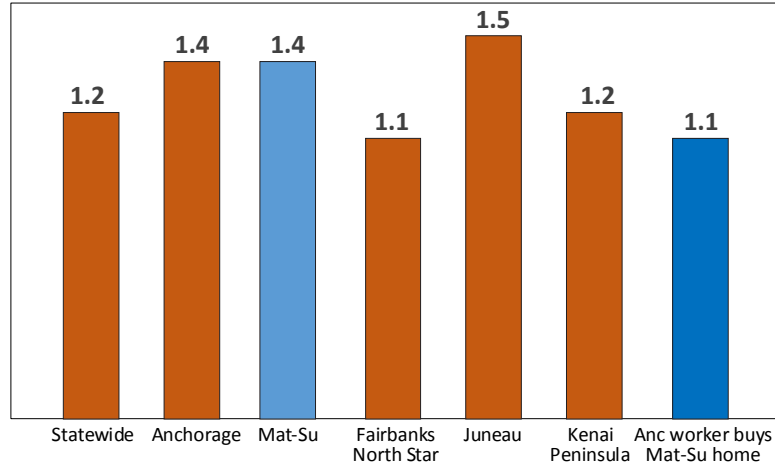
AVERAGE HOUSE PRICE BY AREA, 1ST QUARTER 2017



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

9 Paychecks Needed to Afford a House

ALASKA, 2016



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation Quarterly Survey of Mortgage Lending Activity

Is Mat-Su feeling the current recession?

The Matanuska-Susitna Borough continued to grow and add jobs in 2016, but whether the state's recession began to affect local employment and the housing market in 2017 is a big question.

Data suggest Mat-Su's economy began to slow in the first quarter of 2017, when employment grew by just half a percentage point compared to 2 percent the year before. March showed a slight decline from year-ago levels — the first in many years — but more quarters of data will be necessary to determine whether it's a real change in direction.

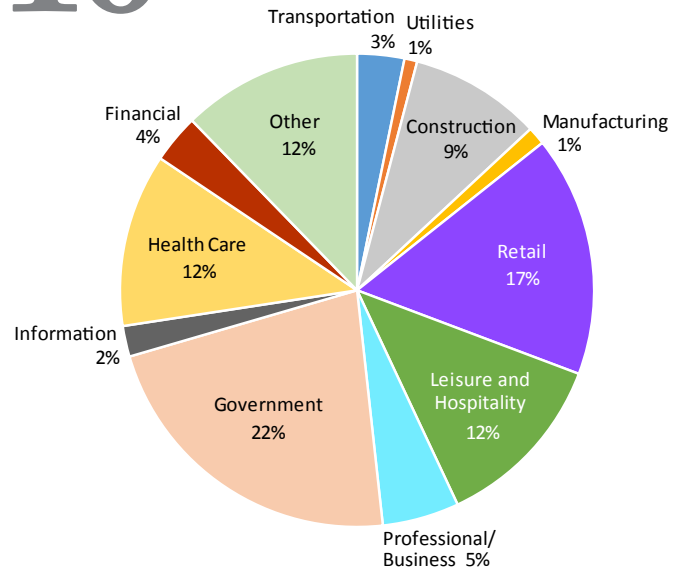
The borough's unemployment rate rose from 7.6 percent in 2015 to 8.1 percent in 2016 and has continued to rise gradually during the first seven months of 2017. (See Exhibit 11 on page 18.) The number of unemployment insurance claimants has actually decreased, although not all unemployed workers qualify or apply for unemployment insurance benefits.

Another question that will take more time to answer is whether job losses in Anchorage and the Slope over the last two years have taken their toll on the borough, given that 44 percent of Mat-Su residents work elsewhere. Some of these lost jobs were surely held by Mat-Su residents, but we can't yet verify the extent of the losses.

Like the state as a whole, Anchorage began to lose jobs in the last quarter of 2015. Employment fell by

10 A Diverse Industry Mix

MATANUSKA-SUSITNA, 2016



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

2,700 in 2016 and Anchorage has continued to lose jobs at a similar rate in 2017. And while data for 2016 and 2017 for the North Slope aren't yet available, the number of Mat-Su residents working on the Slope peaked in 2014 and fell slightly in 2015.

Continued on page 18



Metlakatla

Canadian tribe founded Alaska's only reservation

By **SARA WHITNEY**

The Annette Island Reserve, which lies across the Inside Passage from Ketchikan, is Alaska's only federally recognized Indian reservation. The island is home to Metlakatla, a village of about 1,460 people that was established in the late 19th century by a migrating Canadian tribe, the Tsimshian.

The 86,000 acres that make up the reservation today were originally a Tlingit hunting ground called *Taquan*, known for its calm Port Chester Bay, plentiful fish, and accessible beaches. It's also one of the warmest places in Alaska.

The migration west

The 826 original Tsimshians migrated to Annette Island from Prince Rupert, British Columbia, via canoe in 1887 and were granted permission to settle there by a local Tlingit chief. They called their adopted home New Metlakatla, which means "saltwater passage," after the original Metlakatla: a community of about 100 people near Metlakatla Pass in British Columbia. In time, as New Metlakatla grew, they dropped the "new."

In addition to the desirable land, the Tsimshian had sought religious freedom in the United States. A Scottish Anglican priest, the Rev. William Duncan, traveled to Washington, D.C., on the tribe's behalf to speak to President Grover Cleveland, who granted Duncan permission to choose a group of islands in Alaska for the tribe to resettle. Congress declared Annette Island a federal Indian reservation in 1891.



Lt. Gen. Douglas Fraser leads a procession of military officials and Metlakatla Indian Community council members to the ferry to meet Alaska Sen. Ted Stevens in August 2007 to mark the completion of Operation Road Project. The 14.5-mile road connects Metlakatla to the other side of Annette Island to allow for easier ferry transport to and from Ketchikan. Photo by Petty Officer 1st Class Kim McLendon, U.S. Navy

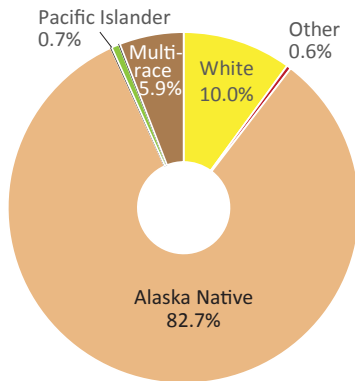
Duncan helped build the new community and remained an authority figure until his death in 1918. After that, the community took over management of all its affairs, formed a 12-member tribal council, and elected local government officials. The incorporated entity is officially called the Metlakatla Indian Community.

Not subject to state oversight

Metlakatla's federal reservation status puts it in a dif-

1 Majority Native Population

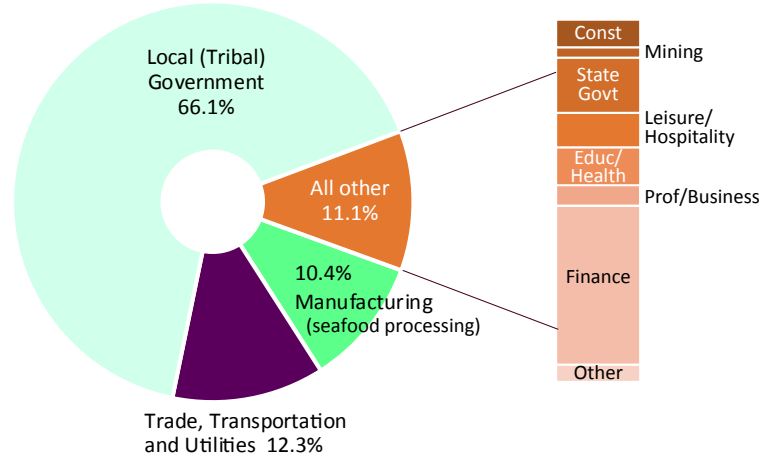
METLAKATLA, 2015



Source: U.S. Census Bureau, American Community Survey 2011 to 2015; and Alaska Department of Labor and Workforce Development, Research and Analysis Section

2 Most Work in Tribal-Run Firms, Services

METLAKATLA RESIDENTS, 2015



Note: Does not include self-employed workers, such as most commercial fishermen. Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

ferent category from all other land in Alaska. (That could change, though, as a federal court recently ruled that Alaska land can be transferred back into federal trust. See the sidebar on page 13.)

In addition to being occupied by an originally Canadian tribe, Metlakatla is not part of the Alaska Native Claims Settlement Act, or ANCSA, which was enacted in 1971 and was then the largest land claims settlement in U.S. history.

ANCSA transferred ownership of millions of acres of federally owned land to 12 newly created Alaska regional corporations¹ and more than 200 local village corporations, in which Alaska Natives became shareholders. In exchange, the shareholders agreed to drop aboriginal land claims.

Alaska had other reservations before that time, but they were extinguished by ANCSA. The Metlakatla Indian Community, however, voted to opt out because it would have required them to give up their land and water rights.

Because of the tribe's direct relationship with the United States, Metlakatla is not subject to state control. The community's tribal government regulates its own commercial fishing and operates a tribal court system that includes juvenile and tribal appellate courts.

Another difference emerged in the last few years. Al-

¹A 13th corporation was created later for Natives who no longer lived in Alaska, and they received compensation but not land.

though Alaska has legalized marijuana cultivation and sale, Metlakatla's direct federal oversight means it's still prohibited there.

Access to Ketchikan by ferry

During World War II, the U.S. built a military airbase on Annette Island and signed a treaty in exchange that promised to build a 14.5-mile road from one end of the island to the other to allow easier ferry access to Ketchikan. That project took decades to come to fruition, however. The military started the project in 1997 and it took 10 years to complete.

Annette Island is only accessible by boat or seaplane, but the Alaska Marine Highway system has extended its Ketchikan ferry service to five days a week, and

About the data

Data for a place as small as Metlakatla are collected less often and tend to have high margins of error, so these numbers are more useful for the overall picture they paint than for their precision.

Except for the more recent sources noted, most of this article's data come from the U.S. Census Bureau's American Community Survey five-year estimates released in 2015, which generally match up with the more detailed data from the most recent U.S. Census, in 2010.

in 2013 the island got a newer, closer dock that cut travel time to 45 minutes.

The airbase was decommissioned in the 1970s when the new Ketchikan Airport was built across the channel from Ketchikan on Gravina Island, and the site is now the tribally owned Annette Island Airport.

Majority Native community

From only about 465 people at the beginning of the 20th century, Metlakatla grew to an estimated 1,467 people by 2016 with almost all of the population growth in the second half of the century. The majority of homes in Metlakatla were built between 1970 and 1999.

About 83 percent of the population are Alaska Native alone and another 6 percent are multi-race. (See Exhibit 1.) While Metlakatla's Native population is primarily Tsimshian, other Alaska Native tribes can join the Metlakatla Indian Community as bona fide tribal members if granted permission by the Metlakatla Tribal Council and Executives. The Metlakatla Indian Community has about 2,300 members, many of whom live elsewhere.

The original tribal language is also Tsimshian, known as *Sm'álg̱yax*, but few residents speak it. Ninety-five percent of Metlakatla's population speak only English, and 5 percent speak at least some of an Alaska Native language.

Like most of Southeast Alaska, Metlakatla's population is slightly older than Alaska's population as a whole, with a median age of 34.6 as of 2015 compared to 33.4 for the state. It's a slightly younger community than most of Southeast, though. It's common throughout Alaska for majority Native areas to have a lower median age, largely due to higher birth rates.

In other ways, Metlakatla's population doesn't differ much from the statewide average. For example, among the population age 25 and older, 91 percent in Metlakatla have a high school diploma, about the same as Alaska's 92 percent. Attainment of college degrees, including associate degrees, is lower at 14 percent in Metlakatla and 36 percent statewide.



A Metlakatla cannery, which closed in the 1990s, now operates as a cold storage facility for local fish products about to be shipped out. The facility is run by the Metlakatla Indian Community. Photo by U.S. Department of Defense

3 Laborer, Seafood Processor Most Common Private Jobs

METLAKATLA RESIDENTS, 2015

Occupation	Workers
Laborers/Material Movers, Hand	79
Meat/Fish Cutters and Trimmers	45
Retail Salespeople	44
Secretaries/Admin Assistants	25
Preschool Teachers, Except Special Ed	25
Teacher Assistants	21
Janitors and Cleaners, Except Housekeepers	19
Carpenters	18
Medical Records and Health Info Technicians	13
Billing and Posting Clerks	11

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

Housing costs, income are low

Metlakatla's housing costs stand out, but in the opposite way from most of Alaska. As of 2015, the most recent year available, median rent was just under \$700, and the median home value was only about \$116,000.

Income in Metlakatla also tends to be lower than in Alaska overall, though. Per capita income, which is

wages from a job plus all other income sources,² was \$22,944 in Metlakatla and \$33,413 for Alaska, as of 2015. Household median incomes were \$49,924 and \$72,515, respectively.

Most jobs are in tribal government

Almost all Metlakatla workers are employed locally, with only about 1 percent commuting outside the Prince of Wales/Hyder Census Area.

Metlakatla's industry mix looks a lot like other small communities, with the biggest share working in local government — in this case, tribal government. (See Exhibit 2.)

This is common in rural areas where local governments provide the lion's share of basic services, but even more so in Metlakatla, where the tribe manages some services the state might typically handle as well as a number of community enterprises. For example, the Metlakatla Indian Community owns and operates its own hydroelectric plant, a cold storage facility, and a casino.

About 61 percent of residents over age 16 were employed in 2015, about the same as Alaskans overall, but that percentage doesn't reflect subsistence work or self-employment, such as commercial fishing, which are both significant. About 20 percent of households reported self-employment income, in contrast to 14 percent of all Alaska households.

Fishing is a cornerstone

In 2016, Metlakatla residents held 60 commercial fishing permits. Most were for herring and salmon, but other species included shellfish, halibut, and groundfish.

According to the Alaska Commercial Fisheries Entry Commission, harvests totaled more than 2.3 million pounds in 2016 with estimated gross earnings of about \$758,000, mostly from salmon.

The town also has one seafood processing facility, run by Silver Bay Seafoods, and seafood processing occupations are among the most common private-sector oc-

²Other sources of income include Alaska Permanent Fund and shareholder dividends, rents and investments, pensions, and government transfer payments such as Medicare and Medicaid, welfare, and food stamps.

The only reservation — for now

While Metlakatla is currently the only federal Indian reservation in the state, a recent federal land trust ruling based on a 2007 suit filed by several villages could alter future ownership, funding, and governance elsewhere in Alaska.

Based on a lower court's interpretation, the U.S. Department of the Interior asserts that the Alaska Native Claims Settlement Act, which deeded lands to Native corporations, does not prohibit transferring ownership back into federal trust. The State of Alaska appealed that decision to the U.S. Court of Appeals for the District of Columbia in 2015, which upheld the lower court's ruling in August 2016.

cupations in the area. (See Exhibit 3.)

Common subsistence harvests are halibut and salmon, although these have declined since the early 2000s. In 2003, residents held 360 subsistence halibut permits and 40 for salmon, but by 2010 just 193 halibut permits were issued and the last number available for salmon was two permits in 2008. Residents also harvest cod, seaweed, clams, and waterfowl.

Although Metlakatla residents rely on a range of species for subsistence, there hasn't been a comprehensive study on other types of harvests since 1987. However, the Alaska Department of Fish and Game survey conducted that year gives a sense of how important a variety of subsistence foods are to Metlakatla households.

The survey showed the following percentages of households harvested these other species in 1987: clams (37 percent of households), Dungeness crab (26 percent), abalone (22 percent), chitons (19 percent), rockfish (18 percent), Dolly Varden (11 percent), octopus (11 percent), sea cucumber (9 percent), and cod (7 percent). Also mentioned were herring and roe, flounder, hooligan candlefish, scallops, sea urchins, shrimp, king crab, Tanner crab, and harbor seals.

The Annette Island School District has three schools: the blue-ribbon Richard Johnson Elementary School (187 students), Charles R. Leask Sr. Middle School (60), and Metlakatla High School (90).

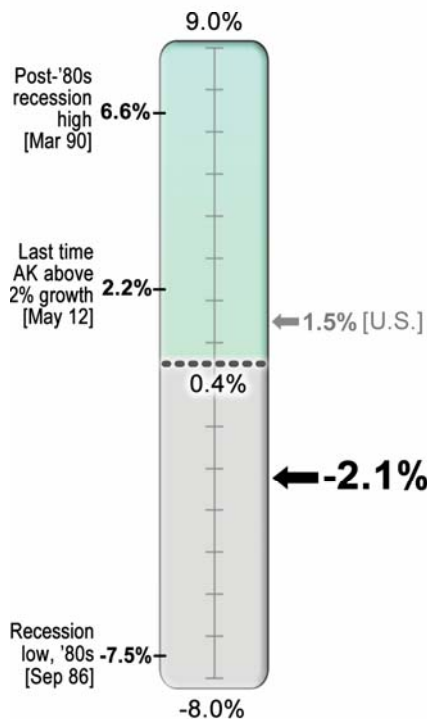
Sara Whitney is the editor of *Alaska Economic Trends*. Reach her in Juneau at (907) 465-6561 or sara.whitney@alaska.gov.

Gauging Alaska's Economy



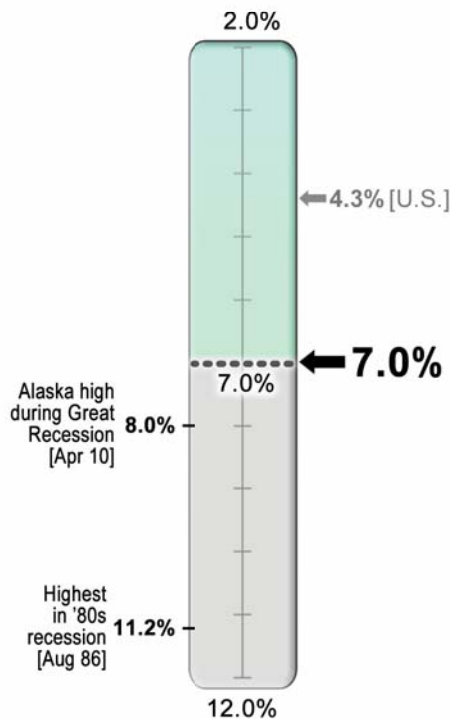
Job Growth

July 2017



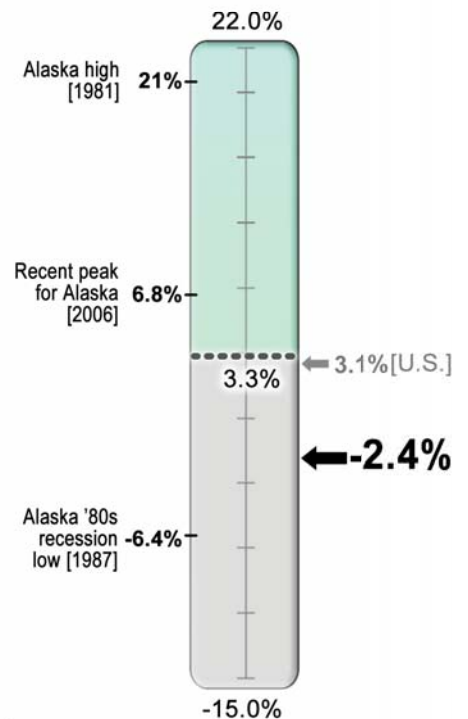
Unemployment Rate

July 2017
Seasonally adjusted



Wage Growth

1st Quarter 2017*



➤ July was the 22nd consecutive month Alaska has recorded job losses.

➤ Alaska had 25 consecutive months of job losses during the state's 1980s recession, although the magnitude of the losses in the '80s was much larger as a percentage of total jobs.

➤ Job growth is one of the best measures of overall economic health.

➤ The unemployment rate is an important measure but more complicated than job growth.

➤ Unemployment rates can be high, for example, when employment is growing because of migrating job seekers. That's what happened in Alaska in the early 1980s.

➤ Alternatively, if unemployed workers leave Alaska or people lose their jobs and decide to retire or otherwise not look for a new job, unemployment rates can stay relatively low despite job losses.

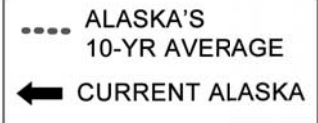
➤ Wage growth or decline is one of the most basic and useful measure of overall economic health.

➤ Wages declined less over the most recent period (Q1 2017 to Q2 2016) than in the preceding four quarters (Q4 2016 to Q1 2016) when they were down 3.7 percent.

➤ Resumed and sustained wage growth, when it occurs, will be one of the clearest signals that the Alaska recession is over.

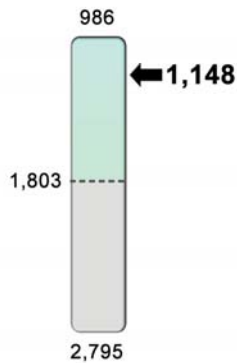
*Four-quarter moving average ending with the specified quarter

Gauging Alaska's Economy



Initial Claims

Unemployment, week ending Aug 12, 2017†

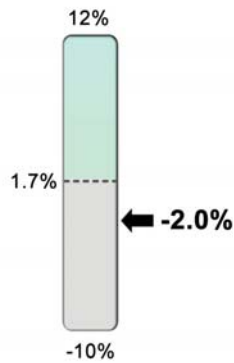


➤ For a variety of reasons, initial claims are well below the 10-year average despite job losses.

† Four-week moving average ending with the specified week

GDP Growth

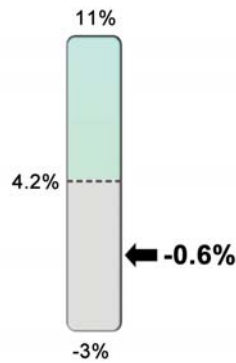
1st Quarter 2017*



➤ Gross domestic product is the market value of all goods and services produced in Alaska.

Personal Income Growth

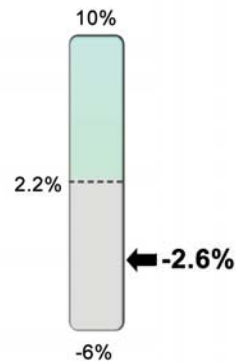
1st Quarter 2017*



➤ Personal income includes wages as well as government transfer payments (such as Social Security, Medicaid, and the PFD) and investment income. Declines during the current recession have been small so far.

Change in Home Prices

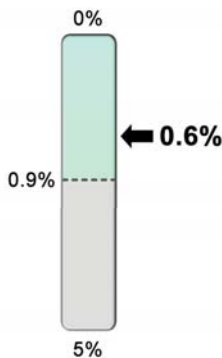
1st Quarter 2017



➤ This is a somewhat volatile indicator, but the first quarter decline suggests the recession is starting to affect the housing market.

Foreclosure Rate

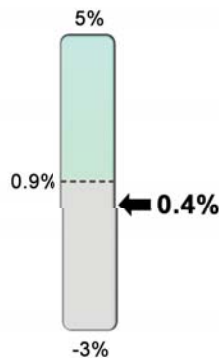
1st Quarter 2017



➤ Foreclosure rates remain low so far during this state recession. Prior recession peaks were 10.6% in Q3 of 1989 during the state's housing bust and 4.6% in Q1 of 2010 during the U.S. Great Recession.

Population Growth

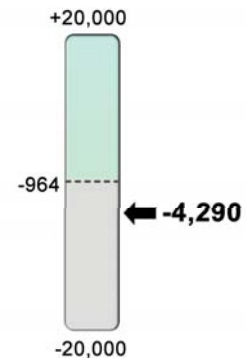
2015 to 2016



➤ Unlike the 1980s Alaska recession, population has remained relatively stable so far. New estimates for 2017 will be released in the late fall.

Net Migration

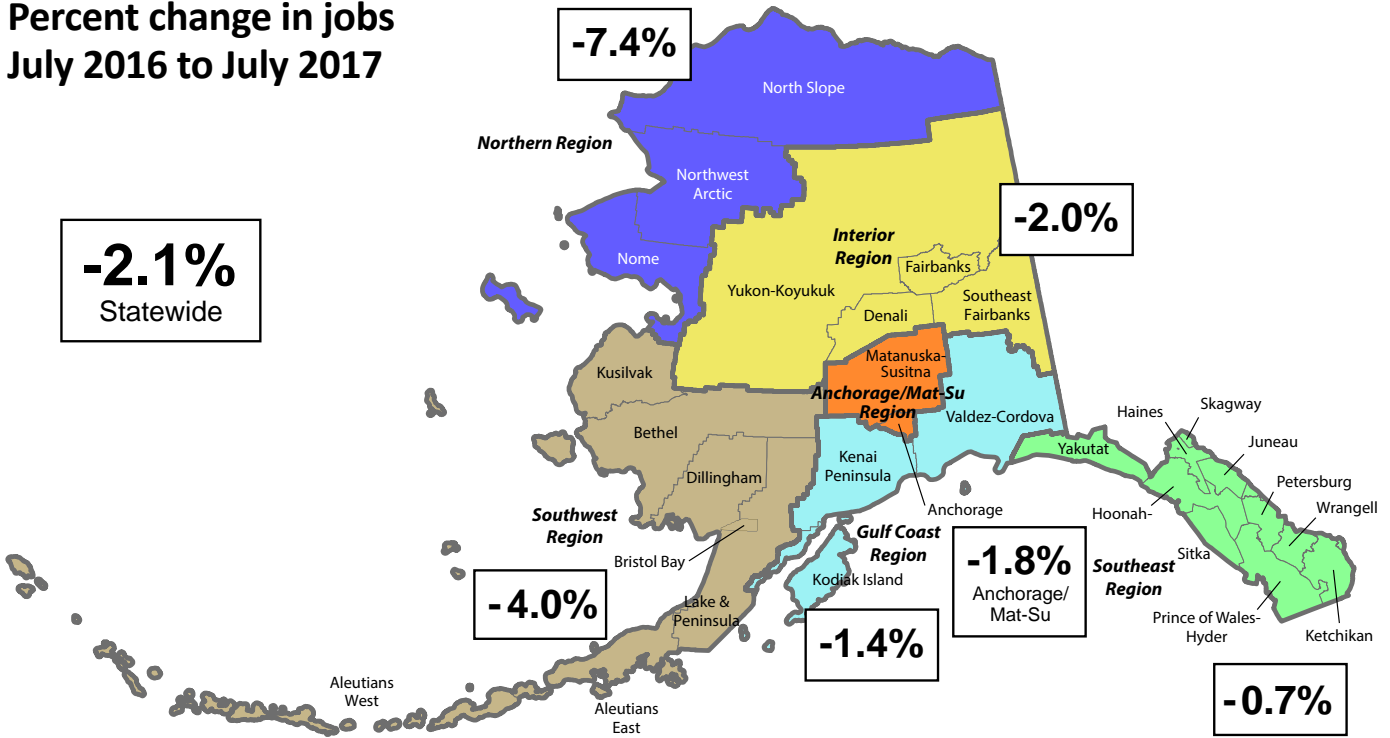
2015 to 2016



➤ More people have left Alaska than have moved here for the past several years, but the losses have been much smaller than during the 1980s recession. Natural increase (births minus deaths) has roughly offset migration losses.

Employment by Region

Percent change in jobs
July 2016 to July 2017



Unemployment Rates

Seasonally adjusted

	Prelim.		Revised
	7/17	6/17	7/16
United States	4.3	4.4	4.9
Alaska, Statewide	7.0	6.8	6.7

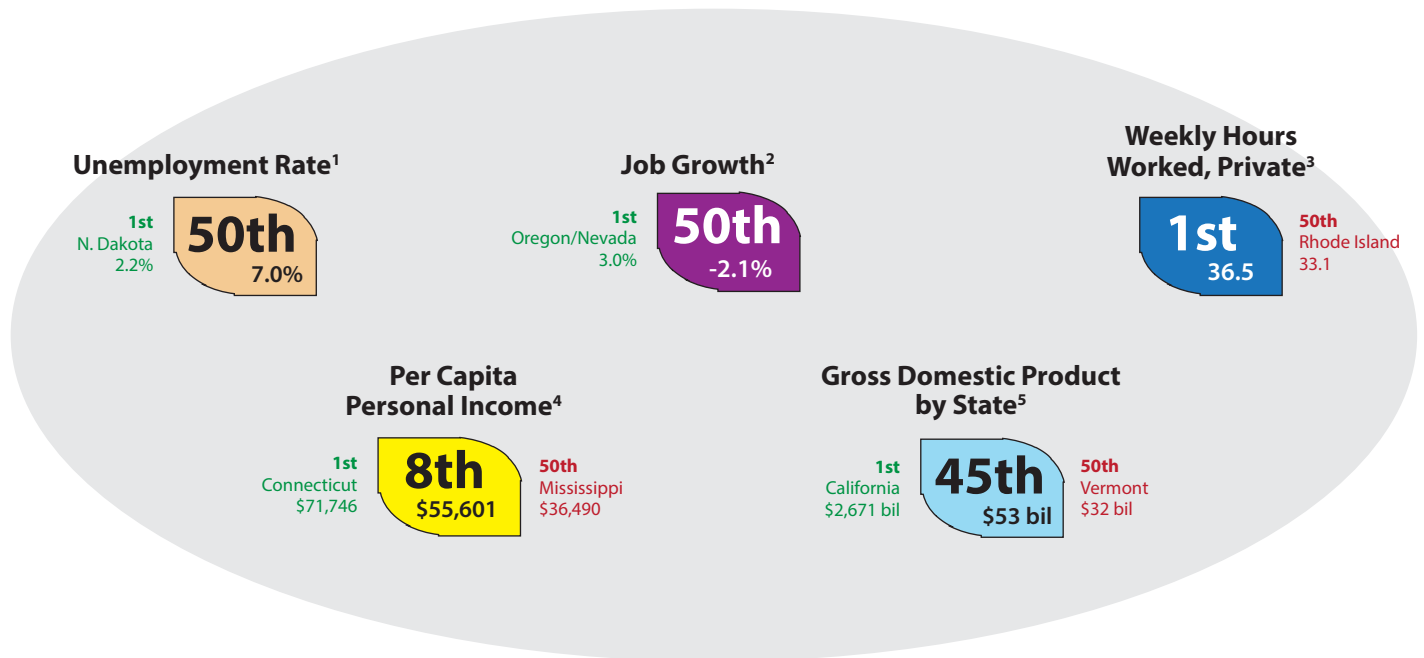
Not seasonally adjusted

	Prelim.		Revised
	7/17	6/17	7/16
United States	4.6	4.5	5.1
Alaska, Statewide	6.6	7.0	6.1

Regional, not seasonally adjusted

	Prelim.			Revised				Prelim.			Revised		
	7/17	6/17	7/16	7/17	6/17	7/16		7/17	6/17	7/16	7/17	6/17	7/16
Interior Region	6.4	6.8	5.8	Southwest Region	10.1	11.4	9.4	Southeast Region	5.1	5.6	4.7		
Denali Borough	3.9	4.2	3.3	Aleutians East Borough	1.9	2.6	1.9	Haines Borough	5.8	6.6	6.1		
Fairbanks N Star Borough	5.8	6.2	5.2	Aleutians West Census Area	2.8	3.8	2.5	Hoonah-Angoon Census Area	7.5	8.1	7.4		
Southeast Fairbanks Census Area	8.5	8.8	8.9	Bethel Census Area	15.4	15.8	14.3	Juneau, City and Borough	4.5	4.5	3.8		
Yukon-Koyukuk Census Area	17.6	17.7	16.1	Bristol Bay Borough	1.6	4.4	1.7	Ketchikan Gateway Borough	4.9	5.5	4.6		
Northern Region	13.5	13.9	12.0	Dillingham Census Area	7.9	7.8	7.8	Petersburg Borough	7.1	8.3	6.1		
Nome Census Area	15.0	14.9	14.2	Kusilvak Census Area	24.5	23.6	24.0	Prince of Wales-Hyder Census Area	9.6	10.4	9.7		
North Slope Borough	8.1	8.4	7.2	Lake and Peninsula Borough	11.4	11.5	9.4	Sitka, City and Borough	4.0	4.6	3.5		
Northwest Arctic Borough	18.4	19.3	15.4	Gulf Coast Region	6.4	7.0	6.2	Skagway, Municipality	3.0	3.5	3.2		
Anchorage/Mat-Su Region	6.2	6.5	5.7	Kenai Peninsula Borough	7.0	7.5	6.8	Wrangell, City and Borough	5.9	7.0	5.5		
Anchorage, Municipality	5.7	5.9	5.1	Kodiak Island Borough	4.8	5.3	4.7	Yakutat, City and Borough	7.4	8.4	6.8		
Mat-Su Borough	8.1	8.6	7.6	Valdez-Cordova Census Area	5.2	6.0	5.2						

How Alaska Ranks



¹July seasonally adjusted unemployment rates
²July employment, over-the-year percent change
³July 2017
⁴First quarter 2017
⁵2016

Other Economic Indicators

	Current		Year ago	Change
Anchorage Consumer Price Index (CPI-U, base yr 1982=100)	218.616	1st half 2017	216.999	+0.75%
Commodity prices				
Crude oil, Alaska North Slope, * per barrel	\$49.18	July 2017	\$44.07	+11.60%
Natural gas, residential, per thousand cubic ft	\$13.21	May 2017	\$11.63	+13.59%
Gold, per oz. COMEX	\$1,295.50	8/23/2017	\$1,346.10	-3.76%
Silver, per oz. COMEX	\$17.16	8/23/2017	\$18.69	-8.19%
Copper, per lb. COMEX	\$299.95	8/23/2017	\$212.60	+41.09%
Zinc, per MT	\$3,119.00	8/23/2017	\$2,298.00	+35.73%
Lead, per lb.	\$1.06	8/23/2017	\$0.83	+27.71%
Bankruptcies				
Business	130	Q2 2017	115	+13%
Personal	8	Q2 2017	13	-38%
	122	Q2 2017	102	+20%
Unemployment insurance claims				
Initial filings	4,101	July 2017	4,330	-5.29%
Continued filings	33,209	July 2017	38,976	-14.80%
Claimant count	8,030	July 2017	9,655	-16.83%

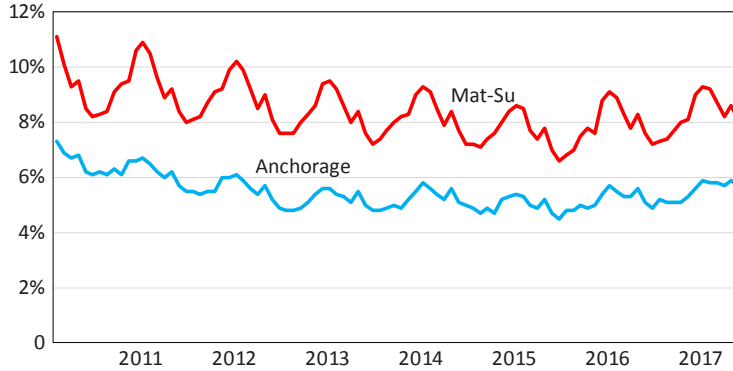
*Department of Revenue estimate

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

11

Unemployment Rate Up Slightly

MAT-SU AND ANCHORAGE RATES, 2010 TO 2017



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

MAT-SU

Continued from page 9

Total oil industry employment statewide peaked at 13,485 in 2015, then plummeted to 9,443 in late 2016 and continued to decline into 2017.

So far, the local housing market has shown few signs of recession-related decline. Home values have not fallen, new home construction has been fairly steady (see Exhibit 12), and foreclosures haven't increased.

Home sales fell moderately in 2016 but stayed above 2014 levels, and while they continued to decline in the first half of 2017, they still remain higher than in 2014.

The rental vacancy rate is an apparent soft spot, however, doubling from 3.6 percent in March 2016 to 7.6 percent in March of this year.

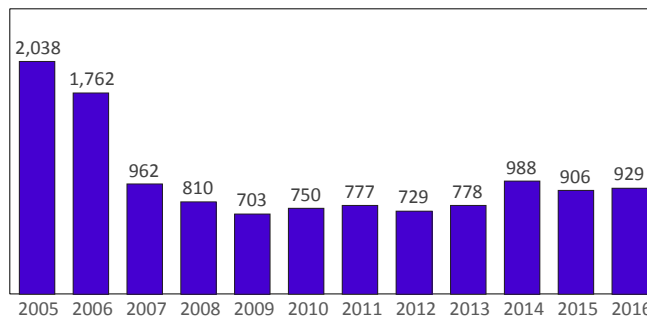
At this point, no other broad economic indicators point to a recession in the Mat-Su Borough, but more data for 2016 and 2017 will paint a clearer picture as they become available.

Neal Fried is an economist in Anchorage. Reach him at (907) 269-4861 or neal.fried@alaska.gov.

12

Building Permits Remain Steady

MAT-SU RESIDENTIAL, 2005-16



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

Safety Minute

Prevent accidents as children return to school

It's time for Alaska's children to return to school, and bright yellow buses are back on the roads and highways. During this busy time, do your part to reduce traffic-related accidents and fatalities by reviewing the following safety guidelines.

Dropping off and picking up

Most schools have specific drop-off areas and procedures that reduce traffic congestion at peak times, so check with your children's school. In addition, The National Safety Council recommends:

- Follow all parking laws and do not double park, as it can block visibility.
- Do not drop off your children across the street from the school, which can subject them and other drivers to additional hazards.
- Carpool whenever possible, as it can save time and reduce greenhouse emissions.
- Be aware of the school's air intakes. Long periods of vehicle idling in these areas can release hazardous carbon dioxide and carbon monoxide into the building.

School buses

Give yourself more time to drive through residential areas during the morning commute. In Alaska, it is illegal to pass a school bus when children are loading or unloading. The NSC provides these recommendations on school bus safety:

- If the stop arm is extended and yellow lights are flashing, the red lights are never far behind. When the red lights are flashing and children are loading or unloading, traffic in both directions must come to a complete stop.
- Never pass a bus when the stop arm is extended and yellow or red lights are flashing.

low or red lights are flashing.

- The area 10 feet around the school bus is the most hazardous. Be sure to stop your vehicle with plenty of room to allow for complete visibility of everyone entering and exiting the bus.
- Children are often adventurous and may take risks. Awareness of your surroundings is key to preventing accidents and injuries to even the rowdiest children entering and exiting buses.

Bicyclists and pedestrians

Children are often not able to discern traffic conditions. NSC statistics show that most school bus-related fatalities are children between ages 4 and 7 who were walking in front of or around the bus when hit by a vehicle that was passing illegally. Statistics for cyclists are similar, and a common accident involves a driver turning left in front of a cyclist. The NSC provides these guidelines:

- Never block crosswalks when stopped at a red light or waiting to turn right, as this can force pedestrians and cyclists into oncoming traffic.
- Yield when bicyclists share an intersection.
- Do not honk, rev your engine, or splash pedestrians even if you think you have the right of way. This can lead to driver road rage or startle pedestrians.
- Always use extreme caution in school zones, around playgrounds, and in residential areas.

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

Employer Resources

Alaska Veterans Job Fair scheduled for Nov. 11 in Anchorage

For many years, Alaska and the nation have honored veterans during November. Veterans Day, observed on Nov. 11, is the anniversary of the World War I armistice that ended hostilities in the 11th hour of the 11th day of the 11th month of 1918.

To support Alaska's veterans, the Alaska Department of Labor and Workforce Development will host its annual Alaska Veterans Job Fair on Nov. 17 from 10 a.m. to 2 p.m. at the University Center Mall, located at 3801 Old Seward Hwy in Anchorage. More than 120 employers and 1,000 job seekers are expected to attend.

This is one of the largest hiring fairs in Alaska, and every year many Alaska employers use this free event to find valuable military talent. See <https://2017veteransjobfair.eventbrite.com> for more information, including how to register.

For more information about Alaska's Veteran Services, go to: <http://jobs.alaska.gov/veterans/employer/> or call your nearest Alaska Job Center at (877) 724-2539.

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