

Job Growth Rebounds in 1997

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Alaska's economy rebounded strongly in 1997, completing a decade of job growth. Returning to a growth rate more typical of the 1990s, the state added 4,700 jobs last year. (See Table 1.) This improvement followed two years of slower than average growth. From 1990-94, Alaska's economy added about 5,000 jobs a year. The economy grew by 2,800 jobs in 1995, and 1,600 in 1996.

A broad-based expansion

The economy was propelled by expansion in air transportation, services, retail and finance, a solid visitor season and a budding hard rock mining industry. (See Figure 1.) While oil and gas extraction posted a job loss, a strong performance by oil

field services firms in the latter half of 1997 helped rekindle growth. Overall, wage and salary employment grew 1.8%, three times the 0.6% rate of 1996.

While most sectors of the economy grew, Alaska's fishing and timber industries experienced setbacks. The timber industry was hit by the closure of the Ketchikan pulp mill. A disastrous Bristol Bay salmon return meant job losses in Alaska's seafood processing sector. Consolidation in Alaska's oil industry rounded out private sector losses, while in the public sector, only state government shed jobs.

Health care and business services lead service sector growth

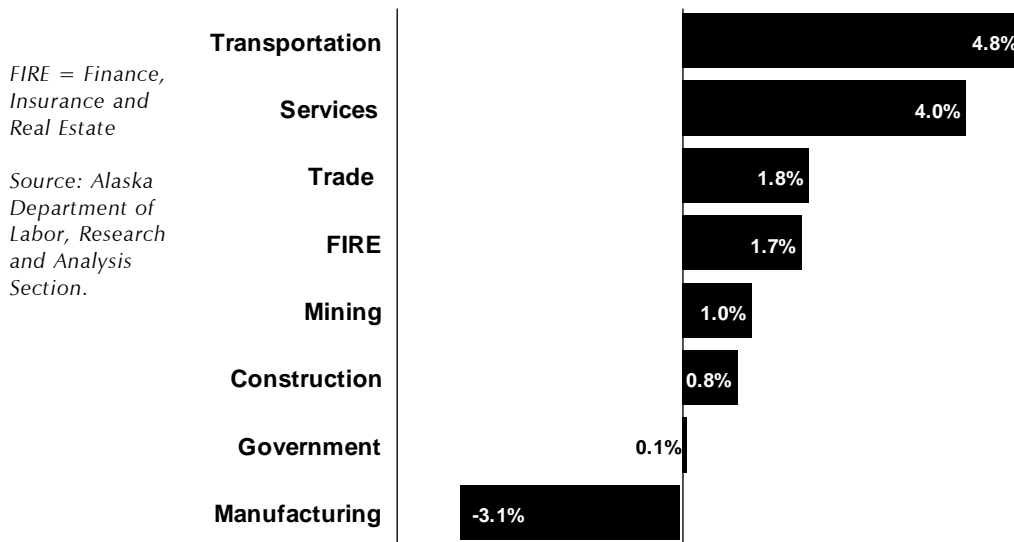
With over half of the state's new jobs, the services industry was by far the biggest contributor to growth in 1997. Services growth was widespread with only one facet, personal services, showing a drop. The strongest gains came in hospitals and health care facilities and in firms providing business services. Business services firms that performed notably included those offering facilities maintenance and management, security related services, and computer programming and other computer-related business services.

Tourism-related services also played an important role in job growth last year. Amusement and recreation services, a sector heavily influenced by Alaska's visitor industry, posted solid employment growth. Hotel and lodging employment, bolstered by the opening of the new Princess facility near Talkeetna, also increased.

Figure • 1

Transportation, Services Lead 1997 Job Growth

Percent change in employment 1996-1997



Air transportation takes off

Services added the most jobs, but air transportation had the fastest growth, adding jobs at a 9.2% clip. Anchorage International Airport continued to gain prominence as a hub for international cargo and passenger traffic. Cargo carriers, including Federal Express, UPS, and United Air Lines, scrambled for a piece of the action. In addition, tourist traffic and a growing state economy kept domestic and in-state traffic counts healthy.

Despite some losses, retailers post job gain

Fueled by increases in eating and drinking establishments and growth in general merchandisers, retail employment was the third-largest contributor to private-sector job gains in 1997. Eating and drinking establishments posted a fourth consecutive year of growth, while general merchandise stores came back from the retrenchment that characterized much of 1996. Gas stations, building supply stores, and furniture stores also added jobs. Other major segments of the retail sector held their ground in 1997.

Oil field services firms bounce back

After one of its roughest shakeouts ever, Alaska's oil and gas industry, particularly the oil field services sector, began to revive. Early in the year, oil industry job losses took a heavy toll on Anchorage and the North Slope. By mid-year, new exploration and development activities translated into increasingly smaller over-the-year job losses. By the fall, employment in the oil and gas sector registered its first consecutive over-the-year gain since 1994.

Change in Wage and Salary Employment 1996-1997-Alaska

	1996	1997	Change	Percent Change
Total Nonag. Wage & Salary	263,600	268,300	4,700	1.8 %
Goods-producing	38,400	38,000	-400	-1.0
Service-producing	225,200	230,300	5,100	2.3
Mining	9,900	10,000	100	1.0
Oil & Gas Extraction	8,500	8,300	-200	-2.4
Construction	12,600	12,700	100	0.8
Manufacturing	15,900	15,400	-500	-3.1
Durable Goods	3,000	3,000	0	0.0
Lumber & Wood Products	1,900	1,900	0	0.0
Nondurable Goods	12,900	12,400	-500	-3.9
Seafood Processing	9,800	9,600	-200	-2.0
Pulp Mills	500	200	-300	-60.0
Transportation	22,900	24,000	1,100	4.8
Trucking & Warehousing	2,800	2,800	0	0.0
Water Transportation	1,900	2,000	100	5.3
Air Transportation	7,600	8,300	700	9.2
Communications	3,800	4,000	200	5.3
Electric, Gas & Sanitary Services	2,300	2,300	0	0.0
Trade	54,600	55,600	1,000	1.8
Wholesale Trade	8,700	8,800	100	1.1
Retail Trade	45,900	46,700	800	1.7
Gen. Merch. & Apparel	9,000	9,300	300	3.3
Food Stores	7,000	7,000	0	0.0
Eating & Drinking Places	15,300	15,700	400	2.6
Finance-Ins. & Real Estate	11,900	12,100	200	1.7
Services & Misc.	62,900	65,400	2,500	4.0
Hotels & Lodging Places	6,400	6,500	100	1.6
Business Services	8,000	8,500	500	6.3
Health Services	13,800	14,700	900	6.5
Legal Services	1,700	1,700	0	0.0
Social Services	6,600	6,900	300	4.5
Engineering & Mgmt. Services	7,300	7,300	0	0.0
Government	73,100	73,200	100	0.1
Federal	17,300	17,300	0	0.0
State	21,500	21,400	-100	-0.5
Local	34,200	34,500	300	0.9

Subtotals may not add due to rounding.

Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Government includes employees of public school systems and the University of Alaska.

Benchmark: March 1997

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

Employment in minerals mining continued to rise in 1997. Both the Greens Creek and Fort Knox mines were in operation for the full year. At the Red Dog mine, a massive construction project is expanding the mine's production capacity which will lead to incremental job gains. Growth at several smaller mines also added to 1997's employment levels.

Native corporations boost finance sector

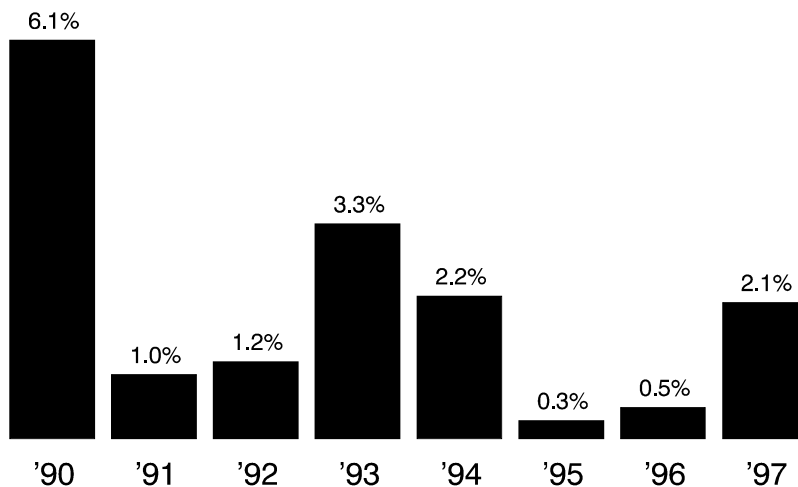
After two years of contraction, Alaska's financial sector returned to employment growth. Alaska's Native corporations led the recovery. Expansion of Native-operated businesses and a good

Figure • 2

Anchorage's Growth Accelerates

Percent change in employment from previous year

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



construction year for the regional housing authorities were instrumental in the turn around.

Manufacturing heads list of job losers

For the second year in a row, manufacturing topped the list of declining industries. Seafood processors posted 200 fewer jobs than in 1996. A smaller than predicted Bristol Bay salmon harvest and low salmon prices created losses for processors and fishers. In the wood products industry, Ketchikan Pulp Company closed its pulp mill, prompting a loss of more than 300 jobs.

Federal losses abate, state loses jobs, local governments grow

After two years of steep employment declines related to downsizing, federal government employment held steady in 1997. State government employment dropped slightly as early retirement incentives and general state budget cutbacks took their toll. At the local level, increased school enrollment and new school facilities nudged employment up. The largest change in local government came late in the year when the Fairbanks Municipal Utilities System was privatized.

The year in review is presented region-by-region on the following pages:

Anchorage

In 1997, after two years of little movement, broad-based expansion energized Anchorage's job growth. Employment grew by 2.1% or 2,500 jobs compared to 0.5% or 600 jobs in 1996. (See Figure 2.) Services, retail trade and transportation made the most headway. Only the oil industry and the federal government counted small losses.

Health care leads services growth

Services, Anchorage's biggest employer, generated the largest number of new jobs and had the highest growth rate (4.2%). (See Table 2.) Once again, health care, with over seven percent growth, took the starring role. Nearly all segments of health care grew, including hospitals, clinics, doctors' and dentists' offices, and laboratories. This growth came despite little change in the city's population. Instead, a combination of other factors appears to be driving the expansion. One factor may be that, as the industry offers a wider variety of services, fewer residents seek care out of state. The growing choice of health services may effectively increase consumption as does the increasing average age of Alaskans. Also, many health professionals appear to be moving to Alaska to escape the constraints of managed care.

Business and social services also contributed to the growth in the services sector. Expansion in computer services is spurring the business services momentum. The privatization of public services is stimulating growth in social services.

Despite construction of several new facilities, hotel employment remained flat. Hotel employment will climb in 1998 as Anchorage's new hotels open or complete a full year's operation.

Retail comes back

After a pause in 1996, retail trade showed some strong employment gains in 1997. Although no new large retailers opened, many existing players expanded operations and others simply hired more staff, as in the case of Safeway which expanded several stores. The year 1997 also saw an increase in new "full service" gas stations. Mapco Express and Tesoro, the city's two largest gas retailers, added new stations and enlarged others to include more groceries, eateries and other services. New Sagaya's, a specialty grocer, opened a second store in downtown Anchorage. Growth in eating and drinking also boosted retail employment. The only sizable new entrant into this market was the Outback Steakhouse, but a host of smaller establishments opened or added outlets. The trend of eating more meals away from home is continuing and may be finding new vigor.

Air transportation is another economic star

Domestic, local and international carriers rose to new heights in 1997 as air transportation employment grew by 8.5% or 400 jobs. Both domestic and bush carriers added capacity. More visitors and expansion by existing carriers fueled growth in Alaska's domestic air transportation sector. Some carriers, such as Northern Air Cargo, PenAir, and Alaska Airlines, built new facilities. Others, like Lynden Transport, added air freight services. Growth at international air carriers was even more dramatic. The amount of cargo landed increased approximately 10 percent. Federal Express, the industry's largest player, began work on a new \$38 million facility and added more than 100 employees. United Airlines initiated a new trans-Pacific air freight service, which more than doubled its staff. Many other players added flights.

Change in Wage and Salary Employment 1996-1997—Municipality of Anchorage

	1996	1997	Change	Percent Change	Subtotals may not add due to rounding.
Total Nonag. Wage & Salary	121,100	123,600	2,500	2.1 %	
Goods-producing	10,900	10,900	0	0.0	
Service-producing	110,200	112,800	2,600	2.4	
Mining	2,500	2,400	-100	-4.0	
Oil & Gas Extraction	2,400	2,300	-100	-4.2	
Construction	6,400	6,500	100	1.6	
Manufacturing	2,000	2,000	0	0.0	
Transportation	11,900	12,100	200	1.7	
Air Transportation	4,700	5,100	400	8.5	
Communications	2,200	2,400	200	9.1	
Trade	29,800	30,500	700	2.3	
Wholesale Trade	6,500	6,400	-100	-1.5	
Retail Trade	23,300	24,100	800	3.4	
Gen. Merch. & Apparel	4,500	4,700	200	4.4	
Food Stores	2,900	3,000	100	3.4	
Eating & Drinking Places	8,200	8,500	300	3.7	
Finance-Ins. & Real Estate	7,200	7,200	0	0.0	
Services & Misc.	33,600	35,000	1,400	4.2	
Hotels & Lodging Places	2,600	2,600	0	0.0	
Business Services	5,800	6,100	300	5.2	
Health Services	7,000	7,500	500	7.1	
Legal Services	1,200	1,200	0	0.0	
Social Services	2,900	3,100	200	6.9	
Engineering & Mgmt. Services	5,200	5,300	100	1.9	
Government	27,700	28,000	300	1.1	
Federal	10,000	9,900	-100	-1.0	
State	8,000	8,200	200	2.5	
Local	9,700	9,900	200	2.1	

Subtotals may not add due to rounding.

Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Government includes employees of public school systems and the University of Alaska.

Benchmark: March 1997

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

Oil patch employment stabilizing

Although employment fell slightly in 1997, the oil industry's performance improved. By the end of the year, job losses had nearly disappeared as rising employment at oil service companies offset losses at the big producers. Work on the new Alpine and Badami prospects and extensive activity at West Sak breathed new life into the industry. Perhaps more important than the increase in employment is the renewed optimism generated by the resurgence of work in the state's oil patch.

Construction enjoys biggest year since the crash of 1986

In 1997, construction valuation in Anchorage climbed to \$391 million, the largest total since 1986. No one project or segment of the industry dominated. Residential construction enjoyed its best year since 1986. Work on at least five new hotels also contributed to the gain. Other big

T a b l e • 3

Change in Wage and Salary Employment 1996-1997—Fairbanks North Star Borough

Subtotals may not
add due to
rounding.

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Government
includes
employees of
public school
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Benchmark:
March 1997

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

	1996	1997	Change	Percent Change
Total Nonag. Wage & Salary	31,350	32,100	750	2.4 %
Goods-producing	3,200	3,300	100	3.1
Service-producing	28,150	28,800	650	2.3
Mining	900	1,100	200	22.2
Construction	1,750	1,650	-100	-5.7
Manufacturing	500	550	50	10.0
Transportation	2,300	2,600	300	13.0
Trucking & Warehousing	550	550	0	0.0
Air Transportation	650	700	50	7.7
Communications	250	300	50	20.0
Trade	6,550	6,750	200	3.1
Wholesale Trade	750	800	50	6.7
Retail Trade	5,800	5,900	100	1.7
Gen. Merch. & Apparel	1,250	1,300	50	4.0
Food Stores	750	800	50	6.7
Eating & Drinking Places	1,950	1,900	-50	-2.6
Finance-Ins. & Real Estate	1,000	1,050	50	5.0
Services & Misc.	7,850	8,000	150	1.9
Hotels & Lodging Places	800	750	-50	-6.3
Health Services	1,850	1,900	50	2.7
Government	10,500	10,450	-50	-0.5
Federal	3,200	3,300	100	3.1
State	4,350	4,250	-100	-2.3
Local	2,950	2,900	-50	-1.7

projects included the \$29 million University of Alaska Anchorage dormitory and the new \$38 million Federal Express facility. In Anchorage, stability, a word not normally associated with the construction sector, has characterized this industry in the 1990s.

The city's finance sector remains stable

Finance employment did not increase as might be expected in light of low interest rates, a strong stock market, increases in mortgage activity, a healthy construction industry and sound balance sheets in the city's financial institutions. Technology-driven changes continue to restrain growth in this industry. Key Bank also trimmed its workforce as it moved some operations out-of-state.

Alyeska Pipeline Service restructuring costs jobs

The biggest single loss in Anchorage in 1997 was Alyeska Pipeline Service Company's decision to

decentralize its operations. This action moved over 250 jobs out of Anchorage to Fairbanks and Valdez. Not only was this a sizable job loss for Anchorage, but the payroll loss was even larger, as these represent some of the highest paying jobs in the state.

Government climbs slightly

After steep declines in federal government employment in 1995 and 1996, losses moderated in 1997. Federal employment fell by 100 jobs. In state government, after five years of no growth, employment climbed by 200. Local government added the same number of jobs. Most of these gains came from the local school districts where enrollments continued to rise and new schools opened.

Fairbanks

With a gain of 750 jobs and a growth rate of 2.4%, Fairbanks was Alaska's fastest growing labor market region. (See Figures 3 and 4.) Many industries grew, with service-producing industries, such as transportation and trade, providing the bulk of the new jobs. Only government employment took a downturn. In the goods-producing industries, mining's 200 new jobs offset a loss in construction employment. Fairbanks' economy also benefited as industries with above average pay added most of the new jobs.

Mining creates year-round employment

The first full year of operation at Fort Knox drove the gain in mining employment. This mine, employing about 250 workers, has consistently stayed ahead of its production goals. Although gold prices softened during 1997, falling to a 12-year low at year's end, production efforts continued uninter-

rupted in the Fairbanks mining district. Moreover, exploration work on newer prospects progressed at a brisk pace. The Sumitomo/La Teck partnership announced a gold ore deposit of over four million ounces on its Pogo property, east of Fairbanks.

Construction tilts down

Construction employment fell by 100 jobs as Fairbanks' industrial construction surge ebbed with completion of the Fort Knox mine and the Healy Clean Coal Project. However, school and university construction, military projects, road upgrades, a new runway, and residential and other construction projects kept Fairbanks' crews busy.

Retail expands

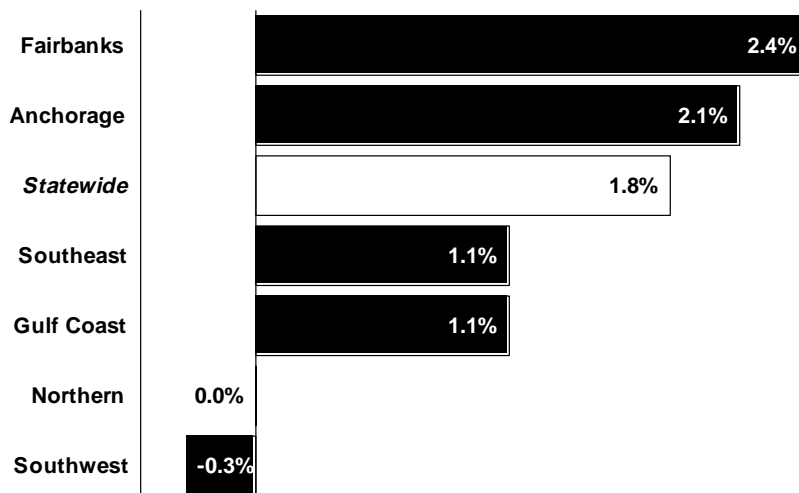
Fairbanks' retail sector expanded in 1997 resulting in a 100-job gain. (See Table 3.) Five new gasoline and convenience retail outlets entered the market place. Bigger retailers, such as Sears and Fred Meyer, enlarged or renovated stores; Fred Meyer added a new grocery market. Expansions like these, along with other business start-ups, helped lift retail employment.

Service employment growth calms

From 1991 to 1996, services contributed much to the job growth in Fairbanks. However, in 1997, its dominance as a strong job creator weakened. Although employment in health care, social and business services, and non-profit organizations grew, some shifts in service contracts moved jobs to other industry sectors. Combined, the multi-

Fairbanks Leads Regional Growth

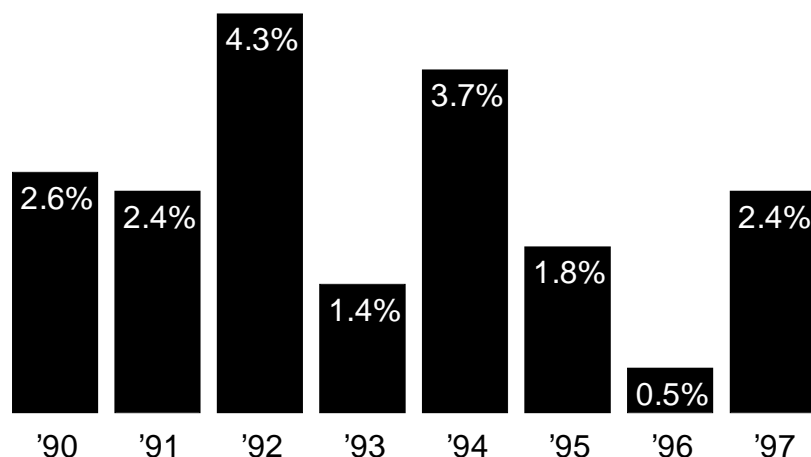
Percent change in employment 1996-1997



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

Fairbanks Posts Another Year of Growth

Percent change in employment from previous year



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

faceted services industry added only 150 new jobs last year. Several factors contributed to this subdued performance.

The lackluster tourist season may have played a role. Summer traffic at the Canada/Alaska border fell. Although local hotel revenues rose by over 10

T a b l e • 4

Change in Wage and Salary Employment 1996-1997—Gulf Coast Region

Subtotals may not add due to rounding.

Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Government includes employees of public school systems and the University of Alaska.

Benchmark: March 1997

	1996	1997	Change	Percent Change
Total Nonag. Wage & Salary	26,850	27,150	300	1.1 %
Goods-producing	6,800	6,900	100	1.5
Service-producing	20,050	20,250	200	1.0
Mining	1,050	1,100	50	4.8
Oil & Gas Extraction	1,050	1,100	50	4.8
Construction	1,100	1,200	100	9.1
Manufacturing	4,650	4,550	-100	-2.2
Seafood Processing	3,350	3,400	50	1.5
Transportation	2,200	2,350	150	6.8
Trade	5,000	5,050	50	1.0
Wholesale Trade	600	600	0	0.0
Retail Trade	4,400	4,450	50	1.1
Eating & Drinking Places	1,450	1,450	0	0.0
Finance-Ins. & Real Estate	700	700	0	0.0
Services & Misc.	5,400	5,400	0	0.0
Health Services	1,050	1,100	50	4.8
Government	6,750	6,750	0	0.0
Federal	700	700	0	0.0
State	1,700	1,700	0	0.0
Local	4,350	4,350	0	0.0

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

percent in 1997, coming in nearly \$3.5 million stronger in the third quarter than a year ago, hotel employment dropped slightly. The Westmark Hotel, a big employer, scaled back operations during a major renovation. These mixed indicators make it hard to evaluate the success of the 1997 visitor season.

Shifts in contract alliances affected business services employment. A contract between a business service firm and Alyeska Pipeline Service Company expired and an oil service contractor took over. This change shifted employment to the oil and gas industry, and in the process cost the services sector over 150 jobs.

Two hefty boosts to transportation, communications and utilities employment

Transportation's significant job gains stemmed from the privatization of the Fairbanks Municipal Utility Services (MUS) and the relocation of Alyeska Pipeline Service Company jobs from Anchorage to Fairbanks. Privatization of MUS did not create new jobs in Fairbanks, but transferred about 250 local government employees to the private

communications and utilities industries, which are part of the transportation sector. Alyeska Pipeline Service Company's reorganization brought more than 200 good paying jobs to Fairbanks.

Public sector employment declines

Privatization of MUS, on the flip side, meant the loss of about 250 public sector jobs. By December, the public sector's share of employment had shrunk by 1.2% (300 jobs) compared to year-ago levels. Fewer students and budget crunches contributed to lower employment at the University of Alaska Fairbanks. Even though the school district responded to a

1.2% rise in enrollment by adding staff in the fall, total government employment fell by 50 jobs in 1997.

Gulf Coast Region

The Gulf Coast region gained 300 jobs in 1997, for a modest growth rate of 1.1%. (See Table 4.) Moderate increases came from the oil and gas, construction, transportation, and trade industries. Manufacturing losses, particularly in timber, restrained growth.

Transportation added the most jobs, 150. Valdez benefited when Alyeska Pipeline Service Company relocated approximately 40 jobs from Anchorage. Other gains were spread throughout the region.

Construction employment posted the fastest growth rate, 9.1%. Several projects kept crews busy including the Sealife Center in Seward, the Alaska Regional Aircraft Fire Training Facility in Kenai, the Tesoro refinery expansion in Nikiski, the Whittier road project, the Coast Guard housing project in Kodiak and the new Kodiak Fisheries Research Center.

Although seafood processors experienced another turbulent year, manufacturing's job losses stemmed from the timber industry. When Asian market troubles softened demand, timber companies cut back on harvesting. Seafood processing employment rose slightly despite the loss of Tyson's fire-damaged plant on Kodiak Island and renewed conflict over salmon prices which led to a two-week strike by the Kodiak fleet. Elsewhere, harvests were more satisfactory. One area, the Copper River sockeye fishery, produced a spectacular volume. Healthy groundfish and halibut catches also helped sustain processing employment.

Southwest Region

Despite the disastrous salmon harvest in Bristol Bay, the Southwest region lost only 50 wage and salary jobs in 1997. (See Table 5.) Although seafood processing employment fell over 300 jobs from 1996's level, growth in services nearly made up the difference. In the spring, the U.S. Navy contracted with a business service company to maintain the defunct naval air station at Adak. Military service contracts and environmental clean-up of former military sites have become important businesses in Southwest Alaska, creating jobs in distant and remote rural locations.

In fishing, only the groundfish, opilio (Snow) crab, and a few king crab harvests went as expected. Other fisheries brought surprises. Togiak's herring fishery yielded only a third of the 1996 harvest value. In Bristol Bay, salmon fishers landed a little over half of last year's catch and low prices prevailed. Another disappointment came when fishery regulators announced the closure of a bairdi (Tanner) crab harvest. Last year's downturn was particularly evident between June and August. On average, over 600 fewer workers were needed

Change in Wage and Salary Employment 1996-1997-Southwest Region

	1996	1997	Change	Percent Change
Total Nonag. Wage & Salary	17,150	17,100	-50	-0.3 %
Goods-producing	5,150	4,850	-300	-5.8
Service-producing	12,000	12,300	300	2.5
Seafood Processing	4,900	4,600	-300	-6.1
Government	5,450	5,500	50	0.9
Federal	450	400	-50	-11.1
State	500	500	0	0.0
Local	4,450	4,550	100	2.2

Table • 6

Change in Wage and Salary Employment 1996-1997-Northern Region

	1996	1997	Change	Percent Change
Total Nonag. Wage & Salary	15,300	15,300	0	0.0 %
Goods-producing	5,400	5,150	-250	-4.6
Service-producing	9,900	10,150	250	2.5
Mining	4,900	4,700	-200	-4.1
Oil & Gas Extraction	4,450	4,250	-200	-4.5
Government	4,650	4,650	0	0.0
Federal	200	200	0	0.0
State	300	300	0	0.0
Local	4,150	4,150	0	0.0

Subtotals may not add due to rounding.

Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Government includes employees of public school systems and the University of Alaska.

Benchmark: March 1997

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

during the high season to process the dismal catch. A busy groundfishery somewhat mitigated the overall loss.

Northern Region

In the Northern region, total employment remained unchanged but some industries saw significant swings. (See Table 6.) Oil-related employment fell 200 jobs below the 1996 level. During the first half of the year, this drop was much steeper with over-the-year job losses averaging 550. However, new oil field development and stepped-up exploration on projects such as Badami, Alpine, and West Sak reversed the trend. Overall, gains in service-producing industries masked the losses in oil-related industries.

Employment growth occurred along the region's western coast and in its northwest corner. Health care services and trade spurred the economies of coastal towns and villages. Construction at the Red

T a b l e • 7

Change in Wage and Salary Employment 1996-1997—Southeast Region

Subtotals may not
add due to
rounding.

Prepared in
cooperation with
the U.S.
Department of
Labor, Bureau of
Labor Statistics.

Government
includes
employees of
public school
systems and the
University of
Alaska.

Benchmark:
March 1997

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

	1996	1997	Change	Percent Change
Total Nonag. Wage & Salary	35,650	36,050	400	1.1 %
Goods-producing	5,600	5,450	-150	-2.7
Service-producing	30,100	30,550	450	1.5
Mining	250	350	100	40.0
Construction	1,750	1,700	-50	-2.9
Manufacturing	3,550	3,450	-100	-2.8
Durable Goods	1,400	1,500	100	7.1
Lumber & Wood Products	1,200	1,300	100	8.3
Nondurable Goods	2,150	1,950	-200	-9.3
Seafood Processing	1,400	1,450	50	3.6
Pulp Mills	500	250	-250	-50.0
Transportation	2,850	2,950	100	3.5
Trade	6,600	6,600	0	0.0
Wholesale Trade	500	600	100	20.0
Retail Trade	6,100	6,050	-50	-0.8
Food Stores	1,400	1,350	-50	-3.6
Finance-Ins. & Real Estate	1,450	1,550	100	6.9
Services & Misc.	6,700	7,050	350	5.2
Health Services	1,550	1,600	50	3.2
Government	12,450	12,400	-50	-0.4
Federal	1,950	1,950	0	0.0
State	5,350	5,300	-50	-0.9
Local	5,150	5,150	0	0.0

Dog mine, a nearly \$200 million project, created jobs for residents of the Northwest Arctic Borough. Villages in the North Slope Borough continued to benefit from public construction. In Barrow, Alaska Commercial Company is building a \$17 million store, and the North Slope Borough is constructing a large cultural center.

Southeast Region

In 1997, Southeast's headline stories included the pulp mill closure in Ketchikan, Echo Bay's withdrawal from the AJ mine project, the continued effort to obtain permits for the Kensington mine, a strike by salmon fishers and controversy over the location of a new federal marine fisheries facility. The Canadian blockade of a state ferry disrupted tourist traffic and the transportation of fish out of the region and of other goods into it. However, despite these attention grabbing events, the Southeast region pulled out a surprising 1.1% growth in employment. (See Figure 5 and Table 7.)

Services, which added 350 jobs, fueled the growth. Growth was most apparent in the amusement and recreation sector. A Juneau health club, JRC, Inc., provided a significant number of these jobs when it opened a new facility. However, JRC's employment numbers include workers, such as part-time babysitters, who are compensated with club privileges. Tourism activity, including the Mt. Roberts Tramway's first full season of operation, also boosted recreation employment. Health services employers, including SEARHC, also added jobs.

Other industries add sweeteners

The mining industry turned in the region's highest growth rate.

Greens Creek, operating for the first full year since reopening, provided much of the increase. Other industry-related activity included continued exploration on the Niblack prospect and construction at the Calder limestone mine, both on Prince of Wales, and aerial geophysical survey work near Wrangell.

The finance, insurance and real estate industry expanded, largely as a result of Native corporation activity. Employment was also up at the Tlingit & Haida Regional Housing Authority. In contrast, by mid-year, other sectors of this industry such as banking and insurance were showing either no change or small losses in employment. Native corporations also spurred growth in other industries. For instance, in Craig, the village corporation, Shaan Seet, contributed to the growth in logging and Goldbelt, Juneau's village corporation, is associated with the Mt. Robert's Tramway.

In transportation, the water transportation sector accounted for the bulk of the industry's employment growth. Employers in marine cargo handling and water transportation of passengers reported

many new jobs. Slight gains were also reported in air and other transportation and in communications and utilities.

For the second consecutive year, employment in trade remained flat. Wholesale trade showed a substantial gain, about half of which was due to a reporting change. However, a small loss in retail offset this gain. Retail employment averaged 4.3% growth per year from 1986 to 1995, but has been either flat or down in the past two years. The industry appears to be taking a breather after the rapid growth. Retail losses were broad based. Annual average employment in food stores was down 5.0% from 1995, though employment at eating and drinking places fell less than one percent. In other retail, only general merchandise stores and miscellaneous retail showed increases in the first half of 1997 compared to the same period in 1995. Apparel, building materials and hardware stores, and home furnishing stores were hardest hit, with automotive dealers and service stations showing a smaller loss. All of these categories have faced increased competition with the expansion of general merchandisers. Miscellaneous retail, which includes jewelry and gift stores, may be benefiting from the tourist trade.

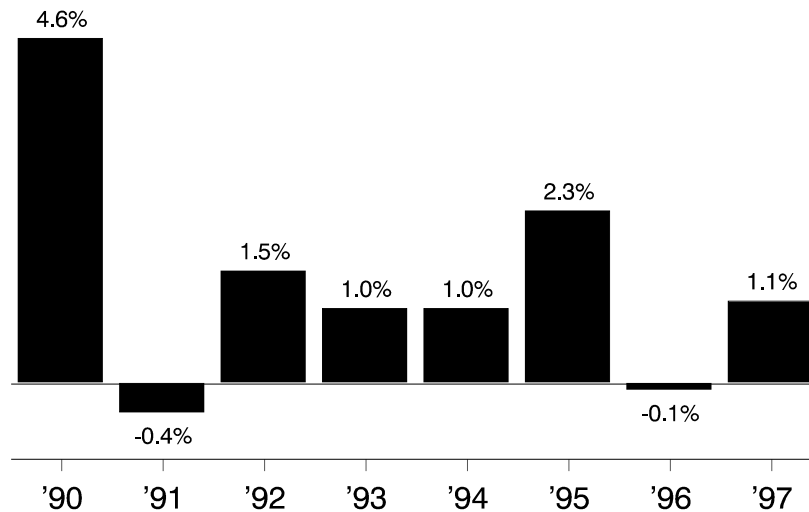
Tourism continues to have a strong influence on the region's economy, contributing to jobs in construction, transportation, retail and services.

Mill closure and other losses are spoilers

Closure of the pulp mill in Ketchikan threw the region's manufacturing into reverse. However, though the pulp mill sector shed 250 jobs in 1997, manufacturing as a whole was down only 100 jobs. Lumber and wood products employment rebounded, and seafood processing employment

Employment Up in Southeast

Percent change in employment from previous year



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

rose. In 1996, the number of lumber and wood products jobs hit the lowest level since at least 1975 as logging and sawmill activity was curtailed, partly due to uncertainty about the pulp mill's future. Although the pulp mill closed near the end of the first quarter of 1997, on an annual average basis, pulp mill employment fell by only half. Ketchikan Pulp Corporation reported employment at its pulp mill site (exclusive of sawmill and logging operations) throughout the year, with December's level still over 100.

This extended employment softened the impact of the mill closure on the region's economy for 1997. Indeed, some of the immediate impact of the mill closure may have been felt before the closure. Revised employment numbers show that Southeast's employment fell slightly in 1996. Pre-closure uncertainty about the mill's future led to cuts in logging and sawmill employment and reduced consumer spending, all of which affected the region's economy. Once the closure became reality, a strong construction season and the expectation of new business startups, along with the severance and unemployment benefits received by laid-off workers, appear to have helped stabilize the economy in the first months following the closure.

At the major industry level, manufacturing lost the

most jobs, but construction had a slightly larger percentage loss. A slowdown in residential construction was partly responsible. Throughout the region, permits were issued for nearly 30 percent fewer housing units in 1997 than in 1996. Despite this decline, the construction industry kept busy with employment at its second highest level since 1984. Road projects and tourism-related expansion of retail and hotel space contributed to the industry's strong performance.

Government was the only other major industry with employment losses in 1997. State government employment declined while federal and local held steady. Retirements under an early-out program and the cost-saving consolidation of some local offices into regional centers may explain some of the drop in state government.

Overall, Southeast's employment continued to shift from goods-producing to service-producing industries. In 1997, service-producing industries provided 76.7% of private sector jobs, up from

69.0% in 1990. While many service jobs are so called "good" jobs (full-time, year-round, well paying), many of the jobs added in 1997 appeared to be part-time or seasonal positions.

Summary: Job growth rebounds

Broad-based job growth, led by the services sector and a surging air transportation industry, helped Alaska's job growth rate rebound in 1997. An oil industry revival, a solid tourism year, retail expansion, and the hard rock mining industry contributed significantly to employment growth. Meanwhile, Alaska's timber and seafood industries, along with state government, were the only negative factors in the state's employment growth.

Regionally, only Southwest Alaska lost jobs. Fairbanks, Anchorage, and the Southeast, Gulf Coast, and Northern regions all gained employment.