

# Job Growth Wanes in 1995

by John Boucher, Neal Fried, Kristen Tromble, Brigitta Windisch-Cole

Alaska's economy grew for the eighth straight year in 1995, propelled by an expanding services sector and strong construction activity. (See Figure 1.) However, job growth was slower than at any time during the 1990s. Wage and salary jobs grew by 1.1%, less than half of the 2.5% pace set in 1994. Oil and timber industry woes combined with federal government downsizing and the demise of two airlines to put a damper on employment growth. Slower growth in Alaska's retail sector completed the recipe for one of the more sluggish economic performances in recent memory.

## 2,800 more jobs in 1995

On an annual basis, Alaska's economy added 2,800 jobs in 1995. (See Table 1.) That number represented the smallest job gain posted in the 1990s. For most of the 90s, the economy has added about 5,000 jobs a year.

Several events caused the slower job growth. The oil and gas industry delivered a three-punch combination: the ARCO layoff, Alyeska Pipeline layoffs, and consolidation at oil field service companies. These blows sent oil and gas and oil transportation employment reeling. Meanwhile, civilian and military agencies continued to shed employees, extending the decline of federal government employment into its second year. MarkAir exited Alaska in mid-year, in effect closing its Alaska operations. Several months later, MarkAir's commuter spin-off, MarkAir Express, laid off all but a handful of workers. By year's end, employment in Alaska's air industry stalled and began to nosedive.

## Health care, construction, job training, tourism push services forward

The biggest contributor to Alaska's job growth last year was services. Nearly every facet of services added jobs. Job additions were noted in hospitals and health care facilities and

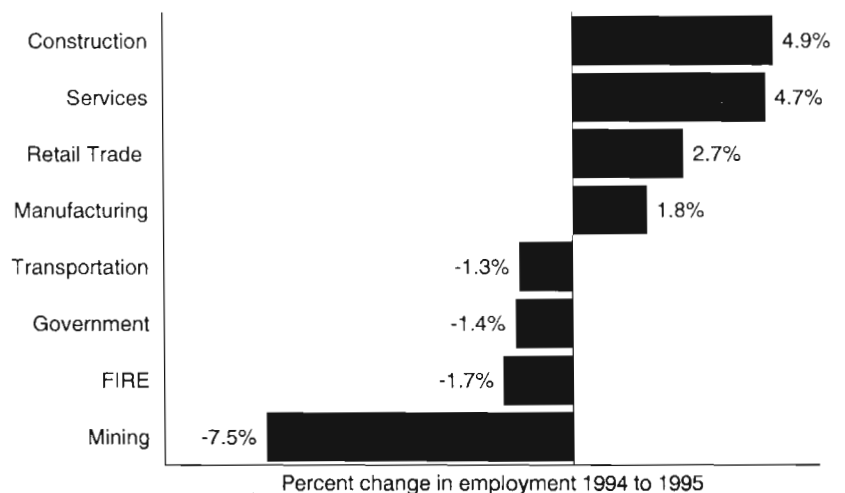
in firms providing professional services, like engineers and architects, to the construction industry. Business services, fueled by the temporary help sector, contributed to job growth in 1995. Some business services growth came at the expense of jobs in the financial industry. Computer programming and data processing services got a boost when two large banks contracted out computer processing centers to other firms.

Social services agencies, particularly those providing job training and vocational rehabilitation services, experienced a healthy employment increase last year. Amusement and recreation services and hotels and lodging places, two sectors heavily influenced by Alaska's visitor industry, posted banner years for employment growth. The notable exception to services growth was legal services. Employment at attorney's offices fell for the second year in a row.

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Figure • 1

## Construction and Services Grow Fastest



FIRE = Finance, Insurance and Real Estate  
Source: Alaska Department of Labor, Research & Analysis Section.

Table • 1

## Change in Wage and Salary Employment 1994-1995

| Alaska                     |         |         |        |                | Municipality of Anchorage  |         |         |        |                |
|----------------------------|---------|---------|--------|----------------|----------------------------|---------|---------|--------|----------------|
|                            | 1994    | 1995    | Change | Percent Change |                            | 1994    | 1995    | Change | Percent Change |
| Total Nonag. Wage & Salary | 259,300 | 262,100 | 2,800  | 1.1            | Total Nonag. Wage & Salary | 120,100 | 120,600 | 500    | 0.4            |
| Goods-producing            | 39,600  | 39,700  | 100    | 0.3            | Goods-producing            | 11,600  | 11,200  | -400   | -3.4           |
| Mining                     | 10,700  | 9,900   | -800   | -7.5           | Mining                     | 3,200   | 2,700   | -500   | -15.6          |
| Construction               | 12,300  | 12,900  | 600    | 4.9            | Construction               | 6,400   | 6,400   | 0      | 0.0            |
| Manufacturing              | 16,600  | 16,900  | 300    | 1.8            | Manufacturing              | 2,000   | 2,100   | 100    | 5.0            |
| Durable Goods              | 3,200   | 3,200   | 0      | 0.0            | Service-producing          | 108,500 | 109,500 | 1,000  | 0.9            |
| Lumber & Wood Products     | 2,300   | 2,200   | -100   | -4.3           | Transportation             | 12,600  | 12,000  | -600   | -4.8           |
| Nondurable Goods           | 13,500  | 13,700  | 200    | 1.5            | Air Transportation         | 4,700   | 4,500   | -200   | -4.3           |
| Seafood Processing         | 10,300  | 10,600  | 300    | 2.9            | Communications             | 2,300   | 2,200   | -100   | -4.3           |
| Pulp Mills                 | 500     | 500     | 0      | 0.0            | Trade                      | 28,700  | 29,600  | 900    | 3.1            |
| Service-producing          | 219,800 | 222,500 | 2,700  | 1.2            | Wholesale Trade            | 6,100   | 6,400   | 300    | 4.9            |
| Transportation             | 23,300  | 23,000  | -300   | -1.3           | Retail Trade               | 22,600  | 23,200  | 600    | 2.7            |
| Trucking & Warehousing     | 3,000   | 3,100   | 100    | 3.3            | Gen. Merch. & Apparel      | 4,500   | 4,700   | 200    | 4.4            |
| Water Transportation       | 1,900   | 2,000   | 100    | 5.3            | Food Stores                | 3,300   | 3,100   | -200   | -6.1           |
| Air Transportation         | 7,600   | 7,300   | -300   | -3.9           | Eating & Drinking Places   | 7,700   | 8,200   | 500    | 6.5            |
| Communications             | 3,800   | 3,700   | -100   | -2.6           | Finance-Ins. & Real Estate | 7,200   | 7,100   | -100   | -1.4           |
| Trade                      | 52,700  | 54,200  | 1,500  | 2.8            | Services & Misc.           | 31,300  | 32,600  | 1,300  | 4.2            |
| Wholesale Trade            | 8,300   | 8,600   | 300    | 3.6            | Hotels & Lodging Places    | 2,600   | 2,600   | 0      | 0.0            |
| Retail Trade               | 44,400  | 45,600  | 1,200  | 2.7            | Health Services            | 6,500   | 6,700   | 200    | 3.1            |
| Gen. Merch. & Apparel      | 8,800   | 9,200   | 400    | 4.5            | Government                 | 28,800  | 28,200  | -600   | -2.1           |
| Food Stores                | 7,200   | 7,200   | 0      | 0.0            | Federal                    | 11,100  | 10,500  | -600   | -5.4           |
| Eating & Drinking Places   | 14,700  | 15,100  | 400    | 2.7            | State                      | 8,100   | 8,100   | 0      | 0.0            |
| Finance-Ins. & Real Estate | 11,900  | 11,700  | -200   | -1.7           | Local                      | 9,500   | 9,500   | 0      | 0.0            |
| Services & Misc.           | 58,000  | 60,700  | 2,700  | 4.7            |                            |         |         |        |                |
| Hotels & Lodging Places    | 6,300   | 6,400   | 100    | 1.6            |                            |         |         |        |                |
| Health Services            | 12,700  | 13,200  | 500    | 3.9            |                            |         |         |        |                |
| Government                 | 73,900  | 72,900  | -1,000 | -1.4           |                            |         |         |        |                |
| Federal                    | 18,700  | 17,700  | -1,000 | -5.3           |                            |         |         |        |                |
| State                      | 21,600  | 21,500  | -100   | -0.5           |                            |         |         |        |                |
| Local                      | 33,500  | 33,700  | 200    | 0.6            |                            |         |         |        |                |

### Retailers ring up another job gain

Fueled by general merchandise and apparel stores and eating and drinking establishments, retail employment was the second largest contributor to private-sector job growth in 1995. Much of last year's job growth in general merchandisers occurred early in the year, as chain store job counts moved higher on the momentum of store openings that occurred in 1994. By mid-year, this aspect of the retail expansion had largely run its course. Food stores job growth, which was a source of solid job gains in 1994, also sputtered to a halt as the year wore on.

Employment gains in other types of retailers also occurred last year. Eating and drinking

establishments posted a second consecutive year of strong employment growth. Gas stations, boat dealers, building supply stores, furniture stores and gift shops also contributed to retail job growth.

### Construction has another solid year

For the third year in a row, Alaska's construction industry posted a strong performance. (See Figure 1.) Residential construction outstripped even the most optimistic predictions as private and public sector housing construction kept builders busy. A good residential building season was augmented by military housing projects at Eielson AFB and the Kodiak Coast Guard base, as well as

## Change in Wage and Salary Employment 1994-1995

### Southeast Region

|                            | 1994   | 1995   | Change | Percent<br>Change |
|----------------------------|--------|--------|--------|-------------------|
| Total Nonag. Wage & Salary | 34,900 | 35,700 | 800    | 2.3               |
| Goods-producing            | 5,750  | 5,750  | 0      | 0.0               |
| Mining                     | 150    | 200    | 50     | 33.3              |
| Construction               | 1,450  | 1,600  | 150    | 10.3              |
| Manufacturing              | 4,100  | 3,950  | -150   | -3.7              |
| Durable Goods              | 1,800  | 1,650  | -150   | -8.3              |
| Lumber & Wood Products     | 1,700  | 1,500  | -200   | -11.8             |
| Nondurable Goods           | 2,350  | 2,350  | 0      | 0.0               |
| Seafood Processing         | 1,600  | 1,600  | 0      | 0.0               |
| Pulp Mills                 | 500    | 550    | 50     | 10.0              |
| Service-producing          | 29,150 | 29,950 | 800    | 2.7               |
| Transportation             | 2,900  | 2,950  | 50     | 1.7               |
| Trade                      | 6,400  | 6,700  | 300    | 4.7               |
| Wholesale Trade            | 550    | 550    | 0      | 0.0               |
| Retail Trade               | 5,850  | 6,150  | 300    | 5.1               |
| Finance-Ins. & Real Estate | 1,400  | 1,400  | 0      | 0.0               |
| Services & Misc.           | 6,100  | 6,600  | 500    | 8.2               |
| Government                 | 12,350 | 12,350 | 0      | 0.0               |
| Federal                    | 2,000  | 1,950  | -50    | -2.5              |
| State                      | 5,350  | 5,400  | 50     | 0.9               |
| Local                      | 4,950  | 5,050  | 100    | 2.0               |

### Gulf Coast Region

|                            | 1994   | 1995   | Change | Percent<br>Change |
|----------------------------|--------|--------|--------|-------------------|
| Total Nonag. Wage & Salary | 26,450 | 27,050 | 600    | 2.3               |
| Goods-producing            | 6,900  | 7,050  | 150    | 2.2               |
| Mining                     | 1,050  | 1,100  | 50     | 4.8               |
| Construction               | 1,150  | 1,150  | 0      | 0.0               |
| Manufacturing              | 4,700  | 4,750  | 50     | 1.1               |
| Seafood-Processing         | 3,500  | 3,550  | 50     | 1.4               |
| Service-producing          | 19,550 | 20,000 | 450    | 2.3               |
| Transportation             | 2,200  | 2,250  | 50     | 2.3               |
| Trade                      | 4,850  | 5,000  | 150    | 3.1               |
| Wholesale Trade            | 650    | 600    | -50    | -7.7              |
| Retail Trade               | 4,200  | 4,400  | 200    | 4.8               |
| Finance-Ins. & Real Estate | 700    | 700    | 0      | 0.0               |
| Services & Misc.           | 5,200  | 5,350  | 150    | 2.9               |
| Government                 | 6,650  | 6,750  | 100    | 1.5               |
| Federal                    | 650    | 650    | 0      | 0.0               |
| State                      | 1,750  | 1,750  | 0      | 0.0               |
| Local                      | 4,250  | 4,350  | 100    | 2.4               |

### Southwest Region

|                            | 1994   | 1995   | Change | Percent<br>Change |
|----------------------------|--------|--------|--------|-------------------|
| Total Nonag. Wage & Salary | 17,150 | 17,100 | -50    | -0.3              |
| Goods-producing            | 5,400  | 5,550  | 150    | 2.8               |
| Seafood-Processing         | 5,000  | 5,250  | 250    | 5.0               |
| Service-producing          | 11,750 | 11,550 | -200   | -1.7              |
| Government                 | 5,750  | 5,300  | -450   | -7.8              |
| Federal                    | 850    | 600    | -250   | -29.4             |
| State                      | 500    | 500    | 0      | 0.0               |
| Local                      | 4,400  | 4,250  | -150   | -3.4              |

### Fairbanks North Star Borough

|                            | 1994   | 1995   | Change | Percent<br>Change |
|----------------------------|--------|--------|--------|-------------------|
| Total Nonag. Wage & Salary | 30,650 | 31,200 | 550    | 1.8               |
| Goods-producing            | 2,850  | 3,150  | 300    | 10.5              |
| Mining                     | 800    | 700    | -100   | -12.5             |
| Construction               | 1,500  | 1,900  | 400    | 26.7              |
| Manufacturing              | 550    | 550    | 0      | 0.0               |
| Service-producing          | 27,750 | 28,050 | 300    | 1.1               |
| Transportation             | 2,150  | 2,300  | 150    | 7.0               |
| Trucking & Warehousing     | 500    | 550    | 50     | 10.0              |
| Air Transportation         | 550    | 550    | 0      | 0.0               |
| Communication              | 250    | 300    | 50     | 20.0              |
| Trade                      | 7,000  | 7,000  | 0      | 0.0               |
| Wholesale Trade            | 800    | 800    | 0      | 0.0               |
| Retail Trade               | 6,200  | 6,200  | 0      | 0.0               |
| Gen. Merch. & Apparel      | 1,250  | 1,250  | 0      | 0.0               |
| Food Stores                | 750    | 750    | 0      | 0.0               |
| Eating & Drinking Places   | 2,400  | 2,350  | -50    | -2.1              |
| Finance-Ins. & Real Estate | 1,050  | 950    | -100   | -9.5              |
| Services & Misc.           | 7,250  | 7,500  | 250    | 3.4               |
| Government                 | 10,300 | 10,300 | 0      | 0.0               |
| Federal                    | 3,100  | 3,050  | -50    | -1.6              |
| State                      | 4,400  | 4,350  | -50    | -1.1              |
| Local                      | 2,850  | 2,900  | 50     | 1.8               |

### Northern Region

|                            | 1994   | 1995   | Change | Percent<br>Change |
|----------------------------|--------|--------|--------|-------------------|
| Total Nonag. Wage & Salary | 15,600 | 15,300 | -300   | -1.9              |
| Goods-producing            | 5,950  | 5,600  | -350   | -5.9              |
| Mining                     | 5,100  | 4,950  | -150   | -2.9              |
| Service-producing          | 9,700  | 9,700  | 0      | 0.0               |
| Government                 | 4,700  | 4,750  | 50     | 1.1               |
| Federal                    | 200    | 250    | 50     | 25.0              |
| State                      | 350    | 300    | -50    | -14.3             |
| Local                      | 4,150  | 4,200  | 50     | 1.2               |

Notes: Subtotals may not add due to rounding.

Alaska and Municipality of Anchorage prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. All other tables prepared in part with funding from the Alaska Department of Labor, Employment Security Division. Government includes employees of public school systems and the University of Alaska.

Benchmark: March 1995

Source: Alaska Department of Labor, Research & Analysis Section.

construction and renovation of low-income housing in several areas. Other public projects, such as the Healy clean coal facility, Anchorage schools and hospitals, and numerous rural water and sewer projects, kept builders active. A solid year for highway and street renovation also contributed to public sector construction spending. Big projects outside of the public sector were often related to investment in Alaska's tourism and mining sectors. Fairbanks was a hot spot as construction work at the Fort Knox gold mine and two hotels occurred. Southeast also saw its share of tourism investment as new dock facilities and a tram got underway in Juneau.

### **Manufacturers make mixed gain**

Alaska's manufacturing sector rounded out 1995's list of growth industries. While manufacturers posted a job gain of 300, the industry gave some extremely mixed employment signals. On the positive side, a strong winter quarter and a record setting salmon catch propelled Alaska's seafood processors to employment growth. However, low salmon prices meant trouble for processors, and the year ended with at least two processors closing. In the wood products industry, shut-downs and shift cutbacks characterized the sawmill segment, while the logging and pulp mill portions of the industry appeared to be making a slight rebound. Elsewhere in the manufacturing industry, the solid construction season bolstered employment at firms making concrete products.

### **Oil layoffs overshadow hard rock mining activity**

The ARCO layoff in the last quarter of 1994 combined with the continued consolidation of oil field service contracts to make for one of the roughest shakeout periods in Alaska's oil and gas industry in recent years. Oil industry job losses took their toll, particularly on Anchorage and the North Slope, but the economic reverberations were felt throughout the state.

On the hard rock mining front, anticipation heightened about projects that will come on line in the next two years, but little movement occurred in job counts. On the down

side, the Valdez Creek placer mine, the second largest mine in the state, shut down its operations in 1995. However, that bad news was more than offset by expansion at the Red Dog and Alaska Gold mines, opening of the Nixon Forks mine, and continued ramping up at the Greens Creek, Kensington, and Fort Knox mines.

### **Feds lose 1,000 jobs**

Alaska's public sector lost 1,000 jobs last year as the effects of federal government downsizing continued to mount. Troop draw-downs and base closures affected Alaskan military installations, resulting in cuts to defense-related federal government employment. Defense-related agencies weren't the only group that pared down last year. The process of reinventing federal government took its toll on agencies like the Bureaus of Land Management, Indian Affairs, and Mines in the Interior Department. The Forest Service in the Department of Agriculture, the Federal Aviation Administration in the Department of Transportation, and the Postal Service also lopped jobs.

In state and local government, employment held steady. There were slight gains in local government as many cities took advantage of a federally funded program to beef up their police forces. Employment at public schools also crept up due to increased school enrollment and new school facilities. State government employment dropped slightly from 1995 levels as the University of Alaska and state agencies felt fiscal pressure to curb personnel costs.

### **Anchorage's economy budgeted little in 1995**

In 1995, Anchorage's economy posted its weakest performance in seven years. Anchorage's wage and salary work force grew by 500 jobs or 0.4%. (See Figure 2.) Anchorage's economic performance was one of the weakest in the state. (See Table 1.) Several factors produced this lackluster picture. Sizeable layoffs occurred in the oil and transportation industries, and the federal government continued to downsize. As the headquarters or administrative center for these employers, Anchorage felt the brunt of the

layoffs. This was coupled with flat or moderate growth in Anchorage's remaining industries.

### Services make the biggest gains

Without the 1,300 jobs gained in the service industry, Anchorage's job count would have shrunk in 1995. Engineering and management services and health care were the biggest gainers. The former benefited from a decent construction season while the latter grew on the strength of hospital employment gains and general health services. Business services also enjoyed strong gains, boosted by increases in the temporary help and contingent work force business.

### A less eventful year for retail

In 1994, more than half a dozen major retailers entered the market and employment soared by 2,000. Last year was far less eventful for retailers, primarily because no new large stores opened. Job gains in 1995 were moderate and mixed. Some growth was left-over momentum from 1994, and by the end of the year, growth in major segments of retail trade had evaporated. This performance is not surprising given the sluggish economy and the 1994 saturation of retail. By 1995, the size of Anchorage's retail work force relative to its total work force was larger than the national average—a sign that much of the city's retail market was satiated.

For the second year in a row, eating and drinking establishments was one segment of retail trade that made impressive gains. Restaurant employment grew 6.5%, making it the biggest contributor to retail growth. Several new restaurants opened and others expanded during the past year.

### Construction enjoyed a decent year

Construction industry employment started weakly but gained strength during 1995. Construction of four new elementary schools and two middle schools sustained Anchorage's construction work force. Work on the State Court House and the Alaska Native Hospital also helped. Toward the end of the season, construction of the new \$160 million

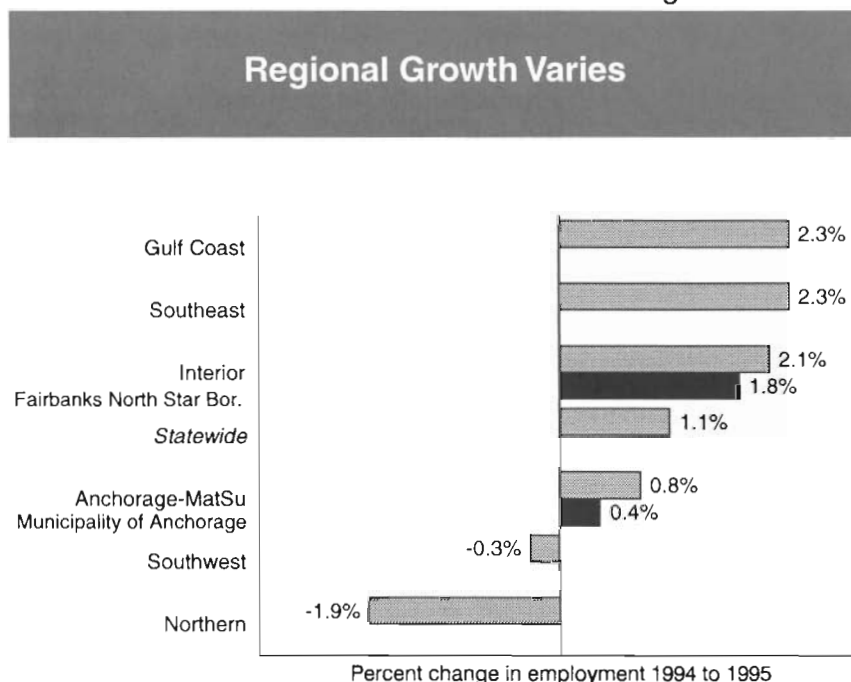
Elmendorf AFB Hospital gave the industry a lift. Residential construction activity fared better than predicted, as new residential building permits climbed to 1,000, compared to 858 in 1994. Most of these permits were for single-family homes, but 199 of them were multi-family units.

### Big losses in air transportation

The demise of MarkAir in April and a mass layoff at MarkAir Express in December accounted for all of the job losses in the air industry. As home base for these carriers, Anchorage felt the economic brunt of these shutdowns. The combined loss amounted to 700-800 jobs in Anchorage. Air transportation losses shown in Table 1 are smaller for several reasons. Since both carriers operated part of the year, the 1995 average employment doesn't fully account for all of the jobs lost; some losses will carry over into 1996. Also, the net loss to the industry will be less because other carriers expanded operations to fill some of the gaps left from the two carriers.

Downsizing at Alyeska Pipeline Service Company also contributed to job declines in trans-

Figure • 2



Source: Alaska Department of Labor, Research & Analysis Section.

portation. As the volume of oil flowing from the North Slope declines, Alyeska plans to continue to shrink the size of its work force.

### **Oil patch numbers fall in Anchorage**

Losing 500 jobs in 1995 pulled Anchorage's oil industry work force to an eight-year low. Set into motion in late 1994, most of the downsizing took place in 1995. By the end of the year, cuts had subsided and it appeared that oil industry employment had stabilized. On the positive side, the export ban of North Slope oil was lifted, and interest in development of marginal fields has emerged. These developments could help stabilize the oil patch work force.

### **Federal government's losses shrink public sector**

For the second year in a row, the federal government's work force in Anchorage declined. In fact, federal government was among the largest job losers in Anchorage—600 in total. The biggest losers were large federal agencies, such as the Department of Defense and Department of Interior. However, hardly an agency escaped unscathed. Employment in the rest of the Anchorage public sector remained unchanged.

### **Anchorage's finance sector got a bit smaller**

The city's finance sector pruned its work force a bit in 1995. The small job losses were not necessarily a reflection of the industry's health, since both bank lending and deposits increased. However, changes in technology and the way lenders do business are influencing the size of the work force. Some banks are out-sourcing work that was previously done in-house, and technology is putting a lid on their labor needs.

### **Fairbanks lays foundation for a gold rush**

Fairbanks' economy added 550 jobs to its wage and salary work force in 1995. This

1.8% job growth accounted for nearly 20 percent of the state's total employment gain.

With an annual average of 1,900 construction workers, building activity around Fairbanks showed its strongest performance since 1985. Ground was broken for the \$256 million Fort Knox gold mine, the largest construction project in the state. Construction of two hotels added almost 250 rooms in time for the 1996 season. New military housing and remodeling projects continued on Eielson Air Force Base, providing on-post housing for approximately 150 military families. Other public construction projects included repairs on the Butrovich building at the University of Alaska. Fairbanks' seniors also benefited from construction activity with 34 new housing units at the downtown MLH Manor.

Residential construction increased about 17 percent over last year. By November, contractors had registered 81 multi-housing and 129 single-family unit building permits. Fairbanks' rental market eased with the availability of on-post housing for military personnel and new construction.

Tourism is making strong gains in Fairbanks. During the travel months, hotel receipts increased more than 12 percent over last year. Over 1,000 more passengers entered Alaska via the Yukon Territory during visitor season.

Retail employment remained about the same in Fairbanks during 1995. A few eating and drinking establishments closed their doors, causing a slight drop in restaurant employment.

Public sector employment in Fairbanks increased at the local level while state and federal employment declined. Several federal agencies lost positions, including the Bureau of Land Management, the Department of the Interior, and the Federal Aviation Administration. State employment losses reflected a reduction of student employment at the University of Alaska Fairbanks.

During the past year, some oil service companies, which report employment in Fairbanks, cut staff, causing a drop in mining

employment. In spite of the gold strikes in the Fairbanks area, metal mining employment increased only slightly during 1995. Most of the present employment related to mine development is counted in construction. When the Fort Knox mine starts operations in 1996, mining employment will rise. Other major gold discoveries in the Fairbanks vicinity promise future growth in this industry.

### **Gulf Coast economies prosper**

In 1995, employment grew 2.3% in the Gulf Coast region, which includes the Valdez-Cordova census area and the Kenai Peninsula and Kodiak boroughs. (See Figure 2.) This made the Gulf Coast and Southeast regions the fastest growing areas in the state. The Gulf Coast economy added 600 jobs during 1995. (See Table 1.)

Fisheries in the regions along the Gulf ended with mixed harvest results. This year, Kodiak topped all previous records for salmon. Seafood processing plants had to restrict deliveries by mid-August because of cold storage capacity limitations. The herring and groundfish harvests also ended on a positive note for the Kodiak fleet. Contrasting the success of Kodiak's season was the repeated harvest failure of the herring fishery in Prince William Sound. Cook Inlet and Prince William Sound salmon fishers shared a slow season. Because of the mixed harvest results in the Gulf region, employment in seafood processing industries experienced only a small increase.

Tourism continued to develop on the Kenai Peninsula. Gross sales during the 1995 tourist season increased by almost 5 percent. Sales revenues climbed significantly in Seward where gross sales leapt almost 23 percent. Passengers from about 100 cruise ships calling on Seward's port contributed to this successful season. Visits to the Kenai Fjords Park increased close to 10 percent over 1994 counts.

### **Southwest fishers netted a bountiful catch**

Employment in Southwest Alaska slipped below last year's level. Total wage and salary employment lost ground because of the closure of the Adak Naval station. Since 1994, federal employees, along with military personnel and dependents, have been moving from the base. In 1995, an additional 250 civilian workers and military exchange personnel left Adak. The final base closure is scheduled for January 1998. Adak's school district essentially ceased to exist when military dependents left the base in the summer of 1994. Therefore, local government employment dropped.

Southwest's economy experienced another seafood boom, led by a spectacular harvest of sockeye salmon in Bristol Bay. The 50% scaled back catch quota for opilio (snow) crab hardly affected harvesters who received premium product prices averaging \$2.40 per pound. A high value herring fishery combined with a solid groundfish fishery added further luster to the 1995 season. Fish processing plant operators augmented their work force, showing a 5% industry employment gain.

Employment in Southwest Alaska's trade, services, and transportation categories expanded, partially spurred by the seafood boom and a burgeoning visitor industry.

### **The Northern region's economic growth shifted westward**

In Northern Alaska, employment fell by 300 jobs. (See Table 1.) Most of these losses were oil related. After the completion of the 1994 GHX-II project, oil service and construction companies scaled back employment. The drop also includes some of the 1995 ARCO layoffs.

Some economic growth in the Nome area and the Northwest Arctic and North Slope boroughs does not show up because oil-related losses overwhelmed the gains. In the western part of the Northern region, services and trade employment grew. Health care service employment contributed to growth. In the retail industry, new eating and drinking places added jobs. In addition, the Red Dog Mine in the Northwest Arctic Borough expanded.

Tourism is also on the rise in the Northern region of the state. The Dalton Highway, where traffic increased about 34 percent during 1995, is becoming a tourist attraction.

### **Southeast among the growth leaders**

Growth in services, retail trade and construction launched Southeast Alaska to a better than expected performance in 1995. Overall, nonagricultural wage and salary employment rose 2.3%.

Services and miscellaneous showed an 8.2% jump in employment in 1995. This statistic is deceptive, as two reporting changes contributed to the number's growth. When these changes are factored out, the underlying growth in services was 5.3%, and total growth for the region was 1.8%.

Even with this adjustment, the services industry added the most new jobs in 1995, with all covered service sectors reporting increases. Medical services employment rose over 7 percent due largely to growth at Southeast Alaska Regional Health Corporation and Ketchikan General Hospital. Employment soared at some social service organizations as they hired workers with new grant money from AmeriCorps or Medicaid.

Retail trade added the second highest number of new jobs. Food stores, boosted by a new Carr's store in Juneau, was the fastest growing segment of retail. Employment in eating and drinking and other retail establishments also grew faster than the regional average. Some of this growth was likely tourist related, while other growth came as stores expanded in response to the competition that has entered the market in recent years.

Construction was Southeast's second fastest growing sector. Building construction led growth in the construction industry. Residential construction in Juneau was particularly strong; the number of new housing units permitted in 1994 and 1995 averaged almost two and two-thirds times the number for the previous two years. Ketchikan and Sitka also saw a healthy increase in the number of units permitted in 1995 compared to 1994. Ketchikan issued permits for over

twice as many units, while Sitka's number increased more than 17 percent.

Mining, Southeast's fastest growing industry, also experienced healthy job gains. Greens Creek's employment surged as it prepared to reopen its mine, and Coeur Alaska added jobs when it assumed control of the Kensington mine project. These gains more than offset losses at Echo Bay, which struggled with permits for the AJ mine.

Lumber and wood products was Southeast's big job loser with over the year losses reflecting the closure of the Wrangell sawmill in late 1994. This sector also suffered from cutbacks at Ketchikan Pulp Company, which temporarily closed its Ketchikan sawmill and reduced shifts at its Metlakatla sawmill. However, in another part of the timber industry, logging employment rose over 6 percent.

In Southeast's other industries, tourism booked a strong season despite cruise ship mishaps and a threatened ferry strike that slowed projected growth. Another year of good fish harvests kept seafood processing employment near last year's level. Total government employment stayed virtually flat from 1994 to 1995, with federal job losses offset by gains at the local level.

### **Setbacks meant slower job gain in 1995**

In 1995, Alaska's economy grew at a 1.1% pace. This was the slowest rate of growth and the smallest number of jobs added to the economy during the 1990s. Broad-based job growth in the services sector, a strong construction year, and the tail end of the retail expansion were significant contributors to economic growth. Meanwhile, oil industry layoffs, federal government downsizing and the closure of two large airlines were responsible for the slower job growth.

Regionally, growth was somewhat balanced. Southeast Alaska and the Gulf Coast region were among the faster growing areas of the state; Anchorage and the Northern region brought up the rear. On balance, 1995 was a struggle for Alaska's economy, but it still managed to eke out a little bit of growth.