

# The Year 2001 in Review

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## State maintains healthy growth rate

**Y**ear 2001 marked the thirteenth consecutive year of job growth in Alaska, the second longest period of expansion in the state's history. (See Exhibits 1 and 2.) It was another good year for the oil industry, which recorded its second straight year of growth, adding another 1,000 jobs in 2001 after contributing 900 jobs to the state's economy in the year 2000. Construction was also strong, but the biggest portion of 2001's job growth was once again in the services sector.

## A year of low unemployment rates

Alaska recorded the second lowest unemployment rate in the state's history in 2001, at 6.3%. The rate dropped three tenths of a percentage point from 2000's rate of 6.6%. The low rates meant that employers often struggled to fill open positions, especially in low-wage industries. In a year that marked the beginning of a national recession, Alaska was one of only a few states that did not see a 2000 to 2001 increase in its unemployment rate.

## Geographically the picture was mixed

The Northern region had the largest percentage increase in employment in 2001, as could be expected in a good year for the oil industry. Anchorage and Fairbanks also outpaced the statewide average for employment gains over the year. Anchorage's gains came from a variety of industries, with services, oil, construction, retail trade, and government all contributing. Growth in Fairbanks, too, was broad-based, with significant

## Wage & Salary Employment Change — Alaska 2000-2001

	2000	2001	Change	Percent Change
Total Wage & Salary	283,900	290,000	6100	2.1%
Goods-producing	38,300	39,600	1300	3.4%
Service-producing	245,500	250,400	4900	2.0%
Mining	10,200	11,200	1000	9.8%
Oil & Gas Extraction	8,700	9,700	1000	11.5%
Construction	14,100	14,800	700	5.0%
Manufacturing	14,100	13,700	-400	-2.8%
Lumber & Wood Products	1,500	1,200	-300	-20.0%
Seafood Processing	8,500	8,300	-200	-2.4%
Transportation/Comm/Utilities	27,600	28,000	400	1.4%
Trucking & Warehousing	2,900	3,100	200	6.9%
Water Transportation	2,000	2,000	0	0.0%
Air Transportation	9,900	9,900	0	0.0%
Communications	5,500	5,500	0	0.0%
Trade	57,400	58,200	800	1.4%
Wholesale Trade	8,600	8,300	-300	-3.5%
Retail Trade	48,900	49,900	1000	2.0%
Gen. Merch. & Apparel	9,600	10,100	500	5.2%
Food Stores	6,700	6,500	-200	-3.0%
Eating/Drinking Places	17,000	17,500	500	2.9%
Finance/Insurance/Real Estate	12,800	12,700	-100	-0.8%
Services & Misc.*	73,300	73,000	-300	-0.4%
Hotels & Lodging Places	7,200	7,300	100	1.4%
Business Services	9,300	8,900	-400	-4.3%
Health Services	17,000	18,100	1100	6.5%
Legal Services	1,600	1,600	0	0.0%
Social Services	8,100	8,600	500	6.2%
Engineering & Mgmt. Svcs.	7,500	8,100	600	8.0%
Government	74,500	78,500	4000	5.4%
Federal	17,100	16,800	-300	-1.8%
State	22,100	22,900	800	3.6%
Local	35,300	38,800	3500	9.9%
Tribal*	—	3,000	—	—

Benchmark: March 2001. Subtotals may not add due to rounding. Prepared in part with funding from the Employment Security Division. "Government" includes employees of public schools and the University of Alaska.

\* As of Jan. 1, 2001, certain federally recognized tribal entities are counted under Local Government, and no longer under Services.

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

increases in construction, transportation, health care, and government leading the way. The Gulf Coast region managed to show slight over-the-year growth despite job losses in the oil and seafood processing industries. In Southeast, the ongoing loss of manufacturing jobs was barely offset by gains in services, government, and retail trade. Despite another difficult year for its fisheries, the Southwest region managed to avoid a net loss of jobs in 2001. Although local economies struggled with the loss of fishing jobs and income, small employment gains in other industries, including services, helped the region to break even in terms of total job count.

### Tribal employers are reclassified

Certain employment in federally-recognized tribal entities was reclassified from services to local government, effective January 2001. The U.S. Department of Labor's Bureau of Labor Statistics mandated the change. Approximately 3,000 employees statewide were moved from the services category to local government. Consequently, 2001 growth in the services-related industries is understated, and government growth—local government in particular—is overstated. The

change is more dramatic in regions with more tribal employers. In the Southwest region, for example, 1,300 employees were moved from services into local government. (See Exhibit 11.) Consequently, it appears that local government, and to a lesser extent all government in the region, grew dramatically, and that the services sector had a bad year. Once allowances are made for the classification change, a clearer picture emerges.

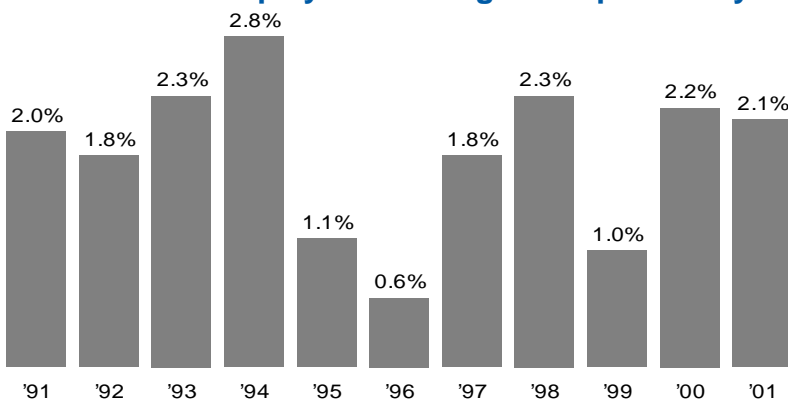
### Almost half of new jobs are in services

After accounting for the effect of the tribal employment classification change, services was once again the dominant industry in job growth. Approximately 2,700 service jobs were added in 2001, or 44 percent of the 6,100 total for the year. Health services, social services, and engineering and management services led the way. Alaska's aging population may be creating part of the new demand for health services jobs. Social services continue to grow with the need for counseling, job and vocational training, and child care services.

Tourism-related services showed only slight growth in 2001. Despite several new hotels throughout the state, and the expansion of others, only 100 new jobs were added in the hotel and lodging category.

## State Maintains Moderate Growth

Percent employment change from previous year



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

### Construction builds on previous growth

Construction added another year of solid growth to a remarkable stretch of stability for the historically volatile industry. After growing 3.0% in 1999, construction jobs increased by 4.3% in 2000. The construction industry then added 700 more jobs in 2001, increasing the growth rate to 5.0%. Alaska led all 50 states in over-the-year growth of residential building permits, issuing 39 percent more in 2001 than in 2000.

## More growth in the oil industry

Continued high oil prices helped create new jobs in the major oil companies. Of the 1,000 jobs added to the oil industry in 2001, the oil field services sector was responsible for the biggest percentage. Two consecutive good years in the oil industry are welcome, especially considering what happened in 1999. In that year, low oil prices coincided with mergers and buyouts among the major players and the industry lost 1,300 jobs, a 14 percent decline.

## Timber and seafood processing lose jobs

Timber continued its decade-long decline in 2001, losing 300 jobs, or 20 percent of its 2000 total. Job losses in seafood processing were proportionately much smaller. With 200 fewer jobs in 2001 than in 2000, the decline amounted to 2.4%. Largely because of these two industries, the manufacturing sector declined by 2.8% in 2001.

## Retail trade up slightly, transportation nearly flat

Retail employment grew by 1,000 jobs in 2001, a modest rate of two percent. Kmart's expansion into the grocery business accounts for some of the change, as does a new Wal-Mart in Ketchikan. Eating and drinking establishments also added 500 jobs over the year.

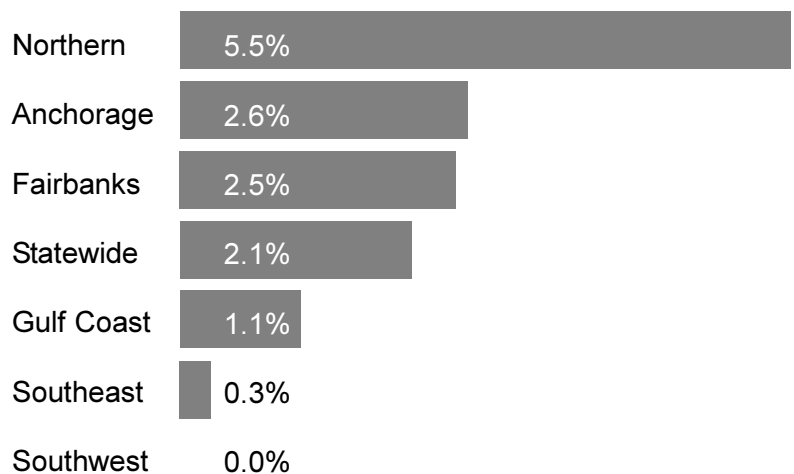
The transportation sector created 400 new jobs in 2001, for a modest growth rate of 1.4%. In light of the effect the September 11 terrorist attacks had on some national air carriers, the picture was surprisingly good. Alaska Airlines actually grew over the year, despite the temporary grounding of all planes and the imposition of added federal security requirements. Job losses and sluggish growth throughout the transportation industries was at least partly due to the national recession and a generally weak international economy.

## Losses in federal government jobs, gains in state and local

The federal government ended 2001 with a net job loss of about 300 positions. Only once in the last eight years has the state added federal employment, in 2000 when census workers provided a temporary boost.

In contrast, the job count increased in both state and local governments. The University of Alaska was the major contributor to state government growth, while most of the new local government jobs were in the school districts. As a reminder, much of the growth that appears in local government (see Exhibit 1) is attributable to the change in classification of approximately 3,000 employees of federally-recognized tribal entities.

## Northern Region Leads Growth 3 Percent change in employment 2000-2001



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

## ANCHORAGE 2001 was another good year

By the end of 2001, Anchorage's employment levels had grown by 2.6%, 3,500 jobs more than a year earlier. In fact, 2001 was a near repeat of the 2000 experience. Employment in 2000 grew by 3,400 jobs or 2.6%. Many of the contributors to this growth were similar for both years. Strong oil patch activity, healthy construction levels, the continued flow of federal dollars and the optimism of 2000 contributed to 2001's above average performance.

This past year was again accompanied by a near record low unemployment rate of 4.3%, two points below the state's jobless rate and half a point below the national average. As a result, job seekers frequently had multiple choices and employers often had a difficult time recruiting workers.

What differentiated 2001 from 2000 was the absence of the giddiness and optimism found in the 2000 economy. The luster of 2000 began to fade in 2001 when oil prices fell below the \$20 per barrel mark and the prospects of a gas line were pushed further into the future. What also removed

some of the sheen from an otherwise good year was a looming billion dollar plus fiscal gap, and fallout surrounding September 11.

### The oil patch stayed strong

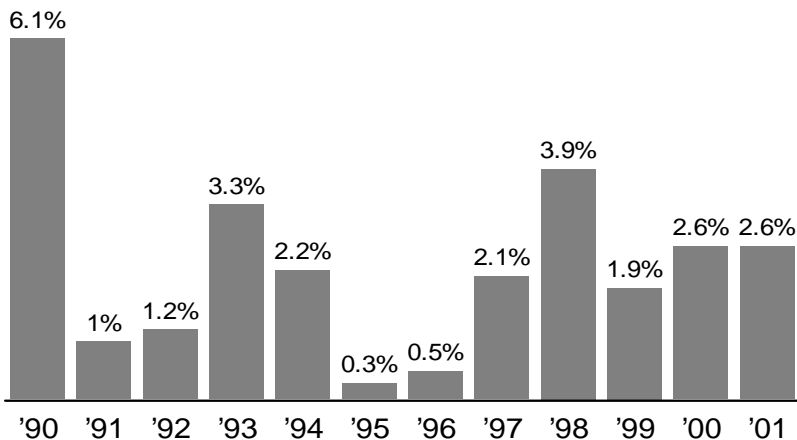
In 2000, the oil patch made a big rebound and the bounce continued into 2001. Employment in 2001 grew by 400 or 16 percent. More than two years of relatively high oil prices helped sustain this higher level of activity. Most of this growth came from oil field service companies such as VECO and others, but the major producers also added staff. The city got a tremendous boost from the construction of BP's Northstar modules at the Port of Anchorage. VECO's workforce on that project at times numbered more than 500, probably making it Anchorage's largest construction/manufacturing project in 2001. With the completion of the module work in late summer, oil industry activity began to slow considerably. The cumulative effect of two solid years in Anchorage's oil sector was extra loft in 2001 for the overall economy.

### Construction racks up more growth

By growing by nearly nine percent in 2001, construction had its best growth year since 1993. Only the oil industry grew faster. The city's building permit valuations totaled \$599 million in 2001—\$68 million ahead of 2000 levels, representing the biggest year since 1985. This industry owes its health to all sectors, commercial, highway, publicly funded projects and residential construction. The biggest commercial project in 2001 was the new \$10 million office headquarters for the Arctic Slope Regional Corporation, the largest commercial office building built since the early 1980s.

The single largest retail project was construction of a new Fred Meyer store that opened in February. Expansion work continued at the Alaska Native Medical Center, Providence Hospital and Alaska Regional Hospital. A variety of other new office,

## 4 Anchorage has a Good, Steady Year Percent employment change from previous year



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

retail, and restaurant space was also being built in 2001. One of the single largest projects in Anchorage was the continuing \$230 million plus expansion of Ted Stevens International Airport. Most of the road work and building demolition work was completed in 2001; work will continue for at least two more years. Military related construction was also an important source of activity. Road construction and the straightening of Alaska Railroad tracks on the bases were big projects in 2001. One of the largest projects was the construction and renovation of more than 628 housing units on Elmendorf Air Force Base, with 120 families moving into some of the units during the year.

Residential activity soared. In 2001, 1,429 new residential units were permitted in Anchorage, an increase of 479 over 2000 levels. The biggest increase came from a tripling in the number of duplex-type units to 332. Permit activity in renovations was also strong, reflecting the growing scarcity of developable land in the Anchorage bowl and the corresponding increase in land values.

### Retail grew moderately

Retail employment grew by 500, though no large retailers opened their doors in 2001. The biggest single retail event was the venture of both Anchorage Kmart's into selling groceries. While this created hundreds of new jobs, they had limited impact on the year's retail numbers because they were added in October. Other growth came from the expansion of existing stores or the opening of smaller businesses. Eating and drinking establishments, a sub-category of retail, was the strongest performer, growing by 400. Food store employment continued to fall, largely due to the closure of Market Place stores in late 2000.

### Not a growth year for air transportation

Although there was good news in the international cargo business in 2001, such as new routes won

by Anchorage-based carriers, employment related to this business did not grow. With the slowdown in both the national and international economies, the environment for growth was largely absent. Two airlines contributed to this industry's lackluster performance. United Airlines left the international cargo business in late 2000. Its workforce went from 234 in December 2000 to 50 in December 2001. The single largest hit came with the closure of Reeve Aleutian Airways. In October 2000, Reeve had a workforce of 291, which by June 2001 had dwindled to 30. Some air carriers, such as Alaska Airlines continued to grow in 2001, but not enough to offset these other losses. September 11 also put a damper on air transportation during the last quarter of the year.

## Wage & Salary Employment Change — Anchorage 2000-2001 5

	2000	2001	Change	Percent Change
Total Nonag. Wage & Salary	134,400	137,900	3,500	2.6%
Goods-producing	11,800	12,900	1,100	9.3%
Service-producing	122,600	125,000	2,400	2.0%
Mining	2,600	3,000	400	15.4%
Oil & Gas Extraction	2,500	2,900	400	16.0%
Construction	7,000	7,600	600	8.6%
Manufacturing	2,200	2,300	100	4.5%
Transportation/Comm/Utilities	15,000	15,300	300	2.0%
Air Transportation	6,200	6,200	0	0.0%
Communications	3,600	3,600	0	0.0%
Trade	31,900	32,300	400	1.3%
Wholesale Trade	6,300	6,200	-100	-1.6%
Retail Trade	25,600	26,100	500	2.0%
Gen. Merchandise & Apparel	5,000	5,200	200	4.0%
Food Stores	2,700	2,400	-300	-11.1%
Eating & Drinking Places	9,500	9,900	400	4.2%
Finance/Insurance/Real Estate	7,700	7,700	0	0.0%
Services & Misc.	39,200	40,500	1,300	3.3%
Hotels & Lodging Places	3,000	3,100	100	3.3%
Business Services	6,800	6,500	-300	-4.4%
Health Services	9,100	9,800	700	7.7%
Engineering & Mgmt. Svcs.	5,500	5,900	400	7.3%
Government	28,800	29,300	500	1.7%
Federal	9,900	9,700	-200	-2.0%
State	8,800	9,100	300	3.4%
Local	10,100	10,400	300	3.0%
Tribal*	—	200	—	—

Benchmark: March 2001. Subtotals may not add due to rounding. Prepared in part with funding from the Employment Security Division. "Government" includes employees of public schools and the University of Alaska.

\* As of Jan. 1, 2001, certain federally recognized tribal entities are counted under Local Government, and no longer under Services.

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



## Finance sector stays flat

During the past three years, employment in this relatively small sector has remained largely unchanged. Although it was a good year for real estate and refinancing, consolidation in the industry and other factors kept the numbers from growing. With the Wells Fargo buyout of National Bank of Alaska completed in 2001, employment drifted downward. Wells Fargo closed some branches and moved a number of its operations outside. Employment in other institutions grew, but not enough to offset these losses. In addition, 2001 was a weak year for the stock market, which did not bode well for the some of the players in the financial industry.

## A third of growth comes from services

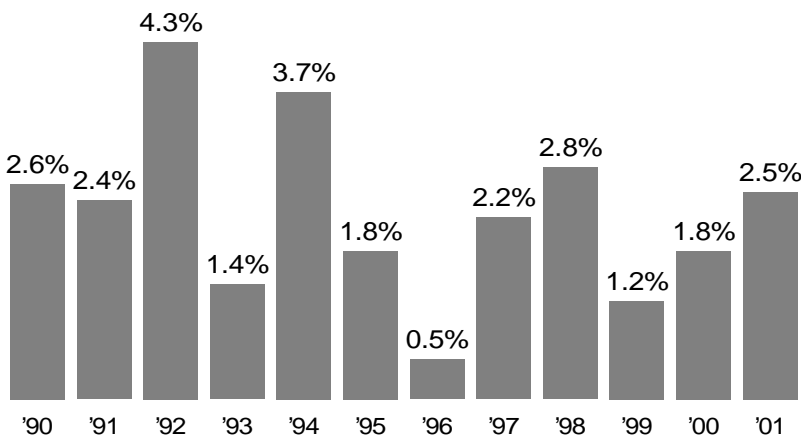
Services contributed 1,300 of the 3,500 new jobs created in Anchorage, making it the only industry to generate more than 1,000 new jobs in the city. And not surprisingly, health care, the largest slice of the services industry, was again the leading source of new jobs. Health care in Anchorage represents more jobs than any of the following industries: construction, mining (which includes

oil), the finance sector, manufacturing, federal (civilians) and state government. By the end of the year, health care employment had grown by 700 or 7.7%. Another source of hefty increases came from engineering and management services. The strength in the oil and construction industries helps explain some of these gains. Social services also made impressive gains, which may be a reflection of the big increases in federal grant money received in the state. Visitor-related effects on services are more difficult to calculate and had less clarity this past year. Most industry players reported a lackluster performance for the past year but hotel employment crept up slightly in 2001, much like hotel sales, which grew by 2.9%.

## Public sector grows by 1.7 percent

Federal government's employment actually fell slightly in 2001. In 2000, a large federal workforce of census takers was hired to conduct the 2000 Census count. By the end of the year their work was done and this workforce was disbanded, helping to explain most of the federal government's losses. Federal employment also drifted downwards as the privatization of the Alaska Native Medical Center continued. The federal government's decline is significant in light of the tremendous growth in federal funds flowing into the state. Employment in both state and local government grew by 300 in 2001. State growth came both from the University of Alaska and state government operations. Most of local government's growth came from small increases in school district employment

## 6 Fairbanks Grows for 13 Years Percent employment change from previous year



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

## FAIRBANKS Job growth and payroll increase

Decent employment growth coupled with low jobless rates marked 2001 as the 13<sup>th</sup> year of economic expansion in Fairbanks, 12 of which are shown in Exhibit 6. Annual average employment growth was 2.5%, a net addition of 850 new jobs. (See Exhibit 7.) In addition, payroll during the first three quarters of 2001 increased by 4.7% over the same period in 2000, an indication that a significant

number of the newly created jobs belonged to the “good paying job” category.

Employment increases in construction, transportation, health care, and government underlay Fairbanks’ robust economic performance. Only one industry showed a negative growth rate. Employment in finance, insurance and real estate fell below the year 2000 average, mostly because of a funding adjustment for public housing. Trade industry employment did not change; its performance was mixed. In all, 2001 turned out to be a good year for Fairbanks’ economy, with construction one of its strongest performers.

### Construction’s job base strengthens

Construction activity continued to gain strength during the 2001 season. Employment rose by 200 jobs, amounting to a growth rate of 11.4%. Public projects, such as the finishing phase of the courthouse, renovation of the Rasmussen Library, defense related projects, road construction and a new city parking garage helped to keep Fairbanks crews busy. Commercial construction included the finishing phases of several new and expanded hotels, a new Home Depot store, and large remodeling projects of existing stores. The residential sector flourished as well. Local permit data showed that 177 single-family housing units were approved in 2001, more than in any other year since 1985. Compared to last year, permitted construction valuation was up 27 percent.

### Mining employment holds level

Despite low gold prices during 2001, gold mining employment held steady. But it was a challenging year, particularly for placer miners. Eroding profit margins forced some operators to shed staff. Fort Knox, Fairbanks’ largest mine, offset these employment losses and increased its staff when it began hauling ore from its newly acquired True North deposit. Another branch of Fairbanks’ mining sector is its oil and gas industry. Its performance in 2001 closely reflected North Slope oil field activities. Employment was strong during

the first 10 months of the year, but it tapered off towards the end. Over the year 2000, oil’s employment balance, however, did not change.

### Transportation employment keeps moving up

Among the transportation industries, trucking and warehousing employment was the best performer. Its gain of 100 new jobs reflected the upbeat economic activities of this past year. Trucking freight to the North Slope oilfields was just one component of growth. Local construction and hauling ore from the True North mine to Fort Knox also helped job growth. Air transportation employment rose, despite the loss of Delta Airlines as a Fairbanks operator. But Delta’s closure came late in the year, so its impact was only partially captured. Small airlines specializing in commuter traffic attempted to fill the gap.

## Wage & Salary Employment 7 Change — Fairbanks 2000-2001

	2000	2001	Change	Percent Change
Total Nonag. Wage & Salary	33,950	34,800	850	2.5%
Goods-producing	3,300	3,500	200	6.1%
Service-producing	30,650	31,300	650	2.1%
Mining	950	950	0	0.0%
Construction	1,750	1,950	200	11.4%
Manufacturing	600	600	0	0.0%
Transportation/Comm/Utilities	3,150	3,250	100	3.2%
Trucking & Warehousing	550	650	100	18.2%
Air Transportation	1,000	1,050	50	5.0%
Communications	400	400	0	0.0%
Trade	6,800	6,800	0	0.0%
Wholesale Trade	750	700	-50	-6.7%
Retail Trade	6,050	6,150	100	1.7%
Gen. Merchandise & Apparel	1,100	1,200	100	9.1%
Food Stores	600	600	0	0.0%
Eating & Drinking Places	2,400	2,300	-100	-4.2%
Finance/Insurance/Real Estate	1,250	1,200	-50	-4.0%
Services & Misc.	8,500	8,900	400	4.7%
Hotels & Lodging Places	950	1,000	50	5.3%
Health Services	2,000	2,100	100	5.0%
Government	10,900	11,150	250	2.3%
Federal	3,350	3,350	0	0.0%
State	4,550	4,700	150	3.3%
Local*	3,000	3,050	50	1.7%

Benchmark: March 2001. Subtotals may not add due to rounding. Prepared in part with funding from the Employment Security Division. “Government” includes employees of public schools and the University of Alaska.

\* As of Jan. 1, 2001, certain federally recognized tribal entities are counted under Local Government, and no longer under Services. Fairbanks has no data in this category.

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

## Trade employment has its ups and downs

Since 1997, employment growth in Fairbanks' trade industries has come to a near standstill, lagging the overall annual average employment growth of over two percent during the past four years. Retail has lost some of its variety during the past four years, and in 2001 no new major players joined the local market scene.

A few changes, however, did occur. Some of the big box stores in Fairbanks rearranged their stores and became a bit larger. Kmart opened a large grocery section, introducing a fourth large competitor to the Fairbanks grocery business. The restaurant sector could not repeat the upswing it experienced in the year 2000, and employment during 2001 fell by 100 jobs. The Royal Fork, a large restaurant, closed its doors. Several new places opened but most of them were smaller or family-run. Wholesale trade employment declined a bit due to a business reorganization. Wave Wholesale became Northern Transportation in 2001 with a fraction of its former staff.

## Services uphold performance

The services industries sector has enjoyed nearly uninterrupted growth since 1980. Even during Fairbanks' recession of the mid-1980s, job losses in the various services branches were minimal. This steady performer again collected energy in the year 2001 with an employment boost of 400 new jobs. This meant that nearly half of all the new jobs created in Fairbanks last year belonged to services. The health care and the hospitality industries accounted for much of this.

## Growth in tourism is soft

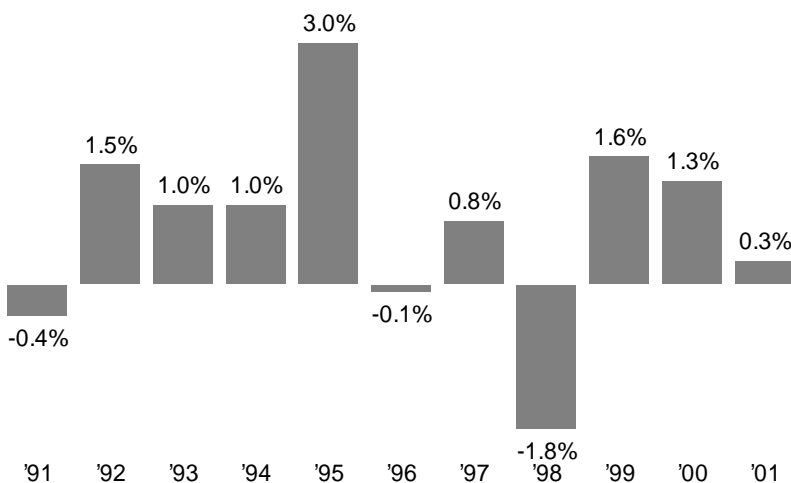
Two new hotels and a large addition were ready for business in the summer season. Hotel employment grew by 50 jobs. These new places added substantially to Fairbanks' guestroom inventory. Competition among industry players grew. Although tourism experts labeled the 2001 season as a "down" year on a statewide scale, hotel/motel room receipts in Fairbanks were up 9.3%. Borough bed tax revenues rose by 55.4%, but within the city boundaries they declined by 6.0%. The main reason is that most of the newer places are located outside the city limits.

The revenue flow showed that the large increases occurred in the fall and winter quarters. During the spring and summer season, room receipt increases were moderate. This confirms the perception of soft growth in tourism. In addition, summer traveler road traffic to, from, or through Canada became lighter in 2001 compared to the 2000 season. While tourism has become an important stimulant to job growth in Fairbanks, other services industries have helped to broaden the Fairbanks employment base.

For the third year in a row, employment rose in health care, which gained 100 new jobs in 2001. Employment increased most at the hospital and in doctors' offices. Tanana Chiefs Conference, one of Fairbanks' largest employers, also helped services employment to grow. This organization's mandate also includes health care.

## 8 Growth Slows in Southeast

Percent employment change from previous year



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



## The public sector helps growth

Public sector employment rose by 250 jobs in 2001. Most of the gains came from the University of Alaska, and were due to increased funding and higher enrollment. Local government also contributed to the gain, as its employment increase was education related.

### SOUTHEAST Economy almost flat

The Southeast regional economy grew at less than .3% in 2001, adding only 100 jobs from the previous year. (See Exhibit 9.) This low growth rate was well below 2000's 1.3% increase and less than half the average growth rate of eight tenths of a percent that has characterized the last decade. (See Exhibit 8.) The sluggish overall performance resulted from losses in construction and manufacturing jobs, offset by gains in trade, services and government employment.

### Construction shaky

Construction slowed in Southeast, shedding 150 jobs. The completion of a number of major projects, such as Ketchikan's Wal-Mart, contributed to this trend. General construction accounted for most of the 8.6% employment decline in the sector. While heavy construction employment fell slightly, special trades were apparently insulated from the downturn.

### Timber continues skid

The timber industry continued to weaken, with the loss of 300 jobs. This 27.3% decline was largely caused by the elimination of more than 200 logging jobs due to an extremely poor timber market. The 2001 Tongass cut of 48 million board feet was the lowest since 1942, representing only 70 percent of the 70 million board feet offered by the U.S. Forest Service. Koncor, once the second largest timber producer among Native corporations, ceased all logging operations in

2001. Other wood product employment also declined by approximately 50 jobs, with workforce reductions at troubled Gateway Forest Products in Ketchikan accounting for much of the loss.

### Seafood processing scales back

Somewhat fewer seafood processing jobs were filled in 2001, with the numbers falling from 1,450 average annual employment in 2000 to 1,400 average in 2001. This was in spite of one of the largest pink salmon returns in recent years. Processors had difficulty attracting workers during the peak months of July and August while the national economy remained strong and out-of-state workers availed themselves of other opportunities.

## Wage & Salary Employment Change — Southeast 2000-2001

	2000	2001	Change	Percent Change
Total Nonag. Wage & Salary	36,250	36,350	100	0.3%
Goods-producing	5,200	4,700	-500	-9.6%
Service-producing	31,050	31,650	600	1.9%
Mining	300	300	0	0.0%
Construction	1,750	1,600	-150	-8.6%
Manufacturing	3,150	2,800	-350	-11.1%
Durable Goods	1,350	1,100	-250	-18.5%
Lumber & Wood Products	1,100	800	-300	-27.3%
Nondurable Goods	1,750	1,700	-50	-2.9%
Seafood Processing	1,450	1,400	-50	-3.4%
Transportation/Comm/Utilities	2,850	2,800	-50	-1.8%
Trade	6,250	6,400	150	2.4%
Wholesale Trade	600	600	0	0.0%
Retail Trade	5,650	5,800	150	2.7%
Food Stores	1,300	1,300	0	0.0%
Finance/Insurance/Real Estate	1,250	1,300	50	4.0%
Services & Misc.	8,300	7,900	-400	-4.8%
Health Services	1,700	1,750	50	2.9%
Government	12,350	13,200	850	6.9%
Federal	1,800	1,750	-50	-2.8%
State	5,300	5,500	200	3.8%
Local	5,250	6,000	750	14.3%
Tribal*	—	550	—	—

Benchmark: March 2001. Subtotals may not add due to rounding. Prepared in part with funding from the Employment Security Division. "Government" includes employees of public schools and the University of Alaska.

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

## Fish prices founder

Commercial salmon fishers landed 336 million pounds in 2001 as compared to 243 million pounds in 2000. The ex-vessel value of this harvest was estimated at \$86.1 million, an increase of \$13.9 million over the 2000 landings of \$72.2 million. While harvest volume increased by 38 percent, harvest value increased only 19 percent. The effects of low ex-vessel prices on the regional economy can be demonstrated by comparing harvest value during the last year with 1994, when fishers landed 313 million pounds of salmon, worth \$126.7 million. The 2001 harvest was 7 percent larger than that of 1994 in pounds landed, but fleet earnings were down by \$40.6 million. The outlook for 2002 is mixed. The Alaska Department of Fish and Game predicts strong returns, but several processors are limiting fleet sizes in an attempt to increase the quality of a lower volume pack.

## Services reordered

In 2001, the U.S. Department of Labor transferred some tribal employment from Other Services to Local Government. In Southeast, this reclassification resulted in 550 fewer jobs in Other Services, and an additional 550 jobs attributed to Local Government. When this move is taken into consideration, non-governmental services employment actually increased by 150 jobs or approximately 2 percent. Medical services accounted for about 50 of these jobs, and hotels another 50. Other services accounted for the remaining estimated 50-job increase.

## Trade up

A decline of 50 jobs in eating and drinking establishments was offset by an increase of 200 jobs in other retail trade, for a net gain of approximately 150 positions. The opening of Wal-Mart in Ketchikan seems to account for much of this increase, along with some additional hiring as Juneau's Kmart expanded to include food sales.

## Government now includes tribal employment

Actual growth in government employment, once the transfer of tribal employment is accounted for, is largely explained by educational increases. State educational employment in Southeast increased by 50 jobs to 550, showing 10% growth, while non-educational state employment grew at only 2.2%, adding approximately 100 state jobs. Local educational employment increased by nearly 100 jobs, or 4.4%, while local non-educational employment increased by only 1.8%, accounting for an estimated 50 jobs. Federal employment declined slightly from 1,800 to 1,750 jobs, a drop of 2.8%.

When viewing Exhibit 9, it is important to remember that 550 of the additional jobs in government are the result of an accounting transfer. Tribal employment that was included in Services

# 10 Wage & Salary Employment Change — Gulf Coast 1999-2000

	2000	2001	Change	Percent Change
Total Nonag. Wage & Salary	27,650	27,950	300	1.1%
Goods-producing	6,350	6,300	-50	-0.8%
Service-producing	21,300	21,650	350	1.6%
Mining	1,350	1,300	-50	-3.7%
Oil & Gas Extraction	1,300	1,250	-50	-3.8%
Construction	1,350	1,450	100	7.4%
Manufacturing	3,650	3,600	-50	-1.4%
Seafood Processing	2,700	2,650	-50	-1.9%
Transportation/Comm/Utilities	2,400	2,400	0	0.0%
Trade	5,400	5,400	0	0.0%
Wholesale Trade	550	450	-100	-18.2%
Retail Trade	4,900	4,950	50	1.0%
Eating & Drinking Places	1,650	1,700	50	3.0%
Finance/Insurance/Real Estate	750	750	0	0.0%
Services & Misc.	5,950	5,950	0	0.0%
Health Services	1,150	1,250	100	8.7%
Government	6,750	7,150	400	5.9%
Federal	800	750	-50	-6.3%
State	1,550	1,600	50	3.2%
Local	4,450	4,800	350	7.9%
Tribal*	—	300	—	—

Benchmark: March 2001. Subtotals may not add due to rounding. Prepared in part with funding from the Employment Security Division. "Government" includes employees of public schools and the University of Alaska.

\* As of Jan. 1, 2001, certain federally recognized tribal entities are counted under Local Government, and no longer under Services.

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

through 2000, is now recorded in a Local Government sub-sector. This transfer creates the illusion that government has rapidly expanded while services have contracted. While it is true that government employment, especially the educational sector, has experienced some growth over the year, service jobs have increased as well.

## GULF COAST Modest growth in 2001

The economies of the Gulf Coast, that include the Kenai Peninsula Borough, the Kodiak Island Borough, and the Valdez-Cordova area, booked an annual net gain of 300 new jobs during 2001, a moderate annual growth rate of 1.1%. (See Exhibit 10.) Construction and health care services were the major contributors.

Large scale construction projects such as the gas-to-liquid facility in Kenai, Coast Guard projects in Kodiak, a \$10 million office complex in Valdez, and the construction of a Princess Lodge near Copper Center were among the large ticket items on the 2001 construction docket. The health care industry, particularly in the Kenai Peninsula Borough, showed robust growth. Employment in the borough's private sector health care industry grew by nearly 9 percent this past year.

Other industry performances were mixed in the Gulf region. Employment balances in the oil and the seafood processing industries turned negative. The job losses in the oil industry reflected the completion of the Alpine module construction project in 2000. New oil finds and gas strikes led to a rebound in oil and gas industry activity in Cook Inlet later in the year.

The job losses in the seafood industry appear to be of more permanent nature. The downturn that started in the mid-1990s continued. A poor Cook Inlet salmon harvest took its toll on processing employment. Although harvest results were mixed, the low fish prices were felt everywhere. Fishers of the Prince William Sound area delivered their highest harvest volume in 25 years. Kodiak's

salmon fleet fished above their 25-year average. Cook Inlet's harvest volume was dismally low. Its fleet endured their third lowest fishing result in a quarter of a century. The 25-year harvest summary revealed that the low salmon prices turned Prince William Sound's record harvest year into an average earnings year for its fishers. Kodiak's above average catch netted their fifth lowest dollar value, and the Cook Inlet harvest value fell to the lowest on record.

Outside of government, employment in other industries did not substantially change. Local government got its boost from a classification change in labor statistics. Employment in federally recognized tribal organizations moved from services to local government.

## SOUTHWEST Loss of fishing jobs offset by new jobs in services

According to the annual employment comparison, 2001 was a year of zero change in wage and salary employment in the Southwest region. (See Exhibit 11.) Industry performances differed but job gains offset the losses, belying the fact that 2001 was a challenging year for most economies in the

## Wage & Salary Employment 11 Change — Southwest 2000-2001

	2000	2001	Change	Percent Change
Total Nonag. Wage & Salary	17,650	17,650	0	0.0%
Goods-producing	4,400	4,300	-100	-2.3%
Service-producing	13,250	13,350	100	0.8%
Seafood Processing	4,200	4,100	-100	-2.4%
Government	5,650	7,000	1,350	23.9%
Federal	350	350	0	0.0%
State	500	500	0	0.0%
Local	4,850	6,100	1,250	25.8%
Tribal*	—	1,300	—	—

*Benchmark: March 2001. Subtotals may not add due to rounding. Prepared in part with funding from the Employment Security Division. "Government" includes employees of public schools and the University of Alaska.*

*\* As of Jan. 1, 2001, certain federally recognized tribal entities are counted under Local Government, and no longer under Services.*

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

Southwestern region, particularly for its biggest performer, the fishing industry. Four out of the past five salmon harvests in the region were disappointing.

Low catches, but even more significantly, low harvest prices, marred the season for salmon fishers. The combined earnings of salmon harvests in Bristol Bay, the Alaska Peninsula/Aleutians, and the Chignik areas netted a bit over a third of last year's already dismal catch value. Despite this, annual average fish processing employment showed a loss of only 100 jobs over last year. (See Exhibit 11.) In part this reveals that the industry prepared for a better salmon season and kept crews in place in hopes of improved catches. Good groundfish harvests in the Bering Sea also counteracted some of the negatives.

The substantial income losses suffered during the 2001 salmon season left big voids in local Bristol Bay economies. Many area residents earn their livings harvesting fish or working for its support industries. By way of contrast, the more distant Bering Sea ground fishery, which enjoyed a successful season, impacted local economies to a

lesser degree because fewer local harvesters participate in this type of fishery. In both types of fisheries non-resident labor dominates the seafood processing industry.

Moderate job gains in service-producing industries helped balance the job losses in the seafood industry. The region's employment data indicate job growth in local government, which was actually due to a classification change. In response to a federal directive, employment in federally recognized tribal entities was moved from private sector services industries to local government (see explanation above).

## NORTHERN

### Oil fields prosper, but not communities

Employment growth of 5.5% in the Northern region points at the brisk activities in the oil fields during 2001. (See Exhibit 12.) Drilling programs, construction, and the installation of the Northstar facility lifted oil's employment level by 600. Corresponding increases in employment occurred in oil's support industries. Combined job growth in the oil fields matched the gain for the entire region.

Resident communities in the Northern region did not see their economies grow substantially. Most of the communities in the North Slope Borough, the Northwest Borough, and in the Nome Census area felt the effects of tight local public budgets. In the Northwest Arctic Borough the Red Dog Mine had to endure low zinc prices, which affected local tax revenue. The Northern fisheries were also disappointing. Unemployment rates in all three areas remained high. Both Nome and the Northwest Arctic Borough experienced double-digit annual average unemployment rates, and the North Slope Borough's rate registered on the high side as well.

# 12 Wage & Salary Employment Change — Northern 2000-2001

	2000	2001	Change	Percent Change
Total Nonag. Wage & Salary	15,500	16,350	850	5.5%
Goods-producing	5,600	6,150	550	9.8%
Service-producing	9,950	10,200	250	2.5%
Mining	4,800	5,400	600	12.5%
Oil and Gas	4,350	4,950	600	13.8%
Government	4,400	4,750	350	8.0%
Federal	150	150	0	0.0%
State	300	300	0	0.0%
Local	3,950	4,300	350	8.9%
Tribal*	—	400	—	—

Benchmark: March 2001. Subtotals may not add due to rounding. Prepared in part with funding from the Employment Security Division. "Government" includes employees of public schools and the University of Alaska.

\* As of Jan. 1, 2001, certain federally recognized tribal entities are counted under Local Government, and no longer under Services.

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