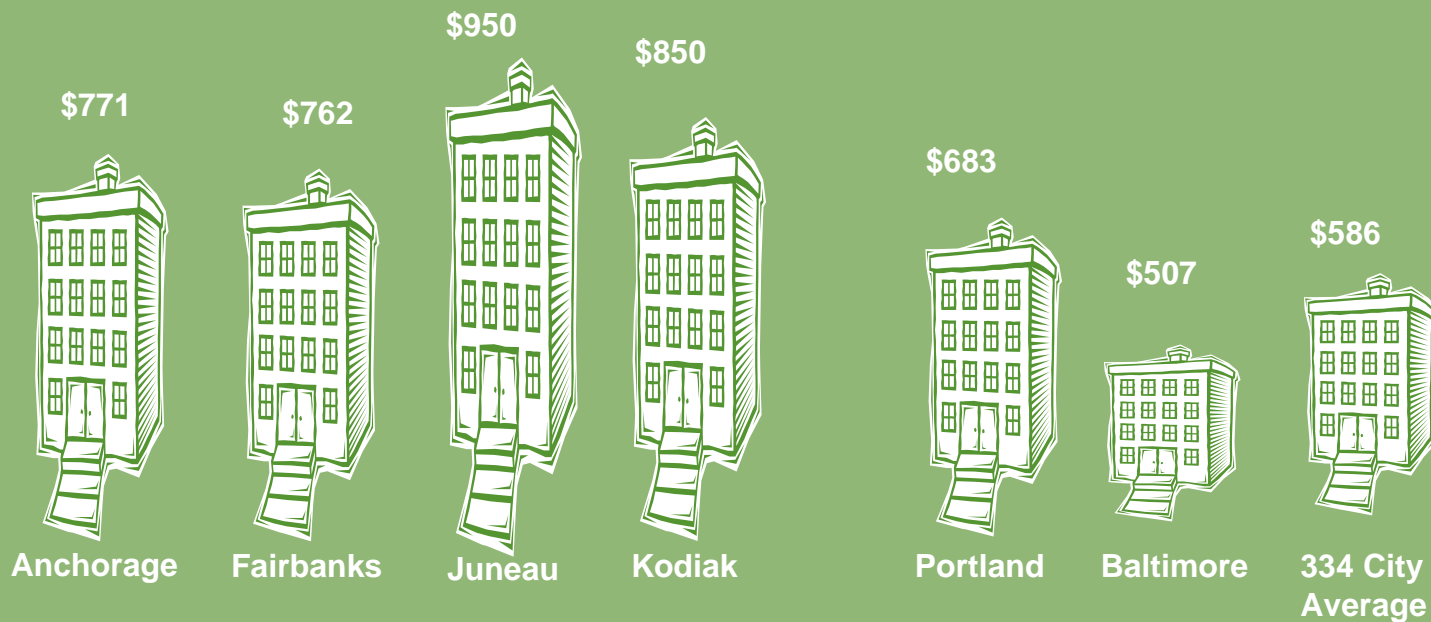


TRENDS

The ^{high} Cost of Living



Apartment Rent – Two Bedroom Unfurnished – No Utilities

In This Issue:
New Hires
Per Capita Income
Employment Scene

June 1999
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ALASKA ECONOMIC **TRENDS**

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Tony Knowles, Governor of Alaska
Ed Flanagan, Commissioner of Labor

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The Cost of Living

by John Boucher
Labor Economist

Measuring it for Alaska

How expensive is it to live in Alaska?"
"What is the rate of inflation in Alaska?"

These are two of the questions most frequently asked of the Alaska Department of Labor's Research and Analysis section. In answer to these questions, this article provides some of the latest cost-of-living measurements available for Alaska and explains the uses and limitations of these data.

A measure of inflation or cost differentials?

Two types of cost-of-living measurements are available for Alaska. If you are interested in how prices have changed in a particular place, commonly referred to as the inflation rate, you should use the Consumer Price Index (CPI). If you're interested in cost differences between two places, "Is it more expensive to live in Fairbanks than Seattle?" then a cost-of-living measurement like the American Chamber of Commerce Researchers Association (ACCRA) index or the Runzheimer International study best suits your needs.

Be aware of the method and the market basket

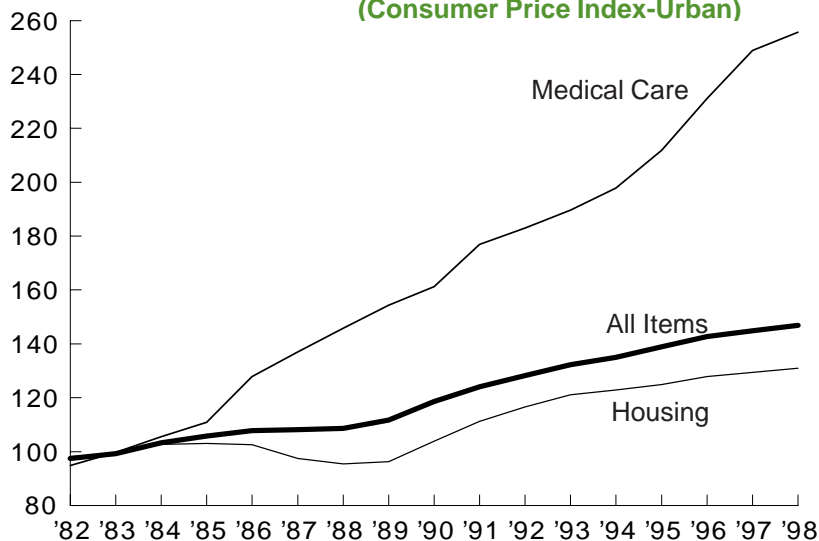
Since it is too expensive to monitor the price of every item available to purchase, cost-of-living surveys track prices of a sample of items from common expenditure categories (such as housing expenses, medical expenses, food expenses, etc.). This sample of items is called the survey's

market basket. Most surveys gear their market baskets toward a "typical" consumer.

When using a cost-of-living survey, it is advisable to know what the survey's market basket contains, and whose buying habits the survey simulates. All surveys give a list of the items in the market basket and define the type of consumer(s) the market basket represents. For example, the Consumer Price Index for All Urban Consumers (CPI-U) is designed to represent 84 percent of the total U.S. population, based on the 1990 Census. The other surveys in this article have a narrower focus.

Medical Costs Outpace Housing In Anchorage—(CPI-U)

(Consumer Price Index-Urban)



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

2 Consumer Price Index US City Average and Anchorage

Annual Averages 1960 to Present

Year	U.S. City Average	Percent Change from Prev. Yr.	Anchorage Average	Percent Change from Prev. Yr.
1960	29.6		34.0	
1961	29.9	1.0	34.5	1.5
1962	30.2	1.0	34.7	0.6
1963	30.6	1.3	34.8	0.3
1964	31.0	1.3	35.0	0.6
1965	31.5	1.6	35.3	0.9
1966	32.4	2.9	36.3	2.8
1967	33.4	3.1	37.2	2.5
1968	34.8	4.2	38.1	2.4
1969	36.7	5.5	39.6	3.9
1970	38.8	5.7	41.1	3.8
1971	40.5	4.4	42.3	2.9
1972	41.8	3.2	43.4	2.6
1973	44.4	6.2	45.3	4.4
1974	49.3	11.0	50.2	10.8
1975	53.8	9.1	57.1	13.7
1976	56.9	5.8	61.5	7.7
1977	60.6	6.5	65.6	6.7
1978	65.2	7.6	70.2	7.0
1979	72.6	11.3	77.6	10.5
1980	82.4	13.5	85.5	10.2
1981	90.9	10.3	92.4	8.1
1982	96.5	6.2	97.4	5.4
1983	99.6	3.2	99.2	1.8
1984	103.9	4.3	103.3	4.1
1985	107.6	3.6	105.8	2.4
1986	109.6	1.9	107.8	1.9
1987	113.6	3.6	108.2	0.4
1988	118.3	4.1	108.6	0.4
1989	124.0	4.8	111.7	2.9
1990	130.7	5.4	118.6	6.2
1991	136.2	4.2	124.0	4.6
1992	140.3	3.0	128.2	3.4
1993	144.5	3.0	132.2	3.1
1994	148.2	2.6	135.0	2.1
1995	152.4	2.8	138.9	2.9
1996	156.9	3.0	142.7	2.7
1997	160.5	2.3	144.8	1.5
1998	163.0	1.6	146.9	1.5
2nd half '90	132.6	5.8	120.4	7.0
2nd half '91	137.2	3.5	124.7	3.6
2nd half '92	141.4	3.1	129.1	3.5
2nd half '93	145.3	2.8	132.8	2.9
2nd half '94	149.3	2.8	135.8	2.3
2nd half '95	153.3	2.7	139.5	2.7
2nd half '96	157.9	3.0	143.7	3.0
2nd half '97	161.2	2.1	145.4	1.2
2nd half '98	163.7	1.6	147.0	1.1

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

The CPI—the nation's inflation measure

The majority of requests for Alaska's cost of living ask about the inflation rate. The Consumer Price Index (CPI) is a national survey designed to answer questions about price changes. CPI information is often used to adjust rents, wages or other monetary payments for the effects of inflation.

To produce the CPI, the U.S. Department of Labor's Bureau of Labor Statistics (BLS) gathers prices in 87 urban areas throughout the country. Because Anchorage is the only city in Alaska surveyed, the Anchorage CPI is the only "Alaska" inflation measure. Unfortunately, it may not reflect price changes in every area of the state. In general, however, Anchorage price trends reflect changes in the cost of living for most Alaskans. If the Anchorage CPI doesn't adequately measure inflation in your area, you can choose a different area to measure inflation. Some users prefer to use Seattle's CPI, for example. But as a matter of practice, most Alaska users prefer to use the Anchorage CPI rather than another area's CPI.

From an official standpoint, the U.S. Department of Labor, BLS, recommends using the national CPI-U (U.S. City Average) to adjust for the effects of inflation. BLS recommends this because the smaller size of the local area samples makes them more prone to measurement errors. When the Anchorage and the U.S. City CPIs since 1960 are compared, inflation has been significantly lower in Anchorage than in the rest of the nation. (See Exhibit 2.) This is predominantly due to the difference in the rate of inflation for housing costs in Anchorage compared to the other areas in the CPI survey.

Housing key to Anchorage inflation rate

Analyzing inflation rates among expenditure categories can help clarify how different parts of the market basket affect the overall CPI. For example, since the early 1980s medical care costs have risen more rapidly than the overall Anchorage CPI, while housing costs have tended to lag behind the overall rate of inflation. (See Exhibit 1.)

While medical care costs have shot up in recent years, overall inflation has not followed. That's because the average consumer spends a much smaller amount on medical care than on housing. When the Consumer Price Index is calculated, each commodity group is given a weight, or measure of its contribution to the overall cost of living. Medical care costs, for example, accounted for 5.7% of the total cost of living in the December 1998 index. Housing costs, on the other hand, accounted for 41.4% of the Anchorage CPI during the same period. (See Exhibit 3.)

The strong influence that housing costs have on the overall Anchorage CPI has been particularly noticeable during the last 10 years. From 1986 to 1988, falling housing costs offset increases in other components of the CPI, resulting in low inflation during these three years. The increase in inflation in Anchorage during the early 1990s was largely due to a tightening housing market. When the housing component jumped from a 0.9% increase in 1989 to a 7.9% increase in 1990, Anchorage inflation followed suit, going from a 2.9% to a 6.2% increase. From 1990 to 1993, a tighter housing market propelled Anchorage's inflation rate above the rest of the nation's. Recently, Anchorage's housing market has cooled off and so has inflation.

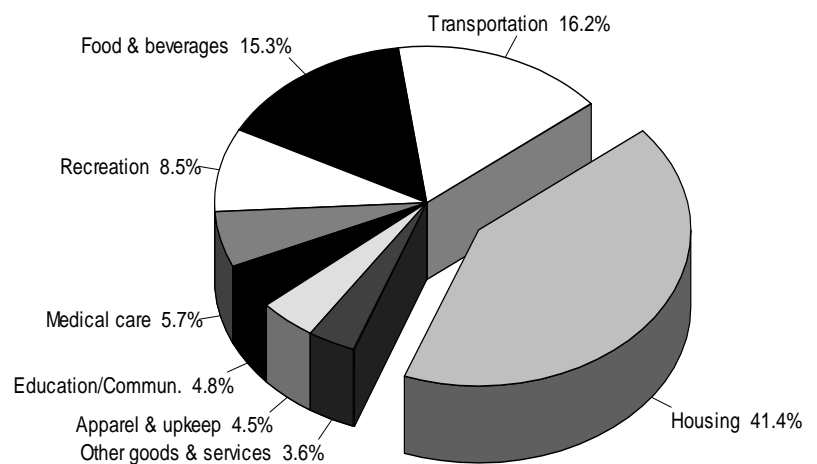
The housing component is unique in the CPI, especially in regard to home ownership costs. The CPI uses a method called rental equivalency. This method assumes that a homeowner's shelter costs equal what it would cost them to rent their house on the open market. This method has some shortcomings. In areas where housing prices and/or rents are changing rapidly, the inflation rate for the housing portion of the CPI could be exaggerated for homeowners who have a long-term fixed-rate mortgage. During periods of rapidly declining house prices, homeowners who have fixed mortgages do not experience lower housing costs, and their other costs continue to rise. The overall CPI figures can understate inflation for them. The opposite is true during a period of rapidly increasing house prices and rents. To measure inflation without the housing component, BLS publishes a special index, which

excludes housing-related costs—the All Items Less Shelter index. (See Exhibit 4.) There is a much smaller difference in the rate of inflation for Anchorage consumers over the long term when comparing the national All Items Less Shelter index to the Anchorage All Items Less Shelter index, than is indicated by comparing the All Items indexes.

CPI measures inflation—not costs between locations

CPI users should be aware of a common misinterpretation of the CPI index. It occurs when users compare CPI numbers among areas. For example, at 146.9, the annual average Anchorage CPI for 1998 is lower than the United States' average of 163.0. This does not mean that Anchorage has a lower cost of living than the rest of the United States. The CPI measures inflation, not costs. The lower Anchorage CPI means that Anchorage prices have not risen as quickly as prices in the rest of the U.S. since the early 1980s.

Housing is 41% of CPI-U Anchorage—Components Dec. 1998 **3**



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

(The base period, when the two indexes equaled 100, is 1982-84.)

Major CPI revision program underway

To maintain the accuracy of the CPI, the index is revised approximately every 10 years. The U.S. Department of Labor, Bureau of Labor Statistics, is currently implementing a multi-year program to update the nation's inflation measure. The latest revision of the U.S. CPI was first published with the release of the January 1998 data. The first published CPI for Anchorage using the revised method was released with the CPI for the first half of 1998. The biggest change in the CPI was the introduction of a new market basket of goods and services. This process updated the market basket using Consumer Expenditure Survey data from

1993-1995. One result was a reweighting of the expenditure categories that comprise the All Items CPI. In that process, some of the component indexes changed significantly. Entertainment, for example, is now called Recreation, and one new major item grouping, Education and Communication, was added.

In addition to the market basket revision, new urban areas replaced 36 of the 87 areas where data are collected. The new geographic distribution of CPI sample areas represents the population distribution in 1990, replacing a sample that represented the population distribution as of the 1980 Census. The change did not impact the Anchorage CPI, since Anchorage and Honolulu are considered statistical outliers because they are

4 Selected Components of CPI-U, Anchorage, and U.S. City Average—1983-1998 annual averages

Year	ALL ITEMS LESS SHELTER				HOUSING				TRANSPORTATION			
	U.S. Avg.	Percent Change from Prev. Yr.	Anch. Avg.	Percent Change from Prev. Yr.	U.S. Avg.	Percent Change from Prev. Yr.	Anch. Avg.	Percent Change from Prev. Yr.	U.S. Avg.	Percent Change from Prev. Yr.	Anch. Avg.	Percent Change from Prev. Yr.
1983	99.8	3.7%	99.9	3.7%	99.5	2.7%	99.0	0.8%	99.3	2.4%	98.5	1.8%
1984	103.9	4.1	103.8	3.9	103.6	4.1	102.7	3.7	103.7	4.4	104.6	6.2
1985	107.0	3.0	107.5	3.6	107.7	4.0	103.0	0.3	106.4	2.6	108.2	3.4
1986	108.0	0.9	111.2	3.4	110.9	3.0	102.6	-0.4	102.3	-3.9	107.8	-0.4
1987	111.6	3.3	115.1	3.5	114.2	3.0	97.5	-5.0	105.4	3.0	111.3	3.2
1988	115.9	3.9	117.8	2.3	118.5	3.8	95.4	-2.2	108.7	3.1	113.0	1.5
1989	121.6	4.9	122.3	3.8	123.0	3.8	96.3	0.9	114.1	5.0	116.7	3.3
1990	128.2	5.4	128.0	4.7	128.5	4.5	103.9	7.9	120.5	5.6	120.7	3.4
1991	133.5	4.1	131.9	3.0	133.6	4.0	111.2	7.0	123.8	2.7	121.7	0.8
1992	137.3	2.8	134.6	2.0	137.5	2.9	116.6	4.9	126.5	2.2	123.3	1.3
1993	141.4	3.0	137.9	2.5	141.2	2.7	121.1	3.9	130.4	3.1	128.8	4.4
1994	144.8	2.4	140.3	1.7	144.8	2.5	122.9	1.5	134.3	3.0	136.9	6.3
1995	148.6	2.6	144.6	3.1	148.5	2.6	124.9	1.6	139.1	3.6	143.8	5.0
1996	152.8	2.8	148.4	2.6	152.8	2.9	127.9	2.4	143.0	2.8	147.2	2.4
1997	155.9	2.0	150.6	1.5	156.8	2.6	129.4	1.2	144.3	0.9	147.0	-0.1
1998	157.2	0.8	152.6	1.3	160.4	2.3	131.0	1.2	141.6	-1.9	144.9	-1.4

1982-1984 = 100

geographically removed from the contiguous United States.

Other changes were implemented as a result of the 1998 CPI revision. Some occurred immediately; others will be phased in over several years. Changes include the introduction of a new sample and item structure for hospital services; a new method of collecting housing data; rebasing the CPI to the 1993-95 period; and numerous technical enhancements related to data collection. Some of these changes took effect with the Anchorage CPI for the first half of 1998; others will be incorporated over time. (For a detailed account of the changes occurring to the CPI, refer to the December 1996 issue of the *Monthly Labor Review*.)

New formula will lower CPI changes

Effective with the CPI data for January 1999, the Bureau of Labor Statistics will adopt a new method of calculating the CPI which will lower the rate of change. The change entails adopting a new formula for calculating weights of a select group of CPI components. A 1996 report from the Advisory Commission to Study the Consumer Price Index pointed out that the old CPI methodology did not account for the substitution behavior of consumers. (Substitution behavior can't be totally explained here, but it relates to the tendency of consumers to substitute one product for another when prices change.) In response, the Bureau of Labor Statistics adopted methods that better account for this behavior. Both the commission and the Bureau of Labor Statistics

Selected Components of CPI-U, Anchorage, and U.S. City Average—1983-1998 annual averages (continued)

4

Year	FOOD & BEVERAGES				MEDICAL CARE				APPAREL & UPKEEP			
	U.S. Avg.	Percent Change from Prev. Yr.	Anch. Avg.	Percent Change from Prev. Yr.	U.S. Avg.	Percent Change from Prev. Yr.	Anch. Avg.	Percent Change from Prev. Yr.	U.S. Avg.	Percent Change from Prev. Yr.	Anch. Avg.	Percent Change from Prev. Yr.
1983	99.5	2.3%	99.7	2.6%	100.6	8.8%	99.7	5.2%	100.2	2.5%	101.6	5.2%
1984	103.2	3.7	103.2	3.5	106.8	6.2	105.5	5.8	102.1	1.9	101.7	0.1
1985	105.6	2.3	106.2	2.9	113.5	6.3	110.9	5.1	105.0	2.8	105.8	4.0
1986	109.1	3.3	110.8	4.3	122.0	7.5	127.8	15.2	105.9	0.9	109.0	3.0
1987	113.5	4.0	113.1	2.1	130.1	6.6	137.0	7.2	110.6	4.4	116.6	7.0
1988	118.2	4.1	113.8	0.6	138.6	6.5	145.8	6.4	115.4	4.3	119.1	2.1
1989	124.9	5.7	117.2	3.0	149.3	7.7	154.4	5.9	118.6	2.8	125.0	5.0
1990	132.1	5.8	123.7	5.5	162.8	9.0	161.2	4.4	124.1	4.6	127.7	2.2
1991	136.8	3.6	127.7	3.2	177.0	8.7	173.5	7.6	128.7	3.7	126.6	-0.9
1992	138.7	1.4	130.3	2.0	190.1	7.4	183.0	5.5	131.9	2.5	130.2	2.8
1993	141.6	2.1	131.2	0.7	201.4	5.9	189.6	3.6	133.7	1.4	131.2	0.7
1994	144.9	2.3	131.9	0.5	211.0	4.8	197.8	4.3	133.4	-0.2	128.9	-1.8
1995	148.9	2.8	138.5	5.0	220.5	4.5	211.6	7.0	132.0	-1.0	130.0	0.9
1996	153.7	3.2	143.4	3.5	228.2	3.5	231.1	9.2	131.7	-0.2	128.7	-1.0
1997	157.7	2.6	145.8	1.7	234.6	2.8	248.9	7.7	132.9	0.9	127.0	-1.3
1998	161.1	2.2	147.3	1.0	242.1	3.2	255.7	2.7	133.0	0.0	125.6	-1.1

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

5 Cost of Food for a Week In 21 Alaska communities—12/98

Family of four with elementary school-age children

Community	Cost of Food, One Week	Percent of Anchorage
Anchorage	\$98.62	100%
Fairbanks	102.04	103
Juneau	104.54	106
Ketchikan	106.98	108
Kenai-Soldotna	107.57	109
Matanuska-Susitna	111.27	113
Sitka	111.38	113
Valdez	114.25	116
Glennallen	115.62	117
Klawock-Craig	117.40	119
Delta	120.22	122
Haines	126.92	129
Kodiak	127.97	130
Tok	130.22	132
Wrangell	130.67	132
Cordova	145.84	148
Nome	150.25	152
Bethel	152.57	155
Dillingham	168.45	171
Naknek	176.80	179
Galena	189.71	192

Sales tax included in food cost.

Source: *Cost of Food at Home for a Week, December 1998, University of Alaska Cooperative Extension Service, U.S. Dept. of Agriculture and SEA Grant Cooperating*

estimate this change will reduce the annual rate of change in the CPI by approximately 0.2 percentage points per year. (For a detailed account of the incorporation of a geometric mean into the CPI, refer to the October 1998 issue of the *Monthly Labor Review*.)

Some place-to-place comparisons—each with different results

There are different studies available to compare living costs between places. Due primarily to methodology differences, each survey shows a

6 Cost of Food for a Week In eight Alaska cities—78-98

Family of four with elementary school-age children

Date	Anchorage	Fairbanks	Percent of Anch.	Juneau	Percent of Anch.
9/78	\$76.67	\$84.15	110%	\$73.72	96%
9/79	82.18	89.39	109	74.88	91
9/80	88.44	90.54	102	85.92	97
9/81	86.69	98.47	114	93.95	108
9/82	77.30	92.09	119	99.98	129
9/83	81.66	83.79	103	88.62	109
9/84	84.22	91.26	108	91.66	109
9/85	89.06	90.08	101	106.61	120
9/86	87.25	90.61	104	87.65	100
9/87	88.90	85.12	96	88.24	99
9/88	90.99	94.74	104	92.95	102
9/89	93.80	94.33	101	96.73	103
9/90	98.73	103.49	105	100.86	102
9/91	102.84	114.65	111	104.21	101
9/92	100.46	92.31	92	102.62	102
9/93	97.89	93.42	95	103.70	106
9/94	91.32	94.96	104	104.09	114
9/95	89.30	93.26	104	99.38	111
9/96	101.43	96.65	95	96.93	96
9/97	96.57	97.73	101	98.89	102
9/98	98.74	98.35	100	103.08	104

Source: *Cost of Food at Home for a Week, September 1978 - September 1998, University of Alaska Cooperative Extension Service, U.S. Dept. of Agriculture and SEA Grant Cooperating*

different result when comparing living costs between locations.

One cost-of-living measurement is the University of Alaska's Cost of Food at Home study. It measures the cost to feed various size families in different locations in Alaska. The food basket provides a minimum level of nutrition to an individual or family at the lowest possible cost. The report also contains comparative information on some utility and fuel costs. One of its strengths is wide geographic coverage of Alaska over a relatively long period of time. For many years, the Cost of Food at Home study has provided a comparative

measure for Alaska locations that no other cost survey covers. Its primary weakness is that it measures only a limited number of food items and some utility costs. Food and utility costs alone can't provide a complete measurement of cost-of-living differences.

Comparing living costs among Alaska communities is complicated by several factors. Some goods and services available in urban areas are not readily available in rural areas. The buying habits of urban residents can vary dramatically from those of rural residents, which can confuse cost-of-living comparisons. The

Cost of Food for a Week 6

In eight Alaska cities—78-98 (continued)

Bethel	Percent of Anch.	Nome	Percent of Anch.	Kodiak	Percent of Anch.	Kenai	Percent of Anch.	Tok	Percent of Anch.
\$114.05	149%	\$118.85	155%	-	-	\$82.48	108%	-	-
129.16	157	128.67	157	-	-	100.41	122	-	-
130.87	148	131.14	148	\$99.42	112%	120.84	137	\$108.82	123%
138.66	160	150.27	173	-	-	-	-	114.80	132
125.50	162	149.04	193	-	-	-	-	-	-
128.30	157	130.14	159	104.94	129	86.98	107	-	-
136.54	162	142.07	169	115.97	138	87.97	104	121.66	144
138.13	155	152.41	171	108.17	121	91.47	103	116.19	130
137.96	158	142.04	163	105.49	121	92.78	106	124.18	142
140.81	158	147.96	166	104.39	117	96.95	109	117.51	132
137.57	151	147.69	162	116.68	128	95.53	105	119.69	132
140.65	150	-	-	124.61	133	104.20	111	139.43	149
146.92	149	155.48	157	154.55	157	103.21	105	131.03	133
152.49	148	150.29	146	127.96	124	111.88	109	143.45	139
142.51	142	158.08	157	124.61	124	109.60	109	132.94	132
147.84	151	145.94	149	125.19	128	111.61	114	136.96	140
133.47	146	140.22	154	123.99	136	105.51	116	140.78	154
140.68	158	148.55	166	123.04	138	102.48	115	122.89	138
148.70	147	162.61	160	125.71	124	105.01	104	142.46	140
150.42	156	-	-	123.92	128	104.87	109	-	-
155.24	157	174.27	176	130.04	132	104.13	105	144.67	147

- Data unavailable. September 1979 data for Kenai not available; December 1979 data substituted.

Cost of Food survey assumes that all foods are purchased in the local community. In rural Alaska, food is commonly acquired through subsistence means or from merchants outside of the community. These factors play a significant role in an area's cost of living.

Food costs are higher in rural Alaska

Exhibit 5 shows weekly food costs in 21 communities for a family of four with elementary school-aged children. The December 1998 figures show that Anchorage had the lowest food costs of the areas surveyed, followed by Fairbanks, Juneau, Ketchikan, and Kenai-Soldotna. The survey has

consistently shown that larger cities in Alaska have food costs fairly comparable to those in Anchorage.

Overall, food costs tend to have three tiers in Alaska. The largest urban areas have the lowest food costs. Smaller communities on a major distribution system like a road or the Alaska Marine Highway tend to have slightly higher costs than the urban areas. The highest food costs are found in isolated communities supplied primarily by air. In places such as Bethel, Dillingham and Naknek, food costs are 50 to 75 percent higher than in Anchorage. Although the Cost of Food at Home survey does not extensively survey remote villages, they tend to have even higher costs than the regional centers that are serviced only by air.

7 20 Highest Cost Urban Areas ACCRA Cost of Living Index 3rd Qtr 1998

City	All	Grocery		Utilities	Transportation	Health Care	Misc. Goods & Services
	Items Index	Items	Housing				
New York, NY	231.3	143.9	460.5	176.6	119.3	184.3	133.5
Kodiak, AK	144.8	147.1	146.0	161.5	127.4	160.4	141.6
Nassau Co., NY	142.3	122.5	171.3	165.1	122.9	161.2	124.9
Salinas-Monterey, CA	136.0	115.9	198.7	98.9	123.1	137.9	105.1
Juneau, AK	134.4	131.7	138.5	154.5	122.8	168.0	125.8
Boston, MA	131.9	113.1	175.2	122.9	119.6	138.7	109.1
San Diego, CA	127.8	115.5	168.8	103.4	125.2	121.1	106.8
Fairbanks, AK	124.4	116.3	135.7	142.1	120.2	162.5	109.8
Washington, DC	123.8	109.2	151.2	94.3	128.9	120.4	113.7
Anchorage, AK	122.9	125.7	132.7	90.8	111.5	165.0	118.2
Philadelphia, PA	121.2	108.6	141.7	154.0	115.0	99.1	107.1
Chapel Hill, NC	120.4	106.6	162.0	98.1	97.0	108.2	106.1
New Haven, CT	120.3	108.0	137.8	167.2	103.6	131.9	103.5
Boulder, CO	119.3	114.9	158.6	84.6	112.3	113.3	99.5
Los Alamos, NM	119.1	103.3	165.6	86.9	109.5	112.4	99.0
Sacramento, CA	117.8	119.8	119.5	114.5	119.4	147.1	111.3
Burlington/Chittendon Co., VT	115.2	106.3	129.7	131.8	102.8	117.7	106.6
Reno-Sparks, NV	114.6	108.9	126.5	93.6	112.8	125.4	111.3
Detroit, MI	114.0	105.3	138.0	104.3	106.7	116.8	102.1
Glenwood Springs, CO	113.2	104.7	133.0	94.9	119.3	109.9	103.5

Source: American Chamber of Commerce Researchers Association, Urban Area Index Data, third quarter 1998. (334 urban areas surveyed).

The urban/rural cost differential in the Cost of Food at Home study presents an interesting contrast between Alaska and other areas of the United States. Other surveys show that in the Lower 48, large urban areas tend to have higher living costs, including food costs, than less populated areas. The opposite is true in Alaska. The cost of food and other basics such as fuel is higher in rural Alaska communities than in the state's urban centers.

Another interesting point about this survey is that the multi-tiered structure of food costs in Alaska has not changed much since the late 1970s. Exhibit 6 shows the difference in the cost of food between Anchorage and other Alaska

Cost of Living—Selected Cities

ACCRA Index 3rd Qtr 1998



	All Items Index	Grocery Items	Housing	Utilities	Transportation	Health Care	Misc. Goods & Services
West							
Anchorage, AK	122.9	125.7	132.7	90.8	111.5	165.0	118.2
Fairbanks, AK	124.4	116.3	135.7	142.1	120.2	162.5	109.8
Juneau, AK	134.4	131.7	138.5	154.5	122.8	168.0	125.8
Kodiak, AK	144.8	147.1	146.0	161.5	127.4	160.4	141.6
Las Vegas, NV	105.2	115.5	105.0	84.5	107.4	115.5	103.2
Portland, OR	111.7	106.5	125.6	84.0	113.2	121.8	107.3
San Diego, CA	127.8	115.5	168.8	103.4	125.2	121.1	106.8
Southwest/Mountain							
Boise, ID	103.4	100.5	113.0	74.1	102.9	113.0	102.4
Dallas, TX	98.6	95.3	96.4	96.7	105.6	102.7	99.8
Denver, CO	108.1	106.7	123.7	84.6	112.3	113.3	99.5
Phoenix, AZ	102.3	105.2	99.2	105.5	113.2	111.2	98.1
Salt Lake City, UT	107.9	110.1	118.0	79.5	113.0	104.6	104.1
Midwest							
Milwaukee, WI	106.8	102.8	122.8	92.0	106.2	102.6	99.7
Oklahoma City, OK	92.0	93.4	79.0	93.9	98.8	89.7	100.3
St. Louis, MO	98.1	102.0	98.0	97.7	97.3	109.4	94.9
Southeast							
Birmingham, AL	95.8	93.3	94.0	96.6	94.5	98.3	98.4
Nashville, TN	106.4	101.0	108.1	108.8	117.6	111.9	103.0
Orlando, FL	99.5	101.1	95.7	103.8	97.6	107.0	100.3
Raleigh, NC	101.8	98.0	109.5	101.8	95.2	99.8	99.5
Atlantic/New England							
Baltimore, MD	96.0	97.4	95.5	107.8	102.9	94.3	91.2
Philadelphia, PA	121.2	108.6	141.7	154.0	115.0	99.1	107.1
Washington, DC	123.8	109.2	151.2	94.3	128.9	120.4	113.7

Source: American Chamber of Commerce Researchers Association, Urban Area Index Data, third quarter 1998. (334 urban areas surveyed).

9

Average Price Selected Goods & Services

Selected U.S. Cities—3rd Qtr 1998

	1 lb. Ground Beef	Milk Whole 1/2 gal.	Eggs 1 doz. Grade A Lg.	Coffee 13 oz. Canned	2 BR Apt. Rent Unfurn. No utils.	House Purchase Price	Total Monthly Energy Cost	Hospital Rm./day Semi- Private	Doctor Office Visit	McDonald's Quarter Pounder W/cheese	Men's Levis 501/505	
West												
Anchorage, AK	\$1.79	\$2.22	\$1.29	\$3.68	\$771	\$183,028	\$94	\$1.16	\$748	\$80	\$2.69	\$35.59
Fairbanks, AK	1.30	1.99	1.40	3.76	762	187,000	152	1.25	565	81	2.69	31.59
Juneau, AK	1.69	2.04	1.56	3.94	950	182,000	168	1.39	425	76	2.70	31.62
Kodiak, AK	1.74	2.34	1.54	4.02	850	187,500	171	1.50	600	68	2.89	43.47
Las Vegas, NV	1.49	1.66	1.39	3.73	727	142,050	89	1.10	351	63	1.99	33.24
Portland, OR	1.49	1.66	1.06	3.49	683	178,300	81	1.20	519	54	2.01	39.99
San Diego, CA	1.71	1.98	2.05	3.59	900	240,818	107	1.27	675	52	2.12	38.99
Southwest/Mountain												
Boise, ID	1.17	1.25	0.80	3.41	701	153,564	69	1.17	497	55	2.09	30.39
Dallas, TX	1.25	1.38	0.98	2.90	792	122,107	100	1.01	480	50	2.08	31.42
Denver, CO	1.12	2.08	0.98	3.66	765	171,281	82	1.11	519	66	2.12	38.99
Phoenix, AZ	1.40	1.71	0.85	3.57	673	132,318	108	1.10	551	53	2.10	33.39
Salt Lake City, UT	1.65	1.64	0.77	3.82	653	166,400	76	1.18	393	55	2.09	36.24
Midwest												
Milwaukee, WI	1.45	1.53	0.73	3.01	694	170,230	95	1.13	418	56	1.99	33.19
Oklahoma City, OK	1.29	1.44	0.78	3.05	526	106,000	93	0.99	290	41	1.78	35.19
St. Louis, MO	1.47	1.72	0.86	3.19	655	132,283	98	1.03	473	60	1.93	30.97
Southeast												
Birmingham, AL	1.04	1.71	0.75	2.44	563	131,500	94	1.01	467	52	2.01	31.39
Nashville, TN	1.26	1.42	0.80	2.82	610	127,033	90	1.03	276	53	1.95	33.99
Orlando, FL	1.39	1.64	0.92	2.71	600	133,200	104	1.05	486	53	1.79	30.29
Raleigh, NC	1.48	1.80	0.92	2.49	742	149,369	105	0.99	337	54	1.98	32.99
Atlantic/New England												
Baltimore, MD	1.41	1.43	0.77	3.40	507	136,448	108	1.08	539	45	1.00	30.79
Philadelphia, PA	1.84	1.39	1.14	3.39	727	196,749	166	1.08	452	48	2.14	33.50
Washington, DC	1.41	1.51	1.02	3.27	1,083	204,193	93	1.13	509	64	1.99	35.90
ALL CITIES MEAN¹	1.38	1.54	0.90	3.09	586	138,988	101	1.06	405	51	2.01	33.75

¹ All cities mean is the arithmetic mean price of all 334 cities in the third quarter 1998 survey.

Source: American Chamber of Commerce Researchers Association Cost of Living Index, Average Price Data, third quarter 1998. (334 urban areas surveyed.)

communities. It also shows the changes in costs over time within several communities in the study.

ACCRA places Alaska cities among most expensive

The American Chamber of Commerce Researchers Association (ACCRA) provides another cost-of-living measure. The ACCRA cost-of-living study compares costs for roughly 300 cities in the United States, including several in Alaska. The ACCRA study is intended to replicate the consumption patterns of a mid-management executive's household.

In the ACCRA study, a standardized list of 59 items is priced during a fixed period of time. The average price data for each urban area are then converted into an index number for each expenditure category. Because of the limited number of items priced, percentage differences between areas should not be treated as exact measures. Small differences should not be construed as significant, or even as a correct indication of which area is the more expensive. Aside from the limited number of items priced, the ACCRA index also does not take state and local taxes into account. This is due in part to the difficulty of reliably measuring an area's tax burden.

Four Alaska cities were included in the third quarter 1998 ACCRA study—Anchorage, Fairbanks, Juneau, and Kodiak. The third quarter 1998 ACCRA data show that the Alaska cities are among the 10 highest cost areas surveyed. (See Exhibit 7.) Anchorage had the lowest index of the Alaska cities in the ACCRA study; however, the difference between Anchorage and Fairbanks was relatively small. According to the index, Anchorage and Fairbanks have a cost of living roughly 25% higher than the all-cities average. Juneau was about 35% higher and Kodiak was nearly 45% higher than the all-cities average.

The four Alaska cities in the ACCRA study were among the highest-cost cities surveyed for several of the six major components of the ACCRA index.

All four cities were in the top 10 in at least half of the categories, and Kodiak was in the top 10 in all six component indexes.

ACCRA points to a smaller difference in housing costs

Housing costs have always been thought of as exceptionally high in Alaska. Although they are high, the ACCRA housing index shows that some areas in the nation, particularly large urban areas, have comparable or much higher housing costs. Generally, the lowest rankings for Alaska's cities were in the ACCRA transportation index. The Anchorage utilities index was lower than two-thirds of the cities in the ACCRA study.

Comparative figures for Alaska cities and other cities around the nation are presented in Exhibits 8 and 9. Exhibit 8 shows the ACCRA cost-of-living indexes while Exhibit 9 contains prices for some of the goods and services in the ACCRA study.

The ACCRA cost-of-living study is designed for spending patterns found in major American urban centers. The data collected in the pricing survey attempt to match the items found in urban areas. This process tends to ignore spending patterns found in atypical areas. For example, the transportation costs in the ACCRA study include items such as bus fare, the price of a gallon of gasoline, and automobile wheel balancing. This method is problematic for Alaska communities because air transportation is a more common, and generally more expensive, mode of travel.

Runzheimer study shows smaller cost-of-living differential

A different approach to calculating living cost differences between cities is taken in the Runzheimer Living Cost Standards survey. Runzheimer International, a private research firm contracted by the Alaska Department of Labor's (AKDOL) Workers' Compensation Division, looked at the comparative income necessary to maintain a certain standard of living in different areas of the country as of December

1998. Runzheimer's approach takes into account certain elements left out of the ACCRA cost-of-living measure, such as an area's tax rates.

In the AKDOL Runzheimer study, a "base" family was created—two parents and two children. They own their home, a recently purchased 1,500 square foot single-family home with three bedrooms and 1.5 baths. They drive one automobile, a 1995 Ford Contour GL, approximately 16,000 miles annually. This family has an income of \$32,000 in Standard City, a fictitious city that has costs close to the median of all the cities in the survey. The standard of living attainable in Standard City was then priced in each of the surveyed areas.

The AKDOL Runzheimer survey shows that Anchorage and Fairbanks have a slightly higher cost of living than the other areas surveyed, while Juneau's cost-of-living index was about 15 percent higher. The cost of living in these three Alaska locations ranges from 2.8% to 15.4% above Standard City. (See Exhibit 10.) For comparison purposes, many of the cities appearing in the ACCRA data in Exhibits 8 and 9 are included in the Runzheimer data in Exhibit 10.

Lower taxes contribute to lower living costs

The component indexes of the Alaska cities in the Runzheimer study range from 5 to 45 percent above the average cost of living except the taxation component. The Runzheimer study indicates that the portion of income that goes to taxes in Alaska is about 12 to 14 percent below the average in Standard City. This is the main reason the Runzheimer index does not show Anchorage's, Fairbanks' and Juneau's living costs as high as the cost of purchasing goods and services would indicate. Another factor to remember is that Runzheimer does not take into account the Alaska Permanent Fund Dividend. If every member of the fictitious Runzheimer family received an Alaska Permanent Fund check, more than \$6,000 would have been added to the household's pre-tax income

in 1998. This amounts to a significant boost in the overall income in this fictional Alaska household.

Construction costs follow other surveys somewhat

In early 1999, the Alaska Department of Labor's Research and Analysis Section conducted the seventh annual survey of the cost of a market basket of construction materials. The survey, commissioned by the Alaska Housing Finance Corporation (AHFC), measures the cost of acquiring building materials necessary to construct a single-family residence at various locations in Alaska. The construction materials priced represent approximately 30 percent of the total dollar value of a materials list for constructing a model single-family residence.

The costs of construction materials at 10 Alaska locations were measured, with the results showing some of the same patterns evident in other surveys. (See Exhibit 11.) Like the other surveys, rural locations tended to have the highest costs. One notable difference with this survey is that Sitka and Juneau had the lowest construction materials costs. No other survey showed Juneau among the lowest costs for any items priced.

Summary: No single answer to cost-of-living question

When looking at cost-of-living information, first decide what type of comparison needs to be made. Are you interested in how prices have changed over time, or how costs differ between places? The answer narrows the field of appropriate cost-of-living surveys.

Next, decide on the suitability of different surveys. Some surveys look at subsets of the total cost-of-living package, such as the Cost of Food at Home survey or the AHFC construction cost survey. Some surveys might look at a population unlike the one being studied. The ACCRA survey's mid-

Runzheimer International Living Cost Standards

Annual Costs as of December 1998

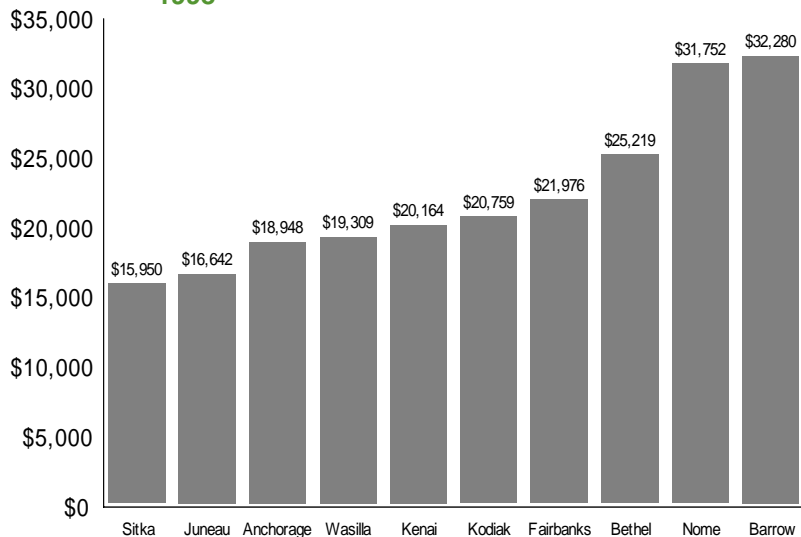
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	Total Costs	Percent of Standard City Taxation	Percent of Standard City	Trans- portation	Percent of Standard City	Housing	Percent of Standard City	Misc. Goods & Services, Other	Percent of Std. City	
West										
Alaska composite	\$34,267	107.1%	\$5,602	88.1%	\$4,211	107.5%	\$12,783	118.6%	\$11,671	106.6%
Anchorage, AK	32,976	103.1	5,739	90.3	4,321	110.3	11,464	106.4	11,452	104.6
Fairbanks, AK	32,897	102.8	5,593	88.0	4,227	107.9	11,271	104.6	11,806	107.8
Juneau, AK	36,930	115.4	5,473	86.1	4,086	104.3	15,617	145.0	11,754	107.3
Las Vegas, NV	31,384	98.1	5,721	90.0	4,652	118.7	10,409	96.6	10,602	96.8
Portland, OR	34,289	107.2	6,064	95.4	3,821	97.5	12,977	120.4	11,427	104.4
San Diego, CA	37,488	117.2	5,753	90.5	4,345	110.9	15,943	148.0	11,447	104.5
Seattle, WA	35,737	111.7	6,079	95.6	4,239	108.2	14,150	131.3	11,269	102.9
Southwest/Mountain										
Boise, ID	31,310	97.8	5,894	92.7	3,806	97.1	11,136	103.4	10,474	95.7
Dallas, TX	29,116	91.0	6,154	96.8	4,261	108.8	8,090	75.1	10,611	96.9
Denver, CO	32,388	101.2	5,034	79.2	4,351	111.1	12,148	112.8	10,855	99.1
Phoenix, AZ	31,464	98.3	5,794	91.1	4,421	112.8	10,520	97.6	10,729	98.0
Salt Lake City, UT	33,685	105.3	5,786	91.0	4,081	104.2	13,028	120.9	10,790	98.5
Midwest										
Milwaukee, WI	33,975	106.2	7,531	118.4	3,798	96.9	12,078	112.1	10,568	96.5
Oklahoma City, OK	28,760	89.9	6,308	99.2	3,850	98.3	8,382	77.8	10,220	93.3
St. Louis, MO	32,762	102.4	6,742	106.0	3,948	100.8	11,552	107.2	10,520	96.1
Southeast										
Birmingham, AL	32,519	101.6	6,256	98.4	3,756	95.9	11,799	109.5	10,708	97.8
Nashville, TN	29,367	91.8	5,491	86.4	3,502	89.4	9,610	89.2	10,764	98.3
Orlando, FL	28,897	90.3	5,600	88.1	3,930	100.3	8,651	80.3	10,716	97.9
Raleigh, NC	31,164	97.4	6,780	106.6	3,791	96.8	10,276	95.4	10,317	94.2
Atlantic/New England										
Baltimore, MD	33,518	104.7	6,408	100.8	4,033	102.9	11,953	110.9	11,124	101.6
Philadelphia, PA	36,474	114.0	8,304	130.6	4,565	116.5	12,086	112.2	11,519	105.2
Washington, DC	35,262	110.2	6,511	102.4	4,029	102.8	13,406	124.4	11,316	103.3
STANDARD CITY, USA	32,000	--	6,358	--	3,918	--	10,774	--	10,950	--

Source: Runzheimer Living Cost Index, December, 1998

11 Construction Materials Costly In rural Alaska

Cost of selected residential construction materials— 1998



Sources: Alaska Housing Market Indicators, Fall 1997; Alaska Housing Finance Corporation; Alaska Department of Labor, Research and Analysis Section

management family does not reflect the cost of living for poverty income families.

In Alaska, particularly in smaller communities, survey choices are few. Only the Cost of Food at Home and the construction costs survey conducted for the AHFC include much more than the three largest Alaska cities. These surveys have their limitations in the scope or appropriateness of the goods priced. For this reason, users might be forced to use an index that only approximates cost-of-living differences.

Given their limitations, most cost-of-living indexes involve a compromise answer. Still, the indexes in this article provide baseline information to help answer these questions. When used with care, the information can help you compare how far your dollar will go.

Alaska Cost-of-Living Information on the World Wide Web

If you need cost-of-living comparisons, particularly if you're contemplating a move to Alaska, there are a number of resources available on the World Wide Web. Here are some sites that have cost-of-living information as well as a wealth of other information about Alaska.

<http://www.labor.state.ak.us/research/relocate/relocmap.htm>

The Alaska Department of Labor's relocation site offers cost-of-living information, general information about Alaska, information on employment opportunities and information about traveling to Alaska.

<http://www.careerindex.com/library/sidebyside.html>

The Homefair City Reports gives you a side-by-side comparison of two cities' cost of living, climate, demographics and other vital information from a database that is kept current with quarterly updates. Homefair City Reports offers

one complimentary report with up to two destinations.

<http://www.datamasters.com/cgi-bin/col.pl>

DataMasters Inc., like Homefair City Reports, allows you to compare the level of income needed to maintain the purchasing power you currently have. Not surprisingly, results from the Homefair Reports and DataMasters sites can differ, suggesting that multiple sources and a thorough investigation are your best allies when researching cost-of-living information.

http://city.net/countries/united_states/alaska/#relocation_information

Excite Travel's Alaska web site is a rich source of Alaska information. Relocation data are available as well as a variety of other information including links to Alaska city home pages, weather information, businesses, arts and leisure activities.

New Hires Picture Mixed

by Jill Lewis
Labor Economist

Winter-spring seasonal trend reverses in seafood processing

For the first time since the data series began, 1998 seafood processing new hires in the first (winter) quarter surpassed second quarter levels. Statewide, new hires for the second quarter were down year-to-year, although they increased 58 percent (25,467) from the prior quarter. Each year the transition from the winter to spring quarter marks the beginning of the peak hiring season. The hotel, tourism, and construction industries all experienced large increases in the number of new hires. Every region of the state showed a higher level of hiring in the spring than in the winter quarter. Except for seafood processing, all industries were up during this transition.

Winter seafood processing new hires exceed spring levels

Seafood processing began strongly in 1998 with more than 5,000 new hires in the first quarter. Then in the second quarter, they fell to 3,857, or 24 percent below the winter quarter. Compared to spring of 1997, there were nearly 1,600 fewer seafood processing new hires in 1998. (See Exhibit 1.)

The winter (first) quarter includes January, February and March. The spring (second) quarter includes April, May and June.

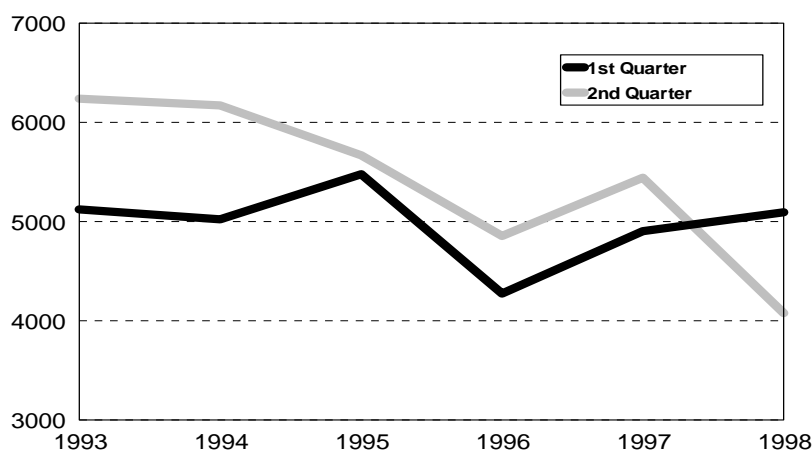
While the winter fishery has had sustained employment levels, the summer fishery has experienced a general downturn. For the second

The New Hires Quarterly Report

The New Hires Quarterly Report counts job opportunities created by business expansions, business start-ups, and job turnover. The report assists employment security personnel and the job-seekers they serve in developing strategies for job placement in the Alaska economy. Almost all firms with employees working in Alaska are required to report social security numbers, occupation, work site and wages earned for each employee to the Alaska Department of Labor on a quarterly basis.

A new hire is defined as an employee who was not working for the employer in any of the previous four quarters. A worker can be counted as a new hire for more than one employer during a quarter. Since replacements for departing workers are included, readers are cautioned about drawing conclusions about job growth solely from quarterly new hire data.

Seafood Processing New Hires First and Second Quarters 1993-1998



Source: Alaska Department of Labor, Research and Analysis Section

year in a row, Bristol Bay and Cook Inlet encountered ruinous salmon harvests during the summer months. Processors scaled back operations rapidly when it became apparent that 1998 would see no recovery. Southeast Alaska also suffered losses due to the temporary closure

of Wrangell Fisheries during April and May and a 30 percent reduction in herring quotas from 1997. Even before processors scaled back, some were unable to find enough workers to fill vacancies, further slowing new hires in the second quarter. Strong economies in other states and the memory of early closures in 1997 may have thinned their labor pool considerably.

2 Alaska New Hires

First and Second Quarters 1998

	1st Qtr 1998	2nd Qtr 1998	Change from 1st Qtr 1997	Change from 2nd Qtr 1997
Total New Hires	44,244	69,711	3,559	-1,209
Region:				
Northern	3,013	3,302	845	110
Interior	5,115	11,675	451	575
Southwest	5,288	5,351	205	-391
Anchorage/Mat-Su	20,888	31,024	2,557	875
Gulf Coast	4,110	8,374	-323	-1,323
Southeast	4,622	9,182	-284	-961
Offshore	1,032	419	97	79
Outside	176	384	11	-173
Industry:				
Agriculture/Forestry/Fish	254	954	-222	-92
Mining	1,172	1,937	469	537
Oil & Gas Extraction	1,087	1,608	523	634
All Other Mining	85	329	-54	-97
Construction	3,558	7,143	925	-120
Manufacturing	5,830	5,223	18	-1,832
Seafood Processing	5,092	3,857	201	-1,581
All Other Manufacturing	738	1,366	-183	-251
Trans/Comm/Utilities (TCU)	2,989	5,813	120	-218
Tourism-related TCU ¹	605	2,244	12	75
All Other TCU	2,384	3,569	108	-293
Wholesale Trade	1,332	2,006	112	-119
Retail Trade	10,264	18,635	1,111	-294
Finance/Insur/Real Estate	1,658	2,401	166	27
Services	12,793	19,861	214	274
Hotels & Lodging	1,013	4,221	83	207
All Other Services	11,780	15,640	131	67
Public Administration	4,394	5,738	456	567

¹ Tourism-related Transportation, Communications and Utilities includes local passenger, water, and nonscheduled air transportation, travel agencies and other travel arrangers. Not all of the employment in these categories is attributable to tourism, but all are heavily influenced by tourism in most regions.

Source: Alaska Department of Labor, Research and Analysis Section

First quarter new hires grow for second year

Statewide hiring in the first quarter of 1998 was at its highest level since 1992, the earliest year for which data are available. There were 44,244 new hires in Alaska for that period, compared with 40,685 for 1997. (See Exhibit 2.) This represented an increase of 8.7% and marked the second consecutive year that hiring in the winter quarter experienced growth. (See Exhibit 3.) Hiring was led by oil industry exploration activities that also aided construction and services industry new hires. Retail hiring was strong, helping to raise first quarter new hires by more than 1,000.

Spring hiring has its ups and downs

If the impact of a poor spring quarter for seafood processing were disregarded, total new hires would have been slightly above 1997 levels for the second quarter of 1998. As it was, April to June 1998 hiring was down slightly from the year before. Second quarter new hires totaled 69,711, declining 1.7% from the same quarter of 1997. Losses in seafood processing brought down overall totals and hit the Gulf Coast particularly hard, for a 13.6% decline. Oil industry employers continued to add workers in the second quarter, surpassing the previous spring by 634 new hires. This impacted primarily the Northern and Anchorage regions. The hiring upswing was short-lived, however, as exploration activities were curtailed in response to dropping oil prices. Retail sector hiring was strong although it was down slightly from second quarter 1997. Service industry hiring was about on par with the solid levels of the previous spring.

Seafood dominates Southwest and Gulf Coast

Seafood processing dominated winter new hires in Southwest Alaska with almost 50 percent of all new hires for that region. Winter new hires were up for 1998 in all regions except for Southeast and Gulf Coast. The City and Borough of Juneau showed a modest loss for the same period (4.6%). Hiring in the Interior region of the state improved over the previous winter, gaining 451 new hires mainly in the services and public administration industries. The Fairbanks Northstar Borough increased winter new hires by seven percent. The Northern region gained 39 percent or 845 more winter new hires than 1997, mostly from the oil and construction sectors. The Municipality of Anchorage improved its performance from first quarter 1997 to first quarter 1998 by 2,479 new hires (14.7%).

Losses in the Southwest, Gulf Coast and Southeast regions cancelled gains in the Anchorage/Mat-Su and Northern regions for the second quarter of 1998. The largest drop occurred in the Gulf Coast

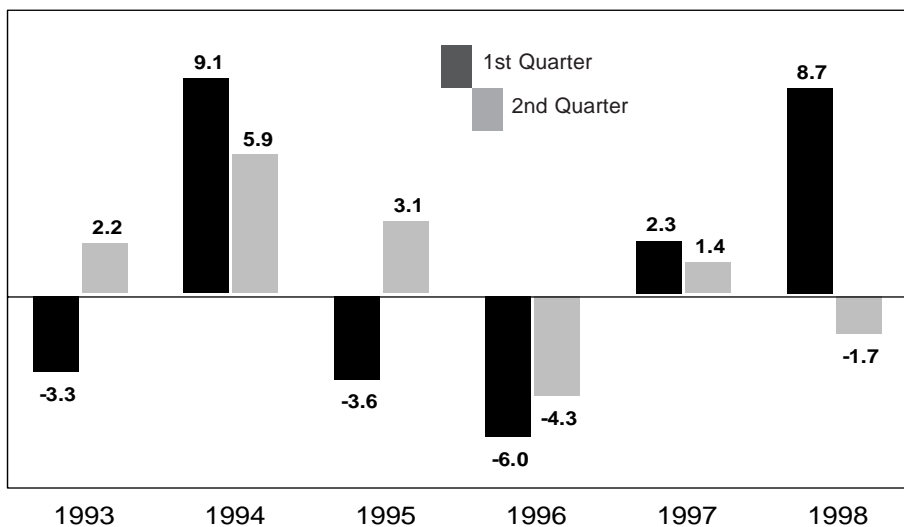
where new hires were down 1,323 compared to 1997. This was primarily due to the poor salmon harvest in Cook Inlet. The Southwest was also negatively affected by the meager fishing season with a 6.8% decline year-to-year. April-to-June saw 961 fewer new hires for Southeast. Manufacturing employment in Southeast fell 11.6% during 1998 due to seafood processing declines and the slackened demand in Asia for timber. On a brighter note, Anchorage area new hires were up 4.7%, driven by the oil and retail sectors.

Summary

Hiring was strong in the first six months of 1998 as Alaska's unemployment rates were at all time lows. Oil industry new hires were up significantly year-to-year for both quarters. This, in turn, had a positive effect on construction and services hiring. With the winter quarter out-performing the spring quarter, seafood processing hires reversed the usual trend. Hiring levels in the oil, retail and services sectors mitigated the negative effect of seafood processing in the second quarter.

First and Second Quarter New Hires 3

Percent change from previous year 1993-1998



Source: Alaska Department of Labor, Research and Analysis Section

Per Capita Income

by John Boucher
Labor Economist

How it stacks up in Alaska in 1997 and 1998

The U.S. Department of Commerce, Bureau of Economic Analysis, recently released 1998 personal income statistics for Alaska. Total personal income in Alaska in 1998 was

estimated at \$15.7 billion, which translated into a statewide per capita income of \$25,675.¹ Alaska's per capita income grew at a 2.8% rate in 1998, the fifth-slowest growth rate among the 50 states. Nationally, per capita income grew at a 4.4% rate; the nation's per capita income was \$26,412. Alaska ranked 20th among the 50 states in per capita income. (See Exhibit 4.) As has been the case throughout much of the last 20 years, slower earnings growth was the primary reason for Alaska's slower per capita income growth.

1 Per Capita Personal Income Alaska and Regions – 1997

	1997	1996	1995
United States	\$25,288	\$24,164	\$23,059
State of Alaska	24,969	24,310	23,971
Bristol Bay Borough	33,769	33,321	35,590
Ketchikan Gateway Borough	30,396	29,899	30,048
Anchorage Municipality	29,765	28,690	27,845
Haines Borough	29,190	29,346	28,526
Juneau Borough	28,811	28,479	28,114
Valdez-Cordova C.A.	26,743	25,864	25,177
Denali Borough	25,467	24,198	22,464
Sitka Borough	24,995	24,866	23,865
North Slope Borough	23,725	24,331	24,654
Yakutat Borough	23,620	21,983	22,854
Aleutians West C.A.	23,522	28,268	28,220
Wrangell-Petersburg C.A.	23,503	22,952	23,301
Dillingham C.A.	23,292	22,219	22,049
Kenai Peninsula Borough	23,143	22,826	22,824
Aleutians East Borough	21,851	21,479	21,412
Skagway/Hoonah/Angoon	21,729	20,902	20,646
Fairbanks North Star Bor.	21,417	20,643	20,660
Kodiak Island Borough	20,149	19,472	19,630
Southeast Fairbanks C.A.	19,870	19,069	18,444
Northwest Arctic Borough	19,083	18,063	17,643
Nome Census Area	18,383	17,557	17,274
Lake & Peninsula Borough	17,889	17,081	16,518
Yukon-Koyukuk C.A.	17,826	17,706	18,094
P.O.W.-Outer Ketchikan C.A.	16,953	16,245	17,153
Matanuska-Susitna Borough	16,769	16,794	16,855
Bethel Census Area	15,752	15,138	15,249
Wade Hampton C.A.	11,169	10,538	9,884

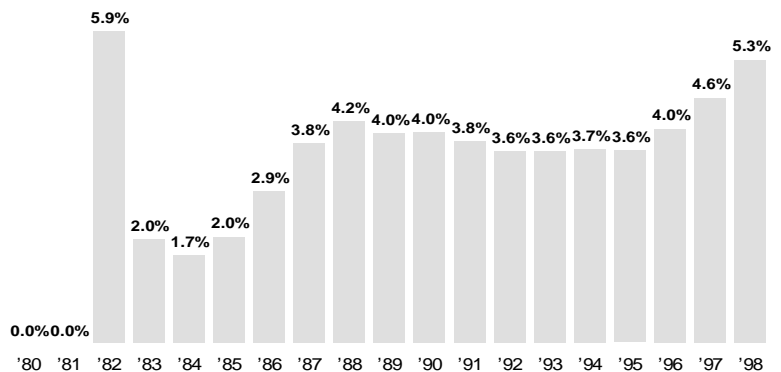
C.A. = Census Area

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

Bristol Bay Borough posts highest per capita income in Alaska

Released concurrently with the 1998 state estimates were the 1997 personal income estimates at the county level. The Bristol Bay Borough's per capita income for 1997 of \$33,769 ranked as the highest in the state. Seven of Alaska's 27 areas had per capita incomes higher than the national average. Wade Hampton Census Area's per capita income of \$11,169 was just 44% of the national average and 45% of the state's average. (See Exhibit 1.)

PFD Share of Income Grows 2 PFD's percent of per capita income



Sources: U.S. Department of Commerce, Bureau of Economic Analysis; Alaska Department of Revenue, Permanent Fund Division; Alaska Department of Labor, Research and Analysis Section

Per Capita Income and the PFD

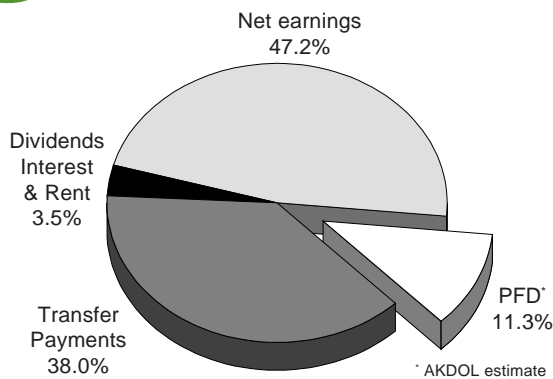
Since 1982, most Alaskans have enjoyed an income boost from the distribution of the Alaska Permanent Fund Dividend (PFD). Steady growth in the dividend, particularly its sharp growth during the past three years, has meant that Alaskans have experienced an increasing income boost from dividend distribution. When the dividend program started, it provided about a two percent increase in Alaska's per capita personal income. Since 1993, the dividend's contribution to per capita income has grown from about three percent to more than five percent. (See Exhibit 2.)

In some areas of Alaska, such as the Wade Hampton Census Area, the impact of the dividend on per capita income is much more profound. In 1997 it is estimated that the dividend accounted for more than 11 percent of Wade Hampton's per capita income.² (See Exhibit 3.) Other demographic factors, such as average household size, also contribute to an area's reliance on the dividend. The average household size of 4.16 persons in Wade Hampton meant that the 1998 dividend accounted for an average of more than \$6,400 in income per household. This compares to the statewide average of about \$4,170 per household.

¹ Per capita income is measured by dividing the total personal income in the state by the state's total population.

² For estimates for other census areas, see web site.

3 PFD is 11% of Income In Wade Hampton – 1997



Sources: U.S. Department of Commerce, Bureau of Economic Analysis; Alaska Department of Revenue, Permanent Fund Division; Alaska Department of Labor, Research and Analysis Section

State Per Capita Personal Income Ranked by 1998 estimate

4

Rank		1998	1997	1996	1995	1994
	United States	\$26,412	\$25,288	\$24,164	\$23,059	\$22,056
1	Connecticut	\$37,598	\$35,863	\$33,979	\$32,073	\$30,310
2	New Jersey	33,937	32,356	30,892	29,568	28,333
3	Massachusetts	32,797	31,239	29,591	28,097	26,433
4	New York	31,734	30,250	29,015	27,587	26,242
5	Maryland	29,943	28,674	27,298	26,141	25,329
6	Delaware	29,814	28,493	27,125	25,603	24,465
7	New Hampshire	29,022	27,766	26,418	25,313	24,119
8	Illinois	28,873	27,688	26,393	25,135	23,956
9	Colorado	28,657	27,015	25,627	24,304	23,019
10	Washington	27,961	26,451	24,958	23,677	22,687
11	Minnesota	27,510	26,243	25,235	23,736	22,802
12	California	27,503	26,314	25,142	23,983	22,953
13	Virginia	27,385	26,109	24,950	23,943	23,031
14	Nevada	27,200	26,514	25,877	24,541	23,391
15	Rhode Island	26,797	25,667	24,356	23,520	22,315
16	Pennsylvania	26,792	25,670	24,533	23,268	22,343
17	Hawaii	26,137	25,598	25,086	24,848	24,090
18	Michigan	25,857	24,956	23,996	23,407	22,338
19	Florida	25,852	24,799	23,834	22,676	21,761
20	Alaska	25,675	24,969	24,310	23,971	23,417
21	Ohio	25,134	24,163	23,054	22,217	21,237
22	Wisconsin	25,079	24,048	22,987	21,960	21,012
23	Georgia	25,020	23,882	22,900	21,696	20,632
24	Kansas	24,981	23,972	22,707	21,481	20,638
25	Texas	24,957	23,707	22,345	21,320	20,312
26	Oregon	24,766	23,920	22,894	21,618	20,508
27	Nebraska	24,754	23,618	22,847	21,029	20,365
28	Missouri	24,427	23,629	22,586	21,540	20,576
29	Indiana	24,219	23,202	22,234	21,427	20,734
30	Vermont	24,175	23,017	22,179	21,246	20,196
31	North Carolina	24,036	23,168	22,053	20,996	19,920
32	Iowa	23,925	23,120	22,032	20,412	19,964
33	Tennessee	23,559	22,699	21,800	21,109	20,088
34	Wyoming	23,167	22,596	21,524	20,685	19,865
35	Arizona	23,060	21,998	21,071	20,078	19,127
36	Maine	22,952	21,937	20,948	19,995	19,190
37	South Dakota	22,114	21,076	20,450	18,724	18,568
38	North Dakota	21,675	20,103	20,197	18,149	18,156
39	Kentucky	21,506	20,570	19,475	18,601	17,872
40	Alabama	21,442	20,672	19,838	19,041	18,163
41	Louisiana	21,346	20,458	19,609	18,826	18,086
42	South Carolina	21,309	20,508	19,651	18,789	17,914
43	Idaho	21,081	20,392	19,741	18,961	18,186
44	Oklahoma	21,072	20,305	19,342	18,544	17,984
45	Utah	21,019	20,185	19,214	18,054	17,004
46	Arkansas	20,346	19,595	18,808	17,934	17,090
47	Montana	20,172	19,660	18,872	18,286	17,590
48	New Mexico	19,936	19,298	18,634	18,029	17,150
49	West Virginia	19,362	18,724	18,116	17,441	16,948
50	Mississippi	18,958	18,098	17,398	16,574	15,886

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

Alaska Employment Scene

by
Rachel Baker
Labor Economist

Several Sectors See Seasonal Gains in March

But employment gains curbed by oil industry cutbacks

Employment got a boost in March from seasonal activity in Alaska's economy. Job gains took place in mining, construction, trade and services. The gain in services employment was broadly based among most sectors of the industry. The increases in mining and construction employment were largely due to ongoing work on Atlantic Richfield Company's (ARCO) Alpine project.

In an over-the-year comparison, the services sector was the largest contributor to growth, followed by retail trade. The increase in services employment was led by growth in health and social services. The mining industry, which is dominated by the oil and gas sector, lost 400 jobs and was the largest job loser over the year. Construction was down 100 jobs and manufacturing employment was 200 jobs below the March 1998 level. The manufacturing job losses were primarily from reduced seafood processing employment. Government employment also continued to decline, with most of the losses coming from federal government. (See Exhibit 1.)

Although Alaska's economy continued to add jobs in March, the rate of growth has slowed considerably since last year. This slowdown is evident when comparing over-the-year job growth

for 1998 and 1999. In March 1998, 6,600 jobs were gained from the previous year. In contrast, over-the-year growth in March 1999 was limited to 2,000 jobs. (See Exhibit 2.) The slower growth was primarily due to cutbacks in the oil and gas industry, but growth also diminished in retail trade and public sector employment continued to drop.

The unemployment rate dropped to 7.2% in March. The number of unemployed Alaskans was about 1,600 more than in March 1998. Although unemployment increased over the year, the 7.2% rate was the second-lowest statewide unemployment rate for March since 1978. It is clear that downsizing in the oil industry drove the over-the-year increase in unemployment. The number of weeks of unemployment claimed in the oil industry in March was more than twice the level of claims in March 1998. Unemployment claims also increased about 10 percent in services, trade and the public sector compared to March 1998. Some of the increases in these industries were probably related to downsizing in Alaska's oil and gas sector.

Oil and gas industry will undergo more changes

British Petroleum (BP) Amoco Corporation

announced in early April that it would purchase ARCO. The news sent shock waves through the oil and gas industry in Alaska, which is already reeling from downsizing by the large producers. The combined company would rank second in size behind the planned Exxon-Mobil merger in the list of the world's largest oil companies, and BP's purchase continues a flurry of consolidation taking place in the oil industry. The announcement also came on the heels of job cuts at both companies, which involved about 220 workers from BP and 80 employees from ARCO. These layoffs have not yet emerged in employment counts, so it is anticipated that oil and gas industry employment will fall even further in the coming months.

The merger will allow BP and ARCO to gain cost efficiencies in the current atmosphere of declining production, low prices and rising oil production costs in Alaska. The companies announced that about 400 jobs would be lost in Alaska due to the merger. The proposed merger will have to pass through the federal government approval process, which could take six to nine months, so additional job losses due to the takeover would not take place until next year. The merger has created considerable concern among Alaska's oil service companies. Many small service companies that have contracts with BP and ARCO are concerned that BP will reduce the number of contractors it uses, effectively putting some companies out of business.

In spite of the job losses and other cutbacks that will come from the merger, BP announced that it plans to spend \$5 billion in Alaska project investments over the next five years. This is a significant increase in project spending, despite the fairly weak world oil market. BP has not released details of its investment plans, but the oil field services industry will certainly benefit from the increased spending.

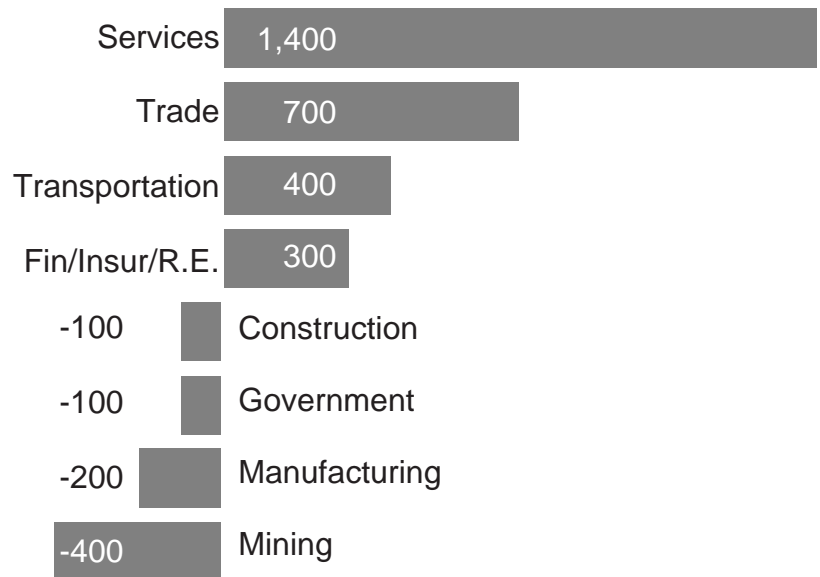
Public sector employment cuts are inevitable

Public sector employment will continue to trend downward. The widely reported state budget deficit is being addressed by the Alaska Legislature in hearings. Various proposals are being debated, but it seems certain that significant cuts will be made in municipal aid, revenue sharing for local governments, and agency operating budgets. State departments and functions will also be consolidated to achieve cost savings. All of these measures will result in reduced state and local government employment for fiscal year 2000.

(Continued on page 26)

Services Employment Leads Growth

Employment change March 1998 to March 1999



Source: Alaska Department of Labor, Research and Analysis Section

2 Nonagricultural Wage and Salary Employment by Place of Work

Alaska	preliminary	revised	Changes from:		
	3/99	2/99	3/98	2/99	3/98
Total Nonag. Wage & Salary	266,800	264,800	264,800	2,000	2,000
Goods-producing	35,300	35,200	36,000	100	-700
Service-producing	231,500	229,600	228,800	1,900	2,700
Mining	9,600	9,400	10,000	200	-400
Oil & Gas Extraction	8,200	8,000	8,500	200	-300
Construction	10,700	10,400	10,800	300	-100
Manufacturing	15,000	15,400	15,200	-400	-200
Durable Goods	2,300	1,900	2,300	400	0
Lumber & Wood Products	1,300	1,000	1,300	300	0
Nondurable Goods	12,700	13,500	12,900	-800	-200
Seafood Processing	10,000	10,900	10,200	-900	-200
Transportation/Comm/Utilities	24,400	24,000	24,000	400	400
Trucking & Warehousing	2,900	2,700	2,800	200	100
Water Transportation	1,600	1,600	1,700	0	-100
Air Transportation	9,000	8,800	8,700	200	300
Communications	4,400	4,300	4,300	100	100
Electric, Gas & Sanitary Svcs.	2,400	2,400	2,400	0	0
Trade	53,800	52,900	53,100	900	700
Wholesale Trade	8,700	8,600	8,800	100	-100
Retail Trade	45,100	44,300	44,300	800	800
Gen. Merchandise & Apparel	8,600	8,500	8,400	100	200
Food Stores	6,900	6,800	6,900	100	0
Eating & Drinking Places	15,100	14,600	14,700	500	400
Finance/Insurance/Real Estate	12,400	12,300	12,100	100	300
Services & Misc.	66,500	65,900	65,100	600	1,400
Hotels & Lodging Places	5,300	5,100	5,200	200	100
Business Services	8,400	8,300	8,400	100	0
Health Services	15,300	15,200	14,900	100	400
Legal Services	1,600	1,600	1,600	0	0
Social Services	7,700	7,600	7,500	100	200
Engineering & Mgmt. Svcs.	7,700	7,600	7,500	100	200
Government	74,400	74,500	74,500	-100	-100
Federal	16,400	16,400	16,800	0	-400
State	21,700	21,900	21,700	-200	0
Local	36,300	36,200	36,000	100	300

Municipality of Anchorage	preliminary	revised	Changes from:		
	3/99	2/99	3/98	2/99	3/98
Total Nonag. Wage & Salary	127,400	126,900	124,500	500	2,900
Goods-producing	10,300	10,100	10,100	200	200
Service-producing	117,100	116,800	114,400	300	2,700
Mining	2,600	2,500	2,600	100	0
Oil & Gas Extraction	2,500	2,300	2,500	200	0
Construction	5,700	5,700	5,600	0	100
Manufacturing	2,000	1,900	1,900	100	100
Transportation/Comm/Utilities	13,000	12,900	12,700	100	300
Air Transportation	5,800	5,800	5,600	0	200
Communications	2,600	2,600	2,600	0	0
Trade	30,800	30,300	30,200	500	600
Wholesale Trade	6,400	6,300	6,400	100	0
Retail Trade	24,400	24,000	23,800	400	600
Gen. Merchandise & Apparel	4,400	4,300	4,300	100	100
Food Stores	2,900	2,900	2,900	0	0
Eating & Drinking Places	8,700	8,500	8,500	200	200
Finance/Insurance/Real Estate	7,400	7,300	7,300	100	100
Services & Misc.	37,000	36,800	35,500	200	1,500
Hotels & Lodging Places	2,500	2,500	2,400	0	100
Business Services	6,100	6,100	6,100	0	0
Health Services	8,200	8,100	7,700	100	500
Legal Services	1,200	1,200	1,200	0	0
Social Services	3,600	3,600	3,400	0	200
Engineering & Mgmt. Svcs.	5,500	5,400	5,300	100	200
Government	28,900	29,500	28,700	-600	200
Federal	9,900	9,900	9,900	0	0
State	8,300	8,800	8,300	-500	0
Local	10,700	10,800	10,500	-100	200

Notes to Exhibits 2, 3, & 4—Nonagricultural excludes self-employed workers, fishers, domestics, and unpaid family workers as well as agricultural workers. Government category includes employees of public school systems and the University of Alaska.

Exhibits 2 & 3—Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Exhibit 4—Prepared in part with funding from the Employment Security Division.

Source: Alaska Department of Labor, Research and Analysis Section

3 Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	preliminary 3/99	revised 2/99	3/98	preliminary 3/99	revised 2/99	3/98	preliminary 3/99	revised 2/99	3/98
Mining	\$1,349.25	\$1,159.41	\$1,384.01	52.5	46.1	50.2	\$25.70	\$25.15	\$27.57
Construction	1,137.03	1,123.67	1,168.60	45.3	44.1	46.8	25.10	25.48	24.97
Manufacturing	580.46	578.62	605.36	57.7	61.1	59.7	10.06	9.47	10.14
Seafood Processing	530.22	562.12	546.45	62.6	67.4	65.6	8.47	8.34	8.33
Transportation/Comm/Utilities	638.18	641.08	652.91	34.0	34.1	34.4	18.77	18.80	18.98
Trade	421.19	430.60	416.99	32.3	33.2	33.2	13.04	12.97	12.56
Wholesale Trade	601.20	668.86	629.05	36.0	37.2	37.6	16.70	17.98	16.73
Retail Trade	387.10	384.26	375.33	31.6	32.4	32.3	12.25	11.86	11.62
Finance/Insurance/Real Estate	558.66	554.66	549.52	36.3	35.9	36.2	15.39	15.45	15.18

Average hours and earnings estimates are based on data for full-time and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing). Averages are for gross earnings and hours paid, including overtime pay and hours.

Benchmark: March 1998

Source: Alaska Department of Labor, Research and Analysis Section

4 Nonagricultural Wage and Salary Employment by Place of Work

Fairbanks

North Star Borough	preliminary		revised			Changes from:		
	3/99	2/99	3/98	2/99	3/98	3/98	2/99	3/98
Total Nonag. Wage & Salary	31,600	31,000	31,450	600	150			
Goods-producing	2,650	2,450	2,450	200	200			
Service-producing	28,950	28,550	29,000	400	-50			
Mining	800	750	750	50	50			
Construction	1,300	1,200	1,200	100	100			
Manufacturing	550	500	500	50	50			
Transportation/Comm/Utilities	2,850	2,800	2,800	50	50			
Trucking & Warehousing	600	550	600	50	0			
Air Transportation	700	700	650	0	50			
Communications	450	400	450	50	0			
Trade	6,700	6,600	6,650	100	50			
Wholesale Trade	900	900	850	0	50			
Retail Trade	5,800	5,700	5,800	100	0			
Gen. Merchandise & Apparel	1,100	1,100	1,150	0	-50			
Food Stores	700	700	750	0	-50			
Eating & Drinking Places	2,050	1,950	2,000	100	50			
Finance/Insurance/Real Estate	1,100	1,100	1,050	0	50			
Services & Misc.	7,700	7,550	7,700	150	0			
Hotels & Lodging Places	750	650	700	100	50			
Health Services	1,900	1,850	1,900	50	0			
Government	10,600	10,500	10,800	100	-200			
Federal	3,050	3,000	3,300	50	-250			
State	4,500	4,450	4,600	50	-100			
Local	3,050	3,050	2,900	0	150			

Southeast Region

Total Nonag. Wage & Salary	32,700	31,600	32,750	1,100	-50
Goods-producing	3,900	3,400	4,100	500	-200
Service-producing	28,800	28,200	28,650	600	150
Mining	350	350	350	0	0
Construction	1,250	1,100	1,400	150	-150
Manufacturing	2,300	1,950	2,350	350	-50
Durable Goods	1,050	850	1,100	200	-50
Lumber & Wood Products	900	650	950	250	-50
Nondurable Goods	1,250	1,100	1,250	150	0
Seafood Processing	950	750	850	200	100
Transportation/Comm/Utilities	2,450	2,350	2,450	100	0
Trade	5,750	5,550	5,700	200	50
Wholesale Trade	600	550	550	50	50
Retail Trade	5,150	5,000	5,150	150	0
Food Stores	1,300	1,250	1,300	50	0
Finance/Insurance/Real Estate	1,400	1,350	1,400	50	0
Services & Misc.	6,700	6,550	6,750	150	-50
Health Services	1,650	1,600	1,650	50	0
Government	12,500	12,400	12,350	100	150
Federal	1,650	1,650	1,700	0	-50
State	5,500	5,350	5,350	150	150
Local	5,350	5,400	5,300	-50	50

Northern Region

Total Nonag. Wage & Salary	14,950	14,950	15,950	0	-1,000
Goods-producing	5,100	5,050	5,850	50	-750
Service-producing	9,850	9,900	10,100	-50	-250
Mining	4,400	4,400	5,000	0	-600
Oil & Gas Extraction	4,000	4,000	4,550	0	-550
Government	4,400	4,400	4,550	0	-150
Federal	150	150	200	0	-50
State	300	300	300	0	0
Local	3,950	3,950	4,050	0	-100

Interior Region

Interior Region	preliminary		revised		Changes from:		
	3/99	2/99	3/98	2/99	3/98	2/99	3/98
Total Nonag. Wage & Salary	36,100	35,500	36,100	600	0		
Goods-producing	2,900	2,750	2,850	150	50		
Service-producing	33,200	32,750	33,250	450	-50		
Mining	950	950	950	0	0		
Construction	1,400	1,250	1,350	150	50		
Manufacturing	550	550	550	0	0		
Transportation/Comm/Utilities	3,300	3,250	3,300	50	0		
Trade	7,300	7,200	7,200	100	100		
Finance/Insurance/Real Estate	1,150	1,150	1,100	0	50		
Services & Misc.	8,600	8,350	8,550	250	50		
Hotels & Lodging Places	800	750	800	50	0		
Government	12,850	12,800	13,100	50	-250		
Federal	3,600	3,600	3,850	0	-250		
State	4,700	4,650	4,850	50	-150		
Local	4,550	4,550	4,400	0	150		

Anchorage/Mat-Su Region

Total Nonag. Wage & Salary	138,750	138,050	135,950	700	2,800
Goods-producing	11,150	10,900	11,000	250	150
Service-producing	127,600	127,150	124,950	450	2,650
Mining	2,650	2,450	2,650	200	0
Construction	6,450	6,450	6,300	0	150
Manufacturing	2,050	2,000	2,050	50	0
Transportation/Comm/Utilities	14,000	13,900	13,700	100	300
Trade	33,550	33,000	32,900	550	650
Finance/Insurance/Real Estate	7,900	7,850	7,800	50	100
Services & Misc.	40,050	39,800	38,500	250	1,550
Government	32,100	32,600	32,050	-500	50
Federal	10,050	10,050	10,050	0	0
State	9,150	9,600	9,200	-450	-50
Local	12,900	12,950	12,800	-50	100

Southwest Region

Total Nonag. Wage & Salary	18,950	19,900	19,250	-950	-300
Goods-producing	6,500	7,450	6,700	-950	-200
Service-producing	12,450	12,450	12,550	0	-100
Seafood Processing	6,300	7,300	6,550	-1,000	-250
Government	5,750	5,750	5,800	0	-50
Federal	350	350	400	0	-50
State	500	500	500	0	0
Local	4,900	4,900	4,900	0	0

Gulf Coast Region

Total Nonag. Wage & Salary	24,950	24,950	24,750	0	200
Goods-producing	5,650	5,650	5,450	0	200
Service-producing	19,300	19,300	19,300	0	0
Mining	1,200	1,250	1,000	-50	200
Oil & Gas Extraction	1,200	1,250	1,000	-50	200
Construction	850	800	800	50	50
Manufacturing	3,600	3,600	3,650	0	-50
Seafood Processing	2,650	2,700	2,700	-50	-50
Transportation/Comm/Utilities	2,200	2,200	2,250	0	-50
Trade	4,600	4,650	4,600	-50	0
Wholesale Trade	500	550	550	-50	-50
Retail Trade	4,100	4,100	4,050	0	50
Eating & Drinking Places	1,300	1,250	1,300	50	0
Finance/Insurance/Real Estate	700	700	700	0	0
Services & Misc.	5,100	5,050	5,000	50	100
Health Services	1,050	1,050	1,050	0	0
Government	6,700	6,700	6,750	0	-50
Federal	600	600	650	0	-50
State	1,550	1,550	1,600	0	-50
Local	4,550	4,550	4,500	0	50

5 Unemployment Rates by Region and Census Area

Not Seasonally Adjusted	Percent Unemployed		
	preliminary	revised	
	3/99	2/99	3/98
United States	4.4	4.7	5.0
Alaska Statewide	7.2	8.1	6.7
Anch/Mat-Su Region	5.6	6.3	5.2
Municipality of Anchorage	4.8	5.3	4.6
Mat-Su Borough	9.5	10.8	8.3
Gulf Coast Region	11.2	12.8	10.7
Kenai Peninsula Borough	13.4	15.4	12.4
Kodiak Island Borough	5.1	5.6	5.8
Valdez-Cordova	10.0	11.4	10.3
Interior Region	7.8	9.1	7.3
Denali Borough	11.1	11.3	12.4
Fairbanks North Star Borough	7.0	8.2	6.5
Southeast Fairbanks	14.1	15.5	12.5
Yukon-Koyukuk	16.5	18.4	15.5
Northern Region	9.7	10.4	7.3
Nome	11.0	12.1	8.1
North Slope Borough	6.7	6.4	4.7
Northwest Arctic Borough	12.1	13.8	10.2
Southeast Region	9.1	10.5	8.7
Haines Borough	17.5	18.6	14.9
Juneau Borough	6.0	6.6	6.2
Ketchikan Gateway Borough	10.1	11.6	8.9
Prince of Wales-Outer Ketchikan	19.2	21.6	14.9
Sitka Borough	6.0	7.7	6.4
Skagway-Hoonah-Angoon	8.9	10.9	11.7
Wrangell-Petersburg	12.5	15.6	12.4
Yakutat Borough	7.0	10.1	17.9
Southwest Region	7.7	7.9	6.6
Aleutians East Borough	1.7	1.8	1.4
Aleutians West	3.4	3.6	3.6
Bethel	7.8	8.3	6.8
Bristol Bay Borough	11.1	11.6	8.6
Dillingham	7.2	7.1	6.1
Lake & Peninsula Borough	9.5	10.0	9.7
Wade Hampton	15.5	14.8	12.6
Seasonally Adjusted			
United States	4.2	4.4	4.7
Alaska Statewide	6.3	6.4	5.9

1998 Benchmark

Comparisons between different time periods are not as meaningful as other time series produced by Research and Analysis. The official definition of unemployment currently in place excludes anyone who has not made an active attempt to find work in the four-week period up to and including the week that includes the 12th of the reference month. Due to the scarcity of employment opportunities in rural Alaska, many individuals do not meet the official definition of unemployed because they have not conducted an active job search. They are considered not in the labor force.

Source: Alaska Department of Labor, Research and Analysis Section

(continued from page 23)

Problems in Chile will create a market opportunity for Alaska salmon

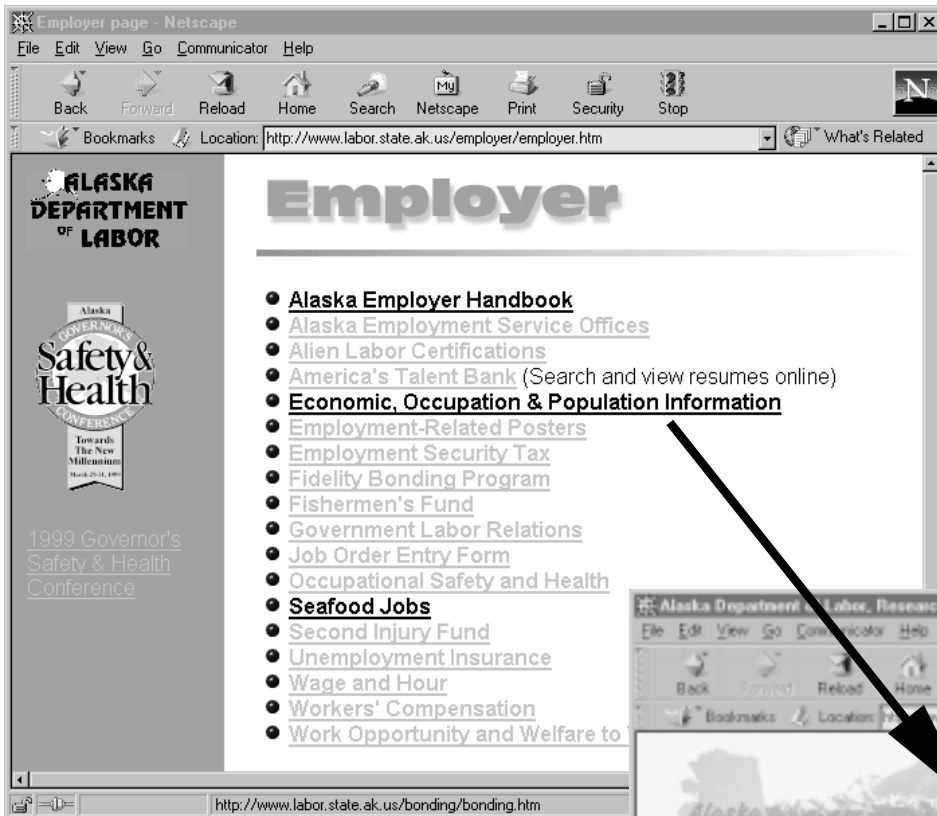
Although seafood processing employment was 200 jobs below March 1998, the outlook for employment looks good for the salmon season of 1999. For the past few years, the introduction of farmed fish from Chile has devastated the seafood industry in Alaska by reducing demand and market price for Alaska salmon. This year, however, Chilean farmed fish fell prey to health problems brought on by El Niño and sea lice. Reports from a recent salmon forum in Anchorage indicate that the problems in Chile are likely to result in a shortage of farmed salmon this summer. This is good news for Alaska salmon harvesters and processors, who hope that demand and prices for wild salmon will improve. The success of the season depends on the salmon return to Bristol Bay, however. For the past two years, the return has been disastrous, damaging Southwest Alaska's harvesting and processing industries.

Grocery merger will cause job losses in Anchorage

The Carrs-Safeway merger was finalized recently, after eight months of negotiations for government approval. Safeway announced that only a fraction of Carrs' 250 administrative employees would remain at the corporate office in Anchorage after the takeover. Safeway management said the company plans to notify employees in May whether they will be laid off, offered a new job, or given a job extension into August.

Safeway will also be required to sell seven store locations as part of the takeover. The company acknowledged that potential buyers have expressed interest in some of the stores, but no deals have been made at this time. It is possible that more job losses will take place in the food stores sector if the buyers do not staff these stores at their current levels.

Employer Resource Page



The Alaska Department of Labor's Research and Analysis (R&A) section web site has recently been revised.

It offers extensive information on employment and unemployment, occupations, industries, cost of living, regions in Alaska, census and geography, population, and publications and news releases.

The R&A web site is at

<http://www.labor.state.ak.us/research/research.htm>

The R&A page can also be reached from the Alaska Department of Labor's *Employer* site at

<http://www.labor.state.ak.us/employer/employer.htm>