

SB

154

**SENATE BILL NO. 154**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-THIRD LEGISLATURE - FIRST SESSION**

**BY SENATOR FRENCH**

**Introduced: 3/20/03**

**Referred: Health, Education and Social Services, Labor and Commerce, Finance**

**A BILL**  
**FOR AN ACT ENTITLED**

1 "An Act relating to a student loan repayment program for nurses, and amending the  
2 duties of the Board of Nursing that relate to this program; and providing for an effective  
3 date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 \* Section 1. The uncodified law of the State of Alaska is amended by adding a new section  
6 to read:

7 FINDINGS; PURPOSE. (a) The legislature finds that a shortage of qualified nurses  
8 exists in this state.

9 (b) The purpose of this Act is to establish the Alaska nurse recruitment loan  
10 repayment program to provide financial incentives through the repayment, in whole or part,  
11 by the state of education loans for nurses upon the nurse's completing a term of employment  
12 as a nurse in the state.

13 \* Sec. 2. AS 08.68.100(a) is amended by adding a new paragraph to read:

14 (10) establish standards and eligibility criteria for the Alaska nurse

1 recruitment loan repayment program under AS 14.43.530 - 14.43.590, including the  
 2 adoption of necessary regulations and determination of areas of the state that have a  
 3 shortage of nurses.

4 \* Sec. 3. AS 14.42.030(b) is amended to read:

5 (b) The commission shall

6 (1) administer the financial aid and interstate education compact  
 7 programs under AS 14.43.091 - 14.43.920 and 14.43.990, and AS 14.44;

8 (2) administer the provisions of AS 14.48 concerning regulation of  
 9 postsecondary educational institutions;

10 (3) resolve disputes under a consortium or other cooperative agreement  
 11 between institutions of public and private higher education in the state; [AND]

12 (4) serve as the state agency required under 20 U.S.C. 1001 - 1155;

13 and

14 (5) perform duties assigned under AS 14.43.530 - 14.43.590

15 (Alaska nurse recruitment loan repayment program).

16 \* Sec. 4. AS 14.42.040 is amended by adding a new subsection to read:

17 (c) The executive director of the commission shall administer the Alaska nurse  
 18 recruitment loan repayment program under AS 14.43.530 - 14.43.590 in accordance  
 19 with standards and eligibility criteria set by the Board of Nursing under AS 08.68.100.

20 \* Sec. 5. AS 14.42.295(a) is amended to read:

21 (a) The board may elect to pay the state a return of contributed capital, or a  
 22 dividend, for each base fiscal year that the corporation's net income equals or exceeds  
 23 \$2,000,000. The payment may not be less than 10 percent nor more than 35 percent,  
 24 as approved by the board, of the corporation's net income for the base fiscal year, and  
 25 is subject to the provisions of any applicable bond indentures of the corporation. If a  
 26 payment is authorized under this section, payment must be made available by the  
 27 corporation before the end of the fiscal year in which payment has been authorized.  
 28 The corporation shall notify the commissioner of revenue when the amount of the  
 29 payment authorized under this section is available for appropriation. The money  
 30 made available under this subsection may be appropriated for the Alaska nurse  
 31 recruitment loan repayment program under AS 14.43.530 - 14.43.590.

1 \* Sec. 6. AS 14.43 is amended by adding new sections to read:

2 **Article 9A. Alaska Nurse Recruitment Loan Repayment Program.**

3 **Sec. 14.43.530. Program established.** (a) There is established the Alaska  
4 nurse recruitment loan repayment program to provide financial incentives for qualified  
5 nurses to work in this state through the repayment of education loans.

6 (b) The program is not a financial obligation of the corporation. ?

7 **Sec. 14.43.540. Alaska nurse recruitment loan repayment program**  
8 **account.** (a) The Alaska nurse recruitment loan repayment program account is  
9 created in the general fund. The account shall be used to provide financial awards for  
10 the repayment of education loans under the program and to pay for the costs of  
11 administering the program.

12 (b) The account includes money that the legislature appropriates from the  
13 corporation's dividend to the state under AS 14.42.295 and the interest and earnings on  
14 money that are appropriated to the account. If money available is inadequate to  
15 finance the requests from eligible nurses under this program for a fiscal year,  
16 additional money may be requested from the general fund and appropriated to the  
17 account for the program.

18 **Sec. 14.43.550. Administration.** (a) The Alaska nurse recruitment loan  
19 repayment program shall be administered by the executive director using

20 (1) the standards and eligibility criteria of the program established by  
21 the Board of Nursing under AS 08.68.100 and the eligibility criteria established under  
22 AS 14.43.560; and

23 (2) the financial management standards for proper administration of  
24 the Alaska nurse recruitment loan repayment program account as established by the  
25 commission.

26 (b) After consultation with the Board of Nursing, the commission may adopt  
27 regulations to carry out its duties and the executive director's duties under the  
28 program.

29 **Sec. 14.43.560. Eligibility criteria.** (a) In addition to program standards and  
30 eligibility criteria established under AS 08.68.100, an applicant must meet the  
31 following criteria:

- 1 (1) the applicant was hired as a nurse in this state on or after July 1,
- 2 2003;
- 3 (2) the applicant has the required license to practice as a nurse in this
- 4 state;
- 5 (3) the applicant shall agree to fulfill any requirement of the program;
- 6 (4) the applicant has outstanding education loans from a recognized
- 7 entity to be repaid under the program;
- 8 (5) if the applicant does not fulfill obligations under the program, the
- 9 applicant shall repay the money paid under this section and may not receive further
- 10 loan repayments under the program.

- 11 (b) The executive director shall distribute information regarding the program
- 12 (1) to hospitals in the state; and
- 13 (2) to others upon request.

14 **Sec. 14.43.570. Conditions and limitations on loan payments.** (a) The total  
 15 amount of financial awards for repayment of educational loans and interest on loans  
 16 may not exceed \$10,000 in a lifetime for a nurse. The annual amount eligible to be  
 17 repaid under this section is equal to the following percentages of the total amount  
 18 received by the applicant plus interest, up to a total of 100 percent of the total amount  
 19 plus interest:

*5 years  
employment  
100% repay*

- 20 (1) one year employment in the state as a nurse, 20 percent;
- 21 (2) two years employment in the state as a nurse, an additional 20
- 22 percent;
- 23 (3) three years employment in the state as a nurse, an additional 20
- 24 percent;
- 25 (4) four years employment in the state as a nurse, an additional 20
- 26 percent;
- 27 (5) five years employment in the state as a nurse, an additional 20
- 28 percent.

29 (b) A financial award must be conditioned on the availability of money for the  
 30 program. The executive director shall monitor the outstanding financial awards made  
 31 under the program to ensure the adequacy of the balance of the account to meet

1 program needs. If the executive director finds that the balance of the account is  
 2 insufficient to pay for existing awards and incur additional obligations to new  
 3 applicants, the executive director shall advise the commission and the Board of  
 4 Nursing. Until the commission and the Board of Nursing determine the account is  
 5 sufficient to incur additional obligations, the executive director shall

6 (1) prorate the money available in the account among all existing  
 7 award recipients, except as required under (d) of this section; and

8 (2) suspend the acceptance of new applications and the processing of  
 9 pending applications under the program.

10 (c) The provisions of AS 14.43.920 apply to the repayment of a loan under the  
 11 program.

12 (d) An educational loan or interest on a loan is not eligible for repayment  
 13 under the program if the loan or interest is eligible for repayment under another  
 14 source, including another loan repayment or forgiveness program.

15 (e) If the executive director prorates money under (b)(1) of this section, a  
 16 priority shall be given to recipients who work in an area of the state or a specialty that  
 17 the Board of Nursing determines has a shortage of nurses.

18 **Sec. 14.43.590. Definitions.** In AS 14.43.530 - 14.43.590, unless the context  
 19 otherwise requires,

20 (1) "account" means the Alaska nurse recruitment loan repayment  
 21 program account established in AS 14.43.540;

22 (2) "executive director" means the executive director of the  
 23 commission;

24 (3) "nurse" means a person licensed as a registered or practical nurse  
 25 under AS 08.68.170;

26 (4) "program" means the Alaska nurse recruitment loan repayment  
 27 program.

28 \* Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to  
 29 read:

30 TRANSITION: REGULATIONS. Notwithstanding sec. 9 of this Act, the state Board  
 31 of Nursing and the Alaska Commission on Postsecondary Education may immediately

- 1 proceed to adopt regulations necessary to implement their respective duties under this Act.  
 2 The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before  
 3 July 1, 2003.  
 4 \* Sec. 8. Section 7 of this Act takes effect immediately under AS 01.10.070(c)  
 5 \* Sec. 9. Except as provided in sec. 8 of this Act, this Act takes effect July 1, 2003.

↳ Are any nursing employment programs currently offering repayment programs? pg 5, line 14 ✓

↳ preference for Alaska-grown students? ✓

↳ Fiscal Note?

↳ How many nurses are we short? short-staffed or fill-ins?

**Senator Hollis French**

Capitol Room 504  
465-3892  
465-6595 fax



**MEMORANDUM**

Date: March 27, 2003

To: Senator Fred Dyson, Chair  
HESS Committee

From: Senator Hollis French

RE: Request for Hearing -- SB 154 - "An Act relating to a student loan repayment program for nurses, and amending the duties of the Board of Nursing that relate to this program; and providing for an effective date."

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This is a request that you schedule a hearing on SB 154 - "An Act relating to a student loan repayment program for nurses, and amending the duties of the Board of Nursing that relate to this program; and providing for an effective date" at the earliest possible date.

I have attached a copy of the bill, a sponsor statement, and a sectional analysis for your use. Additional materials will be made available to your committee aide prior to the hearing.

Attachments

## SPONSOR STATEMENT – SS SB 154

### Alaska Nurse Recruitment Loan Repayment Program

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Alaska is suffering from a severe shortage of nurses, and Alaskans' health care is suffering because of that shortage. SB 154, which establishes the Alaska Nurse Recruitment Loan Repayment Program, could help to change that. Offering financial incentives to nurses working in Alaska will help attract new nurses to the state and encourage Alaskans to pursue their nursing vocations here at home.

In 2002, the Alaska Colleagues in Caring, in collaboration with the Alaska Hospital and Nursing Home Association, surveyed facilities in Alaska regarding nursing workforce needs. Results showed that vacancy rates for RNs had increased from 5.7% in 2000 to 11.5% in 2002, with increasing vacancy rates projected into the future. Facilities in western and northern Alaska reported a vacancy rate of over 20% and, according to information from other sources, the vacancy rate in some remote areas of Alaska is as high as 35 percent.

The Alaska Nurse Recruitment Loan Repayment Program will provide repayment of up to \$10,000, over five years, of educational loans an individual has accumulated while training to become a nurse. To qualify for loan reimbursement, an individual must be hired as a nurse in Alaska on or after July 1, 2003, be licensed to practice as a nurse in Alaska, work as a nurse in the state throughout the loan repayment period, and have outstanding educational loans from a recognized lending institution.

Additional eligibility criteria and guidelines for the loan program will be set in regulations adopted by the Board of Nursing, in consultation with the Alaska Commission on Postsecondary Education. These may include guidelines on establishing priorities for participation in the loan repayment program if funding for the program is not adequate to meet need. The guidelines may include determinations based on areas of the state and nursing specialties affected by shortages,

Funding for the program may be appropriated from the Student Loan Corporation dividend (the return of contributed capital authorized in AS 14.42.295(a)) or alternate state, federal, or other sources. The executive director of the Alaska Commission on Postsecondary Education will administer the program.

## SECTIONAL ANALYSIS – SS SB 154

### ALASKA NURSE RECRUITMENT LOAN REPAYMENT PROGRAM

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- Section 1:** Findings and purpose.
- Section 2:** Adds responsibility for establishing standards and eligibility criteria for the Alaska Nurse Recruitment Loan Repayment Program, including the adoption of necessary regulations and determination of areas of the state and specialties that have a shortage of nurses, to the Alaska Board of Nursing, in consultation with the Alaska Commission on Postsecondary Education.
- Section 3:** Adds responsibility to perform duties relating to the Alaska Nurse Recruitment Loan Repayment Program to the list of responsibilities of the Alaska Commission on Postsecondary Education (ACPE).
- Section 4:** Directs the executive director of ACPE to administer the Alaska Nurse Recruitment Loan Repayment Program.
- Section 5:** Establishes that the money made available to the state from the dividend of the Student Loan Corporation may be appropriated for the Alaska Nurse Recruitment Loan Repayment Program.
- Section 6:** Establishes the Alaska Nurse Recruitment Loan Repayment Program.
- Sec. 14.43.530 – Establishes the loan repayment program to provide financial incentives for qualified registered nurses to work in the state through the repayment of education loans.
- Sec. 14.43.540 – Establishes the Alaska Nurse Recruitment Loan Repayment Program account in the general fund. The account shall be used to provide financial awards for the repayment of education loans and to pay for the costs of administering the program. The account includes money appropriated by the legislature from the dividend paid to the state by the Alaska Student Loan Corporation or other sources.
- Sec. 14.43.550 – Establishes that the Alaska Nurse Recruitment Loan Repayment Program shall be administered by the executive director of the ACPE using standards and eligibility criteria established by the Board of Nursing and financial management standards established by the commission. Gives the commission authority to adopt regulations to carry out the duties involved with administering the program, after consultation with the Board of Nursing.

Sec. 14.43.560 – Establishes these eligibility criteria:

- Applicant was hired as a nurse in Alaska on or after July 1, 2003.
- Applicant is employed as a nurse in Alaska during the loan repayment period.
- Applicant is licensed to practice as a nurse in Alaska.
- Applicant must agree to fulfill any requirement of the program.
- Applicant must have outstanding education loans from a recognized lending institution..

Sec. 14.43.570 – Establishes conditions and limitations on loan payments. The total repayment amount to any individual is limited to \$10,000. An annual loan repayment to an individual may be the lesser of \$2,000 or 20 percent of the total loan and interest owed by the person.

Financial awards under the program will be conditioned on the availability of funds. If adequate funds are not available to meet all needs, the executive director of ACPE may prorate available funds and suspend the acceptance of new applications or award funds available for new or pending applicants according to criteria approved by the Board of Nursing.

A loan is not eligible for repayment under the program if it is eligible for repayment or forgiveness under any other program

Sec. 14.43.590 – Definitions of terms.

- Section 7:** Allows the Board of Nursing and ACPE to adopt necessary regulations immediately upon passage of the Act.
- Section 8:** Establishes an immediate effective date for Section 7.
- Section 9:** Establishes an effective date of July 1, 2003, for the remainder of the Act.

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB154  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Education  
 Title An Act relating to student loan repayment program BRU ACPE  
 for nurses, and amending the duties of the Board of Nurses that... Component Student Loan Program  
 Sponsor Senator Hollis French  
 Requester (S)HESS Component No. 213

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	11	11	12	12	12	12
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous	338.0	714.0	1,180.0	1,664.0	2,150.0	2,636.0
<b>TOTAL OPERATING</b>	<b>348.7</b>	<b>725.2</b>	<b>1,191.5</b>	<b>1,175.7</b>	<b>2,161.9</b>	<b>2,648.1</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE (Thousands of Dollars)**

FUND SOURCE	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
1002 Federal Receipts						
1003 GF Match						
1004 GF	338.0	714.0	1,180.0	1,664.0	2,150.0	2,636.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other 1106 P-Sec Rcpt	11	11	12	12	12	12
<b>TOTAL</b>	<b>348.7</b>	<b>725.2</b>	<b>1,191.5</b>	<b>1,175.7</b>	<b>2,161.9</b>	<b>2,648.1</b>

Estimate of any current year (FY2003) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Part-time	1	1	1	1	1	1
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation establishes the Alaska Nurse Recruitment Loan Repayment Program as an incentive tool to attract and retain nurse to work in the state. Eligibility criteria will be set by the Alaska Board of Nursing and administrative criteria will be set by the Alaska Commission on Postsecondary Education. The Executive Director of the Commission is the designated program administrator. A program Fund is established within the General Fund and while Section 6 contemplates that the Legislature may make appropriation to the Fund from the Alaska Student Loan Corporation's annual dividend to the state, that appropriation is not mandated and, therefore, this fiscal note reflects the fund source as GF. Individual benefits may be paid to program participants of up to \$10,000 in exchange for five years of employment in the state as a nurse.

Prepared by: Sheila King, Finance Officer Phone 465-6757  
 Division Finance Date/Time 4/7/03 10:12 AM  
 Approved by: Diane Barrans, Executive Officer *Diane Barrans* Date 4/7/2003  
 Agency Alaska Commission on Postsecondary Education

FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

BILL NO. SB154

ANALYSIS CONTINUATION

The chart below provides additional details relating to the cost estimates in this fiscal note. Staff has assumed an average individual education loan debt burden of \$16,000 based on average borrowing in this field from the Alaska state education loan programs and have used participant projections from a recent state health workforce report for the expected numbers of participants in each of the first six years of program operations.

Growth/Cost Projection Estimates for Alaska Nurse Recruitment Loan Repayment Program  
(Dollar Amounts Shown in Thousands)

Year	# of New Nurses	2004	2005	2006	2007	2008	2009
2003	169	\$ 338.0	\$ 338.0	\$ 338.0	\$ 338.0	\$ 338.0	\$ 338.0
2004	188		\$ 376.0	\$ 376.0	\$ 376.0	\$ 376.0	\$ 376.0
2005	233			\$ 466.0	\$ 466.0	\$ 466.0	\$ 466.0
2006	242				\$ 484.0	\$ 484.0	\$ 484.0
2007	243					\$ 486.0	\$ 486.0
<hr/>							
	1,075	\$ 338.0	\$ 714.0	\$ 1,180.0	\$ 1,664.0	\$ 2,150.0	\$ 2,636.0



t/ 907-274-0827  
f/ 907-272-0292

2207 East Tudor Rd, Suite 34  
Anchorage, AK 99507-1069  
www.aknurse.org  
aknurse@aknurse.org

April 2, 2003

Honorable Hollis French  
State Capitol  
Juneau, AK 99801-1182

Dear Senator French;

On behalf of Alaska's 6,000 RNs I would like to thank you for taking the leadership in drafting SB 154, "An Act relating relating to a student loan repayment program for nurses."

Alaska is already facing a nursing shortage with health care facilities reporting average vacancy rates of 11%, with some rural facilities reporting vacancies as high as 35%. This shortage is only going to get worse over the next five years since the average age of nurses in the state is 47, and many hospital nurses retire in their mid-fifties.

The nursing shortage is contributing to the rise in health care costs because it is forcing health care institutions to staff with traveling and agency nurses who are more expensive to institutions than their regular staff. It is also leading to an increase in overtime, which is expensive to institutions and has be shown to contribute to nursing errors and injury.

The University of Alaska is responding to this shortage by doubling the number of nursing students they teach each year by the year 2006. SB 154 is an excellent companion to this effort by the University. It will provide an incentive for Alaskans to enter the profession, and remain in the state to practice.

With the armed conflict in the middle east, the threat of bioterrorism, and the emergence of fatal illnesses such as West Nile virus and SARS, now more than ever we need to take action to insure we have an adequate number of nurses to serve Alaskans in the coming years.

Sincerely,

Patricia K. Senner, MS, RN, ANP  
President

# Alaska State Legislature



For Immediate Release: March 27, 2003

Contact: Senator Hollis French: 888-465-3892  
Representative Peggy Wilson, 800-686-3824

## **Loan Repayment Program to Reward Nurses** **Bipartisan Effort to Improve Alaska's Healthcare**

(JUNEAU)--Nurses who work in Alaska could have up to \$10,000 of educational loans repaid under the provisions of companion bills recently introduced by Senator Hollis French (D-Anchorage) and Representative Peggy Wilson (R-Wrangell).

"Alaska faces a severe shortage of nurses. Offering financial incentives to nurses working in Alaska will help address this problem, which affects the quality of medical care in Alaska," said Senator French. The Alaska Nurse Recruitment Loan Repayment Program (SB 154 and HB 111) would repay nurses 20 percent or up to \$2,000 of an educational loan per year the nurse is employed in the state, for up to five years and a total of \$10,000.

"Lightening a nurse's loan repayment burden by even this modest amount should encourage Alaskans training to be nurses to work in state, and help attract more nurses to Alaska from outside the state," said Representative Wilson.

In 2002, the Alaska Colleagues in Caring, in collaboration with the Alaska Hospital and Nursing Home Association, surveyed facilities in Alaska regarding nursing workforce needs. Results showed that vacancy rates for RNs had increased from 5.7% in 2000 to 11.5% in 2002, with increases in those rates projected into the future. Facilities in western and northern Alaska reported a vacancy rate of over 20%.

(MORE)

**Loan Repayment Program to Reward Nurses**

**March 27, 2003**

**2-2-2-2-2**

"The Alaska Nurses Association (AaNA) applauds Senator French's and Representative Wilson's sponsorship of this program, which is essential to nursing in the state," said Camille Soleil, Executive Director of AaNA. "Not only will new nurses be attracted to beginning their practice here, this progressive loan repayment program is aimed at retaining nurses for multiple years, a critical step in addressing the growing nurse shortage."

The Alaska Department of Labor and Workforce Development projections show that the employment demand for RNs is expected to grow nearly 40 percent between 1998 and 2008, much faster than the all-occupation average (16.6 percent). The University of Alaska and health care institutions in the state are cooperating in an effort to expand nursing education opportunities in state and have a goal of doubling the number of nursing graduates by 2006.

"Not only is the quality of our health care clearly in danger because of this shortage, but our health care facilities are spending millions of dollars hiring visiting nurses," said Representative Wilson, who is also a nurse. "Our hospitals could spend those funds much more effectively on nurses who are committed to staying in Alaska communities."

Citing the benefits of this bipartisan effort to address the nursing shortage, Senator French said: "I'm looking forward to working with Representative Wilson on this program that will benefit all Alaskans."

HB 211 was referred to the House Health and Social Services and Finance committees. SB 154 was referred to the Senate Health and Social Services, Labor and Commerce, and Finance committees.

###

State of Alaska  
**OFFICE OF THE GOVERNOR**

**Frank H. Murkowski**  
Governor  
P.O. Box 110001  
Juneau, Alaska 99811-0001  
**NEWS RELEASE**



**John Manly**  
Press Spokesman  
907-465-3500  
FAX: 907-465-3532  
[www.gov.state.ak.us](http://www.gov.state.ak.us)

FOR IMMEDIATE RELEASE: March 27, 2003

No. 03-069

## Murkowski Signs Bill to Extend Nursing Board

(Juneau) – Governor Frank H. Murkowski today signed into law HB 74, which extends the sunset date of the Board of Nursing for eight years, or until June 30, 2011. The bill's prime sponsor, Representative Nancy Dahlstrom, attended the signing of her first piece of legislation.

"It is a pleasure to sign Representative Dahlstrom's first bill today," Murkowski said. "The Board of Nursing serves a crucial function for the medical establishment and for the people of Alaska. There is a critical shortage of nurses, as well as other medical professionals, here in Alaska as there is across the country. I hope the Board of Nursing can help to encourage young people to go into nursing and work with the university to educate more nurses. You never know when you're going to need a nurse, so it's certainly reassuring to know they will be there when you do need one."

HB 74 has an immediate effective date.

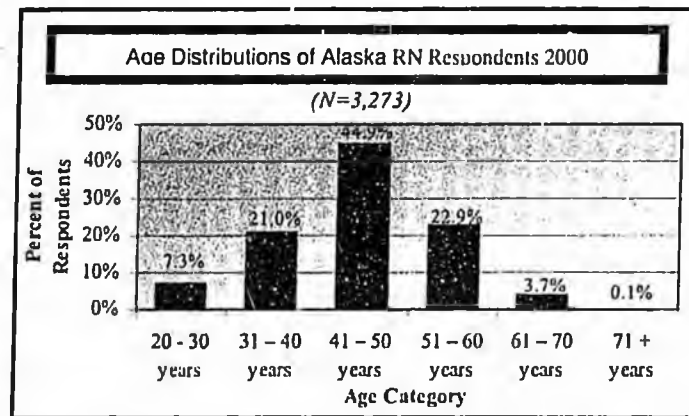
###



### Background On the Nursing Shortage in Alaska

There are currently about 5,200 RNs living in Alaska. Since the late 1990's there has been an increasing shortage of Registered Nurses in Alaska and the US as a whole. This has led to an 11.5% vacancy rate for nursing positions in the State. Contributing factors for this shortage include:

- The aging of the workforce. In 2000 the average age of a RN in Alaska 45.1 years compared to 43.3 years nationally. 72% of the RNs in Alaska are over the age of 40 years old. Data from the 2002 license renewal is currently being evaluated, but it is expected that the average age has only increased.<sup>1</sup>



- Hospital and nursing home nursing is very physically demanding. Because of this most nurses working in these settings retire in their 50s. Nationally it is projected that half the nursing workforce will retire in the next five years.
- Fewer young people have gone into the profession. This is graphically illustrated by the above figure.<sup>1</sup> Formerly, the two primary occupations available to women were teaching and nursing. Now there are a larger number of options available. Many women who previously would have become nurses are now becoming doctors.
- Increased complexity of patient care. In order to reduce health care costs more procedures are being done on an outpatient basis, and hospital stays have been shortened. This means that the patients in hospitals are much sicker than 15 years ago, requiring more skilled care.
- In order to reduce costs, hospitals in the 90's increased the number of patients nurses were required to care for at the same time that the patients became sicker. This lead many nurses to leave the workforce because of concern about patient and nurse safety.



- A decrease in job satisfaction, as inadequate staffing is preventing RNs from providing high quality care to patients. One of the single most important factors in nurses being satisfied with their working conditions is the RN having ample time to provide quality care to their patients. This is usually directly tied the number and the acuity of the patients they are required to care for.
- Increased work-acquired injury and illness. This is addressed in detail elsewhere, but between the increased number of HIV and hepatitis infected patients and the increased weight of the population, many nurses have suffered career ending injuries or illnesses. It is not unusual for nurses to be asked to care for 300-500 lb patients.

### **Importance of RNs to Patient Health and Safety**

The nursing shortage effects patient care in two main ways. Studies tie RNs to positive patient outcomes and poor staffing causes experienced RNs to leave the profession due to job dissatisfaction.

- A 2000 study<sup>iii</sup> looked at hospital and Medicare data from hospitals in nine states in five categories of adverse outcomes: length of hospital stay, pneumonia contracted in the hospital, postoperative infection, bed sores, and urinary tract infections contracted while in the hospital. All five measures are markedly decreased with higher levels of RN involvement in patient care.
- A study published in the October 2002 Journal of the American Medical Association<sup>v</sup>, found the risk of patient mortality increased by 7% for every additional patient in the average nurse's workload in the hospital;
- The study suggests that RNs contribute importantly to surveillance, early detection, and timely interventions that save lives;
- The benefits of improved RN staffing also extend to larger numbers of hospitalized patients who are not at risk for mortality but nevertheless are vulnerable to a wide range of unfavorable outcomes;
- Higher emotional exhaustion and greater job dissatisfaction in nurses were strongly and significantly associated with patient-to-nurse ratios;
- Improving nurse staffing levels may reduce alarming turnover rates in hospitals by reducing burnout and job dissatisfaction, major precursors of job resignation;
- Improving staffing may not only save patient lives and decrease nurse turnover but also reduce hospital costs, if recently published estimates of the costs of replacing a hospital medical and surgical general unit and a specialty nurse (\$42,000 to \$64,000) are correct.



### **Health and Safety Issues Related to the Nursing Shortage**

Health care is rapidly becoming the most hazardous industry in America, as well as Alaska. RNs report that health and safety concerns play a major role in their decisions to remain in the profession. Nurses and other health care workers are exposed to the following hazards:

- Biological hazards: HIV, hepatitis B and C and more than 20 other infectious agents have caused infections in nurses caring for patients with these infections.
- Ergonomic Injuries – Ergonomics hazards of manual lifting and transfer of patients cause back injuries to over 1/3 of all nurses. Nurses are more prone to back injuries than construction laborer, truck loader, or warehouse worker.<sup>v</sup> Nurses accounted for more than 10% of the total for all occupations combined for neck, back and muscle injuries.<sup>vi</sup>
- Chemical hazards: latex allergy and disinfectants cause occupational asthma, and laser smoke, exposure to carcinogenic chemotherapeutic agents result in illness.

### **The Shortage Will Grow**

Alaska Department of Labor and Workforce Development<sup>vii</sup> provided the below statistics related to the current and growing nursing shortage.

- Employment demand for RNs is projected to grow nearly 40% between 1998 – 2008, faster than the all-occupational average (16.6%)
- The number of RNs needed to fill the new jobs resulting from industry growth will increase by nearly 1,600.
- If 2008 projections hold true, RNs will be the largest single healthcare occupation and the seventh largest occupation in the state.
- Nursing shortage is nationwide and Alaska must compete for RNs, or grow more of our own, to keep up with demand caused by the aging of society, as well as the aging of the RNs.

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  1. Aging population/increased number of nurses retiring
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### **Current RN Programs Provided by UAA (110 RN graduates per year)**

- 2 year RN – Anchorage 32 students admitted per year; Fairbanks 16 students, Kodiak 9 students (every 2 years)
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## SOLUTIONS

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- Recruitment and education of new RNs
- Retention of experienced RNs
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### RECRUITMENT AND EDUCATION

- State funding support of UAA and Industry Consortium's effort to double the number of RN graduates by 2006. This requires the State to match the industries commitment of 2.4 million over the next three years.
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- Support creation and adoption of legislation and/or standards for an appropriate nurse to patient acuity system that creates a safe and satisfying work environment. Several states have passed or are considering similar legislation.
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- Encourage institutions to be flexible about working hours and patient loads to allow aging nurses to physically prolong their careers. Many facilities demand 12-hour shifts, which are physically demanding and difficult for aging RNs.
- Fund a study to explore what measures need to be adopted to keep RNs who are over 50 in the workforce.



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<sup>i</sup> "Alaska Colleagues in Caring, Alaska Re-Licensure Survey for RNs, 1996, 1998, and 2000", October 2001

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<sup>ix</sup> Sec. 18.60.880. Needlestick and sharps injury protections for health care workers.

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB154  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Education  
 Title An Act relating to student loan repayment program BRU ACPE  
 for nurses, and amending the duties of the Board of Nurses that... Component Student Loan Program  
 Sponsor Senator Hollis French  
 Requester (S)HESS Component No. 213

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	11	11	12	12	12	12
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous	338.0	714.0	1,180.0	1,664.0	2,150.0	2,636.0
<b>TOTAL OPERATING</b>	<b>348.7</b>	<b>725.2</b>	<b>1,191.5</b>	<b>1,175.7</b>	<b>2,161.9</b>	<b>2,648.1</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	338.0	714.0	1,180.0	1,664.0	2,150.0	2,636.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other 1106 P-Sec Rcpt	11	11	12	12	12	12
<b>TOTAL</b>	<b>348.7</b>	<b>725.2</b>	<b>1,191.5</b>	<b>1,175.7</b>	<b>2,161.9</b>	<b>2,648.1</b>

Estimate of any current year (FY2003) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time		1	1	1	1	1
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation establishes the Alaska Nurse Recruitment Loan Repayment Program as an incentive tool to attract and retain nurses to work in the state. Eligibility criteria will be set by the Alaska Board of Nursing and administrative criteria will be set by the Alaska Commission on Postsecondary Education. The Executive Director of the Commission is the designated program administrator. A program Fund is established within the General Fund and while Section 6 contemplates that the Legislature may make appropriation to the Fund from the Alaska Student Loan Corporation's annual dividend to the state, that appropriation is not mandated and, therefore, this fiscal note reflects the fund source as GF. Individual benefits may be paid to program participants of up to \$10,000 in exchange for five years of employment in the state as a nurse.

Prepared by: Sheila King, Finance Officer Phone 465-6757  
 Division Finance Date/Time 4/7/03 10:12 AM  
 Approved by: Diane Barrans, Executive Officer *Diane Barrans* Date 4/7/2003  
 Agency Alaska Commission on Postsecondary Education

FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

BILL NO. SB154

ANALYSIS CONTINUATION

The chart below provides additional details relating to the cost estimates in this fiscal note. Staff has assumed an average individual education loan debt burden of \$16,000 based on average borrowing in this field from the Alaska state education loan programs and have used participant projections from a recent state health workforce report for the expected numbers of participants in each of the first six years of program operations.

Growth/Cost Projection Estimates for Alaska Nurse Recruitment Loan Repayment Program  
(Dollar Amounts Shown in Thousands)

Year	# of New Nurses	2004	2005	2006	2007	2008	2009
2003	169	\$ 338.0	\$ 338.0	\$ 338.0	\$ 338.0	\$ 338.0	\$ 338.0
2004	188		\$ 376.0	\$ 376.0	\$ 376.0	\$ 376.0	\$ 376.0
2005	233			\$ 466.0	\$ 466.0	\$ 466.0	\$ 466.0
2006	242				\$ 484.0	\$ 484.0	\$ 484.0
2007	243					\$ 486.0	\$ 486.0
	1,075	\$ 338.0	\$ 714.0	\$ 1,180.0	\$ 1,664.0	\$ 2,150.0	\$ 2,636.0



t/ 907-274-0827

f/ 907-272-0292

2207 East Tudor Rd, Suite 34

Anchorage, AK 99507-1069

[www.aknurse.org](http://www.aknurse.org)

[aknurse@aknurse.org](mailto:aknurse@aknurse.org)

April 2, 2003

Honorable Hollis French  
State Capitol  
Juneau, AK 99801-1182

Dear Senator French;

On behalf of Alaska's 6,000 RNs I would like to thank you for taking the leadership in drafting SB 154, "An Act relating relating to a student loan repayment program for nurses."

Alaska is already facing a nursing shortage with health care facilities reporting average vacancy rates of 11%, with some rural facilities reporting vacancies as high as 35%. This shortage is only going to get worse over the next five years since the average age of nurses in the state is 47, and many hospital nurses retire in their mid-fifties.

The nursing shortage is contributing to the rise in health care costs because it is forcing health care institutions to staff with traveling and agency nurses who are more expensive to institutions than their regular staff. It is also leading to an increase in overtime, which is expensive to institutions and has be shown to contribute to nursing errors and injury.

The University of Alaska is responding to this shortage by doubling the number of nursing students they teach each year by the year 2006. SB 154 is an excellent companion to this effort by the University. It will provide an incentive for Alaskans to enter the profession, and remain in the state to practice.

With the armed conflict in the middle east, the threat of bioterrorism, and the emergence of fatal illnesses such as West Nile virus and SARS, now more than ever we need to take action to insure we have an adequate number of nurses to serve Alaskans in the coming years.

Sincerely,

A handwritten signature in cursive script that reads "Patricia Senner".

Patricia K. Senner, MS, RN, ANP  
President

# Alaska State Legislature



For Immediate Release: March 27, 2003

Contact: Senator Hollis French: 888-465-3892  
Representative Peggy Wilson, 800-686-3824

## **Loan Repayment Program to Reward Nurses** **Bipartisan Effort to Improve Alaska's Healthcare**

(JUNEAU)--Nurses who work in Alaska could have up to \$10,000 of educational loans repaid under the provisions of companion bills recently introduced by Senator Hollis French (D-Anchorage) and Representative Peggy Wilson (R-Wrangell).

"Alaska faces a severe shortage of nurses. Offering financial incentives to nurses working in Alaska will help address this problem, which affects the quality of medical care in Alaska," said Senator French. The Alaska Nurse Recruitment Loan Repayment Program (SB 154 and HB 111) would repay nurses 20 percent or up to \$2,000 of an educational loan per year the nurse is employed in the state, for up to five years and a total of \$10,000.

"Lightening a nurse's loan repayment burden by even this modest amount should encourage Alaskans training to be nurses to work in state, and help attract more nurses to Alaska from outside the state," said Representative Wilson.

In 2002, the Alaska Colleagues in Caring, in collaboration with the Alaska Hospital and Nursing Home Association, surveyed facilities in Alaska regarding nursing workforce needs. Results showed that vacancy rates for RNs had increased from 5.7% in 2000 to 11.5% in 2002, with increases in those rates projected into the future. Facilities in western and northern Alaska reported a vacancy rate of over 20%.

(MORE)

**Loan Repayment Program to Reward Nurses**

**March 27, 2003**

**2-2-2-2-2**

"The Alaska Nurses Association (AaNA) applauds Senator French's and Representative Wilson's sponsorship of this program, which is essential to nursing in the state," said Camille Soleil, Executive Director of AaNA. "Not only will new nurses be attracted to beginning their practice here, this progressive loan repayment program is aimed at retaining nurses for multiple years, a critical step in addressing the growing nurse shortage."

The Alaska Department of Labor and Workforce Development projections show that the employment demand for RNs is expected to grow nearly 40 percent between 1998 and 2008, much faster than the all-occupation average (16.6 percent). The University of Alaska and health care institutions in the state are cooperating in an effort to expand nursing education opportunities in state and have a goal of doubling the number of nursing graduates by 2006.

"Not only is the quality of our health care clearly in danger because of this shortage, but our health care facilities are spending millions of dollars hiring visiting nurses," said Representative Wilson, who is also a nurse. "Our hospitals could spend those funds much more effectively on nurses who are committed to staying in Alaska communities."

Citing the benefits of this bipartisan effort to address the nursing shortage, Senator French said: "I'm looking forward to working with Representative Wilson on this program that will benefit all Alaskans."

HB 211 was referred to the House Health and Social Services and Finance committees. SB 154 was referred to the Senate Health and Social Services, Labor and Commerce, and Finance committees.

###

State of Alaska  
**OFFICE OF THE GOVERNOR**

**Frank H. Murkowski**  
Governor  
P.O. Box 110001  
Juneau, Alaska 99811-0001  
**NEWS RELEASE**



**John Manly**  
Press Spokesman  
907-465-3500  
FAX: 907-465-3532  
[www.gov.state.ak.us](http://www.gov.state.ak.us)

FOR IMMEDIATE RELEASE: March 27, 2003

No. 03-069

## Murkowski Signs Bill to Extend Nursing Board

(Juneau) – Governor Frank H. Murkowski today signed into law HB 74, which extends the sunset date of the Board of Nursing for eight years, or until June 30, 2011. The bill's prime sponsor, Representative Nancy Dahlstrom, attended the signing of her first piece of legislation.

"It is a pleasure to sign Representative Dahlstrom's first bill today," Murkowski said. "The Board of Nursing serves a crucial function for the medical establishment and for the people of Alaska. There is a critical shortage of nurses, as well as other medical professionals, here in Alaska as there is across the country. I hope the Board of Nursing can help to encourage young people to go into nursing and work with the university to educate more nurses. You never know when you're going to need a nurse, so it's certainly reassuring to know they will be there when you do need one."

HB 74 has an immediate effective date.

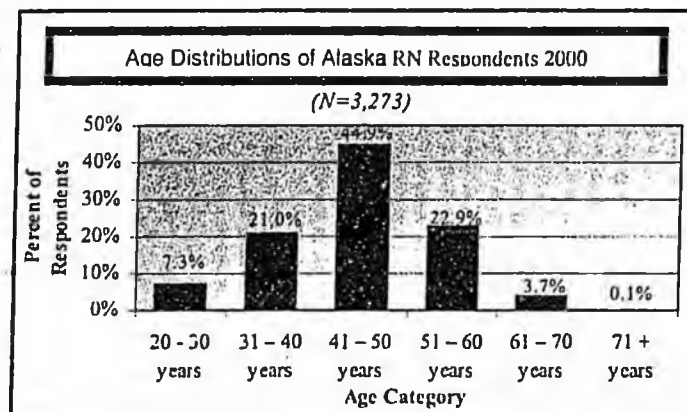
###



### Background On the Nursing Shortage in Alaska

There are currently about 5,200 RNs living in Alaska. Since the late 1990's there has been an increasing shortage of Registered Nurses in Alaska and the US as a whole. This has led to an 11.5% vacancy rate for nursing positions in the State. Contributing factors for this shortage include:

- The aging of the workforce. In 2000 the average age of a RN in Alaska 45.1 years compared to 43.3 years nationally. 72% of the RNs in Alaska are over the age of 40 years old. Data from the 2002 license renewal is currently being evaluated, but it is expected that the average age has only increased.<sup>1</sup>



- Hospital and nursing home nursing is very physically demanding. Because of this most nurses working in these settings retire in their 50s. Nationally it is projected that half the nursing workforce will retire in the next five years.
- Fewer young people have gone into the profession. This is graphically illustrated by the above figure.<sup>11</sup> Formerly, the two primary occupations available to women were teaching and nursing. Now there are a larger number of options available. Many women who previously would have become nurses are now becoming doctors.
- Increased complexity of patient care. In order to reduce health care costs more procedures are being done on an outpatient basis, and hospital stays have been shortened. This means that the patients in hospitals are much sicker than 15 years ago, requiring more skilled care.
- In order to reduce costs, hospitals in the 90's increased the number of patients nurses were required to care for at the same time that the patients became sicker. This led many nurses to leave the workforce because of concern about patient and nurse safety.



- A decrease in job satisfaction, as inadequate staffing is preventing RNs from providing high quality care to patients. One of the single most important factors in nurses being satisfied with their working conditions is the RN having ample time to provide quality care to their patients. This is usually directly tied the number and the acuity of the patients they are required to care for.
- Increased work-acquired injury and illness. This is addressed in detail elsewhere, but between the increased number of HIV and hepatitis infected patients and the increased weight of the population, many nurses have suffered career ending injuries or illnesses. It is not unusual for nurses to be asked to care for 300-500 lb patients.

### Importance of RNs to Patient Health and Safety

The nursing shortage effects patient care in two main ways. Studies tie RNs to positive patient outcomes and poor staffing causes experienced RNs to leave the profession due to job dissatisfaction.

- A 2000 study<sup>iii</sup> looked at hospital and Medicare data from hospitals in nine states in five categories of adverse outcomes: length of hospital stay, pneumonia contracted in the hospital, postoperative infection, bed sores, and urinary tract infections contracted while in the hospital. All five measures are markedly decreased with higher levels of RN involvement in patient care.
- A study published in the October 2002 Journal of the American Medical Association<sup>iv</sup>, found the risk of patient mortality increased by 7% for every additional patient in the average nurse's workload in the hospital;
- The study suggests that RNs contribute importantly to surveillance, early detection, and timely interventions that save lives;
- The benefits of improved RN staffing also extend to larger numbers of hospitalized patients who are not at risk for mortality but nevertheless are vulnerable to a wide range of unfavorable outcomes;
- Higher emotional exhaustion and greater job dissatisfaction in nurses were strongly and significantly associated with patient-to-nurse ratios;
- Improving nurse staffing levels may reduce alarming turnover rates in hospitals by reducing burnout and job dissatisfaction, major precursors of job resignation;
- Improving staffing may not only save patient lives and decrease nurse turnover but also reduce hospital costs, if recently published estimates of the costs of replacing a hospital medical and surgical general unit and a specialty nurse (\$42,000 to \$64,000) are correct.



### Health and Safety Issues Related to the Nursing Shortage

Health care is rapidly becoming the most hazardous industry in America, as well as Alaska. RNs report that health and safety concerns play a major role in their decisions to remain in the profession. Nurses and other health care workers are exposed to the following hazards:

- Biological hazards: HIV, hepatitis B and C and more than 20 other infectious agents have caused infections in nurses caring for patients with these infections.
- Ergonomic Injuries -- Ergonomics hazards of manual lifting and transfer of patients cause back injuries to over 1/3 of all nurses. Nurses are more prone to back injuries than construction laborer, truck loader, or warehouse worker.<sup>v</sup> Nurses accounted for more than 10% of the total for all occupations combined for neck, back and muscle injuries.<sup>vi</sup>
- Chemical hazards: latex allergy and disinfectants cause occupational asthma, and laser smoke, exposure to carcinogenic chemotherapeutic agents result in illness.

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# ALASKA ECONOMIC TRENDS

April 2003

## *Alaska's Health Care Industry*

Alaska Department of Labor  
and Workforce Development

Frank H. Murkowski  
Governor of Alaska

# ALASKA ECONOMIC TRENDS

April 2003  
Volume 23  
Number 4

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**Frank H. Murkowski, Governor of Alaska**  
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April *Trends* authors are staff with the Research and Analysis Section, Administrative Services Division, Department of Labor and Workforce Development.

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# Alaska's Health Care Industry

by  
Neal Fried, Labor Economist  
and Brynn Keith, Economist

## An amazing job machine

**T**he health services industry is the fastest growing, and one of the larger sectors of Alaska's economy. It's a billion-dollar industry, and it employs about 22,000 people. It would be hard to find an industry in Alaska with a growth pattern as strong and sustained as that of health care.

Employment settings range from private practice physicians with one employee to large urban hospitals providing hundreds of diverse jobs. Health related occupations include many specializations and have a wide variety of educational and skill requirements. Employment is widely distributed throughout the state, making health related careers viable choices in both urban and rural Alaska. (See Exhibit 1.)

This article will look at health related employment in two ways. First the spotlight will focus on the number of workers employed in Alaska's health services industry, regardless of whether or not the jobs they perform are health related. (For example, a secretary or maintenance worker at a hospital is included in health services industry employment.) Then, using the results of the Alaska Department of Labor and Workforce Development's (DLWD) 2000 - 2010 occupational forecast, we will look at the number and variety of health related jobs across all industries.

## It is on a fast track

Today more than 21,700 people work in Alaska's wage and salary health services industry. That number is conservative, because the data do not

## Health Services Employment

2002\*

1

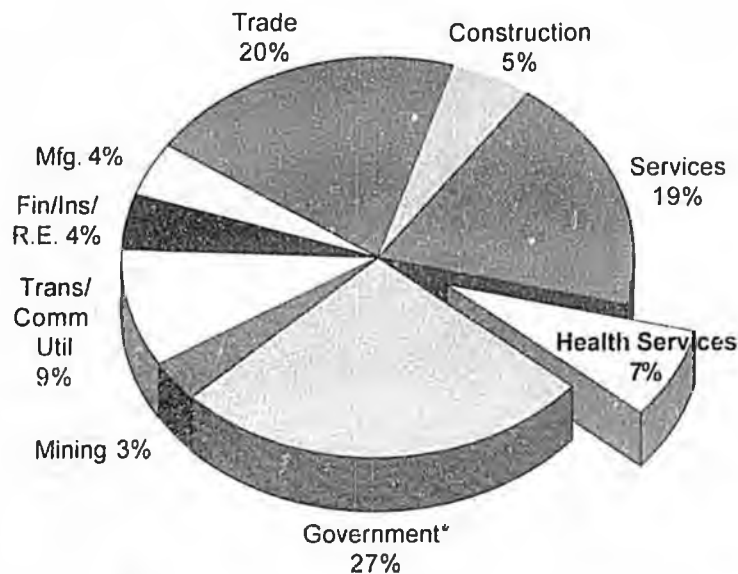
State	Jobs
Aleutians East Borough	56
Aleutians West Census Area	74
Municipality of Anchorage	11,271
Bethel Census Area	1,117
Bristol Bay Borough	7
Denali Borough	11
Dillingham Census Area	357
Fairbanks North Star Borough	2,160
Haines Borough	54
Juneau Borough	1,079
Kenai Peninsula Borough	1,542
Ketchikan Gateway Borough	421
Kodiak Island Borough	287
Lake and Peninsula Borough	n/a
Matanuska-Susitna Borough	1,088
Nome Census Area	429
North Slope Borough	n/a
Northwest Arctic Borough	518
Prince of Wales Census Area	59
Sitka Borough	644
Skagway-Hoonah-Angoon Census Area	26
Southeast Fairbanks Census Area	42
Valdez-Cordova Census Area	176
Wade Hampton Census Area	n/a
Wrangell-Petersburg Census Area	197
Yakutat Borough	n/a
Yukon-Koyukuk Census Area	n/a

n/a = not available because of employers categorized outside the Health Care industry.

\* Based on employers in the health services industry. Does not include health care workers in government and nonprofit agencies outside of the health services industry classification. Based on first 9 months of 2002 data.

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

## 2 Health Services is a Big Player In Alaska's employment picture

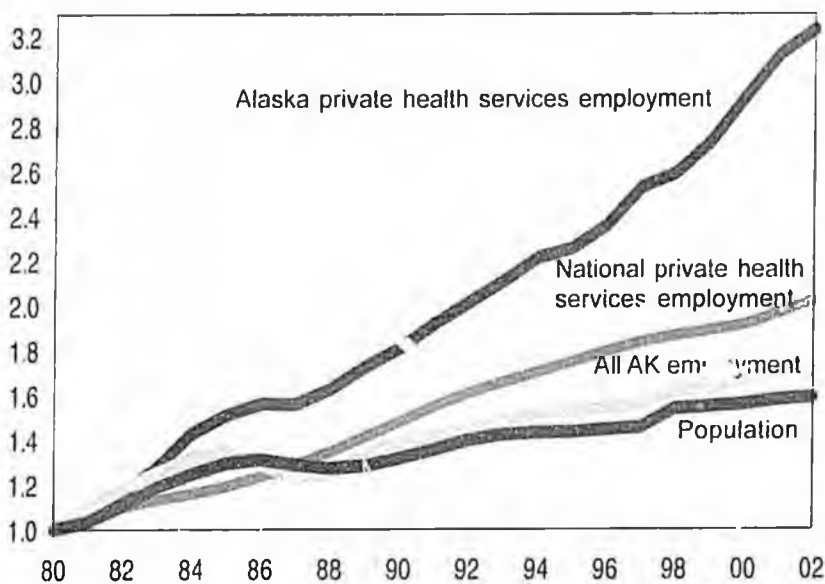


\*Public health care employment was subtracted from government and added to health services

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

## 3 Health Services Employment Growth Is in a league all its own

Percent



Growth index 1980=1

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

include uniformed military personnel, or the self-employed. Furthermore, because of the way employee numbers are reported, some health care workers are counted under other industries, and not under health services. In 2002 more than seven percent of all wage and salary employment was in health services, making health services a larger employer than either construction or civilian federal government. (See Exhibit 2.) According to the 1997 U.S. Economic Census (the most recent data), total receipts for Alaska's health services industry were \$1.8 billion.

From 1992 to 2002 the number of health services industry wage and salary jobs increased from 13,400 to 21,700. Health services employment grew by 62 percent, more than three times as fast as the all-industry growth rate of 18 percent. This accelerated growth did not begin during the past decade, but has been with us for at least three decades. During the state's worst recession (1986-1988) when more than 20,000 jobs were lost in the economy, health services employment growth stalled for a year and then resumed its impressive upward trend, giving health services a nearly recession-proof quality.

Employment growth in Alaska's health services sector outstripped population growth over the 1980-2002 period. (See Exhibit 3.) Nationwide the health services industry has been one of the more dynamic sectors, but in Alaska from 1992-2002 it grew much faster than in the rest of the nation.

### So why all this growth in health care?

There is no single explanation for this degree of growth or for Alaska's growth being so much more accelerated than the nation's. Health care, as an indispensable service, does not fit the classic economic model of supply and demand. In a similar vein, the method used to pay for these services is very different from buying typical consumer goods. Payment of these services is usually made by a third-party payer instead of by the patient directly. Since the consumer of the services rarely pays directly for them, cost is often not a key consideration when purchasing these services. The delivery of most health care is also

different from most other services. Combinations of private for-profit, private nonprofit, and public providers usually perform this service, giving it a unique character. (See Exhibit 4.)

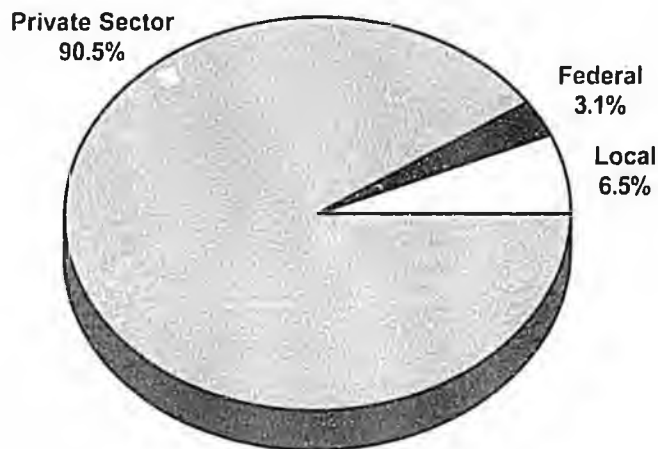
Supply and demand conditions do help explain some of the spectacular increases in health services employment. Technological changes are boosting the demand for health care services. The number of medical procedures continues to grow as more remedies are found for health problems. Another powerful ingredient is demographics, as the population continues to age. Between 1990 and 2000, Alaska's 65-plus population grew nearly 60 percent, and a repeat of this increase is expected in the decade ahead. (See Exhibit 5.) Alaska has a smaller slice of its population over 65 than does the nation as a whole, but Alaska's senior population is growing faster than their national counterpart. This may well be one reason health services employment is growing faster in the state.

### More reasons for growth

Another factor associated with the more rapid growth in health services employment in Alaska than in the rest of the nation is "import substitution." An increasing share of Alaska's health care needs formerly taken care of outside of the state is now met locally. Industry growth presents more health care choices, causing more of Alaska's health care dollars to be spent in the state, which stimulates further industry expansion. Since the health services share of total employment remains smaller in Alaska than nationwide, Alaska's trend of faster growth may well continue. (See Exhibit 6.)

Another boost to growth in health services has come with the privatization and expansion of the Alaska Native Medical Center in Anchorage. (See Exhibit 7.) The number of federal employees at this facility has actually declined steadily since the late 1990s, but the increase in private nonprofit workers at the Center has more than made up for the losses. One of the organizations that took over the federal role was the Alaska Native Tribal Health Consortium, established in late 1997 and now having more than 700 employees, making it one of the state's largest health care providers.

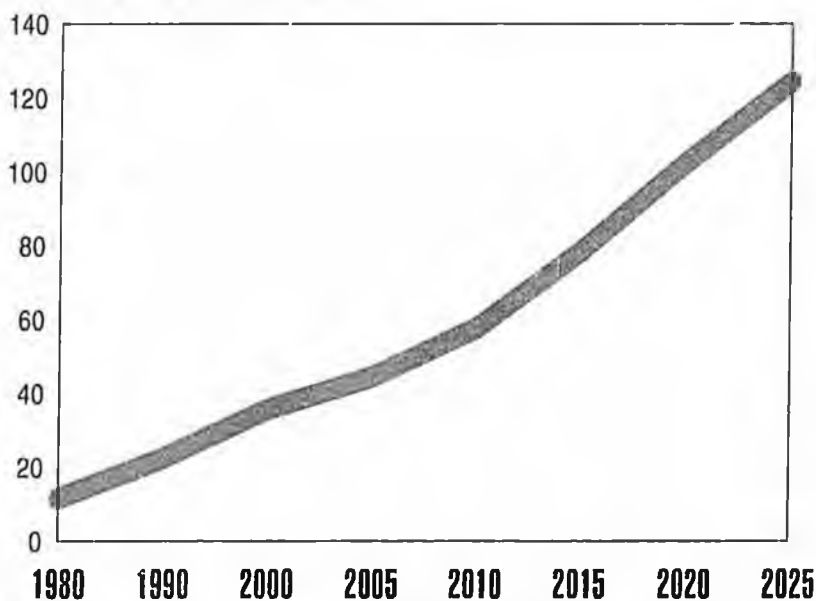
## Most Health Services Employment Is in the private sector—2002 **4**



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

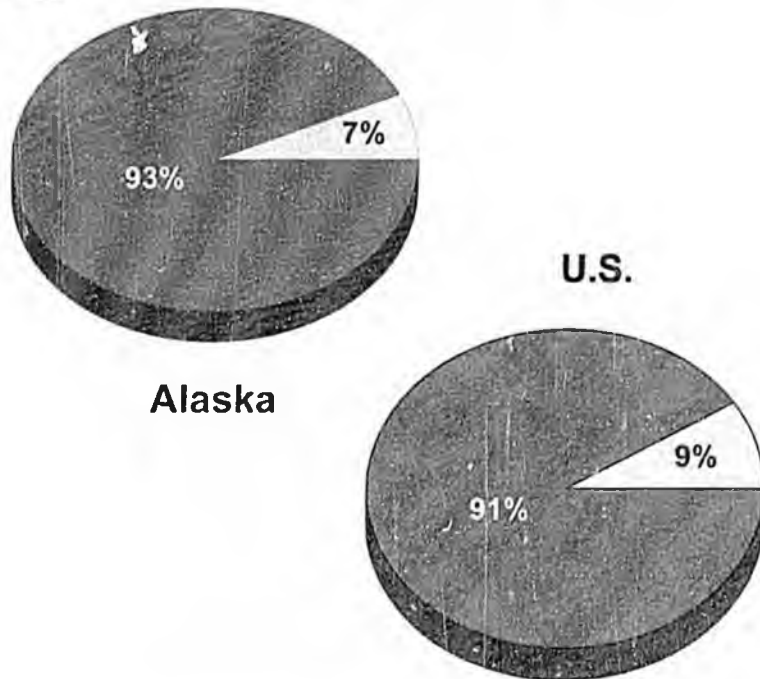
## Aging Population Means Growing demand for health services **5**

Population 65+ — Thousands



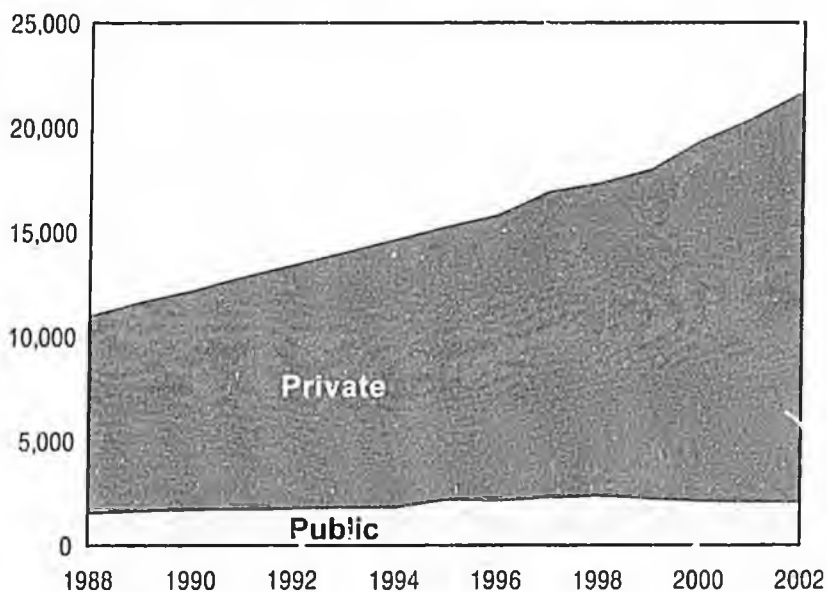
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## 6 Alaska Health Services Employment Grows toward national norms



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section  
U.S. Bureau of Labor Statistics

## 7 Private Sector Grows the Most In health services



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

(See Exhibit 8.) The Southcentral Health Foundation, which is also responsible for delivering many of the health care services of the health care employer, more than tripled the size of its workforce in less than five years.

### Hospitals are the big players

In 2002, hospitals were responsible for nearly 44 percent of all wage and salary employment in the state—not greatly different from the rest of the nation. (See Exhibit 9.) In Alaska, approximately 21 percent of hospital employment consists of government employees; the biggest group is employed in local public hospitals and most of the rest are employed at the Alaska Native Medical Center. No other segment of health services gets even close to hospitals' dominance. According to the 1997 Economic Census, \$1 billion was paid to hospitals in Alaska, representing 56 percent of all health care receipts.

One reason that hospitals are such big employers is they provide around-the-clock care and are very labor intensive. Three shifts of workers cycle through these hospitals each day. Because of this labor intensity it is not unusual for hospitals to be the largest or near largest employer in a community. In fact, in 2001 Providence Hospital became the single largest private sector employer in the state. Other examples are Banner Health Systems in Fairbanks and Kakanak Hospital in Dillingham, the largest private sector employers in their respective communities. In 2001 five of the 100 largest private sector employers were hospitals. If public hospitals were included, they too would often be one of the top employers in their respective geographic areas.

Over the past decade hospital employment in Alaska has grown considerably faster than in the rest of the nation. But hospital employment has not always been immune from cutbacks. In 1994, a number of hospitals pared back their workforces and hospital employment actually fell. Changes in Medicare and the move from inpatient to outpatient care hit some hospitals. They resumed growing in 1995. The traditional hospital model hardly exists today. An increasing share of hospital

## Top 25 Health Services Employers - 2002\*

8

activity is tied to outpatient care. Hospitals are branching out and opening day clinics and other health care facilities not often associated with hospitals of the past. The average annual earnings in the hospital sector are higher than average annual earnings in the broader health services industry category. (See Exhibit 10.)

### A large slice of health services workers are in doctor and dentist offices

More than a third of all health services employees work in doctor and dentist offices. Over the past decade employment in doctors' offices has more than doubled, making it one of the fastest growing segments of the health services industry. The proliferation of outpatient care facilities in the past decade may explain some of this growth. Like hospitals, these "doctor's offices" sometimes look very different from the past. Some look like hospitals minus the inpatient care. Employment in dentists' offices has increased much more moderately than the overall average. Both of these segments represent a bigger slice of the Alaska health services pie than they do nationally. The reasons for this are not entirely clear.

1	Providence Health Systems in Alaska	3,617
2	Banner Health Systems	1,195
3	Yukon Kuskokwim Health Corporation	1,097
4	Alaska Regional Hospital	893
5	Southcentral Foundation	872
7	Alaska Native Tribal Health Consortium	737
8	Southeast Alaska Regional Health Consortium	664
9	Manilaq Association	516
10	Valley Hospital	492
11	Norton Sound Health Corporation	420
12	Bartlett Regional Hospital	392
13	Central Peninsula General Hospital	370
14	Bristol Bay Area Health Corporation	350
15	Ketchikan General Hospital	307
16	Anchorage Community Health Services	262
17	North Star Behavioral Health System	254
18	Tanana Valley Medical Surgery Group	247
19	South Peninsula Hospital	241
20	South Peninsula Mental Health Association	141
21	Consumer Direct Services	130
22	Central Peninsula Counseling Services	116
23	Sitka Community Hospital	113
24	Anchorage Neighborhood Health Center	111
25	Fairbanks Community Mental Health Center	109

\*Average of first nine months

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

### Employment for other health care practitioners more than doubles

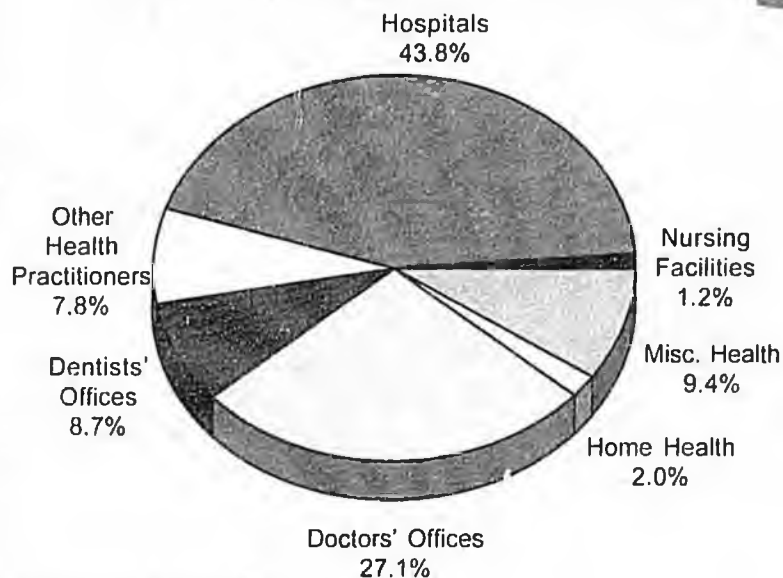
Included in this category are such health care providers as chiropractors, optometrists, podiatrists, psychologists, acupuncturists, naturopaths and others. It is not a large group but it is growing fast—more than doubling during the past decade. The growing popularity of alternative medicine is pushing these numbers higher, along with increases coming from some of the more traditional practitioners.

### Nationally, nursing facilities still grow

Nationally, nursing facilities represent a much larger proportion of health services employment than in Alaska. Part of this difference may be explained by data shortcomings. Many of the nursing facilities in Alaska are run by the state, such as the Pioneer Homes, which means that this

## Where the Jobs Are In Alaska's health services - 2002\*

9

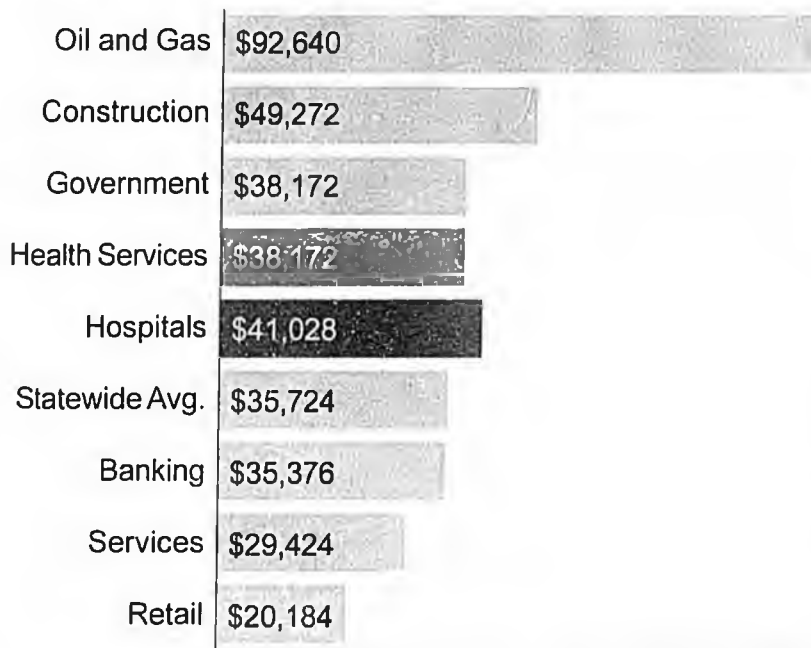


\*Average of first nine months

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

# 10 Health Services Industry Earnings - above average

Average annual earnings —2001



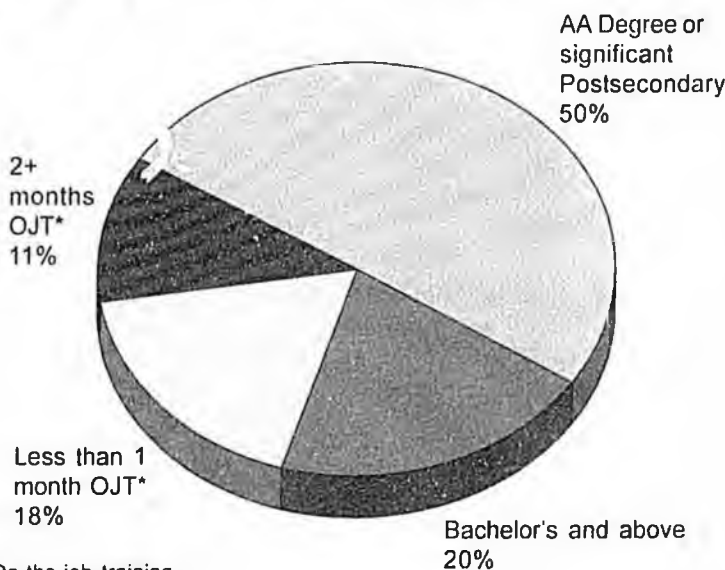
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

employment is captured in state government and not health services. Other nursing facilities such as the Providence Extended Care Center in Anchorage and the Denali Center in Fairbanks are connected to hospitals and are counted under hospital employment. The collocation of hospitals and nursing facilities around the state is quite common. One real difference is demographics. The 65-plus population is one of Alaska's fastest growing demographic groups, but only 5.7 percent of the state's population is 65 or older compared to 12.4 percent for the rest of the nation. The rapid growth of this population means these facilities are likely to grow more rapidly in the future and absorb a growing proportion of health services.

## Health care occupations – a more detailed look at employment

Based on DLWD's most recent occupational forecast, Alaska occupational employment is projected to increase 16.7 percent from 302,255 to 352,693 between 2000 and 2010. (This includes an estimate of self-employed workers.) Alaska employment for health related occupations, across all industries, is expected to increase 78 percent from 15,982 to 28,466 for the same time period. Future demand for health care workers will be affected by major economic, demographic and social forces, forces that will continue to shape not only the nature of the health care workforce but also the manner in which services are provided.

# 11 Future Alaska Health Care Jobs By education level required - 2010



\*On-the-job training

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

The 42 health care occupations reviewed in this article fall into two broad occupational categories: 1) *health care practitioner and technical occupations* and 2) *health care support occupations*. Although concentrated in the health services industry sector, jobs in health-related occupations are found throughout the economy including the federal, state, and local government, and business services industry sectors, and they encompass a wide range of employment settings, skill levels and job requirements.

The economy will continue to generate jobs for health care workers at a variety of education and

# Health Care Occupations **12**

By education, employment, wages

training levels. (See Exhibit 11.) Fifty percent of health related jobs in 2010, dominated by Registered Nurses\* and a variety of health care technician occupations, will require an associate degree or significant postsecondary vocational training. One in five will require a bachelor's degree or higher; these include health care practitioner occupations such as Physical Therapists and Physicians. The remaining jobs include health care technical and support occupations and require varying levels of on-the-job training.

## Outlook for health related occupations is good

The projected job growth in health care services reflects an aging population, technological advances in medicine, cost cutting measures and increasing administrative requirements. Even though the overall demand for health care services is projected to rise significantly, future need for individual health occupations will vary. The growth rates for specific occupations range from an increase of nearly 165 percent for medical assistants to a decline of 8 percent for Orthotists & Prosthetists.

Nursing Aides, Orderlies & Attendants, and Registered Nurses, the two largest health related occupations in 2000, together will contribute nearly 5,000 new jobs over the forecast period. (See Exhibit 12.) Population growth and aging are expected to be the primary factors driving this increase.

Cost containment in the health care industry will stimulate employment for health related aides and assistants. Some services formerly provided by specialists such as Physical Therapists, Dentists, Pharmacists, and Physicians will be shifted to lower-paid workers. The rapid growth for medical assistants, projected to be Alaska's single fastest growing occupation, reflects this trend. With a projected growth rate of 139 percent, Physical Therapy Aides are expected to grow significantly faster than physical therapists over the forecast period. The number of Medical Records & Health Information Technician positions will climb

\*Based on US Bureau of Labor Statistics classification, all RNs are grouped in the Associate Degree category.

2001 Statewide Wage Quartile	Wage Quartile	Employment		
		2000	2010	Change
\$	Less than \$12.35			
\$\$	\$12.35 - \$16.71			
\$\$\$	\$16.72 - \$23.83			
\$\$\$\$	\$23.84 & higher			
<b>Bachelor's and Above</b>				
Physical Therapists	\$\$\$\$	276	535	259
Pharmacists	\$\$\$\$	332	535	203
Medical & Clinical Laboratory Techs	\$\$\$\$	270	452	182
Dentists	\$\$\$\$	346	490	144
General Practitioners	\$\$\$\$	217	331	114
Internists, General	\$\$\$\$	136	244	108
Occupational Therapists	\$\$\$\$	138	243	105
Physician Assistants	\$\$\$\$	157	233	76
Dietitians & Nutritionists	\$\$\$\$	100	173	73
Speech-Language Pathologists	\$\$\$\$	201	272	71
Chiropractors	N/A	143	193	50
Optometrists	\$\$\$\$	88	126	38
Audiologists	\$\$\$\$	34	71	37
Veterinarians	\$\$\$\$	162	190	28
Psychiatrists	\$\$\$\$	47	69	22
Occupational Health/Safety Workers	\$\$\$\$	173	178	5
Orthotists & Prosthetists	\$\$\$\$	101	93	-8
<b>Associate Degree or Significant Postsecondary Vocational Training</b>				
Registered Nurses	\$\$\$\$	4,439	8,556	4,117
Medical Records & Health Info Techs	\$\$	375	746	371
Dental Hygienists	\$\$\$\$	403	753	350
Licensed Practical Nurses	\$\$\$	487	750	263
Radiologic Techs	\$\$\$	289	545	256
Medical Transcriptionists	\$\$\$	241	439	198
Respiratory Therapists	\$\$\$	108	212	104
Medical & Clinical Laboratory Techs	\$\$\$	141	242	101
Surgical Technologists	\$\$\$	96	195	99
EMTs & Paramedics	\$\$	323	409	86
Massage Therapists	\$\$	193	270	77
Physical Therapist Assistants	\$\$	49	120	71
Diagnostic Medical Sonographers	\$\$\$\$	64	129	65
Cardiovascular Techs	\$\$\$	46	107	61
Veterinary Techs	\$\$	87	108	21
<b>Med- or Long-term Training or Experience</b>				
Dental Assistants	\$\$	619	1,465	846
Medical Assistants	\$\$	366	968	602
Pharmacy Techs	\$\$	300	519	219
Opticians, Dispensing	\$\$\$	182	257	75
<b>Short-term Training or Experience</b>				
Nursing Aides, Orderlies & Attendants	\$\$	1,196	2,059	863
Home Health Aides	\$	858	1,260	402
Physical Therapist Aides	\$\$	54	129	75
Medical Equipment Preparers	\$\$	64	125	61
Veterinary Assistants	\$	137	165	28
Pharmacy Aides	\$	45	53	8

Shading denotes occupations with higher than average wages and estimated growth rates, and projected increase of 75 or more between 2000 and 2010.

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

# 13 Health Care Occupations

## Nonresident\* & over-45 workers

### 2001

\*Did not receive a 2001 or apply for a 2002 Alaska Permanent Fund dividend

	% of Workers 45 and Over	% Non- Resident Workers	Training Available in Alaska
<b>Bachelor's and Above</b>			
Physical Therapists	26.9	16.9	
Pharmacists	44.8	18.4	
Medical & Clinical Laboratory Techs	59.7	19.1	Yes
Dentists	N/A	N/A	
General Practitioners	43.2	25.1	
Internists, General	37.0	21.2	
Occupational Therapists	35.7	16.4	
Physician Assistants	55.1	22.4	Yes
Dietitians & Nutritionists	33.0	9.0	Yes
Speech-Language Pathologists	50.5	16.2	
Chiropractors	52.4	35.7	
Optometrists	41.2	15.8	
Audiologists	60.0	0.0	
Veterinarians	35.4	15.8	
Psychiatrists	52.2	14.2	
Occupational Health/Safety Workers	N/A	N/A	
Orthotists & Prosthetists	50.0	50.0	

<b>Associate Degree or Significant Postsecondary Vocational Training</b>			
Registered Nurses	52.8	17.7	Yes
Medical Records & Health Info Techs	27.6	12.0	Yes
Dental Hygienists	37.5	9.5	Yes
Licensed Practical Nurses	53.2	13.3	Yes
Radiologic Techs	37.9	23.8	
Medical Transcriptionists	54.7	6.2	Yes
Respiratory Therapists	39.5	15.3	
Medical and Clinical Laboratory Techs	33.6	13.0	Yes
Surgical Technologists	39.0	29.1	
EMTs & Paramedics	22.0	14.8	Yes
Massage Therapists	39.2	14.8	Yes
Physical Therapist Assistants	20.0	10.0	
Diagnostic Medical Sonographers	40.0	17.2	
Cardiovascular Techs	43.5	19.2	
Veterinary Techs	8.2	19.1	

<b>Med - or Long-term Training or Experience</b>			
Dental Assistants	19.0	11.6	Yes
Medical Assistants	21.4	12.3	Yes
Pharmacy Techs	21.7	11.7	
Opticians, Dispensing	28.6	10.6	

<b>Short-term Training or Experience</b>			
Nursing Aides, Orderlies & Attendants	31.1	9.1	Yes
Home Health Aides	32.6	12.2	Yes
Physical Therapist Aides	24.1	13.3	
Medical Equipment Preparers	40.0	10.5	
Veterinary Assistants	19.9	16.2	
Pharmacy Aides	17.8	5.3	

Shading denotes occupations with higher than average wages and estimated growth rates, and projected increase of 75 or more between 2000 and 2010.

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

to more than 700 by 2010, reflecting heightened medical records scrutiny by third-party payers, courts and consumers.

Employment of home health workers, such as Home Health Aides, will increase as more individuals choose to remain in their homes rather than move to long-term care or assisted living facilities.

Only one health related occupation is expected to experience an employment decline over the forecast period. The specialty occupation of Orthotists & Prosthetists will shed eight jobs, with a projected employment level of 93 in 2010. This decrease in occupational employment will result from a continued shift of orthopedic and prosthetic work to other health care occupations such as Occupational and Physical Therapists.

### Replacement needs

In addition to new jobs resulting from employment growth, job opportunity also results from the need to replace workers who retire, enter other occupations, or leave the labor force for other reasons. Retirement, and thus the age of incumbent workers, plays a major role in the future need for workers in high skilled occupations. Ten of the 17 health related occupations requiring a BA or more face major future workforce replacement needs. Based on 2001 data, over 40 percent of the workers in these occupations will reach retirement age within the next 15 years. Of the health related occupations requiring either an AA degree or significant postsecondary vocational training, one-third face similar replacement needs. (See Exhibit 13.)

Retirement plays a lesser role in determining replacement needs for workers in the lower skilled health related occupations. Workers in these occupations are more apt to transfer to other occupations than remain in the occupation until retirement age. For occupations requiring on-the-job training, the percentages of workers nearing retirement are generally lower than for higher skilled occupations. The degree of transition in and out of the lower skilled occupations

depends in part on the relative attractiveness of other entry level jobs and general economic conditions.

### Nonresidents capture many top jobs

Exhibit 13 lists the percentage of nonresident health care workers by occupation in 2001. Nonresident employment in high-wage/high-growth occupations such as Physical Therapists (nearly 17 percent nonresident employment) and Pharmacists (over 18 percent nonresident employment) represent lost opportunity for Alaska's workers.

### Wages vary widely

Earnings in health related occupations vary widely based on education and skill attainment. (See Exhibit 12.) All of the health related occupations requiring a BA or above had estimated earnings in the highest wage quartile. Dentists and Physicians whose wages are reported to DLWD earn more than \$55 per hour, but unreported self-employed earnings could raise that figure considerably.

Ten of the 15 health related occupations requiring an associate degree or significant postsecondary education pay wages higher than the average for all occupations, more than \$16.71 per hour. The Dispensing Opticians occupation is the only on-the-job training occupation that generally pays more than the all-occupation average wage. (See Exhibit 12.)

### In-state training availability

High-skill/high-wage health occupations require specific training and/or education, often leading to certification or licensure. Of the 17 health related occupations offering both good employment opportunity and higher than average wages, noted by shading on Exhibits 12 and 13, training is available in Alaska for only seven. (See Exhibit 13.)

## Conclusion

Alaska's health care industry, employment star of the 1990s, will continue to generate job opportunities throughout the coming decade. Health related employment exists in all regions of the state, requiring varying levels of education and training. Future employment opportunities will arise from both employment growth and the need to replace retiring workers.

### Nurses working in Alaska in 1997 *Where were they in 2002?*

Given the difficulty in filling nursing positions, the need to retain incumbent workers has received increasing attention. DLWD analyzed 1997 and 2002 administrative data to help shed light on the career attachment of Alaska's nurses.

#### Of the RNs working in Alaska in 1997 — in 2002

- 47% Working as RNs in Alaska
- 8% Working in other health related occupations (such as medical and health services managers)
- 5% Working in non-health related occupations
- 40% Not working in Alaska wage and salary jobs

#### Of the LPNs working in Alaska in 1997 — in 2002

- 35% Working as LPNs in Alaska
- 14% Working in other health occupations (such as nursing aides & orderlies)
- 6% Working in non-health related occupations
- 43% Not working in Alaska wage and salary jobs

# The Year 2002 in Review

by Dan Robinson, Neal Fried,  
Brigitta Windisch-Cole, and Neal  
Gilbertsen, Labor Economists

## State marks 15 consecutive years of employment growth

### STATEWIDE by Dan Robinson

## 1 Wage and Salary Employment Statewide — 2001-2002

	2001	2002	Change	Percent Change
Total Nonfarm Wage & Salary	289,300	295,800	6500	2.2%
Goods Producing	38,300	37,900	-400	-1.0%
Services Providing	251,000	257,900	6900	2.7%
Natural Resources & Mining	11,600	10,800	-800	-6.9%
Logging	700	500	-200	-28.6%
Mining	11,000	10,300	-700	-6.4%
Oil & Gas Extraction	9,500	8,800	-700	-7.4%
Construction	14,900	15,800	900	6.0%
Manufacturing	11,700	11,200	-500	-4.3%
Wood Products Mfg.	400	300	-100	-25.0%
Seafood Processing	7,900	7,400	-500	-6.3%
Trade, Transportation & Utilities	60,200	61,000	800	1.3%
Wholesale Trade	6,200	6,200	0	0.0%
Retail Trade	33,200	33,800	600	1.8%
General Merchandise Stores	9,200	9,400	200	2.2%
Food and Beverage Stores	5,900	5,700	-200	-3.4%
Trans/Warehousing/Utilities	20,800	20,900	100	0.5%
Air Transportation	6,600	6,300	-300	-4.5%
Truck Transportation	2,600	2,700	100	3.8%
Information	7,300	7,200	-100	-1.4%
Telecommunications	4,400	4,200	-200	-4.5%
Financial Activities	13,800	13,600	-200	-1.4%
Professional & Business Svcs	22,800	23,300	500	2.2%
Educational & Health Services	27,900	30,300	2400	8.6%
Health Care & Social Assistance	25,900	28,100	2200	8.5%
Ambulatory Health Care	10,700	11,900	1200	11.2%
Hospitals	7,300	7,500	200	2.7%
Leisure & Hospitality	28,300	29,200	900	3.2%
Accommodation	7,200	7,300	100	1.4%
Food Svcs & Drinking Places	17,200	17,500	300	1.7%
Other Services	11,900	12,300	400	3.4%
Government	78,800	81,000	2200	2.8%
Federal Government	16,800	16,800	0	0.0%
State Government	22,900	23,800	900	3.9%
Local Government	39,100	40,400	1300	3.3%
Tribal Government	3,300	3,500	200	6.1%

Benchmark: March 2002. Subtotals may not add due to rounding. Prepared in part with funding from the Employment Security Division. "Government" includes employees of public schools and the University of Alaska.

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

**A**laska recorded its fifteenth consecutive year of employment growth in 2002. The 6,500 new jobs equate to a growth rate of 2.2 percent. (See Exhibits 1 and 2.) Repeating the theme of recent years, the growth came primarily from the service-providing sector of the economy. In the goods-producing sector, only the construction industry showed growth in 2002.

### New classification system enters the scene

Revised numbers for 2001 and 2002 are being published for the first time under the North American Industry Classification System, or NAICS. NAICS replaces the Standard Industrial Classification system, or SIC. The reasons behind the change are detailed in the July 2002 issue of *Alaska Economic Trends*, and some examples of what the change will mean to Alaska are discussed in the March 2003 *Trends*.

The new NAICS categories present challenges for the users of these employment data, who will be unaccustomed to the new groupings, and to the economists estimating the numbers, who will not have the benefit of extended historical data. As a result, analysis will be more complicated and revisions to the numbers are likely to be larger than usual for the next year or two.

### Construction a bright spot

A significant number of public construction projects and a building season extended by unseasonably warm weather contributed to another good year

for the construction industry. The 900 new construction jobs equate to a healthy over-the-year growth rate of 6.0 percent.

### Fewer oil and seafood processing jobs

After adding jobs for the last two years, the oil industry had a down year in 2002. With no major new projects in 2002, employment fell by 700 jobs, or 7.4 percent. Seafood processing jobs also fell over the year as much of Alaska's fishing industry continued to struggle with low prices and competition from farmed fish.

### Strong health care growth continues

Health care and social assistance, a new category under NAICS, added 2,200 jobs in 2002. That number amounts to about a third of the state's employment growth and is an over-the-year increase of 8.5 percent. A sub-category called ambulatory health care accounts for 1,200 of the new jobs and had a whopping over-the-year growth rate of 11.2 percent. Employment classified under ambulatory health care includes physician and dentist offices, as well as other health practitioners (chiropractors, optometrists, physical therapists), medical & diagnostic laboratories, and home health care services.

### Leisure and hospitality adds jobs

Another new category, leisure and hospitality, added 900 jobs in 2002. The category conveniently combines the lion's share of Alaska's visitor-related industries, facilitating analysis of this important segment of the state's economy. Growth in these industries is notable because following the September 11, 2001 terrorist attacks considerable uncertainty circulated about what kind of a visitor season the summer of 2002 would bring. A related industry, air transportation, did not fare so well, losing 300 jobs in 2002.

### Professional and business services grow

The state added 500 jobs over the year in yet another new category, professional and business

services. The category combines employment in the professions including law, accounting, architecture, advertising, and engineering, with employment related to scientific research. The category also includes jobs in employment placement agencies, telephone call centers, private security firms, janitorial and landscaping services, convention and visitor bureaus, and waste collection, treatment, and disposal, among others.

### State and local government add jobs

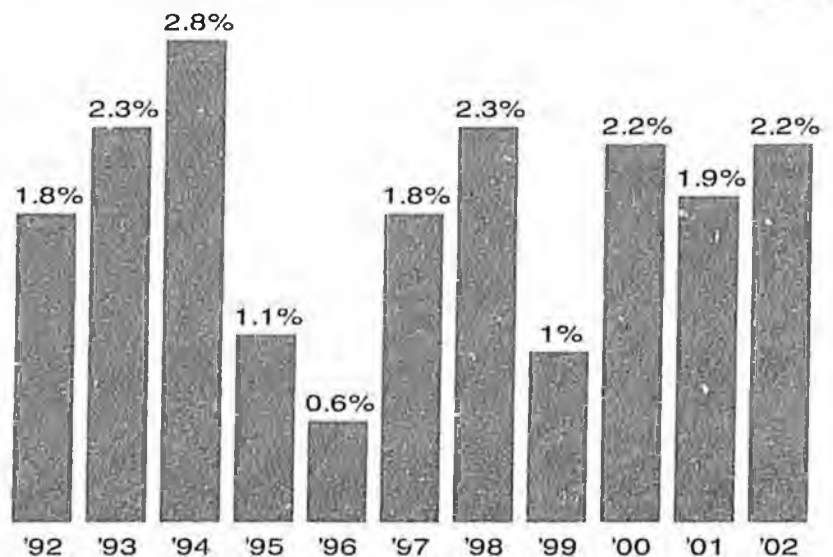
Both state and local government added a significant number of jobs in 2002. State government, which includes the University of Alaska system, added 900 jobs over the year. For its part, local government added 1,300 jobs and grew at a rate of 3.3 percent. Total employment in federal government held steady in 2002 despite several hundred new jobs in airport security.

### Unemployment rate higher in 2002

Even as employment grew in 2002, unemployment grew faster. Revised numbers show that 2002's unemployment rate rose one and

## State Maintains Moderate Growth 2

Percent employment change from previous year



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

three-tenths of a percentage point over the year to 7.7 percent. The rate is the highest Alaska has seen since 1997. One likely cause for the increase is the indirect effect of the unsteady national economy. During the U.S. economy's strong growth years in the mid to late 1990s, Alaska had more people migrating out of the state than migrating in.

That all changed with the national recession that began in 2001 and the uncertain recovery that persisted throughout 2002. For the first time in almost a decade, Alaska had moderate in-migration in 2002. So while Alaska's economy has continued to add jobs, it has also had to absorb more job seekers. The inability to absorb them all has led to higher unemployment rates, a condition that will likely persist until either the rate of job growth in Alaska increases or the economy in the lower 48 improves noticeably.

## ANCHORAGE by Neal Fried

In 2002 employment in Anchorage climbed by 2.7 percent or by 3,800 jobs. (See Exhibits 3 and 4.) This represents a higher rate of growth than the ten-year average of approximately 2 percent but is less than 2001's growth rate of 2.8 percent. But given the oil and visitor industries' below par performance of the past year, 2002's numbers came in stronger than expected. Services, construction, retail and government generated most of the new jobs. Underlying much of this growth was the continued increase of federal funds. In a sense, 2002 was an uneventful year for Anchorage—no single economic event, or string of them, positive or negative, took place. Instead, the momentum of the past few years continued.

### Unemployment stayed low

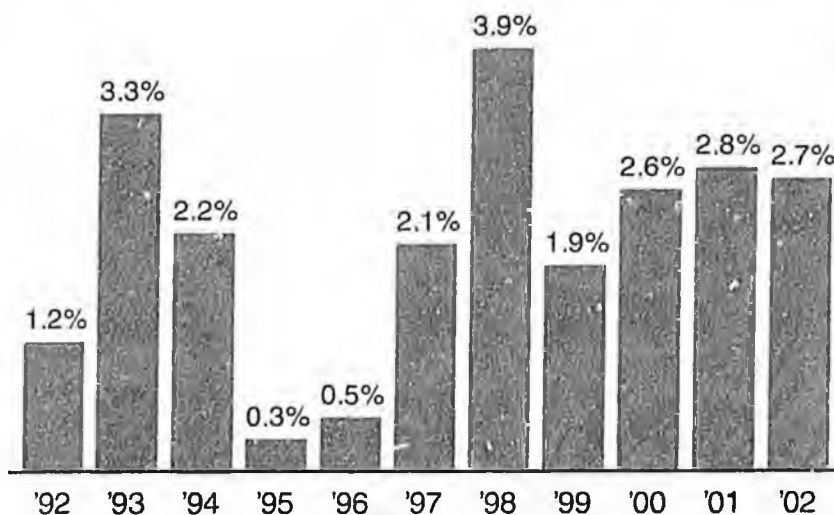
The unemployment rate for Anchorage came in at 5.4 percent, a point higher than last year's figure but below the statewide average of 7.7 percent and national figure of 5.8 percent—an indicator that the local job market remained relatively healthy. This higher rate was a sign that the job market did soften in 2002. Unlike the previous three years, job seekers reported finding fewer opportunities and employers were finding it less difficult to recruit workers.

### The oil patch lost ground

After more than three years of strong oil prices one might expect petroleum industry activity to remain high, but instead in late 2001 and during all of 2002, employment in the oil industry fell. Oil industry employment in Anchorage fell by nearly 600 jobs or eighteen percent. After the big Alpine and Northstar projects and strong exploration in the previous two years, activity fell in 2002. Most of the losses came from the oil field services share of the industry but some of the producers also scaled back. Both Unocal and BP trimmed their workforces in 2002 and BP closed its Alaska exploration office. The downturn in the oil industry's activity probably best explains the overall slowdown in Anchorage's employment growth in 2002.

## 3 Anchorage Grows Steadily

Percent employment change from previous year



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

## Construction helped keep the economy on a positive track

For the second year in a row Anchorage saw strong employment growth in construction. Employment climbed nearly 500 jobs up to the 8,000 level. The city's building permit valuations totaled \$584 million in 2002, close to last year's near record of \$599 million. All of the industry's major sectors shared in the growth. Commercial construction activity was anchored by the completion of the new \$10 million headquarters for the Arctic Slope Regional Corporation—the largest commercial office building built in Anchorage since the 1980s. The construction of a new Carrs, Lowe's and Fred Meyer in Eagle River and Aspen Hotel and a host of other projects rounded out the commercial side of this industry. The \$230 million expansion of the International Airport remained the single largest public building project, but added to this list were two new high schools, an elementary school, a new National Park Service headquarters building along with a list of smaller projects. A busy and long highway season in Anchorage and the Mat-Su Valley kept Anchorage contractors busy.

It was also another good year for residential construction. Builders broke ground for 1,332 new residential units in Anchorage—again close to last year's level of 1,423 units. The average home sale value rose seven percent in 2002. Continued low interest rates and a relatively healthy economy have kept this slice of the construction industry in the black. As building lots are becoming increasingly expensive in the Anchorage bowl, more of the new housing units being built are duplexes, condominiums and other multifamily-type housing.

## Another moderate year for retail

For an industry that employs more than 17,000 workers, the addition of 300 retail jobs in 2002 represents a modest increase. The new South Anchorage Fred Meyer opened in February and Lowe's opened later in the spring. Toward the end of the year, a new Best Buy electronics store opened its doors. Combined, these new stores

employ 400 to 500 workers, but because they opened up at different times of the year the net increase for 2002 was somewhat smaller. Cutbacks in existing stores also offset some of this growth. For example, KMart, which added groceries to their two operations in Anchorage during the last quarter of 2001 and hired hundreds of new workers, significantly cut back this workforce during the latter part of 2002. Then, in January of 2003, KMart announced the closure of its Alaska stores, which will affect 2003's retail employment levels.

## Wage and Salary Employment 4 Anchorage – 2001-2002

	2001	2002	Change	Percent Change
<b>Total Nonfarm Wage &amp; Salary</b>	<b>138,200</b>	<b>142,000</b>	<b>3,800</b>	<b>2.7%</b>
Goods Producing	12,700	12,700	-	0.0%
Services Providing	125,500	129,300	3,800	3.0%
Natural Resources & Mining	3,400	2,800	(600)	-17.6%
Mining	3,300	2,700	(600)	-18.2%
Oil & Gas Extraction	3,200	2,600	(600)	-18.8%
Construction	7,500	8,000	500	6.7%
Manufacturing	1,800	1,900	100	5.6%
Trade, Transportation & Utilities	32,500	32,700	200	0.6%
Wholesale Trade	4,700	4,700	-	0.0%
Retail Trade	16,900	17,200	300	1.8%
General Merchandise Stores	4,200	4,400	200	4.8%
Food and Beverage Stores	2,500	2,300	(200)	-8.0%
Transport/Warehousing/Utilities	10,900	10,900	-	0.0%
Air Transportation	3,500	3,400	(100)	-2.9%
Truck Transportation	1,500	1,500	-	0.0%
Information	4,800	4,700	(100)	-2.1%
Telecommunications	2,900	2,700	(200)	-6.9%
Financial Activities	8,500	8,300	(200)	-2.4%
Professional & Business Svcs	16,100	16,900	800	5.0%
Educational & Health Services	14,800	16,200	1,400	9.5%
Health Care & Social Assistance	13,600	14,800	1,200	8.8%
Ambulatory Health Care	5,400	6,200	800	14.8%
Hospitals	4,400	4,600	200	4.5%
Leisure & Hospitality	14,000	14,500	500	3.6%
Accommodation	2,800	3,000	200	7.1%
Food Svcs & Drinking Places	9,500	9,800	300	3.2%
Other Services	5,600	6,000	400	7.1%
Government	29,200	30,100	900	3.1%
Federal Government	9,700	9,600	(100)	-1.0%
State Government	9,100	9,600	500	5.5%
Local Government	10,400	10,900	500	4.8%
Tribal Government	200	200	-	0.0%

Benchmark: March 2002. Subtotals may not add due to rounding. Prepared in part with funding from the Employment Security Division. "Government" includes employees of public schools and the University of Alaska.

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

## Transportation budged little in 2002

Employment numbers in transportation's largest sector, air transportation, moved little in 2002 but Alaska fared far better than the rest of the nation. September 11<sup>th</sup>, a slower international air cargo season during the first half of 2002, and a weaker visitor season all had negative effects on the industry. In light of the existing environment it performed surprisingly well. Employment at Alaska's largest air carrier, Alaska Airlines, actually increased a little in 2002 despite the weaker visitor season. For the state's largest two international air cargo players, Federal Express and United Parcel Services, employment held steady. International air cargo activity did make a strong comeback during the second half of 2002, but employment levels have yet to follow.

## Health care and social services climbed

Education and health services created more than a third of all new jobs in Anchorage and a majority of these were in the category of health care and social assistance. All levels of health care grew in Anchorage, including hospitals, doctors' offices, clinics and just about anything else tied to this industry. An increase in federal money has also boosted employment for both health care and social service organizations. The privatization of these services was also a factor. But services growth has also come from engineering and other professional type services. The one area of services that was not a top performer was the visitor industry. By nearly all accounts businesses tied to the visitor industry struggled more than in past years. Bed taxes collected in Anchorage fell slightly—from \$11.2 in 2001 to \$11 million in 2002. However, the leisure and hospitality industry did manage to grow by three percent. Three new hotels opened in Anchorage in 2002—the Hilton Gardens, the Dimond Center Hotel and the Aspen. Food services and drinking places continued their expansion with the opening of a number of national chain restaurants in 2002, including Boston Pizza, International House of Pancakes, Applebee's and Chili's. Other smaller local establishments also opened.

## State and local government grew

Federal government employment fell slightly in 2002. The privatization of military activities and the Alaska Native Medical Center might explain most of this 150-job loss. However, during the last quarter of the year employment at the federal level got a big boost when more than 300 federal security people were hired at Anchorage International Airport. Because it happened so late in the year, these new hires will have a much bigger effect on levels of federal employment in 2003.

Employment levels in state and local government grew by 500 jobs respectively. State growth came both from the University of Alaska and state government operations. Nearly all of local government's growth came from the Anchorage School District.

## FAIRBANKS by Brigitta Windisch-Cole

If construction employment were the bellwether for the economy, Fairbanks would have recorded fabulous growth in 2002. Construction employment grew at the impressive rate of 12.5 percent. Overall, Fairbanks' economy booked a much more modest increase of 1.9 percent. (See Exhibits 5 and 6.) That translated to a gain of 650 jobs. Outside of construction, most sectors grew little or remained the same. Still, the big push from construction kept the local economy on track for its 14<sup>th</sup> year of growth.

## Construction flexed strong muscles

The dramatic growth in construction came from big public sector projects and a blend of commercial and residential building. Over a third of all new jobs created in the local economy were in construction. The net gain of 250 jobs in this industry resulted in an average employment level of 2,250. This was Fairbanks' best building season in seventeen years. The museum expansion, the Westmark Hotel renovation, and road projects such as Badger overpass, are a few examples of

the 2002 construction agenda. Proximity to the large Fort Greely missile site project also contributed to Fairbanks' performance.

In the Borough, the cornerstone project remained the \$215 million Basset Hospital, but other large military projects kept construction crews busy as well. A number of projects were not completed during 2002 and will carry over to the 2003 season.

### Health care & social assistance climbed

Demographics are often cited to explain the rise in health care employment. Fairbanks is aging, despite the presence of large young adult age cohorts that dominate the military and university populations. According to the Census Bureau, the median age in Fairbanks rose by two years between 1990 and 2000 to 29.5 years. While this remains below the statewide figure, aging baby boomers are a significant part of Fairbanks' population. This group, as elsewhere in the state, has influenced the demand for health care. The widening repertoire of specialized services also explains some of the industry's growth. Employment in the health care and social assistance category in Fairbanks rose by 100 in 2002. (See Exhibit 6.)

### Opposite business cycles emerged in mining

Mining employment in 2002 was a combination of growth and contraction. The oil and gas industry cut jobs while gold mining enjoyed an up cycle. Alaska's oil producers have curtailed capital spending on North Slope development, which resulted in a down year for Fairbanks' oil and gas support industry. Stringent cost controls in oil transportation further curtailed business for oil industry contracting partners.

Fairbanks' dominant gold mining employer, Ft. Knox, had a good year. At the beginning of 2002 an ounce of gold traded well below \$300 per ounce on world markets but by year's end prices had climbed to over \$340 per ounce. In addition, the 2001 acquisition of the True North

deposit has helped the mine to mill more ore and increase production. As a result, employment has steadily risen at the mine. Staff levels in 2002 were about 380, up 85 jobs from 2000.

### Transportation stayed on the level

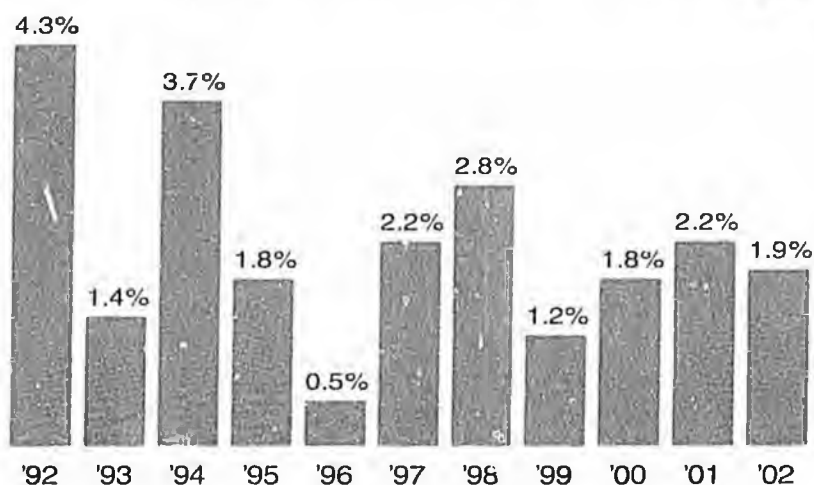
While employment in the transportation sector appeared to be steady, a closer examination reveals some problems. In the second half of the year, Alyeska Pipeline Service Company started to transfer personnel from its Fairbanks business unit back to Anchorage. More than 100 jobs have now been moved. The impact of the move will become more apparent in 2003 employment numbers. Ground transportation, especially trucking, also helped mask some of the loss.

### Some growth in retail jobs

Fairbanks added 250 retail jobs in 2002, despite the constant flux on the national retail scene that has kept Fairbanks lean in retail employment and left voids in the local market place. Little empty retail space was filled this past year, although a new Home Depot store helped overall retail employment grow. General merchandise, the department store section, was still ailing, suffering a loss of 100 jobs. This loss came from a cumulative downsizing of staff in several large stores, and does not reflect the loss of

## Fairbanks is Still Growing

Percent employment change from previous year



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

the Kmart Super Center, which will register in 2003.

## Uncertainties surrounded the visitor industry

With the advent of the North American Industry Classification System, a clearer picture can now be drawn of the visitor industry and its influence on employment. NAICS established a new sector for leisure and hospitality. Amusement, accommodation, and eating & drinking employment are all counted here. Employment in this new sector averaged 3,850 jobs in 2002.

The trend in hotel employment and room revenues

ran counter to these gains. Hotel employment was down four percent and room revenues fell eight percent below 2001 averages. Several reasons may explain the weakness of this past travelling season. The national recession and consumer confidence shaken by national security concerns may have played a role. Competition is another possibility. The favorable exchange rate of the Canadian dollar to U.S. and other currencies may have diverted some travelers to the Yukon Territory for their Arctic experience.

Employment in restaurants and amusement services, which get their stimuli not only from visitors but also from local populations, grew by 100 jobs. Several new dining places opened in Fairbanks during 2001 and 2002. Recreational services employment has grown not only in Fairbanks but across the state and nation. Sports club memberships, for example, have risen sharply in the past decade.

## Government employment shifted

Public sector employment gains in 2002 are largely attributable to state government. State government added 200 jobs in 2002, many of them at the University of Alaska. These gains offset small employment losses on the local and federal level. Downsizing the federal workforce has been a national policy for several years and specific agencies have felt the effects. The civilian contingent of the Department of Defense, for example, has become considerably smaller. Privatization of support services on the bases has replaced federal employees with private sector workers. However, this past November a change in the opposite direction occurred. The newly created transportation security division created more than 90 new federal jobs at Fairbanks International Airport.

## 6 Wage & Salary Employment Fairbanks 2001-2002

	2001	2002	Change	Percent Change
Total Nonfarm Wage & Salary	34,700	35,350	650	1.9%
Goods Producing	3,500	3,700	200	5.7%
Services Providing	31,200	31,650	450	1.4%
Natural Resources & Mining	950	900	-50	-5.3%
Mining	950	900	-50	-5.3%
Oil & Gas Extraction	550	450	-100	-18.2%
Construction	2,000	2,250	250	12.5%
Manufacturing	550	550	0	0.0%
Trade, Transportation & Utilities	7,050	7,250	200	2.8%
Wholesale Trade	500	500	0	0.0%
Retail Trade	3,900	4,150	250	6.4%
General Merchandise Stores	1,250	1,150	-100	-8.0%
Food and Beverage Stores	400	400	0	0.0%
Trans/Warehousing/Utilities	2,600	2,600	0	0.0%
Air Transportation	900	850	-50	-5.6%
Truck Transportation	600	650	50	8.3%
Information	600	600	0	0.0%
Telecommunications	300	350	50	16.7%
Financial Activities	1,300	1,300	0	0.0%
Professional & Business Svcs	2,100	1,800	-300	-14.3%
Educational & Health Services	3,400	3,550	150	4.4%
Health Care & Social Assistance	3,200	3,300	100	3.1%
Leisure & Hospitality	3,700	3,850	150	4.1%
Accommodation	1,050	1,000	-50	-4.8%
Food Svcs & Drinking Places	2,300	2,400	100	4.3%
Other Services	1,950	2,050	100	5.1%
Government	11,150	11,250	100	0.9%
Federal Government	3,350	3,300	-50	-1.5%
State Government	4,700	4,900	200	4.3%
Local Government	3,100	3,050	-50	-1.6%

Benchmark: March 2002. Subtotals may not add due to rounding. Prepared in part with funding from the Employment Security Division. "Government" includes employees of public schools and the University of Alaska.

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

## SOUTHEAST REGION by Neal Gilbertsen

The Southeast regional economy shed 150 jobs in 2002, resulting in a four-tenths percent decline from 2001. While not as severe as that experienced from 1997 to 1998, the setback was the third largest in a decade, and the first time in the decade that the region has suffered two consecutive years of decline. Job losses in logging and wood products manufacturing were major factors contributing to this negative trend. Transportation jobs also fell and jobs in the new category of leisure and hospitality showed no growth. Educational and health services and government were the two categories that showed noticeable growth. (See Exhibit 8.)

The Southeast goods producing sector did not have a good year in 2002. The year opened with the failure of Gateway Forest Products and closed with Wards Cove Packing Company's announcement that it would not operate in 2003. Construction employment was flat, and the news from the rest of the sector was disappointing.

### Timber

The newly adopted U.S. tariff imposed on Canadian softwoods resulted in shipment of more than a billion feet of Canadian lumber across the border prior to the tax's taking effect in May 2002. Already low lumber prices collapsed under this glut, and logging operations and lumber mills across both the U.S. and Canada were curtailed or closed for much of the year. For the already struggling timber industry in Southeast, this spelled further hardships. Largely as a result of the Gateway closure, the wood products industry shed over 100 jobs. Nearly 200 additional logging jobs disappeared as the economic effects of low prices added to the industry's woes. Most recently, Silver Bay, the largest logging company in Southeast, has filed for bankruptcy protection as it seeks to reorganize.

### Seafood

The full impact of the Wards Cove closure has not yet been felt in Southeast; still the loss of a major

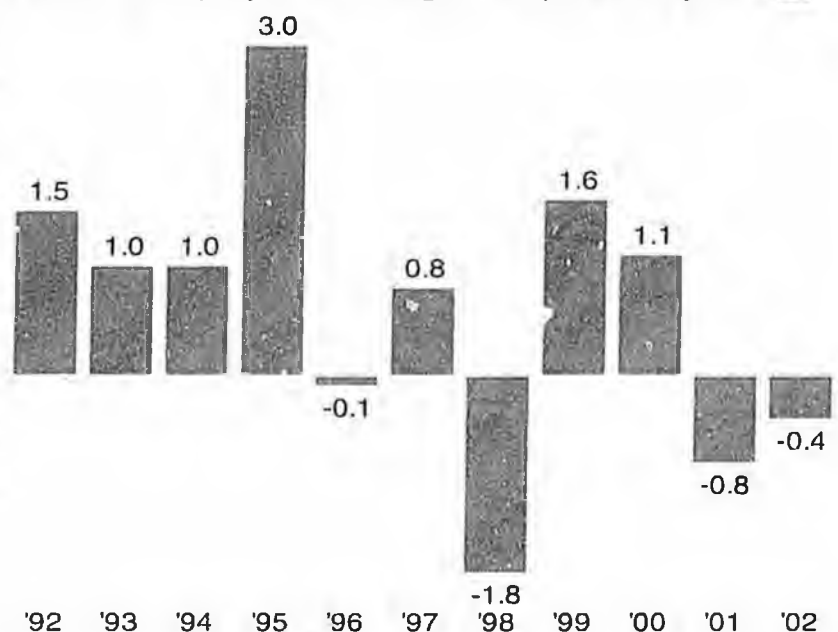
buyer and two of its three seafood processing plants is cause for concern. (E.C. Phillips and Assoc. have acquired the cold storage plant in Ketchikan.) While 2002 seafood processing employment remained unchanged from 2001, it seems likely that 2003 will see significant reductions unless new operators for the remaining plants step forward. Unfortunately, the underlying causes of the Wards Cove closure, low prices and farmed fish competition, continue to plague both fishermen and processors.

### Fish prices remain low

According to the Alaska Department of Fish and Game, the 2002 Southeast salmon fisheries produced 242 million pounds, 95 million pounds fewer than the 337 million pounds of 2001. The ex-vessel value of this harvest was estimated to be \$38.9 million, down \$53.9 million from the 2001 landings of \$92.8 million. A very similar harvest level of 242.5 million pounds in 2000 produced nearly twice as much revenue, \$72.2 million. Due to low prices and processor restrictions on the number of vessels whose fish they would purchase, fewer fishermen participated in the

## Southeast Employment Declines 7

Percent employment change from previous year



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

harvest. Only 273 purse seine vessels operated in 2002 compared to 345 in 2001. Similar reductions in effort characterized the power troll and drift gillnet fisheries. Fewer vessels and fewer fishermen resulted in reduced demand for support industries such as fuel docks, grocery stores, and ship chandlers.

While the Alaska Department of Fish and Game expects strong returns in 2003, depressed ex-vessel prices, loss of processing capacity and ever-lower fleet participation do not point to an early recovery of the industry.

## Services

Most services employment remained flat in 2002. The losses that occurred in transportation and in accommodation employment may point to a leveling off in tourist related industries. The major gains in health care and social assistance continue a long-term trend and are probably attributable to Southeast's aging population. Both wholesale and retail trade posted gains for the year, but the closure of Juneau's KMart makes it unlikely that this growth will continue through 2003.

The addition of more than 150 airport security personnel created federal employment growth. State government also grew, adding 170 jobs, most of which can be attributed to the University of Alaska Southeast. The apparent increase masks the fact that state government has grown very slowly over the past 13 years. The average annual rate of increase in state government, including the University, from 1990 through 2002 has been approximately one half of one percent, with total employment increasing from 5,600 to 6,000.

## 8 Wage & Salary Employment Southeast 2001-2002

	2001	2002	Change	Percent Change
Total Non-farm Wage & Salary	35,950	35,800	-150	-0.4%
Goods Producing	4,300	3,950	-350	-8.1%
Services Providing	31,650	31,850	200	0.6%
Natural Resources & Mining	800	650	-150	-18.8%
Logging	500	300	-200	-40.0%
Mining	300	300	0	0.0%
Construction	1,600	1,600	0	0.0%
Manufacturing	1,850	1,700	-150	-8.1%
Wood Products Mfg.	300	150	-150	-50.0%
Seafood Processing	1,300	1,300	0	0.0%
Trade, Transportation & Utilities	7,100	6,950	-150	-2.1%
Retail Trade	4,250	4,300	50	1.2%
Trans/Warehousing/Utilities	2,400	2,150	-250	-10.4%
Information	550	500	-50	-9.1%
Financial Activities	1,300	1,250	-50	-3.8%
Professional & Business Svcs	1,350	1,400	50	3.7%
Educational & Health Services	3,200	3,400	200	6.3%
Health Care & Social Assistance	3,000	3,150	150	5.0%
Leisure & Hospitality	3,750	3,700	-50	-1.3%
Accommodation	1,400	1,300	-100	-7.1%
Food Svcs & Drinking Places	1,600	1,600	0	0.0%
Other Services	1,150	1,150	0	0.0%
Government	13,200	13,500	300	2.3%
Federal Government	1,750	1,850	100	5.7%
State Government	5,450	5,650	200	3.7%
Local Government	5,950	6,000	50	0.8%
Tribal Government	550	550	0	0.0%

Benchmark: March 2002. Subtotals may not add due to rounding. Prepared in part with funding from the Employment Security Division. "Government" includes employees of public schools and the University of Alaska.

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

## GULFCOASTREGION

by Brigitta Wirdisch-Cole

The Gulf Coast region includes the Kenai Peninsula area, the Kodiak Island Borough and the Valdez-Cordova census area. Employment in the regional economy increased by just half a percent or 150 jobs in 2002. (See Exhibit 9.) Gains in public sector employment and the leisure and hospitality category largely offset continuing job losses in the seafood processing industry.

### Job losses mount in the seafood industry

Before the 2002 summer salmon season, Polar Equipment, which operated under the name of Cook Inlet Processors, sold its plants in Kenai and Kodiak to Ocean Beauty Seafoods of Kodiak. At year end Wards Cove Packing Company announced the closure of its plants. The exodus of seafood processing firms illustrates the weakness of the Alaska salmon industry that has severely impacted the Gulf Coast region. In 1994, the Gulf's seafood processing industry employed 3,500 workers. By 2002, the employment level had shrunk to 2,200 jobs, a decline of 38 percent over this eight-year period. (See Exhibit 9.)

Salmon fishermen in Kodiak, Prince William Sound, and Cook Inlet have experienced a downturn in earnings and suffered the devaluation of their assets over the past decade. Investments in fishing permits, boats and gear have fallen to a small fraction of their former values. In 2002, earnings for fishermen in Kodiak dropped 45 percent from 2001 and in Prince William Sound harvest value took a cut of 27 percent. Only Cook Inlet fishermen experienced an increase in 2002, with the harvest value up 57 percent and harvest volume up 84 percent. Participation in the fisheries in all three areas has declined, and many harvesters have fished shortened seasons because of low prices and imposed harvest limits. Due to poor market conditions, fish buyers' interest in processing the harvests has also become problematic.

Fishery reliant areas of the Gulf such as Kodiak Island, where many residents have lifetime investments in the industry, are experiencing lean times and are losing population. The diversification of Kodiak's fisheries has partially cushioned the severe economic setbacks associated with salmon and herring.

### Other industries are more stable

The performances of other industries in the Gulf Coast are somewhat better. The Cook Inlet oil and gas industry even made a comeback. Exploration continued and new deposits were identified. A gas pipeline between Ninilchik and Kenai is

## Wage & Salary Employment

### Gulf Coast Region 2001-2002

	2001	2002	Change	Percent Change
Total Non-farm Wage & Salary	27,850	28,000	150	0.5%
Goods Producing	6,150	5,950	-200	-3.3%
Services Providing	21,700	22,050	350	1.6%
Natural Resources & Mining	1,400	1,450	50	3.6%
Oil & Gas Extraction	1,250	1,300	50	4.0%
Construction	1,600	1,600	0	0.0%
Manufacturing	3,150	2,900	-250	-7.9%
Seafood Processing	2,450	2,200	-250	-10.2%
Trade, Transportation & Utilities	5,500	5,550	50	0.9%
Retail Trade	3,300	3,300	0	0.0%
Trans/Warehousing/Utilities	1,900	1,900	0	0.0%
Information	400	450	50	12.5%
Financial Activities	800	850	50	6.3%
Professional & Business Svcs	1,450	1,400	-50	-3.4%
Educational & Health Services	1,800	1,850	50	2.8%
Health Care/Social Assistance	1,700	1,750	50	2.9%
Leisure & Hospitality	3,100	3,150	50	1.6%
Accommodation	1,000	1,150	150	15.0%
Food Svcs & Drinking Places	1,750	1,750	0	0.0%
Other Services	1,450	1,400	-50	-3.4%
Government	7,200	7,350	150	2.1%
Federal Government	750	800	50	6.7%
State Government	1,600	1,650	50	3.1%
Local Government	4,850	4,900	50	1.0%
Tribal Government	300	350	50	16.7%

Benchmark: March 2002. Subtotals may not add due to rounding. Prepared in part with funding from the Employment Security Division. "Government" includes employees of public schools and the University of Alaska.

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

currently being built. Unocal announced that it will shut down its platforms, but other oil companies are looking at Cook Inlet with increased interest. Pipeline employment at the Valdez terminus fell, with employees of the Valdez business unit being moved back to Anchorage.

### **Older population drives growth**

Health care employment continued to grow in 2002. The aging of the population and an emerging mail box economy based on retirement checks is linked to the increased demand for health services. The Kenai Peninsula appears to be attracting an influx of retirement age population. Among the three Gulf areas, the Kenai Peninsula has the most diversified economy and benefits from proximity to Anchorage. Its natural beauty and recreational opportunities not only lure retirees but attract a large visitor clientele from Anchorage and elsewhere.

### **The visitor industry continues to enlarge**

The visitor industry continued to grow in 2002. Employment increases were mainly associated with hotels. Two large new businesses opened this season: the Aspen Hotel in Soldotna and the Princess Hotel at the entrance of the Wrangell/St. Elias National Park at Copper Center. An Aspen Hotel, a remodeled property, will open this year in Valdez.

### **The public sector adds staff**

Public sector employment increased in 2002 at all three levels of government. Federal employment grew with the hiring of security personnel at Gulf region airports. Kodiak alone gained more than 30 federal workers. Increased university staff largely explained growth in state government. The gain in local government stemmed from hiring at the two Kenai Peninsula hospitals and enhanced tribal employment.

## **SOUTHWEST REGION**

by Brigitta Windisch-Cole

Although the decline in seafood processing employment cost 300 jobs, wage and salary employment was above 2001 levels by 250 jobs. Overall employment registered 1.4 percent growth in 2002. (See Exhibit 10.) The public sector contributed 150 new jobs. Health care and social assistance led employment growth among the other services producing industries, adding 150 new jobs. The remaining small gain was evenly spread among the services sectors.

Fishing is the economic mainstay in Southwest Alaska. The 2002 fishing seasons produced mixed results. The Bering Sea groundfish fleet had a successful year. Crab fishermen had a more mixed experience. The winter crab harvest was small and prices were down early in 2002. The Red King crab fishery, however, was profitable for most participants and harvest prices were high.

Only a few seafood companies showed up in Bristol Bay to process fish. Numerous plants remained dormant, there were very few fish, and the harvest price was low. Many fishermen opted to sit out the season fearing the costs of participation would exceed gross earnings. All in all, it was another disastrous year for the Bristol Bay fishery.

Two of the three areas making up the Bristol Bay region have lost population, and the third is barely holding its own. Populations in Bristol Bay and Lake and Peninsula Boroughs both fell by 9.1 percent between 2000 and 2002. The Dillingham census area gained just eight new residents, which means that natural increase (births minus deaths) could barely mask the out-migration trend. This population trend underscores the problems associated with the local fishery.

## NORTHERN REGION

by Brigitta Windisch-Cole

Wage and salary employment increased by 200 jobs in 2002. The corresponding growth rate for the year was 1.3 percent, and contained only small changes in industry employment. Employment in the North Slope Borough oil fields remained flat for most of the year. With the exception of a few maintenance and upgrade programs, the industry concentrated on oil and gas production from existing fields.

Employment in the western part of the region that encompasses the Nome Census Area, the Northwest Arctic, and the North Slope Boroughs grew some with the public sector creating most of the new jobs. Increases in local government employment took place in school districts, federally recognized tribes, and other government entities. Most of the new job creation in the private sector was in the educational and health services category. A soft spot was mining employment at the Red Dog Mine. Employment levels there dropped by about 25 jobs in 2002 from its 2001 average.

## Wage & Salary Employment Southwest Region 2001-2002

# 10

	2001	2002	Change	Percent Change
Total Nonfarm Wage & Salary	18,050	18,300	250	1.4%
Goods Producing	4,300	4,050	-250	-5.8%
Services Providing	13,750	14,250	500	3.6%
Seafood Processing	4,150	3,850	-300	-7.2%
Government	7,300	7,450	150	2.1%
Federal Government	350	350	0	0.0%
State Government	500	550	50	10.0%
Local Government	6,400	6,550	150	2.3%
Tribal Government	1500	1550	50	3.3%

Benchmark: March 2002. Subtotals may not add due to rounding. Prepared in part with funding from the Employment Security Division. "Government" includes employees of public schools and the University of Alaska.

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

## Wage & Salary Employment Northern Region 2001-2002

# 11

	2001	2002	Change	Percent Change
Total Nonfarm Wage & Salary	15,950	16,150	200	1.3%
Goods Producing	5,600	5,550	(50)	-0.9%
Services Providing	10,350	10,650	300	2.9%
Oil & Gas Extraction	4,400	4,450	50	1.1%
Government	4,850	5,100	250	5.2%
Federal Government	150	150	-	0.0%
State Government	300	350	50	16.7%
Local Government	4,350	4,600	250	5.7%
Tribal Government	500	550	50	10.0%

Benchmark: March 2002. Subtotals may not add due to rounding. Prepared in part with funding from the Employment Security Division. "Government" includes employees of public schools and the University of Alaska.

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

# Benchmark

by  
Dan Robinson  
Labor Economist

The Alaska Department of Labor and Workforce Development revises the nonfarm wage and salary employment estimates each January in a procedure called benchmarking. Exhibits 1 and 2 show statewide revised estimates for 2001 and 2002.

## 1 Wage and Salary Employment 2001

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Average
<b>Nonfarm Wage &amp; Salary</b>	264,900	274,100	276,700	281,900	293,250	303,600	311,700	312,400	305,000	290,300	280,000	277,300	289,300
<b>Goods Producing</b>	29,900	35,000	35,400	35,600	37,200	41,600	49,900	49,400	44,600	38,300	32,400	29,800	38,300
<b>Services Providing</b>	235,000	239,100	241,300	246,300	256,100	262,000	261,800	263,000	260,500	252,000	247,600	247,500	251,000
<b>Nat Resource/Mining</b>	10,500	11,500	11,600	11,800	12,000	12,300	12,200	12,100	12,000	11,800	11,200	10,700	11,600
Logging	300	500	700	900	900	900	900	900	900	700	600	300	700
Mining	10,300	11,000	11,000	11,000	11,300	11,500	11,300	11,200	11,100	11,100	10,700	10,400	11,000
Oil & Gas Extraction	9,000	9,700	9,600	9,600	9,800	9,800	9,600	9,500	9,500	9,500	9,200	9,000	9,500
<b>Construction</b>	10,900	11,500	12,100	13,300	14,900	17,200	18,200	19,000	18,100	16,800	14,100	13,100	14,900
<b>Manufacturing</b>	8,500	12,000	11,800	10,500	10,300	12,200	19,500	18,300	14,500	9,800	7,100	6,000	11,700
Wood Products Mfg.	400	400	300	400	500	500	500	500	500	400	400	400	400
Seafood Processing	5,100	8,600	8,400	6,900	6,400	7,900	15,300	14,100	10,300	5,700	3,300	2,200	7,900
<b>Trade/Trans/Util</b>	55,600	55,300	55,800	57,800	61,100	64,000	65,600	65,500	63,400	60,500	58,800	58,700	60,200
Wholesale Trade	5,900	5,900	5,900	6,000	6,200	6,400	7,000	6,900	6,400	6,000	5,900	5,900	6,200
Retail Trade	31,500	31,000	31,100	32,000	33,400	34,900	35,100	35,100	34,300	33,500	33,400	33,400	33,200
Food/Bev Stores	5,900	5,700	5,800	5,800	6,000	6,200	6,300	6,200	6,100	5,800	5,700	5,600	5,900
Gen Merch Stores	8,500	8,500	8,500	8,700	8,900	9,300	9,400	9,500	9,500	9,800	9,800	9,700	9,200
Trans/Warehouse/Util	18,300	18,400	18,700	19,800	21,600	22,700	23,500	23,600	22,700	21,000	19,500	19,400	20,800
Air Transportation	6,400	6,300	6,300	6,400	6,800	7,200	7,100	7,100	7,000	6,500	6,300	6,300	6,600
Truck Trans	2,300	2,400	2,400	2,500	2,700	2,800	3,000	2,900	2,800	2,700	2,600	2,600	2,600
<b>Information</b>	7,300	7,400	7,400	7,200	7,400	7,500	7,500	7,500	7,300	7,300	7,300	7,200	7,300
Telecommunications	4,300	4,200	4,200	4,300	4,300	4,400	4,400	4,500	4,400	4,400	4,400	4,300	4,400
<b>Financial Activities</b>	13,400	13,400	13,400	13,600	14,000	14,500	14,300	14,400	14,100	13,700	13,400	13,500	13,800
<b>Prof/Biz Svcs</b>	21,200	21,900	21,900	22,200	23,100	24,100	24,500	24,800	23,600	22,500	21,700	21,800	22,800
<b>Education/Health Svc</b>	26,500	27,000	27,300	27,400	27,800	27,900	28,000	28,400	28,400	28,600	28,800	29,000	27,900
HealthCare/Soc	24,600	25,000	25,300	25,400	25,700	26,000	26,200	26,300	26,300	26,400	26,600	26,800	25,900
Amb. Health Care	10,100	10,300	10,400	10,500	10,600	10,800	11,000	11,000	10,900	11,000	11,100	11,200	10,700
Hospitals	7,000	7,100	7,200	7,200	7,200	7,300	7,300	7,400	7,400	7,400	7,300	7,400	7,300
<b>Leisure &amp; Hospitality</b>	23,800	24,500	24,700	26,000	29,300	33,500	34,100	34,200	31,600	26,700	25,300	25,400	28,300
Accommodation	5,500	5,600	5,700	6,000	7,400	9,700	10,300	10,200	8,800	6,500	5,500	5,600	7,200
Food Svcs/Drinking	15,000	15,400	15,600	16,500	17,900	19,600	19,400	19,400	18,600	16,500	16,200	16,100	17,200
<b>Other Services</b>	11,400	11,500	11,700	11,800	12,150	12,300	12,100	12,200	12,100	11,900	11,800	11,800	11,900
<b>Government</b>	75,700	78,300	79,200	80,300	81,300	78,200	75,600	76,100	80,000	80,800	80,500	80,200	78,800
Federal	16,300	16,200	16,300	16,400	16,900	17,600	17,600	17,400	17,300	16,500	16,300	16,900	16,800
State	21,500	22,800	23,100	23,300	23,500	22,100	22,300	21,900	23,700	23,700	23,700	23,500	22,900
Local	37,900	39,300	39,800	40,600	40,900	38,400	35,700	36,800	39,000	40,700	40,500	39,800	39,100
Tnbal	2,900	3,000	3,050	3,100	3,200	3,400	3,600	3,600	3,500	3,600	3,400	3,400	3,300

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

# Wage and Salary Employment 2

## 2002

	Jan.	Feb.	Mar.	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	Annual Average
<b>Nonfarm Wage &amp; Salary</b>	271,200	280,400	283,500	286,600	298,200	308,100	317,100	317,800	310,600	298,600	289,600	287,400	295,800
<b>Goods Producing</b>	30,900	35,100	35,400	34,500	36,100	40,700	48,900	47,900	43,500	38,100	32,900	30,300	37,900
<b>Services Providing</b>	240,300	245,400	248,100	252,100	262,000	267,400	268,200	269,900	267,200	260,500	256,700	257,000	257,900
<b>Nat Resource/Mining</b>	10,500	10,700	10,800	11,100	10,800	11,000	11,400	11,300	10,900	10,750	10,300	9,900	10,800
Logging	200	300	400	500	600	700	700	800	700	600	600	300	500
Mining	10,300	10,500	10,500	10,500	10,200	10,300	10,700	10,500	10,200	10,100	9,900	9,900	10,300
Oil & Gas Extraction	8,900	9,100	9,100	9,100	8,700	8,700	9,000	8,900	8,600	8,500	8,400	8,400	8,800
<b>Construction</b>	12,200	12,400	12,800	13,400	15,900	18,200	19,100	19,700	19,000	17,700	15,500	14,100	15,800
<b>Manufacturing</b>	8,200	11,900	11,700	10,000	9,500	11,600	18,300	16,900	13,500	9,600	7,000	6,300	11,200
Wood Products Mfg.	300	300	300	300	300	300	400	400	400	300	400	300	300
Seafood Processing	4,600	8,300	8,000	6,400	5,700	7,700	14,100	12,500	9,300	6,000	3,400	2,600	7,400
<b>Trade/Trans/Util</b>	56,700	57,000	57,800	58,700	62,300	64,800	65,800	65,900	63,500	60,600	59,800	59,700	61,000
Wholesale Trade	5,700	5,700	5,800	6,100	6,300	6,500	7,000	6,900	6,400	6,200	6,200	6,000	6,200
Retail Trade	32,000	31,900	32,150	32,500	34,200	35,400	35,800	35,600	34,900	34,100	34,100	34,000	33,900
Food/Bev Stores	5,400	5,500	5,500	5,500	5,800	6,000	6,100	5,900	5,800	5,700	5,700	5,550	5,700
Gen Merch. Stores	9,300	9,100	9,200	9,100	9,200	9,500	9,600	9,500	9,400	9,700	9,800	9,700	9,400
Trans/Warehouse/Util	19,000	19,400	19,900	20,000	21,900	22,800	23,000	23,400	22,200	20,400	19,500	19,700	20,900
Air Transportation	6,100	6,100	6,100	6,300	6,700	7,100	6,900	6,900	6,600	5,800	5,600	5,500	6,300
Truck Transport	2,500	2,600	2,500	2,600	2,800	3,000	3,000	3,000	2,800	2,700	2,600	2,500	2,700
<b>Information</b>	6,900	6,800	6,900	7,100	7,200	7,200	7,500	7,300	7,300	7,200	7,300	7,200	7,200
Telecommunications	4,100	4,100	4,100	4,100	4,100	4,200	4,400	4,300	4,300	4,300	4,200	4,200	4,200
<b>Financial Activities</b>	13,200	13,200	13,300	13,200	13,600	14,000	14,100	14,300	14,000	13,700	13,400	13,500	13,600
<b>Prof/Biz Svcs</b>	21,200	21,800	22,000	22,200	23,100	24,100	24,800	26,000	24,800	23,900	22,800	22,700	23,300
<b>Education/Health Svc</b>	29,000	29,500	29,700	30,100	30,400	30,600	30,600	30,700	30,400	30,700	30,700	30,800	30,300
HealthCare/Soc	26,800	27,200	27,500	27,800	28,200	28,400	28,600	28,600	28,300	28,600	28,500	28,700	28,100
Amb. Health Care	11,300	11,400	11,700	11,700	11,900	12,100	12,200	12,400	12,100	12,200	12,200	12,400	12,000
Hospitals	7,300	7,400	7,400	7,400	7,500	7,500	7,600	7,500	7,500	7,500	7,600	7,500	7,500
<b>Leisure &amp; Hospitality</b>	24,000	24,800	25,000	26,800	30,300	34,000	35,100	34,800	32,400	28,300	27,200	27,200	29,200
Accommodation	5,400	5,500	5,500	6,000	7,700	9,600	10,400	10,200	8,900	6,700	5,900	5,900	7,300
Food Svcs/Drinking	15,200	15,600	15,900	16,800	18,200	19,600	20,000	19,900	19,000	17,000	16,700	16,550	17,500
<b>Other Services</b>	11,600	11,800	12,000	12,100	12,300	12,300	12,700	12,800	12,700	12,600	12,300	12,400	12,300
<b>Government</b>	77,700	80,400	81,400	82,000	82,800	80,300	77,600	78,000	82,000	83,400	83,300	83,600	81,000
Federal	15,900	15,900	16,000	16,000	16,600	17,400	17,500	17,200	17,300	17,300	17,200	17,400	16,800
State	22,500	23,900	24,100	24,300	24,300	23,600	23,000	23,100	24,400	24,200	24,200	24,000	23,800
Local	39,300	40,700	41,200	41,600	41,900	39,300	37,100	37,600	40,400	41,900	41,900	42,100	40,400
Tribal	3,200	3,200	3,300	3,200	3,400	3,700	4,000	4,000	3,600	3,900	3,600	3,600	3,600

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

# January Economic Overview

Employment and unemployment steady, groundfishery looking good

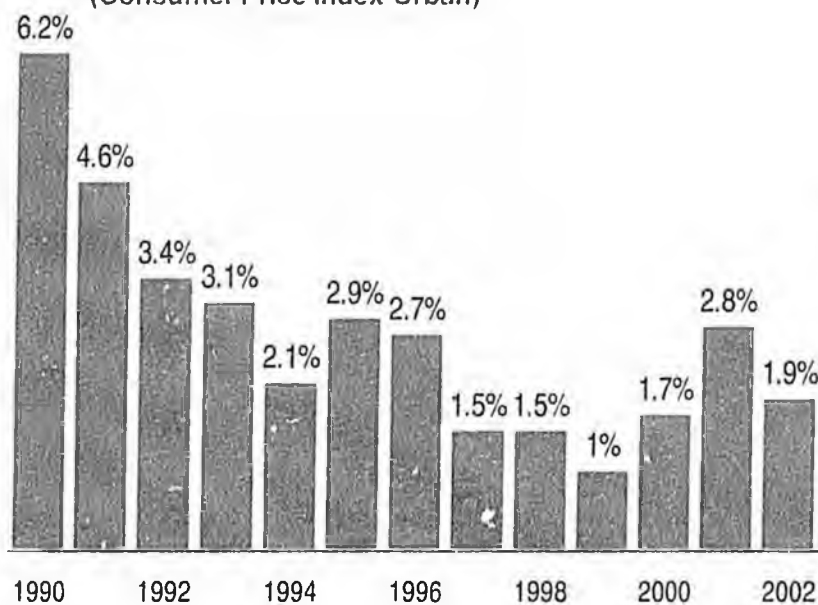
## Alaska Employment Scene

by  
Brigitta Windisch-Cole  
Labor Economist

**F**ollowing a year of employment growth that averaged 2.2 percent, January 2003 employment statistics showed an identical 2.2 percent increase over January 2002. The annual comparison implies that 6,000 jobs were created. (See Exhibit 2.) This level of over-the-year growth should, however, be viewed with a degree of caution.

January 2003 was the first month employment estimates were conducted using a new federally mandated estimation technique. The statewide estimates are now based on probability samples that have been tested on a national basis, but not in Alaska. Therefore, state analysts have no experience in assessing the quality of the techniques or the resulting estimates. The North American Industry Classification System (NAICS) conversion took effect at the beginning of 2003, which meant that many employers changed industry classification. As with any conversion, some problems surfaced. A few of the difficulties stemmed from code changes, but programming errors also occurred. While most of these problems were minor and were corrected in a timely manner, a small possibility of undetected errors remains.

### 1 Anchorage Consumer Prices Rise Change from previous year in CPI-U (Consumer Price Index-Urban)



Source: U.S. Bureau of Labor Statistics

### January's unemployment rate held steady

January's unemployment rate (civilian, not seasonally adjusted) remained unchanged at 8.6 percent from December and also registered the same as in January 2002. (See Exhibit 5.) Nearly 28,900 workers were unemployed this month. Anchorage's 5.8 percent unemployment rate was the lowest rate in the state. Its large year-round employment base and this year's high level of winter building activity helped the Anchorage job market to remain competitive. In many rural areas the unemployment rates climbed or re-

mained at high levels. This is typical in January due to scaled back off-seasonal employment.

### **KMart closes**

Not all national events bypass the state. The retail giant Kmart announced that it would close 300 stores in the nation as part of its bankruptcy reorganization plan. Nationwide, approximately 37,000 retail workers will lose their jobs. Among the casualties are all five Alaska stores. This will amount to a statewide loss of approximately 900 jobs in April. Retail markets in Anchorage, Kenai, Fairbanks and Juneau will become smaller, unless new entrants fill the void.

### **Seafood summary**

In the seafood industry, Wards Cove Packing Company has announced that it will no longer process salmon in the state. While buyers for two cold storage facilities, one in Ketchikan and the other in Seward, have stepped forward, it seems likely that several canneries will remain closed in 2003. This will mean fewer jobs in seafood processing. For seafood harvesters the Wards Cove closure will further constrict the already depressed markets for salmon in the Southeast, Gulf and Western salmon fishing regions. In some communities this closure will deprive the local market of its sole buyer. This event clouds this summer's economic performance and presents even more challenges for the salmon industry during the upcoming season.

Additional concerns pertain to the salmon industry. Court hearings began in January in a class-action lawsuit brought by a large Bristol Bay harvester group asking damages of \$1.4 billion from Bristol Bay processors and Japanese buyers. The suit alleges price fixing among fish processors and buyers between 1989 and 1995. Several companies have settled out of court for \$40 million. Although a settlement would infuse much needed cash into an economically distressed

fleet, the lawsuit could also involve long lasting market consequences for Alaska's salmon. Abundant farm-raised salmon is available to seafood buyers and it continues to gain market share.

### **Crab and groundfish have good seasons**

Not all news from the Alaska fishing grounds was bad. Due to good weather conditions, the crab fleet, consisting of 190 boats, took the 2003 January snow crab harvest in just eleven days. Although this year's harvest quota was more than twelve percent lower than last year's, it increased in value. Prices of \$1.85 per pound could produce earnings of \$45 to \$50 million, roughly 30 percent above last year's yield.

Over the past decade the groundfishery has developed into the most valuable harvest in the state. The 2003 season may produce the most valuable on record. The 2003 first pollock season started in January on an optimistic note in the Western region. A near record high quota, set at 1.485 million metric tons for pollock and 200,000 metric tons for pacific cod portends another year of good fishing in the Bering Sea. Global demand for both species has remained strong. Groundfish processing communities such as Unalaska and Akutan will benefit from the enhanced production and increased fishing efforts stimulated by the high quota. Other Bering Sea villages stand a good chance of reaping benefits from the Community Development Quota fishery that are likely to bring higher profits than last year to the six individually managed groups.

### **Prices in Anchorage remain stable**

The Bureau of Labor Statistics publishes a Consumer Price Index (CPI) for Anchorage twice a year. The second half-year index reveals that prices increased 1.9 percent between July and December 2002. Anchorage's annual increase also averaged 1.9 percent (see Exhibit 1), which was greater than the national rate of 1.6 percent.

*(continued on page 30)*

## 2 Nonfarm Wage and Salary Employment

### By place of work

Alaska	preliminary revised		Changes from:			Municipality of Anchorage	preliminary revised		Changes from:		
	1/03	12/02	1/02	12/02	1/02		1/03	12/02	1/02	12/02	1/02
Total Nonfarm Wage & Salary	277,200	287,400	271,200	-10,200	6,000	Total Nonfarm Wage & Salary	137,400	144,200	133,500	-6,800	3,900
Goods Producing	30,400	30,300	30,900	100	-500	Goods Producing	10,900	11,600	11,000	-700	-100
Service Providing	246,800	257,000	240,300	-10,200	6,500	Service Providing	126,500	132,600	122,500	-6,100	4,000
Natural Resources & Mining	9,900	9,900	10,500	0	-600	Natural Resources & Mining	2,500	2,600	2,800	-100	-300
Logging	300	300	200	0	100	Mining	2,500	2,600	2,700	-100	-200
Mining	9,800	9,900	10,300	-100	-500	Oil & Gas Extraction	2,400	2,500	2,600	-100	-200
Oil & Gas Extraction	8,400	8,400	8,900	0	-500	Construction	6,500	7,000	6,500	-500	0
Construction	12,300	14,100	12,200	-1,800	100	Manufacturing	1,900	1,900	1,800	0	100
Manufacturing	8,200	6,300	8,200	1,900	0	Trade, Transportation, Utilities	32,000	33,300	31,600	-1,300	400
Wood Products Manufacturing	300	300	300	0	0	Wholesale Trade	4,600	4,600	4,500	0	100
Seafood Processing	4,600	2,600	4,600	2,000	0	Retail Trade	17,100	18,200	16,500	-1,100	600
Trade, Transportation, Utilities	57,100	59,700	56,700	-2,600	400	Food & Beverage Stores	2,200	2,300	2,300	-100	-100
Wholesale Trade	5,900	6,000	5,700	-100	200	General Merchandise Stores	4,200	4,600	4,300	-400	-100
Retail Trade	32,300	34,000	32,000	-1,700	300	Trans/Warehousing/Utilities	10,400	10,500	10,500	-100	-100
Food & Beverage Stores	5,400	5,600	5,400	-200	0	Air Transportation	3,100	3,200	3,400	-100	-300
General Merchandise Stores	9,100	9,700	9,300	-600	-200	Information	4,500	4,700	4,500	-200	0
Trans/Warehousing/Utilities	19,000	19,700	19,000	-700	0	Telecommunications	2,600	2,700	2,700	-100	-100
Air Transportation	5,700	5,500	6,100	200	-400	Financial Activities	7,900	8,300	8,100	-400	-200
Truck Transportation	2,500	2,500	2,500	0	0	Professional & Business Svcs	16,000	17,400	15,300	-1,400	700
Information	7,000	7,200	6,900	-200	100	Educational & Health Services	16,500	16,600	15,500	-100	1,000
Telecommunications	4,100	4,200	4,100	-100	0	Health Care/Social Assistance	15,200	15,200	14,200	0	1,000
Financial Activities	13,400	13,500	13,200	-100	200	Ambulatory Health Care	6,400	6,500	5,800	-100	600
Professional & Business Svcs	21,800	22,700	21,200	-900	600	Hospitals	4,700	4,700	4,500	0	200
Educational & Health Services	30,700	30,800	29,000	-100	1,700	Leisure & Hospitality	13,700	14,600	13,100	-900	600
Health Care/Social Assistance	28,600	28,700	26,800	-100	1,800	Accommodation	2,500	2,900	2,600	-400	-100
Ambulatory Health Care	12,300	12,400	11,300	-100	1,000	Food Svcs & Drinking Places	9,400	10,000	8,900	-600	500
Hospitals	7,300	7,500	7,300	-200	0	Other Services	6,000	6,300	5,500	-300	500
Leisure & Hospitality	24,800	27,200	24,000	-2,400	800	Government	29,900	31,300	28,900	-1,400	1,000
Accommodation	5,600	5,900	5,400	-300	200	Federal Government	9,700	10,000	9,400	-300	300
Food Svcs & Drinking Places	15,700	16,600	15,200	-900	500	State Government	9,700	9,900	9,200	-200	500
Other Services	11,900	12,400	11,600	-500	300	Local Government	10,600	11,400	10,500	-800	300
Government	80,300	83,600	77,700	-3,300	2,600	Tribal Government	300	300	200	0	100
Federal Government	16,300	17,400	15,900	-1,100	400						
State Government	23,700	24,000	22,500	-300	1,200						
Local Government	40,300	42,100	39,300	-1,800	1,000						
Tribal Government	3,400	3,600	3,200	-200	200						

Notes to Exhibits 2, 3, 4, & 6—Non-farm excludes self-employed workers, fishermen, domestics, and unpaid family workers as well as agricultural workers. Government category includes employees of public school systems and the University of Alaska.  
Exhibits 2 & 3—Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.  
Exhibits 4 & 6—Prepared in part with funding from the Employment Security Division.

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

## 3 Hours and Earnings

### For selected industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	preliminary 1/03	revised 12/02	revised 1/02	preliminary 1/03	revised 12/02	revised 1/02	preliminary 1/03	revised 12/02	revised 1/02
Mining	\$1,237.38	\$1,212.63	\$1,270.95	41.0	41.5	45.8	\$30.18	\$29.22	\$27.75
Construction	1,059.25	1,115.97	948.48	38.9	39.7	38.0	27.23	28.11	24.96
Manufacturing	321.71	459.04	508.40	22.8	30.2	32.8	14.11	15.20	15.50
Seafood Processing	211.37	351.89	310.80	18.3	29.3	29.6	11.55	12.01	10.50
Trade, Transportation, Utilities	512.74	526.51	506.68	32.7	33.6	32.5	15.68	15.67	15.59
Retail Trade	448.87	455.98	461.41	32.2	32.5	33.1	13.94	14.03	13.94
Financial Activities	646.40	714.42	721.14	35.4	37.9	34.0	18.26	18.85	21.21

Average hours and earnings estimates are based on data for full-time and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing). Averages are for gross earnings and hours paid, including overtime pay and hours.  
Benchmark: March 2002

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

# 4 Nonfarm Wage and Salary Employment

## By place of work

### Fairbanks North Star Borough

	preliminary		revised		Changes from:	
	1/03	12/02	1/02	12/02	1/02	12/02
<b>Total Nonfarm Wage &amp; Salary</b>	<b>33,050</b>	<b>34,050</b>	<b>32,500</b>	<b>-1,000</b>	<b>550</b>	
Goods Producing	2,850	3,150	2,800	-300	50	
Services Providing	30,200	30,850	29,650	-650	550	
Natural Resources & Mining	750	800	750	-50	0	
Mining	750	800	750	-50	0	
Construction	1,600	1,850	1,550	-250	50	
Manufacturing	500	500	500	0	0	
Trade, Transportation, Utilities	6,650	6,800	6,950	-150	-300	
Retail Trade	4,000	4,150	3,950	-150	50	
General Merchandise Stores	1,050	1,150	1,150	-100	-100	
Trans/Warehousing/Utilities	2,150	2,150	2,500	0	-350	
Air Transportation	850	850	850	0	0	
Information	600	550	600	50	0	
Financial Activities	1,250	1,300	1,250	-50	0	
Professional & Business Svcs	1,650	1,700	1,650	-50	0	
Educational & Health Services	3,550	3,550	3,450	0	100	
Health Care/Social Assistance	3,300	3,300	3,200	0	100	
Leisure & Hospitality	3,350	3,400	3,250	-50	100	
Accommodation	700	750	700	-50	0	
Food Svcs & Drinking Places	2,300	2,300	2,200	0	100	
Other Services	1,950	1,950	1,900	0	50	
Government	11,250	11,650	10,600	-400	650	
Federal Government	3,250	3,400	3,150	-150	100	
State Government	4,950	5,000	4,450	-50	500	
Local Government	3,050	3,250	3,000	-200	50	
Tribal Government	0	0	0	0	0	

### Southeast Region

	preliminary		revised		Changes from:	
	1/03	12/02	1/02	12/02	1/02	12/02
<b>Total Nonfarm Wage &amp; Salary</b>	<b>31,300</b>	<b>33,000</b>	<b>31,250</b>	<b>-1,700</b>	<b>50</b>	
Goods Producing	2,100	2,700	2,300	-600	-200	
Services Providing	29,200	30,300	28,950	-1,100	250	
Natural Resources & Mining	450	500	350	-50	100	
Logging	150	200	50	-50	100	
Mining	300	300	300	0	0	
Construction	1,150	1,350	1,150	-200	0	
Manufacturing	500	850	750	-350	-250	
Wood Products Mfg.	150	150	150	0	0	
Seafood Processing	300	500	350	-200	-50	
Trade, Transportation, Utilities	5,700	6,300	5,650	-600	50	
Retail Trade	3,750	3,950	3,800	-200	-50	
Trans/Warehousing/Utilities	1,550	1,900	1,500	-350	50	
Information	500	500	500	0	0	
Financial Activities	1,150	1,200	1,150	-50	0	
Professional & Business Svcs	1,250	1,350	1,200	-100	50	
Educational & Health Services	3,450	3,500	3,300	-50	150	
Health Care/Social Assistance	3,250	3,250	3,050	0	200	
Leisure & Hospitality	2,650	2,800	2,850	-150	-200	
Accommodation	950	900	900	50	50	
Food Svcs & Drinking Places	1,300	1,400	1,300	-100	0	
Other Services	1,150	1,150	1,100	0	50	
Government	13,300	13,600	13,200	-300	100	
Federal Government	1,700	1,950	1,650	-250	50	
State Government	5,600	5,450	5,500	150	100	
Local Government	6,000	6,200	6,100	-200	-100	
Tribal Government	550	550	550	0	0	

### Interior Region

	preliminary		revised		Changes from:	
	1/03	12/02	1/02	12/02	1/02	12/02
<b>Total Nonfarm Wage &amp; Salary</b>	<b>37,150</b>	<b>39,350</b>	<b>36,550</b>	<b>-2,200</b>	<b>600</b>	
Goods Producing	3,100	3,400	3,000	-300	100	
Services Providing	34,050	35,950	33,500	-1,900	550	
Natural Resources & Mining	850	900	900	-50	-50	
Mining	850	900	900	-50	-50	
Construction	1,700	1,950	1,600	-250	100	
Manufacturing	550	550	500	0	50	
Trade, Transportation, Utilities	7,150	7,450	7,400	-300	-250	
Information	750	750	800	0	-50	
Financial Activities	1,350	1,350	1,300	0	50	
Professional & Business Svcs	1,700	1,700	1,700	0	0	
Educational & Health Services	3,700	3,700	3,600	0	100	
Leisure & Hospitality	3,650	3,950	3,500	-300	150	
Accommodation	850	900	800	-50	50	
Food Svcs & Drinking Places	2,400	2,600	2,300	-200	100	
Other Services	2,100	2,100	2,100	0	0	
Government	13,650	14,900	13,050	-1,250	600	
Federal Government	3,600	4,250	3,500	-650	100	
State Government	5,150	5,400	4,650	-250	500	
Local Government	4,900	5,300	4,850	-400	50	
Tribal Government	200	200	250	0	-50	

### Anchorage/Mat-Su Region

	preliminary		revised		Changes from:	
	1/03	12/02	1/02	12/02	1/02	12/02
<b>Total Nonfarm Wage &amp; Salary</b>	<b>151,600</b>	<b>158,850</b>	<b>146,500</b>	<b>-7,250</b>	<b>5,100</b>	
Goods Producing	12,250	13,000	12,350	-750	-100	
Services Providing	139,350	145,850	134,150	-6,500	5,200	
Natural Resources & Mining	2,600	2,700	2,800	-100	-200	
Construction	7,600	8,200	7,550	-600	50	
Manufacturing	2,050	2,100	2,000	-50	50	
Trade, Transportation, Utilities	35,450	37,050	34,450	-1,600	1,000	
Information	5,000	5,150	5,000	-150	0	
Financial Activities	8,500	8,800	8,600	-300	-100	
Professional & Business Svcs	16,550	18,100	15,950	-1,550	600	
Educational & Health Services	18,450	18,600	17,300	-150	1,150	
Leisure & Hospitality	15,200	16,250	14,350	-1,050	850	
Other Services	6,500	6,750	6,000	-250	500	
Government	33,750	35,100	32,500	-1,350	1,250	
Federal Government	9,850	10,150	9,600	-300	250	
State Government	10,600	10,800	10,050	-200	550	
Local Government	13,350	14,150	12,850	-800	500	
Tribal Government	350	350	250	0	100	

### Gulf Coast Region

	preliminary		revised		Changes from:	
	1/03	12/02	1/02	12/02	1/02	12/02
<b>Total Nonfarm Wage &amp; Salary</b>	<b>24,800</b>	<b>25,200</b>	<b>24,400</b>	<b>-400</b>	<b>400</b>	
Goods Producing	4,550	4,300	4,600	250	-50	
Services Providing	20,300	20,900	19,800	-600	500	
Natural Resources & Mining	1,350	1,350	1,450	0	-100	
Oil & Gas Extraction	1,250	1,250	1,350	0	-100	
Construction	1,200	1,300	1,300	-100	-100	
Manufacturing	2,000	1,600	1,800	400	200	
Seafood Processing	1,350	950	1,150	400	200	
Trade, Transportation, Utilities	4,800	5,050	4,700	-250	100	
Retail Trade	3,000	3,150	2,950	-150	50	
Trans/Warehousing/Utilities	1,600	1,650	1,550	-50	50	
Information	400	450	400	-50	0	
Financial Activities	850	850	800	0	50	
Professional & Business Svcs	1,300	1,350	1,350	-50	-50	
Educational & Health Services	1,850	1,900	1,800	-50	50	
Health Care/Social Assistance	1,800	1,800	1,700	0	100	
Leisure & Hospitality	2,400	2,600	2,300	-200	100	
Accommodation	750	850	700	-100	50	
Food Svcs & Drinking Places	1,400	1,500	1,350	-100	50	
Other Services	1,400	1,400	1,400	0	0	
Government	7,300	7,300	7,050	0	250	
Federal Government	700	750	750	-50	0	
State Government	1,600	1,600	1,500	0	50	
Local Government	5,000	4,950	4,850	50	150	
Tribal Government	300	350	300	-50	0	

# 5 Unemployment Rates

## By region and census area

Not Seasonally Adjusted*	preliminary	revised	01/02
	01/03	12/02	
<b>Alaska Statewide</b>	8.6	8.6	8.6
<b>Anchorage/Mat-Su Region</b>	6.6	6.6	6.4
Municipality of Anchorage	5.8	5.8	5.5
Mat-Su Borough	10.4	10.1	10.1
<b>Gulf Coast Region</b>	13.6	14.9	14.2
Kenai Peninsula Borough	14.5	14.7	14.5
Kodiak Island Borough	9.1	15.1	13.3
Valdez-Cordova	15.3	15.4	14.3
<b>Interior Region</b>	9.2	8.8	9.2
Denali Borough	15.8	15.5	14.4
Fairbanks North Star Borough	8.0	7.7	8.1
Southeast Fairbanks	16.8	16.4	15.7
Yukon-Koyukuk	20.0	18.4	18.7
<b>Northern Region</b>	13.4	13.9	12.2
Nome	13.3	13.8	12.1
North Slope Borough	10.2	10.9	9.3
Northwest Arctic Borough	18.0	18.2	16.3
<b>Southeast Region</b>	10.4	9.4	11.5
Haines Borough	17.5	16.2	18.1
Juneau Borough	6.6	6.4	7.0
Ketchikan Gateway Borough	12.0	10.4	13.0
Prince of Wales-Outer Ketchikan	19.1	14.5	21.4
Sitka Borough	7.6	7.8	8.3
Skagway-Hoonah-Angoon	15.6	13.5	18.9
Wrangell-Petersburg	15.4	13.9	17.5
Yakutat Borough	17.7	15.3	17.9
<b>Southwest Region</b>	13.7	14.9	12.9
Aleutians East Borough	6.0	6.7	6.6
Aleutians West	12.9	12.7	13.1
Bethel	13.7	15.0	11.9
Bristol Bay Borough	10.3	12.6	16.7
Dillingham	13.2	14.5	11.3
Lake & Peninsula Borough	15.8	16.5	16.5
Wade Hampton	21.2	23.6	20.3
<b>Seasonally Adjusted</b>			
United States	5.7	6.0	5.6
Alaska Statewide	6.9	8.4	6.9

\* U.S. not seasonally adjusted figures for January are not available.

### 2002 Benchmark

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

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

(continued from page 27)

Changes in the consumer price index for urban consumers are the most widely accepted measure of inflation, and are used to adjust wages, child support, and lease payments. Alaskans often consult the Anchorage CPI but many also rely on the national index. Social security payment adjustments are based on the U.S. measure.

Among the components used to establish the consumer price index, housing is the most important, representing 41.5 percent of a typical consumer's expenditures. In 2002, costs for housing rose by 3.2 percent. The costs of food and beverage showed a more moderate increase of 1 percent while costs for transportation and apparel dropped 1 percent and 3.4 percent respectively. These categories helped slow the overall rise of consumer costs in Anchorage.

# 6 Nonfarm Wage and Salary Employment

## By place of work

Northern Region	preliminary	revised	Changes from:		
	1/03	12/02	1/02	12/02	1/02
<b>Total Nonfarm Wage &amp; Salary</b>	15,850	15,900	15,750	-50	100
Goods Producing	5,400	5,300	5,500	100	-100
Services Providing	10,450	10,600	10,250	-150	200
Oil & Gas Extraction	4,400	4,350	4,600	50	-200
Government	5,100	5,200	4,800	-100	300
Federal Government	150	150	150	0	0
State Government	300	350	300	-50	0
Local Government	4,600	4,700	4,350	-100	250
Tribal Government	550	500	450	50	100

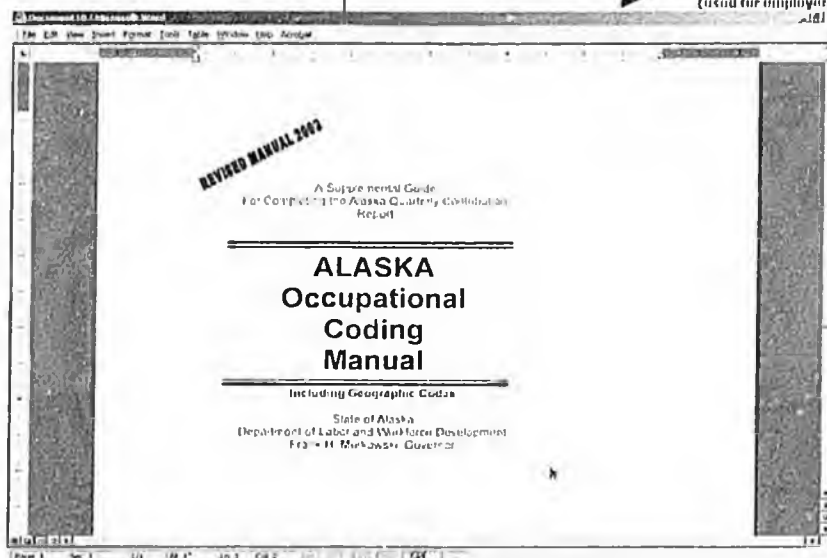
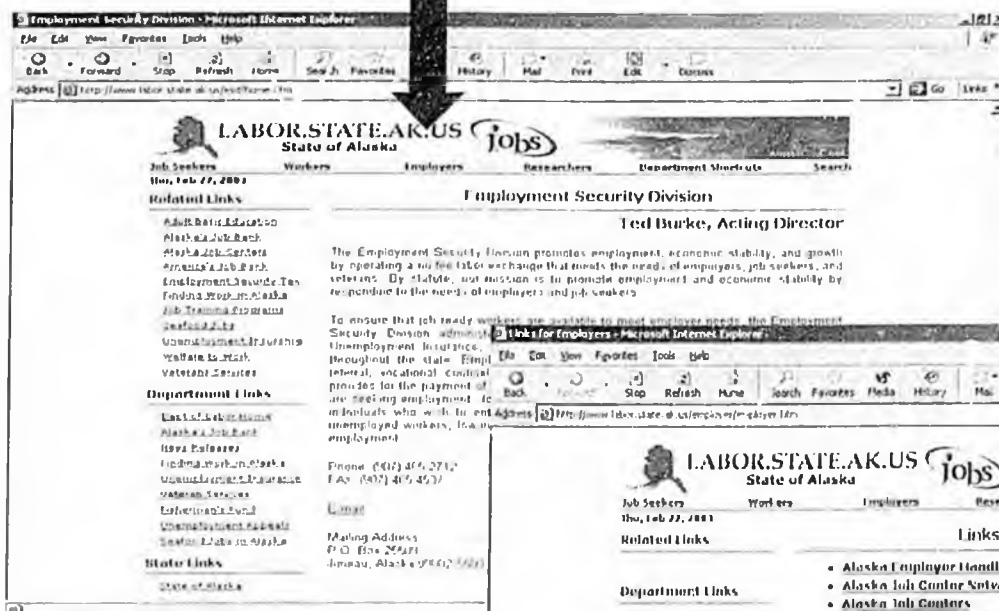
## Southwest Region

<b>Total Nonfarm Wage &amp; Salary</b>	16,900	15,400	16,600	1,500	300
Goods Producing	3,100	1,300	3,150	1,800	-50
Services Providing	13,750	14,100	13,450	-350	300
Seafood Processing	3,000	1,050	3,050	1,950	-50
Government	7,250	7,650	7,150	-400	100
Federal Government	300	350	300	-50	0
State Government	500	550	450	-50	50
Local Government	6,450	6,750	6,350	-300	100
Tribal Government	1,450	1,550	1,450	-100	0

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

# Employer Resources

Employers doing business in the State of Alaska are required by law to participate in the state unemployment insurance system. Employers must report specific information on the Alaska Quarterly Contribution Report for each employee who received wages during the quarter. The *Occupational Coding Manual* helps employers comply with occupational and geographic coding requirements. Go to [www.labor.state.ak.us/esd/home.htm](http://www.labor.state.ak.us/esd/home.htm), click on "Employers", then on *Occupational Coding Manual* for more information.



ALASKA ECONOMIC  
**TRENDS**

**Department of Labor and Workforce Development**  
Employment Security Division  
P.O. Box 25509  
Juneau, AK 99802-5509

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Alaska Economic Regions