

6.0 Labor Force, Employment & Income

The labor force in Southwest Alaska is structured to respond to the direct demands of the commercial seafood industry, as well as support functions ancillary to that industry. Any discussion about labor force and employment in Southwest Alaska must be prefaced with a caveat. Labor force estimates in Alaska do not include one of the most important sectors in the Southwest regional economy – commercial fishing harvesters.

The Alaska Department of Labor & Workforce Development (ADOLWD) collects and reports

Table 6.1: Labor Force in Southwest Alaska

| Borough or Census Area | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Aleutians East Borough | 938 | 1,010 | 974 | 1,024 | 1,124 | 1,076 | 1,139 | 1,097 | 1,107 |
| Aleutians West Census Area | 2,733 | 2,637 | 2,750 | 2,975 | 3,100 | 3,140 | 3,214 | 3,094 | 3,050 |
| Bristol Bay Borough | 922 | 947 | 911 | 984 | 1,049 | 969 | 1,018 | 1,066 | 1,076 |
| Dillingham Census Area | 1,958 | 1,912 | 1,940 | 1,950 | 2,067 | 2,061 | 2,101 | 2,048 | 2,069 |
| Kodiak Island Borough | 6,524 | 6,439 | 6,330 | 6,044 | 6,228 | 6,052 | 6,145 | 6,158 | 6,340 |
| Lake & Peninsula Borough | 1,034 | 965 | 923 | 955 | 922 | 1,039 | 1,081 | 1,169 | 1,103 |
| Southwest Alaska | 14,109 | 13,910 | 13,828 | 13,932 | 14,490 | 14,337 | 14,698 | 14,632 | 14,745 |
| State of Alaska | 319,002 | 321,484 | 328,385 | 336,549 | 339,859 | 344,379 | 349,733 | 351,701 | 357,136 |

Source: Alaska Department of Labor & Workforce Development; Dan Robinson, ADOL Labor Economist, personal communication

employment data for those jobs that are subject to employment regulation. Commercial fish harvesters are exempted from unemployment insurance and other employment reporting requirements. These jobs are generally classified as self-employed. Following a general discussion of labor force characteristics, information regarding commercial fishing permittees will be presented. An analysis of permit volume is offered as an indicator of employment in the commercial fish harvesting sector.

Active duty U.S. Coast Guard (USCG) personnel are also not included in ADOLWD labor statistics. The USCG has active duty personnel in both the Aleutians West Census Area and the Kodiak Island Borough. Information on this important workforce must also be factored into a discussion of the regional labor force.

Labor Force

Over the past nine years, the labor force in Southwest Alaska has averaged out at 14,298

with a median of 14,337. According to the ADOLWD, the region's labor force was 14,745 in 2008, reflecting a 4.3 percent increase since 2000. Table 6.1 delineates the region's labor force by boroughs and census areas for the period 2000 – 2008.

While the labor force for most sub-regions has varied from year to year, the Kodiak Island Borough had the greatest period of decrease in labor force at more than 7.3 percent (480 workers) from 2000 to 2003. Most of this change is attributable to the closure of the Cutter Firebush Naval Station. During the mid-2000s, an increase in manufacturing jobs resulted in a rebound in the Borough's labor force.

The greatest increase in labor force occurred in the Aleutians West Census Area, which rose by more than 11.5 percent from 2000 to 2008. While many sectors experienced a steady rate of employment, a high demand for manufacturing jobs contributed to this boost in labor force.

In the Aleutians East and Bristol Bay Boroughs, moderate growth in the manufacturing sector also resulted in an overall rise in labor force. However, this increase was relatively small and occurred during a period of moderate fluctuation. From 2003 through 2008, the Aleutians East Borough experienced an 8.1 percent increase in labor force while the

Table 6.2: Southwest Alaska Labor Force Participation Rates by Boroughs and Census Areas for Selected Years

| | 2000 | 2008 | Rate of Change ('00 - '08) |
|----------------------------|--------|--------|----------------------------|
| Aleutians East Borough | 41.5% | 47.3% | 5.8% |
| Aleutians West Census Area | 59.8% | 81.1% | 21.3% |
| Bristol Bay Borough | 104.2% | 147.2% | 43.0% |
| Dillingham Census Area | 64.9% | 68.6% | 3.7% |
| Kodiak Island Borough | 69.3% | 70.6% | 1.3% |
| Lake & Peninsula Borough | 89.4% | 108.6% | 19.2% |
| Southwest Alaska | 66.2% | 74.3% | 8.1% |
| State of Alaska | 73.7% | 76.4% | 2.7% |

Source: Alaska Department of Labor & Workforce Development

Bristol Bay Borough saw a 9.4 percent increase.

Since 2003, the labor force in the Dillingham Census Area and the Lake & Peninsula Borough has increased by 6.1 percent and 15.5 percent, respectively. However, the percentages can be deceiving when used in comparison to other areas. For example, although 15.5 percent is nearly twice as much as the Kodiak Island Borough, the Lake & Peninsula borough only experienced an increase of 148 workers (compared to Kodiak's 480). The Dillingham Census Area saw a rise in their workforce of just 119.

While labor force can provide information about the number of people employed and unemployed in a region, labor force participation rate calculates the percentage of working-age people (15-64) who are employed. The labor force participation rate is calculated by dividing the labor force (employed AND unemployed) by total population age 15 through 64, and then multiplying by 100.

was 7.5 percent lower than the State rate. By 2008, the participation rate was only 2.1 percent lower than the State.

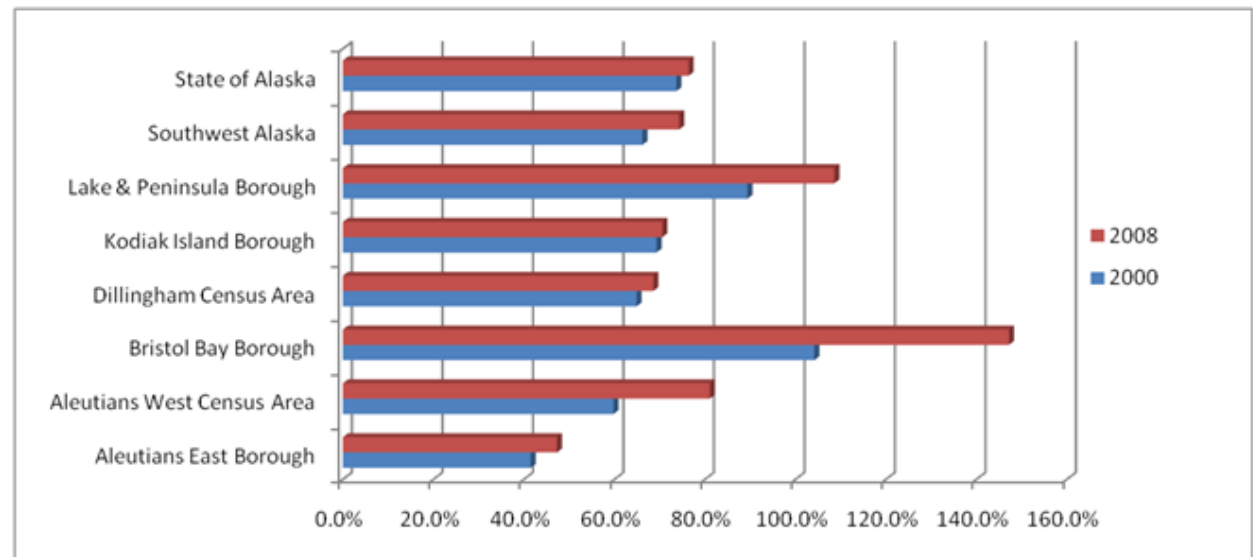
The Bristol Bay Borough and the Lake &

The labor force participation rate in Southwest Alaska averaged 74.3 percent in 2008. This represents a nearly eight percent increase in the region since 2000. In comparison to the State, in 2000 the Southwest Alaska labor force participation rate was 7.5 percent lower than the State rate. By 2008, the participation rate was only 2.1 percent lower than the State.

Peninsula Borough had the highest labor force participation rates in the region for 2008 at 147.2 percent and 108.6 percent, respectively. At 47.3 percent, the labor force participation rate in the Aleutians East Borough is the lowest in the region and 27 percent lower than the regional average.

Between 2000 and 2008, the Aleutians West Census Area had the second largest jump in labor force participation rate when it increased by 21.3 percent. Rates in the Dillingham Census Area as well as the Kodiak Island Borough increased slightly at 3.7 and 1.3 percent respectively. With high rates of seasonal employment, the Bristol Bay Borough experienced the largest increase in labor force

Chart 6.1: 2000 and 2008 Labor Force Participation Rates by Borough or Census Area



Source: Alaska Department of Labor & Workforce Development

participation rate, up 43percent, from 2000 to 2008.

Future analysis of labor force participation rates must expand to an examination at the community level. The ADOLWD reports that more urban areas or regional hubs tend to distort labor force participation rates in rural Alaska.¹ Although there are exceptions, typically larger communities or more urban areas have higher labor force participation rates. Given the range of communities' populations and the presence of a regional hub in each of the six census areas, an examination of labor force participation rates at the community level will offer greater insight into the labor force characteristics of the region.

The seasonal nature of the region's key industries, the traditional practice of a subsistence lifestyle and the absence of other employment opportunities offers some explanation for low labor force participation rates in some areas as well as spikes in others. Table 6.2 enumerates labor force participation rates between 2000 and 2008. Chart 6.1 illustrates the differences and variations in sub-regions' labor force participation rates for the same years.

Commercial Fishing Permittees

In 2008, there were 1,859 individual permit holders and 2,309 crew member licensees residing in Southwest Alaska.² These numbers represent a substantial decline when compared to 2000 data. In 2000, the number of permit

Table 6.3: Resident Commercial Fishing and Crew Member Permit Holders by Borough or Census Area

| | 2008 Permit Holder | 2008 Crew Member | 2007 Permit Holder | 2007 Crew Member | 2006 Permit Holder | 2006 Crew Member | 2000 Permit Holder | 2000 Crew Member |
|----------------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|
| Aleutians East Borough | 197 | 278 | 185 | 276 | 193 | 274 | 220 | 386 |
| Aleutians West Census Area | 72 | 234 | 87 | 218 | 85 | 234 | 103 | 187 |
| Bristol Bay Borough | 173 | 160 | 173 | 159 | 174 | 182 | 191 | 241 |
| Dillingham Census Area | 629 | 587 | 634 | 604 | 637 | 580 | 744 | 858 |
| Kodiak Island Borough | 637 | 816 | 656 | 815 | 654 | 814 | 760 | 1,178 |
| Lake & Peninsula Borough | 151 | 234 | 157 | 222 | 163 | 246 | 224 | 369 |
| Southwest Alaska | 1,859 | 2,309 | 1,892 | 2,294 | 1,906 | 2,330 | 2,242 | 3,219 |

Source: Alaska Commercial Fisheries Entry Commission (CFEC)

holders was nearly 21 percent higher (2,242) and the number of crew members was almost 40 percent larger (3,219). In total, resident commercial fishing harvesters equal 13.6 percent of the region's labor force. Table 6.3 summarizes commercial fishing permit holders and crew members for 2008 along with recent years.

It is important to note that there are some reporting deficiencies in this data, as acknowledged by the Commercial Fisheries Entry Commission (CFEC). However, permit data provides the only available indicator of the commercial fish harvesting labor force. Obtaining a permit is an indication of the intent to fish, whether or not a permit is actually fished or a crew member actually fishes.

Based on this information, along with the fact that many non-residents are employed in the commercial fishing industry, the region's 2008 labor force of 14,745 is likely a gross underestimate of the true work force in Southwest Alaska.

Absent from Table 6.3 is an estimate of permittees who report being nonresidents. A review of statewide permittee data reveals that nonresident permittees were 69.4 percent of total permittees in 2007.³ Non-resident permit and crew member holders were calculated by subtracting the CFEC resident permittees from the Alaska Department of Labor & Workforce Development estimates for total fish harvesting workforce. Based on this volume of nonresident permittees, a more comprehensive estimate of the commercial fish harvesting labor force would be approximately 13,681 or 44.5 percent of the revised estimate of regional labor force.

Of the areas within the Southwest Alaska region, the Dillingham Census Area had the highest concentration of total (resident and non-resident) commercial fisherman within their labor force at 63.2 percent. The Kodiak Island Borough had the smallest concentration of total commercial fisherman, only 29 percent of their workforce. The remaining areas had the following percentage of commercial fisherman

within their individual work force: Lake & Peninsula Borough (61.9%), Aleutians East Borough (56.7%), Bristol Bay Borough (45.8%) and the Aleutians West Census Area (30.1%).

U.S. Coast Guard Personnel

Active duty U.S. Coast Guard (USCG) personnel are also not reported in ADOLWD labor statistics. The presence of the Coast Guard in the region is vital to the conduct of federal fisheries, marine safety and navigation, search and rescue, enforcement of U.S. maritime and trade laws, and other support missions. Table 6.4 summarizes USCG personnel deployment in the region by location and unit. This information was obtained firsthand from PA3 Charly Hengen, based out of Kodiak.

There are 807 active duty USCG personnel in the region. The vast majority, 95 percent, are stationed in Kodiak, making the Coast Guard the largest single employer in the Kodiak Island Borough.

The remaining USCG personnel are stationed in the Aleutians West Census Area at LORAN (Long-range Aid to Navigation) stations on Attu and St. Paul islands, and a Marine Safety Detachment in Unalaska.

In total, USCG personnel account for 3.5 percent of the regional labor force. For the Kodiak Island Borough, the Coast Guard comprises 11 percent of the local labor force. The 34 active duty personnel in the Aleutians

Table 6.4: Active Duty U.S. Coast Guard Personnel in Southwest Alaska

| USCG Unit | 2003 | 2009 |
|-----------------------------|--------------|------------|
| ADQ - ANT | 7 | 7 |
| ADQ - Cutter Alex Haley | 99 | 99 |
| ADQ - Cutter Storis | 78 | 0 |
| ADQ - Cutter Spar | 47 | 48 |
| ADQ - Cutter Firebush | 0 | 0 |
| ADQ - Air Station | 382 | 350 |
| ADQ - ISC | 253 | 149 |
| ADQ - ComSta | 69 | 60 |
| ADQ - ESU | 28 | 26 |
| ADQ - LORAN | 24 | 6 |
| ADQ - MSD | 28 | 7 |
| ADQ - NPRFTC | 14 | 14 |
| Attu - LORAN | 20 | 20 |
| Unalaska - MSD | 5 | 7 |
| St. Paul - LORAN | 17 | 14 |
| Total USCG Personnel | 1,071 | 807 |

Source: PA3 Charly Hengen, personal communication

West Census Area equate to 0.8 percent of the local labor force.

Employment

In Southwest Alaska, fish harvesting accounted for the largest sector of employment with non-resident (30.9 percent) and resident (13.6 percent) leading the way. The manufacturing industry accounted for almost 21 percent of all non-farm wage and salary employment in 2007.⁴ A closer look at the manufacturing sector shows that virtually all of these jobs are in the food and kindred products sub-category, which equates to seafood processing. The next largest employment sector is services, which at

9.3 percent is nearly half the size of the manufacturing sector. Retail trade (3.3%); transportation, communications & utilities (TCU 2.7%); finance, insurance and real estate (FIRE 1.6%); construction (0.9%); wholesale trade (0.3%); and agriculture, forestry and fishing (AFF 0.1%) account for the balance of private sector employment in the region. Mining and miscellaneous employment have a negligible presence in the area. Combined, all private sector employment comprises more than 84.4 percent of all jobs in Southwest Alaska. Chart 6.3 depicts the composition of non-farm employment in Southwest Alaska for 2007.

Slightly less than one in six non-farm jobs in Southwest Alaska is in the public sector. Local government employment (8.9%) accounts for more than 73 percent of all government jobs with the remaining portion split almost evenly between state (12.5%) and federal (14.3%) employment.

Employment in Alaska has grown modestly, but continuously between 2003 and 2008 according to the ADOLWD.⁵ In comparison to the region's major nonfarm employment sectors, manufacturing accounts for only 3.7 percent of statewide employment. Employment in the retail trade and services sector is significantly greater on the state level, which reflects the more diverse levels of development in the state's concentrated urban areas. Although services, retail trade and local government account for the largest employment

Table 6.5: 2007 Employment by Industry for Boroughs and Census Areas in Southwest Alaska

| | Aleutians East Borough | | Aleutians West Census Area | | Bristol Bay Borough | | Dillingham Census Area | | Kodiak Island Borough | | Lake & Peninsula Borough | | Southwest Alaska | | State of Alaska | |
|--------------------------------|------------------------|---------------|----------------------------|---------------|---------------------|---------------|------------------------|---------------|-----------------------|---------------|--------------------------|---------------|------------------|---------------|-----------------|---------------|
| | # | % | # | % | # | % | # | % | # | % | # | % | # | % | # | % |
| AFF | 4 | 0.1% | 11 | 0.2% | 0 | 0.0% | 0 | 0.0% | 29 | 0.3% | 0 | 0.0% | 44 | 0.1% | 775 | 0.2% |
| Mining | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 2 | 0.0% | 0 | 0.0% | 28 | 1.3% | 30 | 0.1% | 15,162 | 4.3% |
| Construction | 1 | 0.0% | 30 | 0.6% | 40 | 1.6% | 13 | 0.2% | 166 | 1.8% | 8 | 0.4% | 258 | 0.9% | 17,262 | 4.9% |
| Manufacturing | 1,345 | 30.5% | 2,282 | 41.5% | 772 | 30.5% | 522 | 7.6% | 1,435 | 15.8% | 91 | 4.2% | 6,447 | 20.9% | 12,986 | 3.7% |
| Fish Harvesting (Resident) | 461 | 10.4% | 305 | 5.5% | 332 | 13.1% | 1,238 | 18.1% | 1,471 | 16.2% | 379 | 17.7% | 4,186 | 13.6% | 18,901 | 5.3% |
| Fish Harvesting (Non-Resident) | 2,042 | 46.3% | 1,351 | 24.6% | 827 | 32.7% | 3,088 | 45.1% | 1,239 | 13.6% | 948 | 44.2% | 9,495 | 30.9% | 10,135 | 2.9% |
| TCU | 53 | 1.2% | 309 | 5.6% | 160 | 6.3% | 147 | 2.1% | 308 | 3.4% | 57 | 2.7% | 1,034 | 3.4% | 29,064 | 8.2% |
| Wholesale | 4 | 0.1% | 56 | 1.0% | 0 | 0.0% | 8 | 0.1% | 35 | 0.4% | 0 | 0.0% | 103 | 0.3% | 6,537 | 1.9% |
| Retail | 39 | 0.9% | 180 | 3.3% | 50 | 2.0% | 196 | 2.9% | 520 | 5.7% | 29 | 1.4% | 1,014 | 3.3% | 36,228 | 10.3% |
| FIRE | 31 | 0.7% | 101 | 1.8% | 13 | 0.5% | 129 | 1.9% | 218 | 2.4% | 13 | 0.6% | 505 | 1.6% | 14,839 | 4.2% |
| Other Services | 123 | 2.8% | 272 | 5.0% | 94 | 3.7% | 753 | 11.0% | 1,444 | 15.9% | 162 | 7.5% | 2,848 | 9.3% | 107,695 | 30.5% |
| USCG* | 0 | 0.0% | 42 | 0.8% | 0 | 0.0% | 0 | 0.0% | 766 | 8.4% | 0 | 0.0% | 1,071 | 3.5% | 2,407 | 0.7% |
| Federal | 22 | 0.5% | 18 | 0.3% | 58 | 2.3% | 54 | 0.8% | 342 | 3.8% | 41 | 1.9% | 535 | 1.7% | 16,891 | 4.8% |
| State | 20 | 0.5% | 39 | 0.7% | 32 | 1.3% | 95 | 1.4% | 273 | 3.0% | 8 | 0.4% | 467 | 1.5% | 24,965 | 7.1% |
| Local | 263 | 6.0% | 501 | 9.1% | 152 | 6.0% | 604 | 8.8% | 841 | 9.3% | 380 | 17.7% | 2,741 | 8.9% | 39,077 | 11.0% |
| Misc. | 0 | 0.0% | 1 | 0.0% | 0 | 0.0% | 0 | 0.0% | 3 | 0.0% | 0 | 0.0% | 4 | 0.0% | 244 | 0.0% |
| Total | 4,408 | 100.0% | 5,498 | 100.0% | 2,530 | 100.0% | 6,849 | 100.0% | 9,090 | 100.0% | 2,144 | 100.0% | 30,782 | 100.0% | 353,168 | 100.0% |

*2009 Data

Source: Blended data – ADOL, CFEC, USCG

sectors, statewide employment figures also illustrate areas of less populated industries such as agriculture, forestry and fishing, and wholesale trade.

An examination of only nonfarm employment seriously distorts actual employment in Alaska, particularly Southwest Alaska. As mentioned earlier, the fish harvesting industry – resident and non-resident – account for 44.5 percent of total employment in the region. And this number is only a rough estimate as data for the commercial fishing industry is not regularly

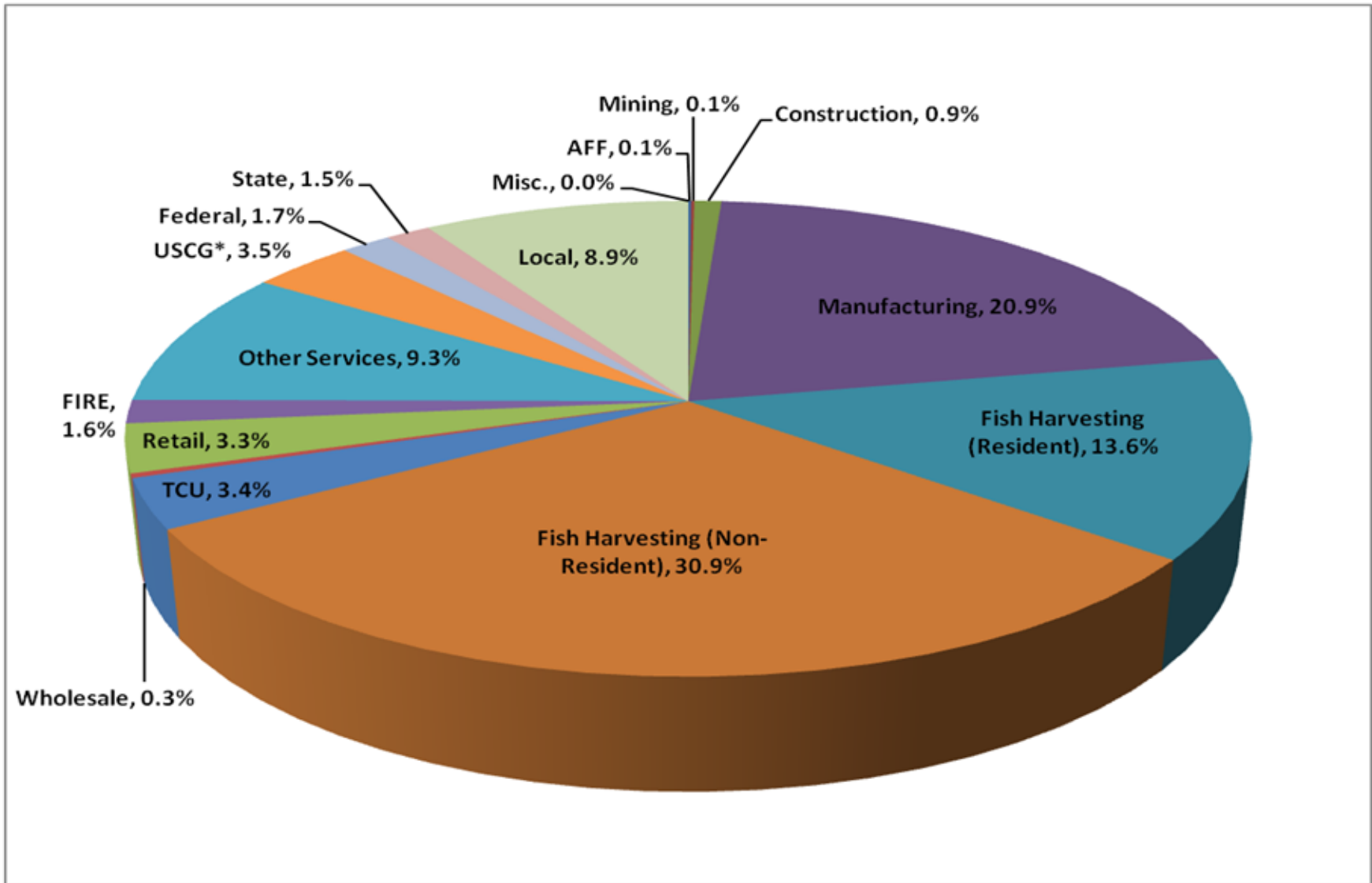
tracked. A clearer understanding of employment in the fish harvesting sector, the distribution of residents and nonresidents in the sector, and the economic impact of resulting economic leakages is needed.

In February 2004, SWAMC undertook an analysis of these characteristics of the regional economy in an economic geography study. The report better illustrated the impact of the fish harvesting sector, the relationship of the regional economy with other areas of the state, and helped define future economic

development activities to increase wealth retention in the region. At the time of this writing, the State of Alaska Department of Fish & Game was in the process of designing a new data collection system for seafood harvesters.

Table 6.5 provides a comparison of total estimated employment across the boroughs and census areas in Southwest Alaska.⁶ In four of the six sub-regions, fish harvesting accounts for the largest proportion of jobs. At 63.2 percent, the Dillingham Census Area has the highest concentration of fish harvesting jobs in its

Chart 6.3: 2007 Employment by Industry – with estimated resident and nonresident fish harvesting sector



*2009 Data

Source: Blended data – ADOL, CFEC, USCG

workforce. The Kodiak Island Borough has the lowest proportion of fish harvesting jobs in the region. Still, nearly one in three jobs is in this sector and both areas have a high degree of dependence on seasonal salmon fisheries. Local seafood processing capacity is dominated by nonresident owners and is affected by energy and transportation costs, which have constrained the development of locally-owned, shoreside processing facilities.

Non-resident Employment

According to the Alaska Department of Labor & Workforce Development, nonresidents comprised 19.6 percent of all nonfarm workers in Alaska in 2007, a small, 0.3 percent, decrease from 2006.⁷ The ADOLWD also reported that the highest percent of nonresident workers in Alaska is found in the Southwest region.⁸ The most recent non-resident employment data available is from 2007.

In 2007, nonresidents comprised 78.9 percent of the privately owned workforce in the Aleutians East Borough making it the highest in the region. The Kodiak Island Borough's nonresident workforce was the lowest in the region totaling 27 percent in 2007. On average, the overall regional nonresident nonfarm workforce was 64 percent in 2007.

In 2007, the Southwest Alaska's nonresident workforce was 31.7 percent, down almost 14 percent from 2004 and dropping 10.5 percent from 2000. For four sub-regions, Aleutians East, Aleutians West, Bristol Bay and Kodiak Island, the proportion of nonresidents in the

workforce grew since 2000. In the Dillingham Census Area and Lake & Peninsula Borough, the nonresident workforce declined. Table 6.6 provides 2000, 2004 and 2007 nonresident workforce rates for boroughs and census areas in the region.

In its 2007 annual report on nonresident employment, the ADOLWD reported that the food processing industry, comprised almost entirely of seafood

processing workers, continued to employ the highest percentage of nonresident workers at 74.7 percent and 72.6 percent in 2004. Other sectors, such as tourism also report a high incidence of nonresident employment in the state and the region.

Additionally, Alaska residents from outside the Southwest region are not included in the nonresident workforce figures, but are tallied in a separate column by the ADOLWD. Processing workers, permit holders and crew members who are Alaska residents, but reside outside of Southwest Alaska, have a similar economic impact on the region. The issue of wealth retention within the region is a priority focus of future economic development planning and activities identified by the CEDS Committee.

The impact of the nonresident workforce has brought both beneficial and negative impacts in Southwest Alaska. Given the seasonal nature and perishability of the core economic activities of the region, a transient workforce can rightly be viewed as essential. Commercial

Table 6.6: Nonresident Employment Rates in Southwest Alaska

| | 2000 | 2004 | 2007 |
|----------------------------|-------|-------|-------|
| Aleutians East Borough | 64.3% | 73.7% | 73.4% |
| Aleutians West Census Area | 52.1% | 57.5% | 57.1% |
| Bristol Bay Borough | 66.7% | 69.9% | 72.3% |
| Dillingham Census Area | 27.6% | 24.1% | 23.9% |
| Kodiak Island Borough | 20.1% | 22.0% | 24.1% |
| Lake & Peninsula Borough | 49.0% | 46.9% | 41.5% |
| Southwest Alaska | 42.2% | 45.5% | 31.7% |
| State of Alaska | 17.9% | 18.4% | 19.6% |

Source: ADOL – Nonresident Workers in Alaska 2000, 2004 & 2007

seafood harvesting and processing requires the ability to rapidly expand the workforce.

Without the influx of seasonal employees, it would be impossible to move the region's seafood products to market in a timely manner while maximizing quality and value. However, nonresident workers generally spend the bulk of their earnings where they live. On average, nonresidents take a significant portion of their earnings to their home state or community, depriving Alaska and the region of the full economic benefits of the employment created in Southwest Alaska. This has a direct impact on the total growth rate and income of Alaska and the region.⁹

This leakage of income out-of-state and out-of-region results in smaller indirect income and employment than would occur if workers lived in the region. The ADOLWD estimates that for every \$100 in direct income transferred out of state, the state loses an additional \$40 to \$90 in indirect economic impact.¹⁰ In 2007, an estimated \$183.2 million in wages was earned by nonresidents in Southwest Alaska.¹¹

Assuming only half of the direct wages leave the region, the total estimated economic leakage could total between \$73 million to \$164 million.

The ADOLWD and regional employers have worked collaboratively in recent years to increase the number of resident hires in the seafood processing industry. However, the yearly percentages of resident workers have remained relatively stagnant. In 2004, residents accounted for only 27.4 percent of the industry workforce. By 2007, that number had decreased to 25.3 percent.¹²

Unemployment

Based on average annual rates, unemployment in Southwest Alaska has been decreasing steadily since 2003, but saw a slight rise in 2008. While there are variations across boroughs and census areas, overall, the unemployment rate fell 1.2 percent from 2003 to 2008 in Southwest Alaska. During this same time frame, the regional unemployment rate averaged 0.6 percent higher than the state rate. Moreover, the measurement of regional unemployment exceeded state unemployment beginning in 1998 and continuing through 2008. Table 6.7 presents average annual unemployment rates for the boroughs and census areas, as well as comparisons to state and federal rates. Chart 6.4 reveals the trends in Southwest Alaska unemployment from 2000 to 2008.

In comparison to national unemployment levels, a similar pattern is revealed. Based on the raw average, regional unemployment was

nearly 2.3 percentage points higher than national unemployment from 2000 through 2008. In addition, both regional and national unemployment rates spiked during the early 2000s with Southwest Alaska reaching a high of 8.4 percent and the national level peaking at 6 percent. The average unemployment rate from 2000 to 2008 was 7.4 percent in Southwest Alaska and 5.1 percent in the U.S.

The Bristol Bay Borough has historically had the lowest average unemployment rate in the region, which averaged 5.5 percent from 2003 to 2008. During the 2000s, the Bristol Bay Borough never eclipsed the 7.4 percent rate the Southwest Region has averaged. Additionally, the Borough's highest rate of unemployment in this time frame occurred in 2002 when it had the second lowest rate in the region, at 6.6 percent. In the last two years, the Bristol Bay Borough has had an unemployment rate equal to or less than the national level.

From 2000 through 2008, the Dillingham Census Area had the highest level of unemployment in Southwest Alaska ranging from 7.2 percent to a staggering 11 percent throughout the period. The average unemployment rate over the last nine years in the Dillingham Census Area has been 9.5 percent. The Aleutians East Borough has also experienced high levels of unemployment. In fact, it had the second highest level of unemployed workers during the 2000s. Other areas in Southwest Alaska, including the Aleutians West Census Area, Kodiak Island Borough and Lake & Peninsula Borough, have had average unemployment rates of 5.8, 8.1 and 6.9 respectively from 2000 to 2008.

Regional, borough, and census area annual averages undoubtedly distort community unemployment rates. Although there may be exceptions, rural communities experience a greater level of unemployment than urban areas. Rural areas also tend to have a higher incidence of discouraged workers. Anyone that has not sought a job in the preceding six weeks is classified as a discouraged worker and is not factored into labor force figures.¹³

Average annual unemployment also disguises seasonal variations, which tend to be significant for the region. Fishing, tourism, and construction are highly seasonal sectors. In a 2003 analysis of the seasonality of the Alaska labor market, the most recent data available, the ADOLWD determined that 74 percent of all seafood processing workers are in the occupations classified as highly seasonal. In fact, the ADOLWD determined that no occupations in the seafood processing sector could be defined as non-seasonal.¹⁴

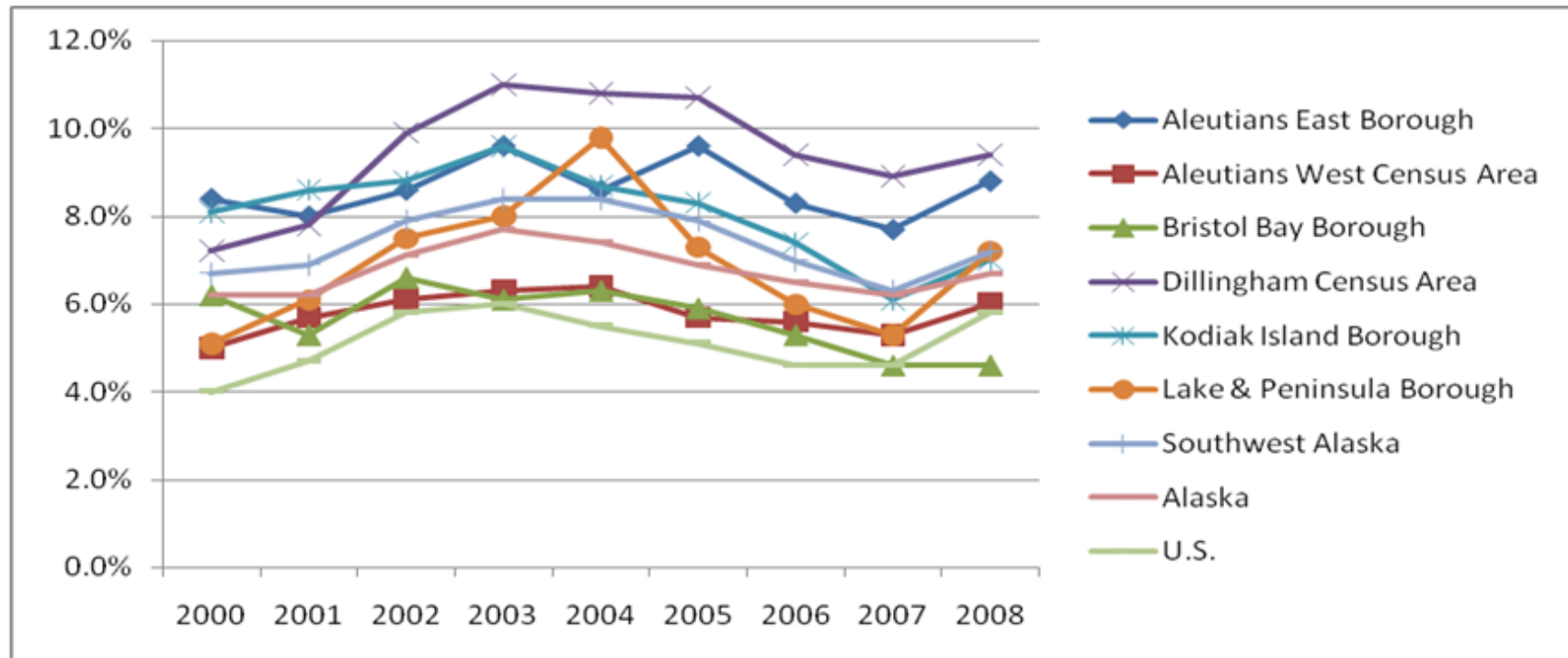
Seasonality varies across sub-regions based on the timing and composition of fisheries for that region. Table 6.8 shows 2008 monthly unemployment rates for each borough and census area, as well as regional averages and comparisons to state and national rates.¹⁵ Chart 6.5 provides a visual representation of monthly unemployment from January 2008 through December 2008. While state and national unemployment rates vary slightly across the year, the boroughs and census areas of Southwest Alaska experience significant variation. Month to month unemployment in the boroughs and census areas generally exceeds both state and national levels, with the noted exception of the Bristol Bay Borough.

Table 6.7: 2000 – 2008 Annual Unemployment Rates for Southwest Alaska with Comparisons to State and Federal Rates

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|----------------------------|------|------|------|-------|-------|-------|------|------|------|
| Aleutians East Borough | 8.4% | 8.0% | 8.6% | 9.6% | 8.6% | 9.6% | 8.3% | 7.7% | 8.8% |
| Aleutians West Census Area | 5.0% | 5.7% | 6.1% | 6.3% | 6.4% | 5.7% | 5.6% | 5.3% | 6.0% |
| Bristol Bay Borough | 6.2% | 5.3% | 6.6% | 6.1% | 6.3% | 5.9% | 5.3% | 4.6% | 4.6% |
| Dillingham Census Area | 7.2% | 7.8% | 9.9% | 11.0% | 10.8% | 10.7% | 9.4% | 8.9% | 9.4% |
| Kodiak Island Borough | 8.1% | 8.6% | 8.8% | 9.6% | 8.7% | 8.3% | 7.4% | 6.1% | 7.0% |
| Lake & Peninsula Borough | 5.1% | 6.1% | 7.5% | 8.0% | 9.8% | 7.3% | 6.0% | 5.3% | 7.2% |
| Southwest Alaska | 6.7% | 6.9% | 7.9% | 8.4% | 8.4% | 7.9% | 7.0% | 6.3% | 7.2% |
| Alaska | 6.2% | 6.2% | 7.1% | 7.7% | 7.4% | 6.9% | 6.5% | 6.2% | 6.7% |
| U.S. | 4.0% | 4.7% | 5.8% | 6.0% | 5.5% | 5.1% | 4.6% | 4.6% | 5.8% |

Source: Alaska Department of Labor & Workforce Development; U.S. Bureau of Labor Statistics

Chart 6.4: Annual Unemployment Rates 2000 – 2008



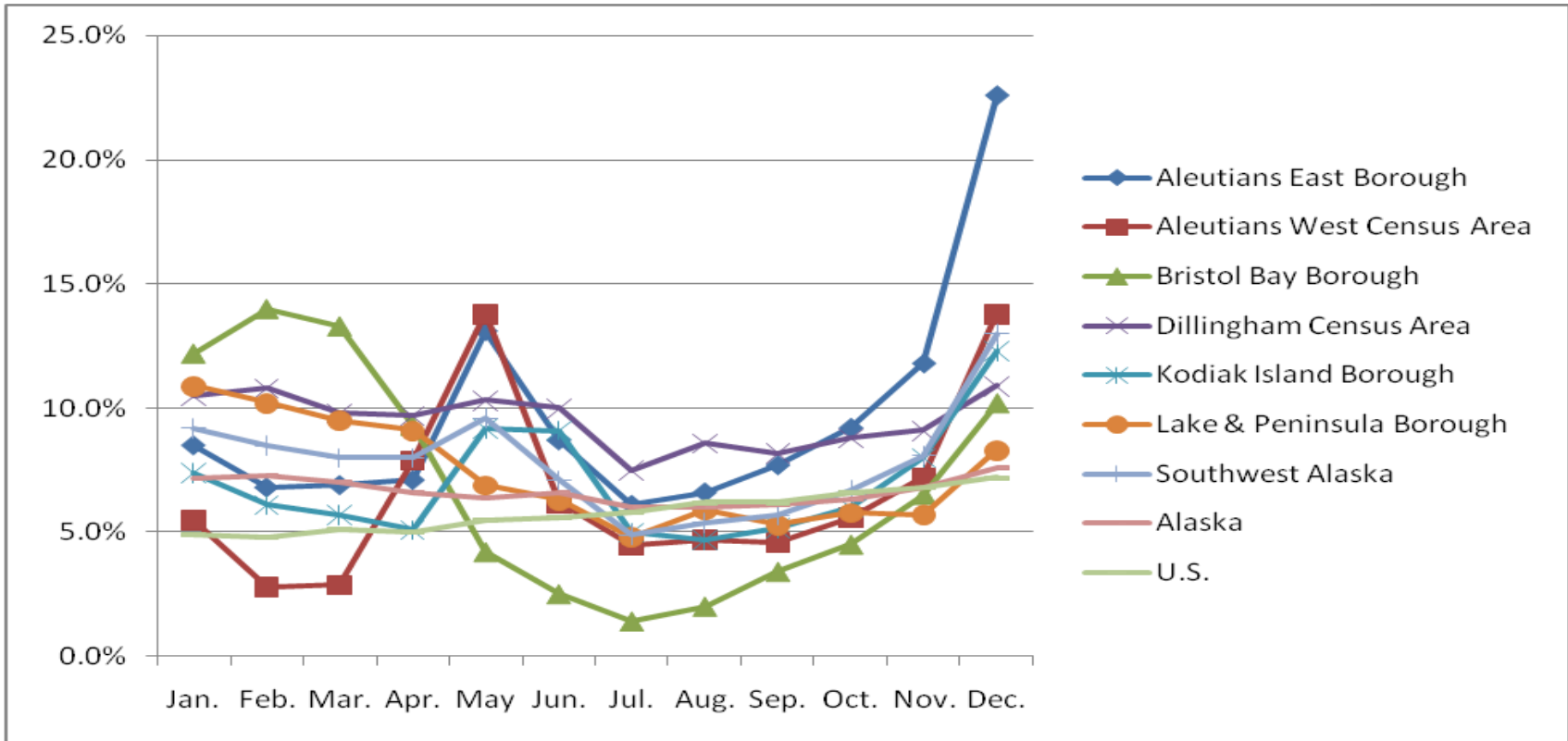
Source: Alaska Department of Labor & Workforce Development; U.S. Bureau of Labor Statistics

Table 6.8: 2008 Monthly Unemployment Rates for Southwest Alaska with Comparisons to State and Federal Rates

| | Jan. | Feb. | Mar. | Apr. | May | Jun. | Jul. | Aug. | Sep. | Oct. | Nov. | Dec. |
|----------------------------|-------|-------|-------|------|-------|-------|------|------|------|------|-------|-------|
| Aleutians East Borough | 8.5% | 6.8% | 6.9% | 7.1% | 13.1% | 8.7% | 6.1% | 6.6% | 7.7% | 9.2% | 11.8% | 22.6% |
| Aleutians West Census Area | 5.5% | 2.8% | 2.9% | 7.9% | 13.8% | 6.2% | 4.5% | 4.7% | 4.6% | 5.6% | 7.2% | 13.8% |
| Bristol Bay Borough | 12.2% | 14.0% | 13.3% | 9.3% | 4.2% | 2.5% | 1.4% | 2.0% | 3.4% | 4.5% | 6.5% | 10.2% |
| Dillingham Census Area | 10.5% | 10.8% | 9.8% | 9.7% | 10.3% | 10.0% | 7.5% | 8.6% | 8.2% | 8.8% | 9.1% | 10.9% |
| Kodiak Island Borough | 7.4% | 6.1% | 5.7% | 5.1% | 9.2% | 9.1% | 5.0% | 4.7% | 5.2% | 6.0% | 8.0% | 12.3% |
| Lake & Peninsula Borough | 10.9% | 10.2% | 9.5% | 9.1% | 6.9% | 6.3% | 4.8% | 5.9% | 5.3% | 5.8% | 5.7% | 8.3% |
| Southwest Alaska | 9.2% | 8.5% | 8.0% | 8.0% | 9.6% | 7.1% | 4.9% | 5.4% | 5.7% | 6.7% | 8.1% | 13.0% |
| Alaska | 7.2% | 7.3% | 7.0% | 6.6% | 6.4% | 6.6% | 6.0% | 6.0% | 6.1% | 6.3% | 6.8% | 7.6% |
| U.S. | 4.9% | 4.8% | 5.1% | 5.0% | 5.5% | 5.6% | 5.8% | 6.2% | 6.2% | 6.6% | 6.8% | 7.2% |

Source: Alaska Department of Labor & Workforce Development; U.S. Bureau of Labor Statistics

Chart 6.5: 2008 Monthly Unemployment Rates for Southwest Alaska with Comparisons to State and Federal Rates



Source: Alaska Department of Labor & Workforce Development; U.S. Bureau of Labor Statistics

Most areas experience a spike in unemployment in May before the salmon season begins when the seasonal labor force moves into the region. This spike is followed by a precipitous decline during June and July. Unemployment generally begins increasing in September and continues through January or February. The advent of the herring fisheries in March and April generally bring unemployment rates down before the beginning of the salmon season. A notable exception to this pattern is the Aleutians West Census Area where fisheries are more concentrated on pollock, other groundfish and crab. Declines in unemployment during February and March can be attributed to the timing of these fisheries.

A greater understanding of these seasonal variations may reveal opportunities to shift the resident labor force between sub-regions and increase wealth retention within the region.

Income

According to the U.S. Bureau of Economic Analysis, per capita income in Southwest Alaska averaged \$35,778 in 2007, the most recent data available. In comparison to state and national levels, Alaska's per capita income was \$40,042 while the country measured up at \$38,615. In relation to the previous year, Southwest Alaska's per capita income increased by 3.6 percent (up \$1,264); the statewide per capita income raised 4.4 percent (up \$1,698); and the nation's per capita income was 4.9 percent higher (up \$1,821). Table 6.9 shows per capita income comparisons for the boroughs and census areas from 1990 and 2000

Table 6.9: 1990 – 2007 Per Capita Income in Southwest Alaska with Comparisons to State and National Levels

| | 1990 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|----------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Aleutians East Borough | \$18,199 | \$22,258 | \$30,191 | \$24,778 | \$25,096 | \$26,279 | \$28,497 | \$31,346 | \$28,942 |
| Aleutians West Census Area | \$20,961 | \$20,487 | \$22,059 | \$25,513 | \$26,525 | \$26,711 | \$28,337 | \$31,430 | \$33,318 |
| Bristol Bay Borough | \$33,408 | \$42,238 | \$37,511 | \$37,351 | \$41,352 | \$43,720 | \$41,624 | \$45,822 | \$48,747 |
| Dillingham Census Area | \$17,598 | \$25,261 | \$26,969 | \$26,791 | \$28,534 | \$29,352 | \$30,720 | \$32,287 | \$33,380 |
| Kodiak Island Borough | \$21,668 | \$26,818 | \$27,794 | \$27,730 | \$29,441 | \$30,874 | \$34,199 | \$36,190 | \$37,951 |
| Lake & Peninsula Borough | \$11,560 | \$20,686 | \$21,234 | \$21,510 | \$22,722 | \$23,052 | \$26,669 | \$30,011 | \$32,331 |
| Southwest Alaska Average | \$20,566 | \$26,291 | \$27,626 | \$27,279 | \$28,945 | \$29,998 | \$31,674 | \$34,514 | \$35,778 |
| State of Alaska | \$17,610 | \$29,642 | \$31,704 | \$32,343 | \$33,023 | \$34,000 | \$36,084 | \$38,344 | \$40,042 |
| U.S. | \$19,572 | \$29,469 | \$30,575 | \$30,810 | \$31,484 | \$33,050 | \$34,690 | \$36,794 | \$38,615 |

Source: U.S. Bureau of Economic Analysis; 1990 U.S. Census

to 2007. Regional, state and national per capita income is also presented.

There is significant variation in per capita income across the boroughs and census areas. Notably, the Bristol Bay Borough per capita income is 36.2 percent higher than the region's average; 21.7 percent higher than the State; and 26.2 percent higher than the U.S. At \$48,747, per capita income in the Bristol Bay Borough ranks third in the entire state of Alaska. One possible explanation for this high ranking is the concentration of local and federal government employment in the borough. The relatively small size of the Bristol Bay Borough can also affect per capita income calculations.

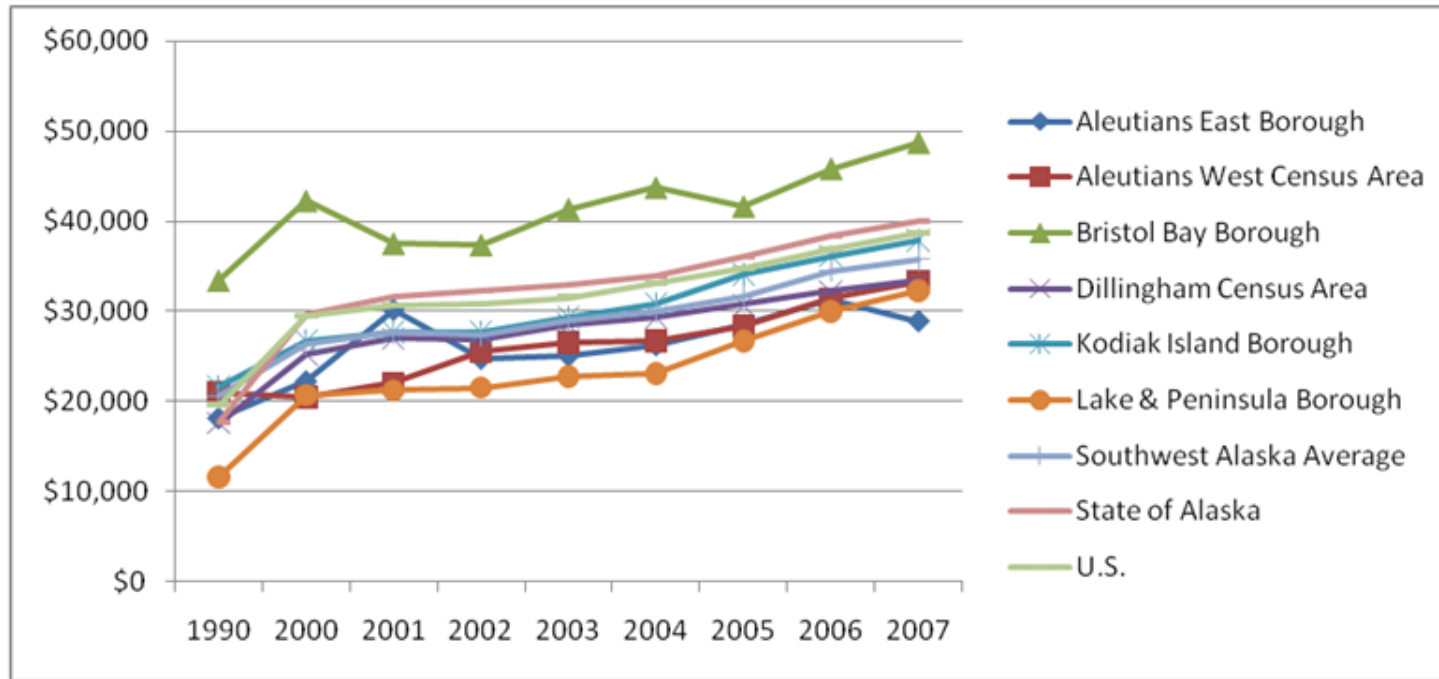
At \$28,942, per capita income in the Aleutians East Borough was the lowest in the region for 2007. Prior to 2007, the Lake & Peninsula Borough held the bottom spot for per capita income in Southwest Alaska for the last six years. In 2007, it ranked second at \$32,331.

For the remaining areas in Southwest, per capita income in 2007 was \$33,318 in the Aleutians West Census Area; \$33,308 in the Dillingham Census Area; and \$37,951 in the Kodiak Island Borough.

In plotting per capita income for the region, there appears to be a modest, but positive growth trend across the board. However, the Bristol Bay Borough and the Lake & Peninsula Borough had the sharpest increase in the region. Chart 6.7 depicts per capita income for Southwest Alaska and its borough and census areas from 1990 to 2007.

Given the volatility in rate of change across the period, an examination of adjusted per capita income seems warranted. Chart 6.8 expresses per capita income adjusted for constant 2009 dollars across the period.¹⁶ Based on this analysis, average real buying power in the region has decreased over the early 2000s and has only recently begun to rise again. In addition, real buying power for the state outpaced the region for the entire period.

Chart 6.7: 1990 – 2007 Per Capita Income in Southwest Alaska



Source: U.S. Bureau of Economic Analysis; 1990 U.S. Census

Meanwhile, adjusted per capita income across the U.S. has increased by 9 percent from 2000 to 2007. During this time period, the region lagged behind the national level every year.

Borough and census area variations are, once again, significant. Real buying power in the Aleutians West Census Area increased by 35 percent. The Bristol Bay Borough was the only area to show decline at 4.3 percent. The Aleutians East Borough (8%), Dillingham Census Area (9.7%), Kodiak Island Borough (17.5%) and the Lake & Peninsula Borough (29.8%) realized increases in real buying power between 2000 and 2007.

The composition of regional per capita income has also varied during the period. In 1990, net earnings accounted for nearly 80 percent of per capita income. In 2000, it dipped down to 68.8 percent. As a component of per capita income, net earnings have declined to nearly 73 percent in 2007.

Transfer payments decreased during the mid-2000s but in recent years have rebounded. In 2007, transfer payments accounted for 17.2 percent of per capita income. In comparison to 1990, this marks a 93 percent increase, but a 4 percent decrease when matched up with 2000 data.

Per capita dividends, interest and rent have decreased in the last few years, but settled at 10.3 percent in 2007. In 2000, dividends accounted for 13.3 percent.

Table 6.11 provides a profile of per capita income across the period for selected years. Chart 6.9 gives a visual depiction of changes in the composition of per capita income across the period.

Poverty*

Between 2000 and 2007, the number of people in poverty in Southwest Alaska decreased by 8.2 percent. This was a notable change as the entire state of Alaska experienced an 11.7 percent increase in poverty levels. In the Aleutians East and Bristol Bay boroughs, along with the Aleutians West Census Area, the number of people in poverty dropped by about 25 percent over the period.

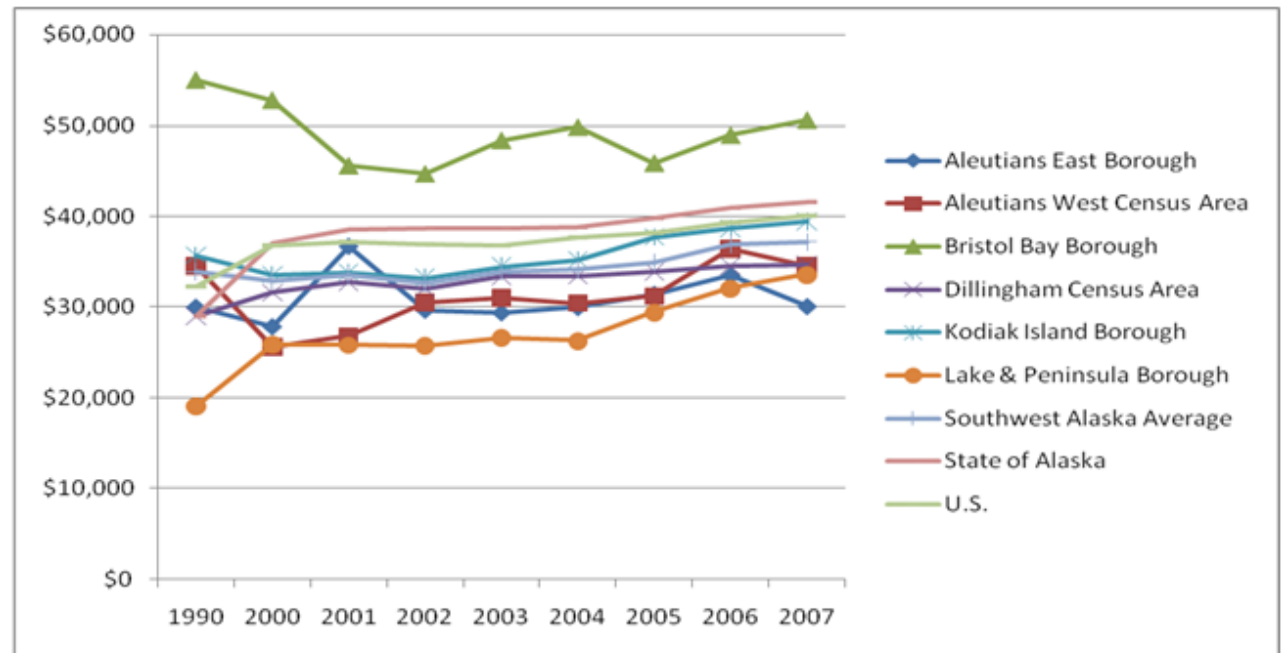
In the Kodiak Island Borough, people experiencing poverty increased by 6.5 percent. The Dillingham Census Area saw a more modest increase in poverty over the period at just 1.8 percent. For the Lake & Peninsula Borough, poverty levels decreased by 15.2 percent.

Table 6.10: Ranking of Alaska Boroughs and Census Areas by Per Capita Income

| | 2007 |
|--|----------|
| North Slope Borough | \$58,912 |
| Denali Borough | \$50,465 |
| Bristol Bay Borough | \$48,747 |
| Haines Borough | \$46,772 |
| Anchorage Municipality | \$46,243 |
| Ketchikan Gateway Borough | \$46,182 |
| Juneau Borough | \$44,723 |
| Anchorage/MatSu MSA* | \$41,104 |
| Valdez-Cordova Census Area | \$40,472 |
| State of Alaska | \$40,042 |
| Southeast Fairbanks Census Area | \$40,026 |
| Skagway-Hoonah-Angoon Census Area | \$39,906 |
| United States | \$38,615 |
| Kodiak Island Borough | \$37,951 |
| Wrangell-Petersburg Census Area | \$37,831 |
| Sitka Borough | \$36,696 |
| Southwest Alaska Average | \$35,778 |
| Kenai Peninsula Borough | \$35,415 |
| Fairbanks North Star Borough | \$34,960 |
| Fairbanks MSA* | \$34,722 |
| Matanuska-Susitna Borough | \$34,341 |
| Dillingham Census Area | \$33,380 |
| Aleutians West Census Area | \$33,318 |
| Lake and Peninsula Borough | \$32,331 |
| Nome Census Area | \$29,421 |
| Aleutians East Borough | \$28,942 |
| Northwest Arctic Borough | \$28,799 |
| Yukon-Koyukuk Census Area | \$28,359 |
| Bethel Census Area | \$26,990 |
| Pr. Of Wales-Outer Ketchikan Census Area | \$25,107 |
| Wade Hampton Census Area | \$17,941 |

Source: Alaska Department of Labor & Workforce Development

Chart 6.8: 1990 – 2007 Per Capita Income in Southwest Alaska Adjusted to Constant 2009 Dollars



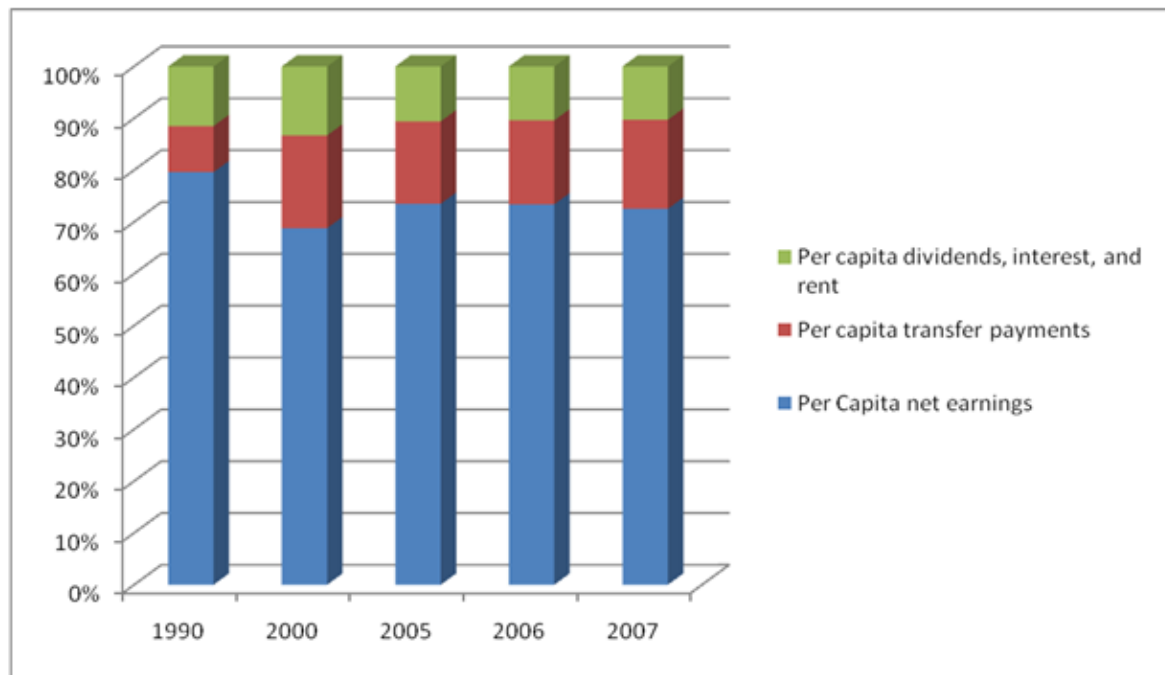
Source: U.S. Bureau of Economic Analysis

Table 6.11: Composition of Per Capita Income for Southwest Alaska for Select Years

| | 1990 | 2000 | 2005 | 2006 | 2007 |
|--|------|------|------|------|------|
| Per Capita net earnings | 79.6 | 68.8 | 73.5 | 73.4 | 72.6 |
| Per capita transfer payments | 8.9 | 17.9 | 15.9 | 16.2 | 17.2 |
| Per capita dividends, interest, and rent | 11.5 | 13.3 | 10.6 | 10.4 | 10.3 |

Source: U.S. Bureau of Economic Analysis

Chart 6.9: Composition of Per Capita Income for Southwest Alaska for Select Years



Source: U.S. Bureau of Economic Analysis

When examining the number of teenagers and children living in poverty, from 2000 to 2007 there was a 5.1 percent drop in child poverty in Southwest Alaska. However, comparisons of individual boroughs and census areas reveal a completely different story. For example, the Aleutians East Borough saw a nearly 30 percent rise in “under 18” poverty levels while the Bristol Bay Borough decreased poverty levels in half.

Although the Kodiak Island Borough experienced a rise in child poverty (8.9%), the remaining areas each saw decreases. At 18.3 percent, the Lake & Peninsula Borough experienced the second highest drop in child poverty. The Dillingham Census area poverty dropped 9.3 percent and the Aleutians West Census area fell a mere 1.8 percent.

(*Poverty statistics quoted in this chapter were obtained from the [United States Department of Agriculture, Economic Research Service](#). The data that is reported are estimates and the most recent information available.)

Table 6.12: 2000 – 2007 Poverty Rates in Southwest Alaska

| | All People in Poverty | | | Poverty Estimate Under Age 18 | | |
|----------------------------|-----------------------|--------|----------------|-------------------------------|--------|----------------|
| | 2000 | 2007 | Rate of Change | 2000 | 2007 | Rate of Change |
| | # | # | % | # | # | % |
| Aleutians East Borough | 588 | 450 | -23.5% | 29 | 41 | 29.3% |
| Aleutians West Census Area | 642 | 487 | -24.1% | 55 | 54 | -1.8% |
| Bristol Bay Borough | 119 | 85 | -28.6% | 42 | 20 | -52.4% |
| Dillingham Census Area | 1,045 | 1,064 | 1.8% | 493 | 447 | -9.3% |
| Kodiak Island Borough | 901 | 964 | 6.5% | 298 | 327 | 8.9% |
| Lake and Peninsula Borough | 342 | 290 | -15.2% | 142 | 116 | -18.3% |
| Southwest Alaska | 3,637 | 3,340 | -8.2% | 1,059 | 1,005 | -5.1% |
| State of Alaska | 57,602 | 65,266 | 11.7% | 20,792 | 23,356 | 11.0% |

Source: U.S. Census Bureau – 2000 Census; Alaska Department of Labor & Workforce Development

As a proportion of the population in poverty, Alaska Natives account for more than 50 percent in Southwest Alaska.¹⁷ In the Lake & Peninsula Borough and the Dillingham Census Area, these numbers peak at 83.6 and 91.7 percent respectively. The Aleutians East Borough has the lowest percentage of Alaska Natives in poverty at exactly 15 percent. Roughly one third of residents in poverty in the Kodiak Island Borough are Alaska Natives and 26 percent in the Aleutians West Census Area. In the Bristol Bay

Table 6.13: 2008 Total and Alaska Native Poverty Rates in Southwest Alaska

| | Population* | Population in Poverty (#) | Population in Poverty (%)** | Alaska Native Population*** | Alaska Native Population in Poverty (#) | Alaska Native Population in Poverty (%)**** |
|----------------------------|-------------|---------------------------|-----------------------------|-----------------------------|---|---|
| Aleutians East Borough | 2,699 | 456 | 16.9% | 713 | 107 | 15.0% |
| Aleutians West Census Area | 4,439 | 453 | 10.2% | 959 | 249 | 26.0% |
| Bristol Bay Borough | 1,029 | 87 | 8.5% | 488 | 357 | 73.1% |
| Dillingham Census Area | 4,771 | 1,026 | 21.5% | 3,349 | 3,071 | 91.7% |
| Kodiak Island Borough | 13,373 | 1,003 | 7.5% | 1,952 | 630 | 32.3% |
| Lake and Peninsula Borough | 1,552 | 293 | 18.9% | 1,080 | 903 | 83.6% |
| Southwest Alaska | 27,863 | 3,873 | 13.9% | 8,541 | 4,578 | 53.6% |
| State of Alaska | 679,720 | 66,613 | 9.8% | 103,997 | 26,727 | 25.7% |

*2008 Alaska Department of Labor & Workforce Development

**2007 U.S. Census Estimate

***2008 U.S. Census Estimate

****2000 U.S. Census Data

Borough, 73.1 percent of people in poverty are Alaska Natives.

A more in-depth analysis of poverty across the region at the community level and the characteristics of those experiencing poverty will better illustrate poverty conditions in the region. Table 6.13 compares poverty rates for the population as a whole with poverty among Alaska Natives.

#Because poverty data, particularly information concerning Alaska Natives, is collected on an infrequent basis in Alaska, the information presented are estimates SWAMC calculated by using 2000 U.S. Census data and combining it with recent Census estimates along with ADOLWD data. Asterisks have been placed below Table 6.13 and cite where the information was collected. For Alaska Natives in poverty, SWAMC multiplied 2007 U.S. Census estimates of Alaska Native populations

by the 2000 U.S. Census percentage of Alaska Natives in poverty. For population in poverty,

SWAMC multiplied ADOLWD population data by 2007 U.S. Census percentage of Alaskans in poverty.

Endnotes

¹ Fried, Neal, “Economy Grows Another Year,” Alaska Economic Trends, February 2003, p 18 – 22

2

http://www.cfec.state.ak.us/fishery_statistics/permits.htm

3

<http://laborstats.alaska.gov/?PAGEID=67&SUBID=297>

4

<http://laborstats.alaska.gov/?PAGEID=67&SUBID=228>

5

http://www.labor.state.ak.us/research/emp_ue/aklfsa.htm

⁶ Blended data – ADOLWD, CFEC, USCG

⁷ Alaska Department of Labor, “Non-resident Workers in Alaska 2007”

⁸ The Alaska Department of Labor defines Southwest Alaska differently than SWAMC. Throughout this report, adjustments have been made to standardize references to Southwest Alaska to the SWAMC boundaries

⁹ Alaska Department of Labor, “Non-resident Workers in Alaska 2007”

¹⁰ IBID

¹¹ IBID

¹² IBID

¹³ Fried, Neal, “Economy Grows Another Year,” Alaska Economic Trends, February 2003, p 18 – 22

¹⁴ Tomlinson and Cordova, “Seasonality”, Alaska Economic Trends, February 2003, p 18 – 22

¹⁵ Alaska Department of Labor & Workforce Development and U.S. Bureau of Labor Statistics

¹⁶ Inflation Calculator, <http://data.bls.gov/cgi-bin/cpicalc.pl>

¹⁷ U.S. Census Bureau, 2000 Census of Population