

The Military is Big Business in Anchorage

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A long history – 66 years and still going strong

On June 27, 1940, about 18 months before Pearl Harbor was attacked and the United States entered World War II, the first military troops arrived in Anchorage, marking the beginning of a dramatic economic expansion that would last nearly two decades. In the words of Alaska historian Terrence Cole, “Anchorage was a war boom town which never seemed to stop booming.”¹ By most accounts, the war put the Alaska Territory on the map and was the most important event in Alaska’s history since the gold rush.

With the construction of two major military

¹ Terrence Cole, “Boom Town, Anchorage and the Second World War,” *Journal of the West* (July 1986), 75.

installations in the early 1940s – the Army’s Fort Richardson and Elmendorf Air Force Base – Anchorage became a company town virtually overnight, and the company was the military. Partly in response to Pearl Harbor and the Japanese occupation of the Aleutian Islands Attu and Kiska, Alaska was the recipient of billions of dollars in defense spending. Thousands of military personnel were sent to Alaska, and workers and contractors rushed to the state to construct military bases and the 1,500-mile Alaska Highway.

After the war ended, there were fears that demobilization would result in a bust for Anchorage’s economy. Troop levels did temporarily fall statewide, from a high of 152,000 in 1943 to about 99,000 in 1946, but the Korean War and Cold War pushed them back up to about 138,000 by 1950.

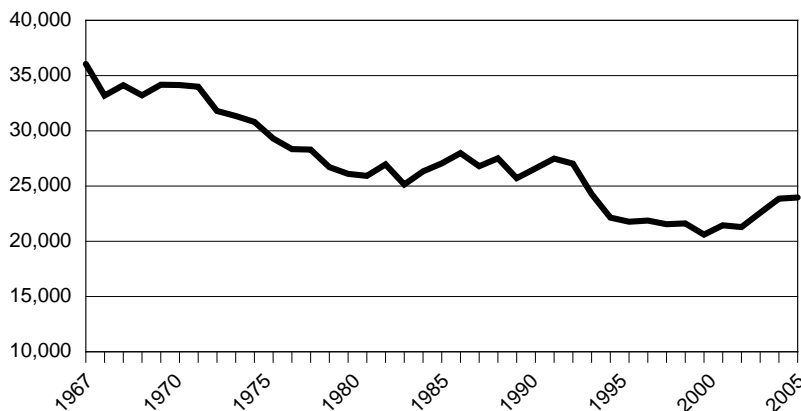
By 1951 the combined investment in Fort Richardson and Elmendorf was \$133 million – or \$10.2 billion in current dollars – and the military’s presence had catapulted the once sleepy railroad town of Anchorage into the state’s largest city and the center of commerce, transportation and political power.

The military’s influence declines

Toward the end of the 1960s the relative economic importance of the military began to wane. Although the military’s numbers were relatively stable through the early 1970s (see Exhibit 1), economic growth in other areas made Anchorage less dependent on the military’s presence. In particular, the 1968 discovery of

1 Military Population Up Slightly Downward trend reverses in 2003

Anchorage’s military population



Note: Includes active duty military and their dependents

Source: Alaska Department of Labor & Workforce Development, Research and Analysis Section; *Neighborhood Source Book*, Municipality of Anchorage

oil in Prudhoe Bay and growth in the international air cargo business, the visitor industry and Anchorage's service sector were key factors in creating a more diverse economy for the city.

By 1980 only 15 percent of Anchorage's population was tied to the military compared to 33 percent in 1967. (See Exhibit 2.) The military's presence was beginning to take a backseat in the city's economic consciousness.

When the Soviet threat began to evaporate in the early 1990s and Cold War tensions eased, Anchorage's military numbers fell as bases around the state were closed and Alaska lost nearly a quarter of its active duty military. Fort Richardson was reorganized and downsized, losing over half of its station strength by 1995. (See Exhibit 3.) Given the numerous base closures throughout the nation, there were growing concerns that the Army would eventually close the base altogether.

The military makes a turnaround

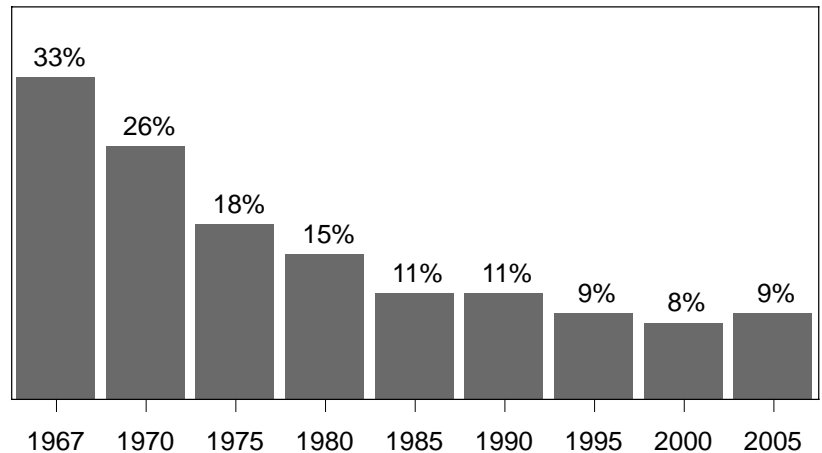
Total troop levels in Anchorage hit rock bottom in 2002. Then in 2003, when national military activity picked up after the Sept. 11 terrorist attacks,² the trend reversed and the military again became one of the city's more dynamic economic forces. By 2005, the active duty count had reached 10,889 – an increase of nearly 2,400 in just three years. (See Exhibit 4.)

Most of the growth over that period came from Fort Richardson where troop levels nearly doubled, jumping from 2,116 in 2002 to 4,066 in 2005. With the formation of the new Airborne Brigade Combat Team and other additions, Fort Richardson's numbers will continue to grow and are expected to reach 4,500 in 2006. This will represent the largest number of troops stationed at Fort Richardson since 1991. For its part, Elmendorf is not expected to see large troop increases, but the delivery of C-17 cargo planes and a newly minted squadron of F-22 Raptor Interceptors is keeping the base modern and relevant.

² Some of the increases in Anchorage troop strength were planned before the Sept. 11 attacks.

A Reduced Population Share But still a significant percentage **2**

Military population as a percentage of Anchorage's total population

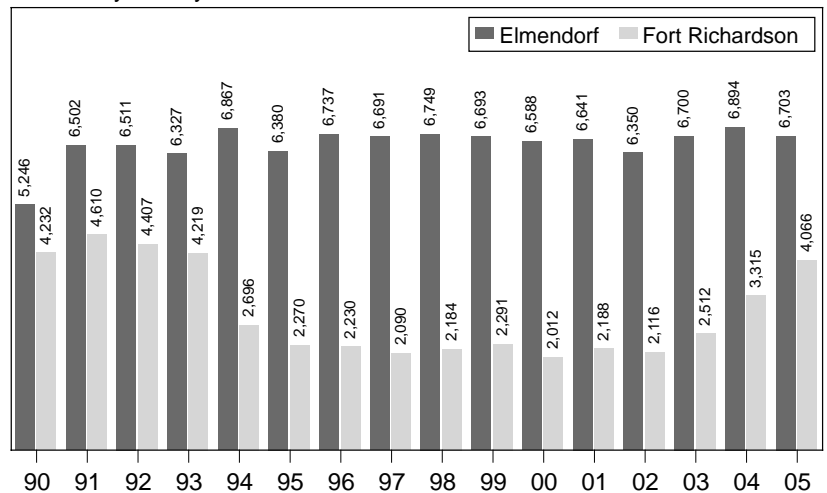


Note: Includes uniformed military and their dependents

Source: Alaska Department of Labor & Workforce Development, Research and Analysis Section; Neighborhood Source Book, Municipality of Anchorage

Army Numbers More Variable Air Force bigger, more stable **3**

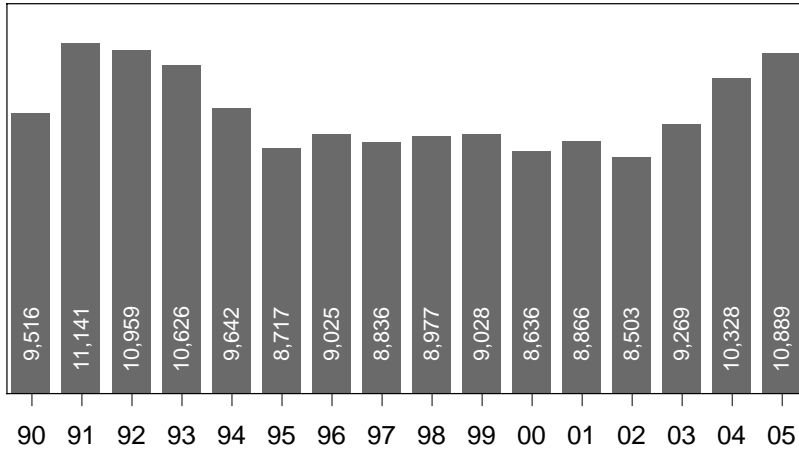
Active duty military on Elmendorf AFB and Fort Richardson



Source: Alaska Department of Labor & Workforce Development, Research and Analysis Section; Neighborhood Source Book, Municipality of Anchorage

4 Troop Strength Reaches 13-Year High Gradual decline from 1991 to 2002

Anchorage active duty military



Note: Includes the small number of Navy, Marine and Coast Guard personnel stationed in Anchorage, in addition to the Army and Air Force

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

5 The City's Largest Employer Anchorage's top 10 employers in 2005

Rank	Employer	Average Monthly Employment
1	Military in Anchorage ¹	10,900
2	Federal Government ²	9,500
3	State of Alaska	7,400
4	Anchorage School District	6,500
5	Providence Health System in Alaska	3,700
6	Municipality of Anchorage	3,000
7	University of Alaska-Anchorage	2,300
8	Safeway	1,600
9	Wal-Mart/Sam's Club	1,500
10	Fred Meyer	1,200

¹ Includes the uniformed military only

² Includes federal civilians employed by the military

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

Anchorage's largest employer

When considered as a single unit,³ the military is easily Anchorage's largest employer. (See Exhibit 5.) It also represents a significant slice of the total Anchorage work force when compared to other economic sectors. (See Exhibit 6.)

A billion dollar enterprise

In 2004, the federal government spent \$1.2 billion on defense in Anchorage, which amounted to 41 percent of all federal expenditures in the city. (See Exhibit 7.) From 2000 to 2004, defense spending in Anchorage has increased by 39 percent, compared to 29 percent for other federal expenditures.

Troop levels have also been growing faster than other segments of Anchorage's economy. Since 2000, the active duty military has added about 2,250 people, which is a bigger increase than all of the city's employment sectors except construction and health care. (See Exhibit 8.)

Direct defense spending by the federal government and direct increases in troop levels only reveal part of the impact the military has on Anchorage. In recent years, for example, the military has been aggressively contracting work out to private companies in the local economy, creating significant private sector job growth. The Air Force estimates that Elmendorf's indirect impact on the Anchorage economy amounted to \$882 million in 2005, an increase of 24 percent over 2004.

Because nearly all of the money to fuel this huge machine comes from taxpayers outside Anchorage and Alaska, it is an injection of new income into the city's economy. In other words, the military is a basic sector,⁴ and one of Anchorage's largest.

³ This includes the Air Force, Army and the sprinkling of Navy, Marines and Coast Guard personnel stationed in Anchorage.

⁴ Basic sectors are generally defined as those that export a product or service to customers or users outside the local population, and by doing so import money into a local economy. In the case of the military, the service being exported is national defense.

Payroll is the largest expenditure

The most current data show that the largest defense expenditure in Anchorage is for payroll. Almost half of 2004's \$1.2 billion in defense expenditures were for wages and salaries: \$506 million went directly to uniformed personnel and \$112 million went to civil service employees who support the military. Since nearly all the civilian employees live off base, there is little doubt that these payroll dollars have a direct and dramatic impact on Anchorage's economy. According to Air Force estimates, every Air Force related civilian job creates nearly half a job elsewhere in the local labor market.

Influence extends beyond the uniformed military

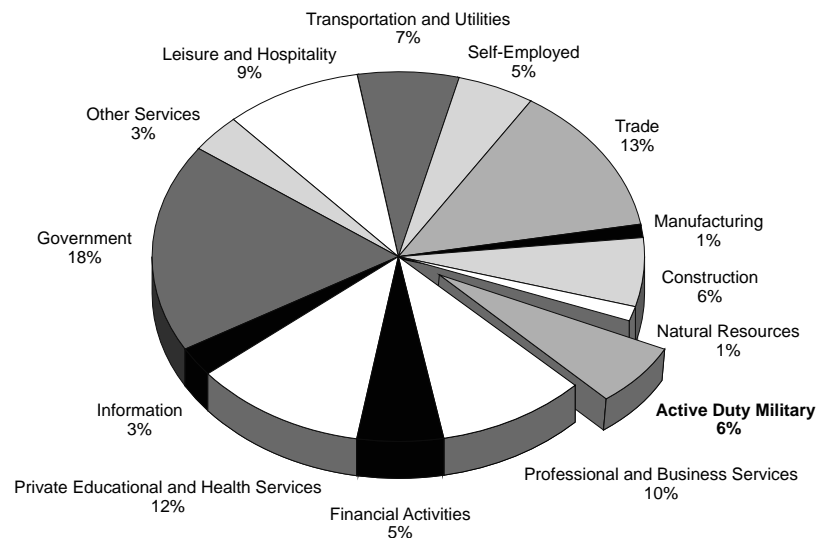
In addition to the nearly 11,000 uniformed troops stationed in Anchorage, data collected by the Alaska Department of Labor & Workforce Development show that federal civilian employment on Fort Richardson and Elmendorf averaged 2,600 jobs in 2004. Payroll for these jobs in 2004 was \$115 million, which includes the \$112 million mentioned above as well as about \$3 million in wages and salaries paid from self-supporting entities such as health clubs and entertainment providers that charge user fees. Many of the jobs in the latter category are seasonal or part-time, which partly explains their relatively low annual pay of \$16,184 in 2004.

The jobs funded more directly by defense spending fall into two categories: those paid for by appropriated funds and those paid for by non-appropriated funds. The difference lies in the process by which the positions are authorized. Congress specifically approves a budget for the Army Corps of Engineers, for example, so most of its personnel are paid out of appropriated funds. Other positions paid for out of appropriated funds include power plant operators and other direct troop support service providers considered essential.

Average annual pay for these types of jobs was \$63,189 in 2004. Within this group, wage-

A Healthy Slice of the Work Force Anchorage employment, 2005

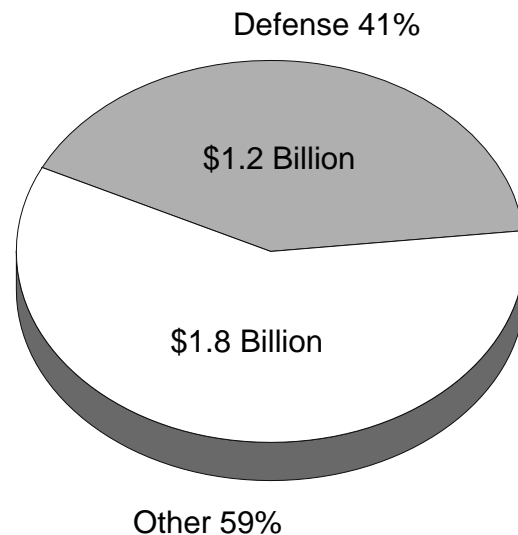
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Source: Alaska Department of Labor & Workforce Development, Research and Analysis Section

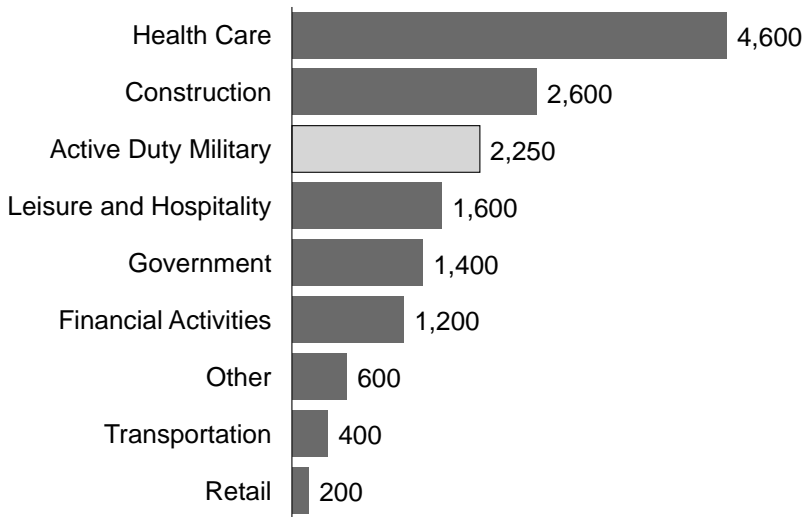
A Large Share of Federal Spending Federal expenditures in Anchorage, 2004

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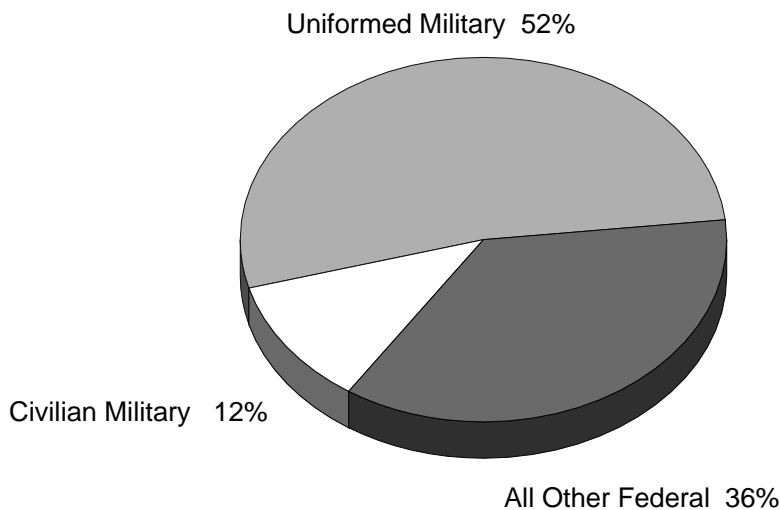
Source: Consolidated Federal Funds Report, Bureau of the Census, 2004

8 Growth Outpacing Most Sectors Anchorage job growth from 2000 to 2005



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

9 Defense Wages Dominate Anchorage federal payroll, 2004



Source: Consolidated Federal Funds Report, Bureau of the Census, 2004

grade employees, or the military's blue-collar work force, receive extra location pay according to the military's schedule, and general schedule employees receive a 25 percent cost-of-living adjustment.⁵

Commissaries, the on-base grocery stores, also provide jobs from appropriated funds. The commissaries operate on a "cost-plus" basis, meaning that authorized patrons – active military or retirees and their dependents – purchase groceries at cost plus a five percent surcharge. The surcharge covers the costs of building new commissaries and modernizing the existing ones. In 2004, the approximately 130 commissary-related jobs on Anchorage military installations paid an average of \$35,601.

Positions paid for by non-appropriated funds include those with less essential supporting roles and those providing entertainment and amenities. Funding comes primarily from operational revenues and a majority of the positions are filled by military dependents.

Private sector contractors also benefit

The military's influence also spreads to the broader Anchorage economy in the form of private contractors that maintain permanent worksites on Elmendorf and Fort Richardson. In 2004, the 21 private sector employers with a presence on Fort Richardson provided a combined monthly average of 250 jobs and paid more than \$10.5 million in wages and salaries to their employees who worked there. At Elmendorf, 50 private-sector employers provided an average total of 600 jobs on the base and had a payroll of more than \$34 million.

The employers range from large national-defense contractors providing highly specialized technical services to smaller local businesses providing everything from banking services to haircuts and maintenance. Average pay for the combined 850 private-sector jobs on Fort Richardson and Elmendorf was \$52,045 in 2004.

⁵ The across-the-board 25 percent cost-of-living adjustment is being phased out slowly and being replaced by more localized cost-of-living adjustments.

A closer look at payroll numbers

As noted above, the biggest military expenditure is for payroll – more than \$600 million in 2004. Not surprisingly, military payroll expenditures also make up the lion's share of the total federal payroll for Anchorage. When combined, the payrolls of the uniformed military and military civilian employees make up 64 percent of all wages paid by the federal government in Anchorage. (See Exhibit 9.)

The impact uniformed military wages have on the city's economy is hard to determine with any specificity. One factor that can lessen the impact is the large amount of goods and services available on base. Wages spent on base for housing, health care, entertainment, food and consumer goods, for example, inject very little money into the broader Anchorage economy.

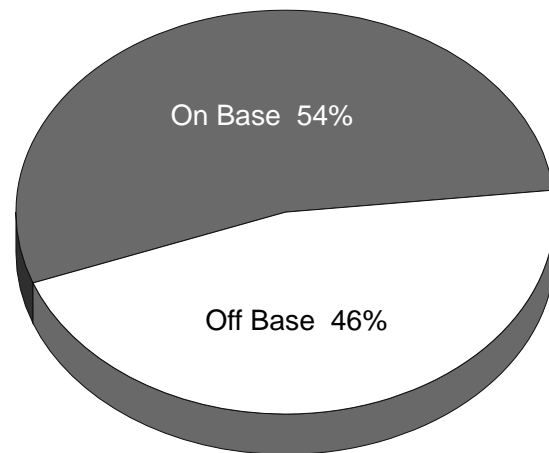
To the extent military personnel live off base – 46 percent of the total in 2004 – their wages are much more likely to be spent off base. (See Exhibit 10.) But given the tremendous expansion of the retail and other service-providing sectors of the city's economy in recent years, it would not be surprising if a large slice of all military paychecks are ending up in local merchants' and service-providers' pockets.

Air Force personnel stationed at Elmendorf are significantly more likely to live off base than the soldiers at Fort Richardson. (See Exhibit 11.) According to the military, personnel who live off base tend to be older and have more children. Having more dependents creates a larger impact on the local economy, both in terms of the amount of goods and services consumed and the increased likelihood of having a spouse who enters the local labor force. Overall, the Air Force estimates that it takes about three active duty positions to generate a job in the private sector.

Military pay can add up

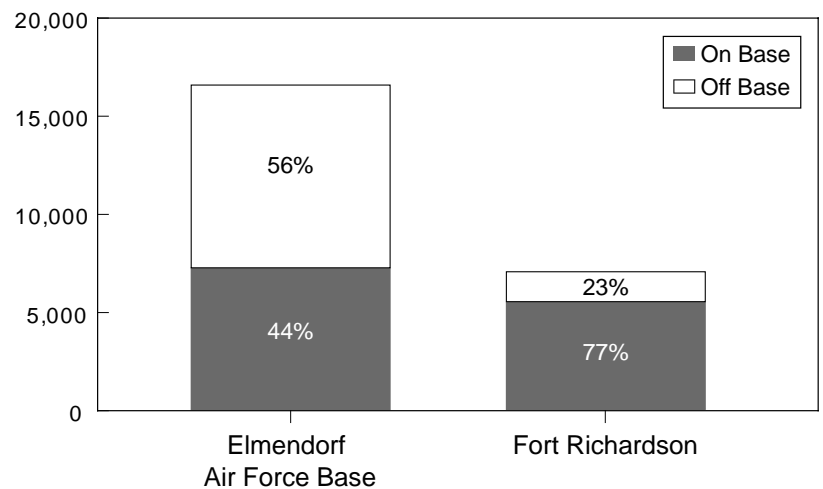
Since the military was professionalized during the Vietnam era, the pay and benefits of uniformed personnel have increased steadily. Members of the military also receive a significant

Nearly Half Live Off Base **10** Anchorage military housing, 2004



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

Larger Share of Air Force Lives Off Base **11** Anchorage military housing, 2004



Note: Includes active duty military and their dependents

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

12 Rank and Seniority Determine Pay

Military pay schedules, 2006

Enlisted Basic Pay Rates		
Rank (Air Force/Army)	Pay Grade	Monthly Pay Range
Airman/Private	E-1	\$1,273
Airman/Private	E-2	\$1,427
Airman First Class/Private First Class	E-3	\$1,501 - \$1,692
Sr. Airman/Specialist/Corporal	E-4	\$1,662 - \$2,018
Staff Sergeant/Sergeant	E-5	\$1,814 - \$2,526
Tech. Sergeant/Staff Sergeant	E-6	\$1,979 - \$2,998
Master Sgt./Sgt. First Class	E-7	\$2,288 - \$4,113
Sr. Master Sgt./First Master Sgt.	E-8	\$3,292 - \$4,603
Chf. Master Sgt./Command Sgt. Major	E-9	\$4,022 - \$5,394

Officer Basic Pay Rates		
Rank	Pay Grade	Monthly Pay Range
Second Lieutenant	O-1	\$2,416 - \$3,039
First Lieutenant	O-2	\$2,783 - \$3,852
Captain	O-3	\$3,221 - \$5,240
Major	O-4	\$3,663 - \$6,117
Lieutenant Colonel	O-5	\$4,246 - \$7,214
Colonel	O-6	\$5,094 - \$8,841
Brig. General	O-7	\$6,872 - \$10,066
Major General	O-8	\$8,271 - \$11,348
Lieutenant General	O-9	\$11,689 - \$12,525
General	O-10	\$13,365 - \$14,196

Officer Basic Pay Rates, Special ¹		
Rank	Pay Grade	Monthly Pay Range
First Lieutenant	O-1E	\$3,039 - \$3,774
Second Lieutenant	O-2E	\$3,774 - \$4,460
Captain	O-3E	\$4,297 - \$5,592

Warrant Officer Basic Pay Rates		
Rank ²	Pay Grade	Monthly Pay Range
Warrant Officer	WO-1	\$2,361 - \$3,773
Chief Warrant Officer 2	WO-2	\$2,673 - \$4,379
Chief Warrant Officer 3	WO-3	\$3,039 - \$5,032
Chief Warrant Officer 4	WO-4	\$3,328 - \$5,811
Chief Warrant Officer 5	WO-5	\$5,720 - \$6,311

¹ For officers with at least four years enlisted experience

² All branches of the military except Air Force

Source: *Military Advantage* (www.military.com)

boost from cost-of-living adjustments, re-enlistment bonuses, housing allowances, combat pay, flight pay and other cash benefits.

Some of these add-ons can be significant. For example, the cost-of-living adjustment for uniformed personnel in Anchorage, which is tied to rank and years of service, averages about \$300 a month, one of the highest cost-of-living adjustments in the country. What's more, this extra income is tax-free. Housing allowances for families with dependents range from \$1,256 a month to \$2,264 a month. Other pay supplements include a monthly food allowance and an annual clothing allowance.

Air Force data show that when all of these payments are added up, the average annual pay for its Elmendorf personnel in 2004 was \$62,054. The Army does not publish similar figures, but its average pay would be lower because the soldiers in Anchorage tend to be considerably younger, have fewer dependents and have less seniority than Air Force personnel stationed at Elmendorf.

Pay is based on rank and experience

All military pay calculations start with basic pay schedules, which apply to all active duty personnel in the nation. (See Exhibit 12.) Rank and time of service are the main drivers of salary progression. Although the titles or ranks may differ among the military branches, they use the same pay-grade schedule. Enlisted personnel start with a pay grade of E-1, with a rank of either private in the Army or airman in the Air Force, and make \$1,273 a month. This is the wage paid to most enlisted personnel as soon as they finish boot camp.

The highest enlisted pay grade is E-9, which applies to command sergeant majors in the Army and chief master sergeants in the Air Force. The most common rank at Elmendorf is senior airman at a pay grade of E-4 and the most common rank at Fort Richardson is specialist, also at a pay grade of E-4. The basic pay schedules do not include any cost-of-living adjustments.

Officers' ranks are the same for both the Army and the Air Force and new officers usually

enter the military as second lieutenants with a pay grade of O-1. Basic pay at this level starts at \$2,416. The highest pay grade among the officers stationed in Anchorage is O-9 for the rank of lieutenant general. The most common rank among both Army and Air Force officers is captain (O-3) with about six years of service.

The National Guard's supporting role

National Guard troops, the reserve force of the military, have played an increasingly important role in U.S. military activities in Afghanistan and Iraq over the past few years and add to the military's presence in Anchorage. The city's contingent of Army National Guard, which includes an infantry and an aviation battalion, is made up of about 600 soldiers and is headquartered at Fort Richardson. About 1,300 Air National Guard members are stationed at Kulis Air National Guard Base, near Ted Stevens International Airport, but they will be moved to Elmendorf Air Force Base in the near future as part of the recent Base Realignment and Closure directives.

National Guard members fall into two groups. The core group is the permanent, full-time uniformed contingent whose ranks and pay grades are the same as those for the Air Force or Army. (See Exhibit 12.) Benefits and pay supplements are also similar. About 20 percent of the Army National Guard stationed at Fort Richardson and about 40 percent of the Air National Guard at Kulis is full time.

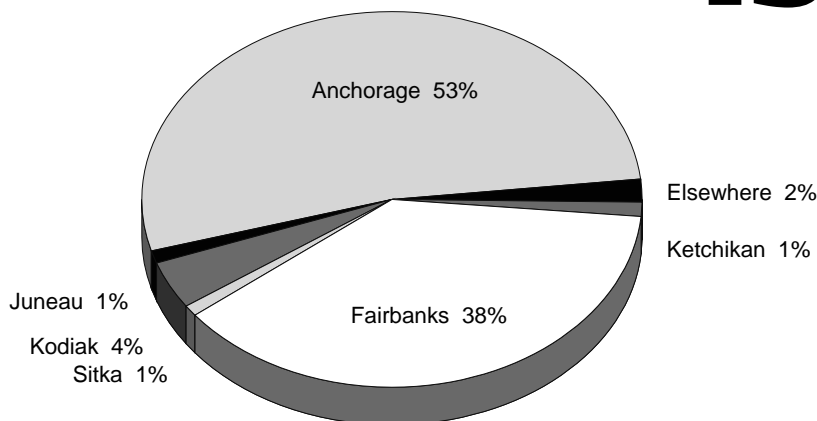
The larger portion of the National Guard consists of non-mobilized members. Usually these members are called out once a month for weekend drills and once a year for 15 consecutive days of training. As in other military branches, pay depends on rank and years of service, but it is also based on the number of drills – usually 48 a year – and time committed to the annual training period.

The part-time status allows Guard members to hold jobs in addition to their service commitment. Annual base pay for this non-mobilized contingent ranges from \$2,400 to \$10,987 for enlisted personnel and from \$4,922 to \$28,916 for officers. If Guard members are called for

Half of State's Military in Anchorage

Active duty military by area, 2004

13



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

active duty, their pay schedules match the pay grades of other uniformed military personnel in either the Army or Air Force. As a side note, women make up about 25 percent of Alaska's Air National Guard, the highest rate of female participation in the nation.

National Guard expenditures provide an additional economic benefit

Although detailed geographic breakouts of Alaska's Army and Air National Guard units' spending are not available, Anchorage undoubtedly receives much of the economic benefit since the Guards' largest bases are located in the city. The U.S. Department of Military and Veterans Affairs reported that National Guard spent \$158.3 million in Alaska in 2005. The Alaska Department of Military and Veteran Affairs supplemented the Army and Air Guards' budgets with \$15.9 million, \$11.3 million of which came from federal funds.

Military construction just keeps getting bigger

Anchorage's construction industry has always been a big beneficiary of military capital spending and currently the military's capital budgets are especially large. Because the construction takes place behind secured gates – military installations are generally off-limits to the public – most Anchorage residents have not seen the physical transformation that has

14 Contracts of at least \$2 million Elmendorf AFB and Fort Richardson, 2005

Company	Contract Amount
Alutiiq Manufacturing Contract	\$50,708,102
Watterson Construction	\$35,964,000
Crowley Marine Services	\$33,553,374
Arctec Alaska JV	\$33,369,064
Kiewit Construction	\$29,177,000
Chugach Management Services	\$16,674,306
Chugach Support Services	\$14,805,526
Graybar Electric	\$14,266,449
Alaska Structures	\$13,251,716
KUK/BRS Alaska Venture	\$12,825,119
Manson Construction	\$11,005,861
TKC Communications	\$11,002,407
Rivada Pacific	\$9,817,364
Weldin Construction	\$9,429,503
Aurora Power Resources	\$9,266,000
Rim Architects	\$8,750,906
Mckesson Corporation	\$8,511,389
Chugach Eareckson Support Services	\$7,892,550
Davis Watterson	\$7,872,887
Anteon Corporation	\$7,732,991
Phoenix Air Group	\$7,412,579
Alascom	\$6,850,340
Di Tomaso	\$6,810,975
Phoenix Management	\$6,099,823
Chenega Operations Services	\$5,839,364
Chenega Technology Services	\$5,839,364
Tfab Manufacturing	\$5,646,568
Emerald Consulting Group	\$5,645,733
Frawner Corp.	\$5,562,345
Lynden Air Cargo	\$5,484,610
Evergreen Helicopters	\$5,456,500
Alaska Native Technologies	\$4,420,940
Harbor Enterprises	\$4,395,808
White Mountain Construction	\$4,257,341
Chenega Power	\$4,203,993
Wilder Construction	\$3,750,000
Olgoonik Logistics	\$3,600,228
Agviq LLC	\$3,482,677
Chugach McKinley	\$3,371,648
Chenega Management	\$3,340,110
Weston Solutions	\$3,094,878
ITT Industries	\$2,778,475
Delta Western	\$2,761,257
BSA/LB&B JV	\$2,747,916
Tfab Warner Robins	\$2,602,455
ASRC Constructors	\$2,482,199
Ameresco Solutions	\$2,431,900
Nakuuruq Solutions	\$2,357,012
Northern Air Cargo	\$2,352,570
Qub'd International	\$2,300,246
Inlet Petroleum	\$2,148,117
Inuit-Kaya Technical Services	\$2,117,000
CYS Management Services	\$2,036,040

Source: U.S. Department of Defense

taken place at Fort Richardson and Elmendorf over the past five years.

Thousands of new housing units have been built or reconstructed, many of them privately owned and then leased back to the military. As an example, Anchorage contractor JL Properties built 420 housing units on Elmendorf in 2001 and took over management of an additional 407. This same contractor is currently building 762 additional units, valued at \$227 million and, when all is done, will own or manage 2,022 family units on Elmendorf.

Other construction and renovation projects include hangars, gyms, office buildings, firing ranges, runways, roads, clinics and railroad tracts. The federal fiscal year 2006 budget includes \$43 million for family housing, \$25 million to \$50 million for barracks, and \$5 million to \$10 million for an ammunition supply point on Fort Richardson. At Elmendorf, the biggest single budget item is a corrosion control facility that is budgeted at \$25 million to \$50 million.

A total of \$193 million was allocated to construction on Fort Richardson and Elmendorf in 2005. To illustrate the significance of this number, total permitted construction activity by the city in 2005 was \$661 million. According to the Institute of Social and Economic Research at the University of Alaska, 11 percent of all construction activity in the state in 2006 will be tied to the military. In addition, the military construction jobs pay particularly well since they are covered by the federal Davis-Bacon Act, which requires that workers be paid prevailing wages on all publicly funded projects.

A large consumer of goods and services

According to the Department of Defense, the military spent \$1.7 billion on procurement for Alaska in 2004. Detailed information was not available on how much of this amount went to Alaska or Anchorage suppliers, but as headquarters to the state's commercial activity and over half the state's active duty military (see Exhibit 13), one would expect that Anchorage receives a substantial benefit from the military's procurement spending.

The military is also an important customer for Anchorage's service providers. During the past decade it has been aggressive in contracting out duties that historically were done in-house, which has led to an impressive number of local contractors that received at least \$2 million from the military in 2005. (See Exhibit 14.) Prominent on this list are many of Alaska's Native corporations and construction contractors.

The military's impact on state demographics

Active duty military personnel and their dependents represented 9 percent of Anchorage's population in 2005, substantially less than in the military's peak years, but still enough to exert a strong demographic influence. Data from the 2000 U.S. Census show that the Elmendorf and Fort Richardson on-base populations – military and their dependents – are significantly younger than Anchorage's population. Fort Richardson's median age was just 21.8 and Elmendorf's 22.8, compared to 32.4 for the city as a whole. (See Exhibit 15.)

Military dependents made up 9.1 percent of the Anchorage School District's enrollment in 2005. (See Exhibit 16.) If data were available for the off-base military dependents, the percentage would be higher. These students create a substantial financial contribution to local schools since the military contributes a specific amount to the school district for each on-base military dependent. The military paid a total of about \$13 million to the district in the 2005-2006 school year.

More women are active members of the military than ever before but the ratio of males to females is still considerably higher than in Anchorage's population as a whole. Historically, the military has contributed to Anchorage's racial and ethnic diversity, but in some respects Anchorage's civilian population is more diverse than the military's.

The military is also a major contributor to the transient nature of Anchorage's population. When asked, "Where did you live five years ago?" during the 2000 Census, over 80

Military Has Unique Demographics

Select demographic statistics, 2000

15

	Elmendorf Air Force Base ¹	Fort Richardson ¹	Anchorage
Population			
Male	58.5%	54.3%	50.6%
Female	41.5%	45.7%	49.4%
Age			
19 and under	38.3%	42.8%	32.0%
20-44	59.1%	55.6%	40.7%
45-64	2.4%	1.6%	21.9%
65 and over	0.2%	0.2%	5.5%
Median age	22.8	21.8	32.4
Race/Ethnicity			
White	68.3%	77.2%	72.2%
African American	20.2%	12.3%	5.8%
Alaska Native/Native American	0.8%	0.7%	7.3%
Asian	1.7%	2.8%	5.5%
Hawaiian/Pacific Islander	0.4%	0.3%	0.9%
Other race	4.0%	2.6%	2.2%
Multi-race	4.6%	4.1%	6.0%
Hispanic	9.2%	7.2%	5.7%
Place of Birth			
Not In Alaska	90.3%	88.9%	67.9%
Place of Residence Five Years Ago			
Outside Alaska	87.8%	81.4%	26.2%
Households			
Average household size	3.4	3.7	2.7
Average family size	3.5	3.7	3.2
Education			
High school or higher	98.4%	99.4%	90.3%
Bachelor's degree or higher	17.3%	20.2%	28.9%
Income and Poverty			
Median household income	\$36,632	\$41,161	\$55,546
Median family income	\$36,563	\$40,089	\$63,682
Per capita income	\$13,935	\$13,194	\$25,287
Percentage living below poverty	6.2%	3.5%	7.3%

¹ On-base population only

Source: U.S. Census, 2000

percent of the on-base military population answered that they had lived somewhere outside Alaska. For Anchorage, the number was dramatically lower at about 26 percent. The mobility of military personnel and their families accentuates the frontier flavor of Alaska's demographics, as does the military's high percentage of males.

The military's legacy is a large veteran population

Another demographic impact the military has had on Anchorage is in the creation of a large

veteran population. In fact, Alaska has the highest per capita concentration of veterans in the nation. At last count, Anchorage had a veteran population of roughly 30,000, or 16 percent of the adult population.

According to the Department of Defense, there were also 4,981 military retirees living in Anchorage in federal fiscal year 2004. Each year these retirees are paid about \$84 million in direct benefits, not including health care and other retirement benefits that flow into Anchorage's economy.

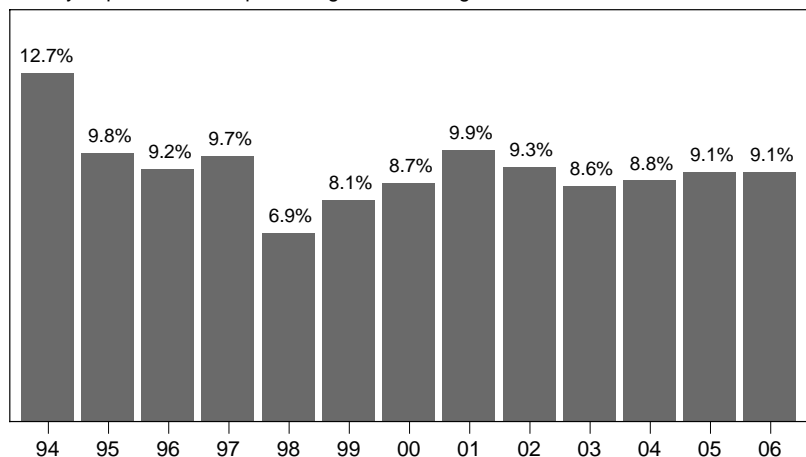
An unpredictable future for Anchorage's military

With the nation's military preoccupied with war, it is hard to forecast its future in Alaska. In times of international conflict, military missions and priorities are subject to significant change and what that might mean for Alaska is anybody's guess. Still, the military has a few very good reasons to maintain a presence in the state. Alaska's proximity to Asia and in particular the world's rising power, China, makes it strategically important and the state's vast and largely unpopulated expanse provides the military with unique training opportunities. In all likelihood, the military will remain a major force in Anchorage's economy for years to come.

16 Military Dependents in the Schools

Share of the school population, 1994-2006

Military dependents as a percentage of Anchorage School District students



Note: Dependents of on-base military only

Source: Anchorage School District

Job growth continues

Total nonfarm employment rose by 4,900 in April to 305,400. (See Exhibit 1.) Leading the way were seasonal industries such as construction, which added 1,600 jobs in April, and retail trade, which added 900. Leisure and hospitality was also a significant contributor, with 400 new jobs in the accommodations industry and 700 in the food services and drinking places category.

April's job count was 4,400 higher than in April 2005, an over-the-year growth rate of 1.5 percent. The year-ago comparisons show job growth in most employment categories.

The oil and gas industry provided 1,100 more jobs in April than it did a year earlier. The industry's growth rate over that period was an impressive 13 percent. Other industries showing strong over-the-year growth include retail trade and health care.

The Anchorage/Mat-Su region provided the largest portion of the over-the-year increase, about 3,000 jobs, but the Northern Region grew at the fastest rate, a strong 5.1 percent. (See Exhibit 3.) The Interior and Southeast regions added about 400 and 350 jobs, respectively, while the Southwest (-350) and Gulf Coast (-100) regions had fewer jobs than in April 2005.

Unemployment rate down slightly

The state's unemployment rate fell two-tenths

of a percentage point in April to 7.5 percent. The decline was less than usual for April, though not by a significant amount. In 2005, the unemployment rate fell four-tenths of a percentage point from March to April; in April 2004 it fell nine-tenths of a percentage point.

April's 7.5 percent rate is four-tenths of a percentage point higher than April 2005's rate, suggesting that the labor market might be softening slightly after almost three years of gradually declining unemployment rates.

April numbers can be misleading, however, since it is the last month before the beginning of Alaska's summer visitor season and the timing of employers' preparations can vary from year to year. The April job count for construction, an industry also characterized by strong summer hiring, can also fluctuate significantly from year to year depending on the weather. The most telling comparisons will come during the coming peak months of July and August.

Anchorage's unemployment was unchanged at 5.9 percent in April, while Fairbanks and Juneau saw moderate declines of three-tenths and four-tenths of a percentage point, respectively. Juneau's 5.3 percent unemployment rate was the lowest in the state for April. The Wade Hampton Census Area, which is located between Nome and Bethel, had the highest rate at 23.8 percent.

1 Nonfarm Wage and Salary Employment

	Preliminary	Revised	Revised	Changes from:	
	04/06	03/06	04/05	03/06	04/05
Alaska					
Total Nonfarm Wage and Salary¹	305,400	300,500	301,000	4,900	4,400
Goods-Producing ²	38,800	38,900	37,500	-100	1,300
Service-Providing ³	266,600	261,600	263,500	5,000	3,100
Natural Resources and Mining	11,700	11,700	10,400	0	1,300
Logging	500	400	600	100	-100
Mining	11,200	11,300	9,900	-100	1,300
Oil and Gas	9,500	9,500	8,400	0	1,100
Construction	17,200	15,600	17,000	1,600	200
Manufacturing	9,900	11,600	10,100	-1,700	-200
Wood Product Manufacturing	300	300	300	0	0
Seafood Processing	6,200	8,000	6,400	-1,800	-200
Trade, Transportation, Utilities	61,800	60,000	60,800	1,800	1,000
Wholesale Trade	6,300	6,200	6,100	100	200
Retail Trade	35,500	34,600	34,800	900	700
Food and Beverage Stores	6,200	6,100	6,000	100	200
General Merchandise Stores	9,100	9,000	9,000	100	100
Transportation, Warehousing, Utilities	20,000	19,200	19,900	800	100
Air Transportation	5,900	5,800	5,900	100	0
Truck Transportation	3,000	2,900	2,900	100	100
Information	6,900	6,800	6,900	100	0
Telecommunications	4,200	4,100	4,200	100	0
Financial Activities	14,600	14,500	14,400	100	200
Professional and Business Services	22,900	22,600	22,800	300	100
Educational⁴ and Health Services	36,300	36,200	35,800	100	500
Health Care	26,300	26,300	25,700	0	600
Leisure and Hospitality	28,600	27,200	28,200	1,400	400
Accommodations	6,500	6,100	6,400	400	100
Food Services and Drinking Places	18,000	17,300	17,800	700	200
Other Services	11,600	11,300	11,300	300	300
Government⁵	83,900	83,000	83,300	900	600
Federal Government ⁶	16,500	16,400	16,700	100	-200
State Government	25,200	24,900	24,900	300	300
State Government Education	8,100	8,000	8,100	100	0
Local Government	42,200	41,700	41,700	500	500
Local Government Education	24,300	24,400	23,900	-100	400
Tribal Government	3,900	3,900	3,800	0	100

Notes for all exhibits on this page:

¹ Excludes self-employed workers, fishermen, domestic workers, unpaid family workers and nonprofit volunteers

² Goods-producing sectors include natural resources and mining, construction and manufacturing.

³ Service-providing sectors include all others not listed as goods-producing sectors.

⁴ Private education only

⁵ Includes employees of public school systems and the University of Alaska

⁶ Excludes uniformed military

⁷ Metropolitan Statistical Area

Sources for all exhibits on this page: Alaska Department of Labor & Workforce Development, Research and Analysis Section; and the U.S Bureau of Labor Statistics

2 Unemployment Rates By borough and census area

	Prelim.	Revised	Revised
	04/06	03/06	04/05
NOT SEASONALLY ADJUSTED			
United States	4.5	4.8	5.9
Alaska Statewide	7.5	7.7	7.1
Anchorage/Mat-Su (MSA)⁷	6.3	6.5	5.9
Municipality of Anchorage	5.9	5.9	5.6
Mat-Su Borough	8.4	9.4	7.4
Gulf Coast Region	9.5	10.0	9.2
Kenai Peninsula Borough	9.7	10.4	9.3
Kodiak Island Borough	7.6	7.0	7.5
Valdez-Cordova Census Area	10.7	12.0	10.8
Interior Region	7.3	7.7	7.0
Denali Borough	10.6	13.2	11.1
Fairbanks North Star Borough (MSA) ⁷	6.5	6.8	6.2
Southeast Fairbanks Census Area	10.8	11.6	11.8
Yukon-Koyukuk Census Area	13.6	15.0	12.3
Northern Region	11.1	10.9	11.3
Nome Census Area	13.6	13.7	12.2
North Slope Borough	8.0	8.5	9.5
Northwest Arctic Borough	11.6	10.3	12.4
Southeast Region	7.5	8.5	7.2
Haines Borough	11.6	14.4	11.7
Juneau Borough	5.3	5.7	5.3
Ketchikan Gateway Borough	7.4	8.5	7.6
Prince of Wales-Outer Ketchikan CA	14.9	18.5	12.2
Sitka Borough	5.7	6.1	5.5
Skagway-Hoonah-Angoon CA	18.1	21.6	14.9
Wrangell-Petersburg Census Area	10.5	11.8	10.6
Yakutat Borough	11.8	16.7	8.9
Southwest Region	13.7	12.1	12.9
Aleutians East Borough	8.0	7.7	8.6
Aleutians West Census Area	7.4	3.9	7.7
Bethel Census Area	14.6	13.8	13.0
Bristol Bay Borough	16.7	16.7	11.7
Dillingham Census Area	12.0	11.2	12.5
Lake and Peninsula Borough	6.8	11.2	9.4
Wade Hampton Census Area	23.8	22.2	21.7
SEASONALLY ADJUSTED			
United States	4.7	4.7	5.1
Alaska Statewide	7.0	7.0	6.6

For more current state and regional employment and unemployment data, visit our Web site.

almis.labor.state.ak.us

3 Nonfarm Wage and Salary Employment By Region

	Preliminary	Revised	Revised	Changes from:		Percent Change:	
	04/06	03/06	04/05	03/06	04/05	03/06	04/05
Anch/Mat-Su (MSA) ⁷	164,700	161,900	161,700	2,800	3,000	1.7%	1.9%
Anchorage	147,200	145,000	144,800	2,200	2,400	1.5%	1.7%
Gulf Coast	26,850	26,200	26,950	650	-100	2.5%	-0.4%
Interior	44,100	42,700	43,700	1,400	400	3.3%	0.9%
Fairbanks	37,400	36,800	37,100	600	300	1.6%	0.8%
Northern	16,600	16,600	15,800	0	800	0.0%	5.1%
Southeast	35,550	33,650	35,200	1,900	350	5.6%	1.0%
Southwest	17,500	19,400	17,850	-1,900	-350	-9.8%	-2.0%