

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004

8672

11272 SENATE LABOR & COMMERCE

1 added by the dealer, the difference and describes it as additional dealer mark-  
2 up;

3 (9) may not advertise or otherwise represent, or knowingly allow to be  
4 advertised or represented on behalf of the dealer, that a down payment is not required  
5 in connection with the sale of a motor vehicle when a down payment is in fact  
6 required;

7 (10) may not advertise an offer for the sale, lease, or purchase of a  
8 motor vehicle that [CREATES THE FALSE IMPRESSION THAT THE VEHICLE IS  
9 BEING OFFERED BY A PRIVATE PARTY OR A MOTOR VEHICLE AGENT OR  
10 THAT] does not contain the name of the dealer;

11 (11) may not [USE AN ADVERTISEMENT FOR A MOTOR  
12 VEHICLE THAT CONTAINS LANGUAGE THAT FALSELY, IMPLICITLY, OR  
13 EXPLICITLY SUGGESTS THAT, TO TAKE ADVANTAGE OF AN OFFER, A  
14 CONSUMER MUST ACT WITHIN A CERTAIN PERIOD OF TIME WHEN, IN  
15 FACT, THE VEHICLES WILL CONTINUE TO BE AVAILABLE AT THE  
16 ADVERTISED PRICE BEYOND THAT TIME PERIOD;

17 (12) REQUIRE A BUYER OF A NEW MOTOR VEHICLE, AS A  
18 CONDITION OF SALE AND DELIVERY, TO ALSO PURCHASE SPECIAL  
19 FEATURES, APPLIANCES, ACCESSORIES, OR EQUIPMENT NOT DESIRED  
20 OR REQUESTED BY THE BUYER UNLESS THE SPECIAL FEATURES,  
21 APPLIANCES, EQUIPMENT, OR ACCESSORIES ARE ALREADY INSTALLED  
22 ON THE VEHICLE WHEN RECEIVED BY THE DEALER;

23 (13)] represent and sell as a new motor vehicle a demonstrator vehicle  
24 or a motor vehicle that is a used motor vehicle; in this paragraph, "demonstrator  
25 vehicle"

26 (A) means a motor vehicle

27 (i) that has been assigned by a dealer for use by the  
28 dealership as an executive vehicle for promotional purposes, including  
29 being driven in the community;

30 (ii) that has not been licensed by a retail buyer; and

31 (iii) the title of which has not been transferred to a retail

1                   buyer;

2                               (B) does not include a motor vehicle that has only been driven  
3                   to demonstrate the motor vehicle to a prospective buyer;

4                               **(12) may not** [(14)] advertise that the dealer finances any person or  
5                   does not reject any person's credit, or make similar claims;

6                               **(13) may not** [(15)] advertise or make a statement, declaration, or  
7                   representation in an advertisement that cannot be substantiated in fact; the burden of  
8                   proof of the factual basis for the statement, declaration, or representation is on the  
9                   dealer.

10   \* Sec. 4. AS 45.25.465 is amended by adding a new subsection to read:

11                               (c) When a motor vehicle dealer sells a used motor vehicle or a current model  
12                   used motor vehicle, the motor vehicle dealer shall disclose to the buyer in writing in a  
13                   manner that is clear and conspicuous and posted in the window of the vehicle

14                               (1) that the warranty provisions of AS 45.45.300 - 45.45.360 do not  
15                   apply to the purchase of the motor vehicle;

16                               (2) that, if applicable, the vehicle is not subject to a manufacturer's  
17                   warranty; and

18                               (3) that, if applicable, the vehicle was originally manufactured for sale  
19                   in Canada or another foreign country.

20   \* Sec. 5. AS 45.25.510(a) is amended to read:

21                               (a) Before entering into a new motor vehicle sales contract, a new motor  
22                   vehicle dealer shall disclose in writing to a buyer of the new motor vehicle any known  
23                   damage and repair to the new motor vehicle if the damage exceeds five percent of the  
24                   manufacturer's suggested retail price as calculated at the dealer's authorized warranty  
25                   rate for labor and parts, **or \$1,000, whichever amount is greater.** A new motor  
26                   vehicle dealer is not required to disclose to a buyer that glass, tires, bumpers, or  
27                   cosmetic parts of a new motor vehicle were damaged at any time if the damaged item  
28                   has been replaced with original or comparable equipment. A replaced part is not part  
29                   of the cumulative damage required to be disclosed under this subsection.

30   \* Sec. 6. AS 45.25 is amended by adding a new section to read:

31                               **Sec. 45.25.530. Disclosure regarding receipt of commissions.** If a motor

1 vehicle dealer's service operations employees receive a commission for the amount of  
2 work they perform, the motor vehicle dealer may post a sign that is visible to service  
3 customers that the dealer's service operations employees work on commission.

4 \* Sec. 7. AS 45.25.610(c) is amended to read:

5 (c) If [NOTWITHSTANDING THE REQUIREMENTS OF THIS SECTION,  
6 IF] a motor vehicle dealer arranges financing for a buyer, the motor vehicle dealer  
7 may deliver the motor vehicle to the buyer before final approval by the financing  
8 entity if

9 (1) the buyer and seller sign an agreement separate from the motor  
10 vehicle installment contract on an 8 1/2 x 11 inch sheet of paper that clearly and  
11 conspicuously informs the buyer that final financing arrangements have not yet been  
12 approved and that clearly sets out the amount that will be financed, the annual  
13 percentage rate of the finance charge, the amount of the finance charge, the number  
14 and frequency of payments, and the amount of each payment;

15 (2) the separate agreement clearly and conspicuously informs the  
16 buyer that accepting delivery of the vehicle before final financing approval obligates  
17 the buyer to terms of the motor vehicle sales contract if the terms on the separate  
18 agreement are identical to the terms finally approved by the financing entity; and

19 (3) the separate agreement provides that the separate agreement, the  
20 motor vehicle sales contract, and any and all other conditions of the purchase will be  
21 void if any of the terms contained in the separate agreement are changed by either the  
22 motor vehicle dealer or the financing institution as a condition of sale or final  
23 financing approval.

24 \* Sec. 8. AS 45.25.610(d) is amended to read:

25 (d) If a buyer's final financing is not approved [WITHIN SEVEN BUSINESS  
26 DAYS FROM THE DATE OF THE SEPARATE AGREEMENT] and, as a result, the  
27 transaction is not completed, the motor vehicle dealer shall return the buyer's entire  
28 down payment, and the buyer's trade-in, if any, shall be returned to the buyer in the  
29 same condition and with not more than 100 [10] miles accumulated on the odometer  
30 from when the motor vehicle was delivered to the motor vehicle dealer.

31 \* Sec. 9. AS 45.25.460(b) and 45.25.610(b) are repealed.

1 \* Sec. 10. The uncodified law of the State of Alaska is amended by adding a new section to  
2 read:

3 DEPARTMENT OF LAW REPORT. The Department of Law shall

4 (1) monitor and investigate consumer and enforcement problems associated  
5 with AS 08.66.015 that relate to the sale by motor vehicle dealers of motor vehicles as new or  
6 current model motor vehicles; and

7 (2) report to the Twenty-Fourth Alaska State Legislature on or before  
8 January 24, 2005, on the consumer and enforcement problems monitored and investigated  
9 under (1) of this section and include in the report recommendations for resolving the  
10 problems.

**HB**

**285**

THE  
FOLLOWING  
DOCUMENT(S)  
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## SENATE COMMITTEE REPORT

DATE: 2/20/04

FURTHER: Judiciary

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

Labor and Commerce Committee considered CS FOR HOUSE BILL NO. 285(JUD)

### HB 285 ELECTRONIC TRANSACTIONS & SIGNATURES

An Act adopting the Uniform Electronic Transactions Act; repealing certain statutes relating to electronic records and electronic signatures; amending Rule 402, Alaska Rules of Evidence; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

<b>Senate Bill:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<b>House Bill:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

**NEW FISCAL NOTE(S):**

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	Indet.	FN#

Department	Date	Fiscal	Zero	Indet.	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Betty Davis</i>	✓			
<i>[Signature]</i>			+	
<i>[Signature]</i>			X	
CHAIR: <i>[Signature]</i>	✓			

# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: HB 285  
(H) Publish Date: 5/13/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: All  
Title An Act adopting the Uniform BRU \_\_\_\_\_  
Electronic Transactions Act Component \_\_\_\_\_  
Sponsor Rep. McGuire \_\_\_\_\_  
Requester House Labor and Commerce Component No. \_\_\_\_\_

**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						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This bill would not have a significant fiscal impact on any state agency.

Prepared by: Jack Kreinheder, Senior Analyst Phone 465-4676  
Division OMB Date/Time 5/7/03 11:57 AM  
Approved by: Jay Hogan, Deputy Director Date 5/7/2003  
Agency OMB

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSHB 285(JUD)  
(H) Publish Date: 1/23/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Natural Resources  
Title: Electronic Transactions & Signatures RDU: Resource Development  
Sponsor: Representative McGuire Component: Recorder's Office/UCC  
Requester: (H) JUD Component No.: 802

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time	0					
Part-time	0					
Temporary	0					

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

There is no fiscal impact anticipated with implementation of this legislation.

Prepared by: Vicky Backus, State Recorder Phone 269-8882  
Division: Support Services - Recorder's Office Date/Time 1/20/04  
Approved by: Thomas Irwin, Commissioner Date 1/20/04  
Agency: Natural Resources

# Alaska State Legislature

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## Representative Lesil McGuire

Chair, Judiciary Committee

### HB 285

#### UNIFORM ELECTRONIC TRANSACTIONS ACT

With the advent of electronic means of communication and information transfer, business models and methods for doing business have evolved to take advantage of the speed, efficiencies, and cost benefits of electronic technologies. These developments have occurred in the face of existing legal barriers to the legal efficacy of records and documents which exist solely in electronic media. Whether the legal requirement that information or an agreement or contract must be contained or set forth in a pen and paper writing derives from a statute of frauds affecting the enforceability of an agreement, or from a record retention statute that calls for keeping the paper record of a transaction, such legal requirements raise real barriers to the effective use of electronic media.

One striking example of electronic barriers involves so-called check retention statutes in every State. A study conducted by the Federal Reserve Bank of Boston identified more than 2500 different state laws which require the retention of canceled checks by the issuers of those checks. These requirements not only impose burdens on the issuers, but also effectively restrain the ability of banks handling the checks to automate the process. Although check truncation is validated under the Uniform Commercial Code, if the bank's customer must store the canceled paper check, the bank will not be able to deal with the item through electronic transmission of the information. By establishing the equivalence of an electronic record of the information, the Uniform Electronic Transactions Act (UETA) removes these barriers without affecting the underlying legal rules and requirements.

It is important to understand that the purpose of the UETA is to remove barriers to electronic commerce by validating and effectuating electronic records and signatures. It is NOT a general contracting statute - the substantive rules of contracts remain unaffected by UETA. Nor is it a digital signature statute. To the extent that a State has a Digital Signature Law, the UETA is designed to support and compliment that statute.

Finally, recognition that the paradigm for the Act involves two willing parties conducting a transaction electronically, makes it necessary to expressly provide that some form of acquiescence or intent on the part of a person to conduct transactions electronically is necessary before the Act can be invoked. Accordingly, Act only applies between parties that have agreed to conduct transactions electronically. In this context, the construction of the term agreement must be broad in order to assure that the Act applies whenever the circumstances show the parties intention to transact electronically, regardless of whether the intent rises to the level of a formal agreement.

### Sponsor Statement



**Uniform Law Commissioners**  
The National Conference of Commissioners on Uniform State Laws

*Diversity of thought  
Uniformity of law*

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Section Title: Introductions & Adoptions Of Uniform Acts.

> **Why States Should Adopt ...**

## THE UNIFORM ELECTRONIC TRANSACTIONS ACT

The Uniform Electronic Transactions Act (UETA) allows the use of electronic records and electronic signatures in any transaction, except transactions subject to the Uniform Commercial Code. The fundamental purpose of this act is to remove perceived barriers to electronic commerce.

The UETA is a procedural statute. It does not mandate either electronic signatures or records, but provides a means to effectuate transactions when they are used. The primary objective is to establish the legal equivalence of electronic records and signatures with paper writings and manually-signed signatures.

There are many reasons why every state should adopt the Uniform Electronic Transactions Act.

- UETA defines and validates electronic signatures. An electronic signature is defined as "an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record."
- UETA removes writing and signature requirements which create barriers to electronic transactions.
- UETA insures that contracts and transactions are not denied enforcement because electronic media are used.
- UETA insures that courts accept electronic records into evidence.
- UETA protects against errors by providing appropriate standards for the use of technology to assure party identification.
- UETA avoids having the selection of medium (paper vs. electronic) govern the outcome of any disputes or disagreements, and it assures that parties have the freedom to select the media for their transactions by agreement.
- UETA authorizes state governmental entities to create, communicate, receive and store records electronically, and encourages state governmental entities to move to electronic media.

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0187

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[e-mail the office - click here](#)





# Uniform Law Commissioners

The National Conference of Commissioners on Uniform State Laws

## > A Few Facts About The...

### UNIFORM ELECTRONIC TRANSACTIONS ACT

#### PURPOSE:

The Uniform Electronic Transactions Act is designed to support the use of electronic commerce. The primary objective of this act is to establish the legal equivalence of electronic records and signatures with paper writings and manually-signed signatures, removing barriers to electronic commerce.

#### ORIGIN:

Completed by the Uniform Law Commissioners in 1999.

#### APPROVED BY:

American Bar Association

#### SUPPORTED BY:

American Council of Life Insurance  
Equipment Leasing Association of America

#### STATE ADOPTIONS:

Alabama	Kentucky	North Carolina
Arizona	Louisiana	North Dakota
Arkansas	Maine	Ohio
California	Maryland	Oklahoma
Colorado	Michigan	Oregon
Connecticut	Minnesota	Pennsylvania
Delaware	Mississippi	Rhode Island
District of Columbia	Missouri	South Dakota
Florida	Montana	Tennessee
Hawaii	Nebraska	Texas
Idaho	Nevada	Utah
Indiana	New Hampshire	Vermont
Iowa	New Jersey	Virginia
Kansas	New Mexico	West Virginia
		Wyoming

**2004 INTRODUCTIONS:**

Alaska

Massachusetts

For any further information regarding the Uniform Electronic Transactions Act, please contact John McCabe, Katie Robinson, or Michael Kerr at 312-915-0195.

HB

288

# SENATE COMMITTEE REPORT

DATE: 2/4/04

FURTHER:

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

Labor and Commerce Committee considered 2d CS FOR HOUSE BILL NO. 288(RLS)

## HB 288 CHANGING NAME OF DEPT OF COMM & ECON DEV.

"An Act changing the name of the Department of Community and Economic Development to the Department of Commerce and Community and Economic Development."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**

- Same Title
- New Title

**House Bill:**

- Same Title
- Technical Title Change
- New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	Indet.	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	Indet.	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Calvin Klein</i>			✓	
<i>Bonnie Davis</i>	X			
<i>[Signature]</i>			X	
<i>[Signature]</i>	X			
CHAIR: <i>[Signature]</i>			✓	

# ALASKA STATE LEGISLATURE

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**REPRESENTATIVE VIC KOHRING  
DISTRICT 14**

## **SPONSOR STATEMENT**

### **CS for House Bill 288**

#### **"Changing the name of the Department of Community & Economic Development"**

Confusion exists as to the actual mission of the Department of Community & Economic Development (DCED) on whether Alaska has an agency that is tasked with promoting commerce and economic development. It has somewhat complicated efforts to attract investment to the state.

Governor Murkowski, in his State of the State speech in January, announced his administration was now referring to the department as the "Department of Commerce" (short, for the Department of Commerce & Economic Development).

The Committee Substitute for House Bill 288 officially renames DCED to the Department of *Commerce*, Community and Economic Development. I believe the name change more closely reflects its mission. That is, to further commerce and develop Alaska's economy.

Further, the name change more correctly reflects the goals and strategies of the department, such as promoting local economic development and crucial infrastructure, marketing Alaska's goods and services throughout the world, organizing and conducting business trade missions to expand product sales in current markets and develop new markets, and facilitating the exchange of information between Alaska exporters and potential customers.

Lastly, by adding the name "Commerce" into the title, it becomes consistent with numerous other states, including Utah, Montana, Idaho, and North Dakota and South Dakota.

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Jan. 31 04

**BILL J. ALLEN**  
 Publisher

# Voice of the Times

A CONSERVATIVE VOICE FOR ALASKANS

**MONEY MAGAZINE RATES ANCHORAGE AS A . . .**

## Hot city

**ANCHORAGE'S RATING** by CNN Money Magazine as the 13th-best city in the West was a notable achievement. Now we can prove what most of us have always known.

The magazine ranked our city among all other cities in the West with populations of more than 100,000. The rating was based on criteria like weather, family incomes, lack of an income tax, housing costs, leisure, recreational and cultural facilities, health care available, environment, crime, student-teacher ratios and educational institutions.

One notable aspect of the ranking was that 11 of the 12 top Western cities were Sunbelt cities in California, Arizona and Texas. The only other Snowbelt community was Westminster, Colo., a mile-high suburb of Denver.

Anchorage was also the largest of the 13 top "hottest cities," with a listed population of 272,830, which it cited as a 21 percent increase from 1990. The next largest was Plano, Texas, the number one Western city, which has a population of 271,090, an increase of 113 percent from 1990.

**THE RATING** was based on a scientific approach. The magazine started with statistics on 271 U.S. cities with the highest median household income levels in the nation and above average population growth. That data was then cross-referenced with what the magazine called lifestyle segmentation data supplied by an organization that tracks such things.

Anchorage's median household income was given as \$59,548, ranking 11th in that category. Plano topped the household income ratings with \$82,857 per family.

Only 87 communities met the magazine's criteria and made the final cut — 31 in the West, 22 in the Central Region and 34 in the East. Eighteen Western cities of less than 100,000 population made the list; all of them were in California and Texas.

The fact that Anchorage is a great place to live is no surprise to most of those who live here. It is quite a surprise to see a national organization like CNN Money Magazine use scientific data and prove that to be the case.

## It makes sense

**THE HOUSE** has approved a new name for the state Department of Community & Economic Development. If the Senate goes along, the new moniker will be the Department of Commerce, Community & Economic Development.

In these days when the state is involved in endless arguments about budget gaps and financial reserves, putting a new emphasis on the department's mission to stimulate commercial development makes good sense.

Rep. Vic Kohring, a Valley Republican, is the sponsor of the measure. The change, he said, will let "the world know that we're open to do business and we welcome investments here." Yes, indeed.

## Letters to T

### Youth ponders gun control

With all the recent shootings in Anchorage, people are saying we need better gun control. That's ridiculous! Have you ever read the book "Hatchet?" The main character, Brian, is stranded in the middle of nowhere with nothing but a hatchet, which he uses to hunt and start fires. Taking away everyone's firearms would be like the author taking away Brian's hatchet and source of life.

We need our firearms. They keep us alive like the hatchet kept Brian alive. We need them for protection. Please call your legislators and tell them to let us keep our firearms.

Justin Oiler, age 10  
 Anchorage

### Look at your gas bill

Yammering against the development of coal bed methane, the greenies and NIMBYs in MatSu and Homer areas are demanding that the state buy up all subsurface mineral leases. They claim to be shocked about private property rights and don't want unwilling property owners to have wells forced on their properties. (Evergreen always asks first, pays rent, and does not force wells on unwilling property owners.)

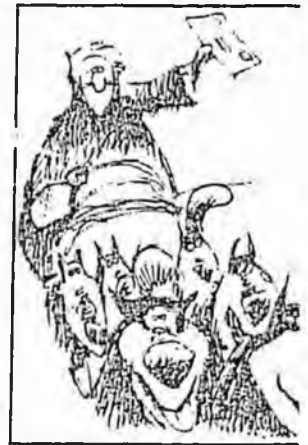
What would happen if the state caves in and buys back all outstanding leases? First, every property owner who wants a well on their property is deprived of that choice and lease revenues, and Mat-Su and Anchorage are deprived of a large number of new, high-paying jobs. Most importantly, Southcentral Alaska will not get a new source of natural gas to replace Cook Inlet fields that are being rapidly depleted. If you don't think this is a problem, look at your rising Enstar bill.

Keep selling the leases. Drill the wells. Bring on the jobs and natural gas.

Alex Gimarc  
 Anchorage

### Grizzly People

Just to set the record straight: Grizzly People is a legitimate nonprofit under the fiscal sponsorship of SEE, Social and Environmental Entrepreneurs. Ev-



ery donation is tax deductible. I am a reporter who reported that on Timothy Treadwell (from the Jan. 10 editorial is drawn) ter spending quite a bit of to me and SEE, yet he doubt. You can go to save if there are any questions Grizzly People's legitimacy

### Man on Mars a lon

A recent Voice of the Time lauded President Bush's plan a man on Mars using the as an example of good spending. The space station is by a factor of 10 and it is completed. Currently we have Russians to service it, and from completion.

At the same time, one successful space endeavor telescope, is now going to earlier than planned, at NASA announcement. At date I am sure we will establish base and even go to Mars statements by the president makes one wonder if he which way is up.

### Yours, mine or ours

The Times' Jan. 20 editorial stated that the Permanent Fu-

## The Anchorage Times

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# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: 2d CSHB 288(RLS)  
(H) Publish Date: 1/21/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DCED  
Title DCED Name Change RDU Executive Admin & Dev (119)  
Component Commissioner's Office  
Sponsor Representative Kohring  
Requester House Rules Component No. 1027

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</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						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This bill changes the name of the Department of Community and Economic Development to the Department of Commerce and Economic Development. The department will implement the change to the new name as supplies need to be replenished; therefore, no new funds are required to implement this bill.

Prepared by: Tom Lawson, Director Phone (907) 465-2506  
Division Administrative Services Date/Time 1/14/04 9:17 AM  
Approved by: Edgar Blatchford, Commissioner Date 1/14/2004  
Agency Department of Community & Economic Development

**HB**

**305**

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**SENATE COMMITTEE REPORT**

5/17/03

FURTHER: Finance

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

and Commerce Committee considered HOUSE BILL NO. 305

**HB 305 UNEMPLOYMENT COMPENSATION BENEFITS**

act relating to the calculation and payment of unemployment compensation benefits; and providing for an effective date."

recommends:

be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)

adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)

attached amendment(s)

adopt Letter of Intent by \_\_\_\_\_ Committee

further referral to \_\_\_\_\_ Committee

**Senate Bill:**

same title

new title

**House Bill:**

same title

technical title

new: SCR # \_\_\_\_\_

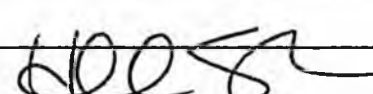
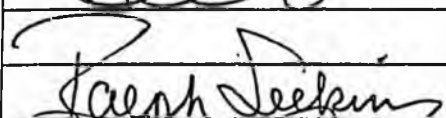

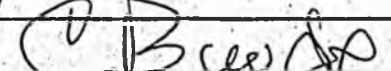
**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

] APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
			X	
	✓			
	R			
CHAIR: 	✓			

Alaska Department of Labor and Workforce Development, Unemployment Insurance  
Employer Tax Rates and Maximum Contributions Per Employee, 1996-2004

*June*

Employer Contribution Rates

RATE  
CLASS

	1996	1997	1998	1999	2000	2001	2002	2003	2004
1	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.06%
2	1.00	1.05	1.01	1.00	1.00	1.00	1.00	1.00	1.15
3	1.00	1.17	1.12	1.00	1.07	1.04	1.00	1.00	1.25
4	1.11	1.28	1.24	1.09	1.18	1.14	1.10	1.02	1.34
5	1.22	1.40	1.35	1.20	1.29	1.25	1.20	1.11	1.44
6	1.34	1.52	1.46	1.30	1.39	1.35	1.29	1.20	1.53
7	1.46	1.63	1.57	1.41	1.50	1.45	1.39	1.29	1.63
8	1.70	1.87	1.80	1.63	1.71	1.66	1.59	1.48	1.82
9	1.94	2.10	2.02	1.84	1.93	1.87	1.79	1.66	2.00
10	2.17	2.33	2.25	2.06	2.14	2.08	1.99	1.85	2.19
11	2.17	2.33	2.25	2.06	2.14	2.08	1.99	1.85	2.19
12	2.41	2.56	2.47	2.28	2.36	2.28	2.19	2.03	2.38
13	2.65	2.80	2.69	2.49	2.57	2.49	2.39	2.22	2.57
14	2.89	3.03	2.92	2.71	2.79	2.70	2.59	2.40	2.76
15	3.01	3.15	3.03	2.82	2.89	2.80	2.69	2.49	2.86
16	3.12	3.26	3.14	2.92	3.00	2.91	2.79	2.59	2.95
17	3.24	3.38	3.26	3.03	3.11	3.01	2.89	2.68	3.05
18	3.36	3.50	3.37	3.14	3.21	3.11	2.99	2.77	3.14
19	3.48	3.61	3.48	3.25	3.32	3.22	3.09	2.86	3.24
20	3.60	3.73	3.59	3.36	3.43	3.32	3.19	2.96	3.33
21	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40

Employee Contribution Rates

0.5	0.58	0.56	0.54	0.54	0.52	0.50	0.50	0.50
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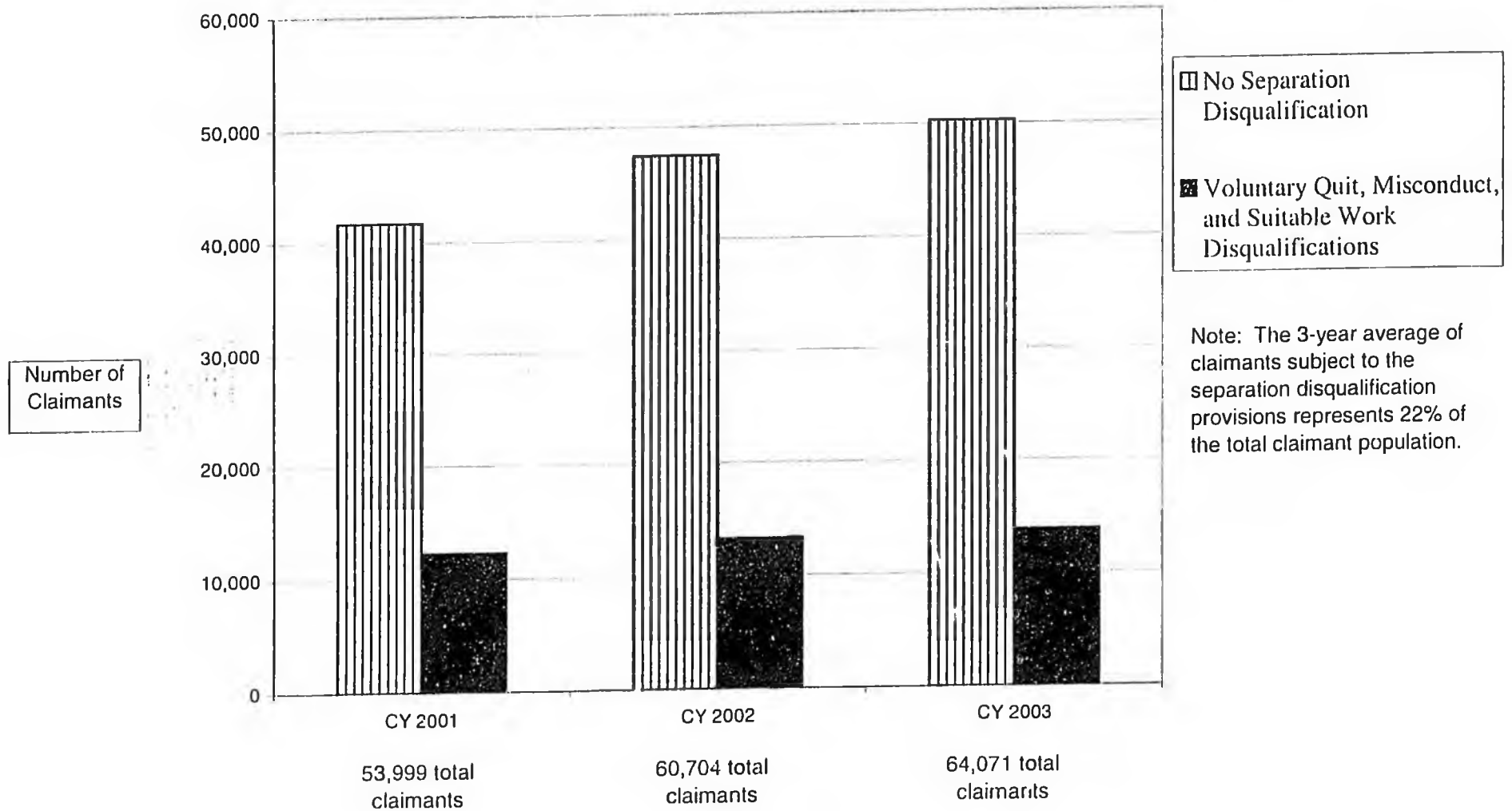
Taxable Wage Base

\$24,400	\$24,200	\$24,100	\$24,500	\$24,800	\$25,500	\$26,000	\$26,700	\$27,100
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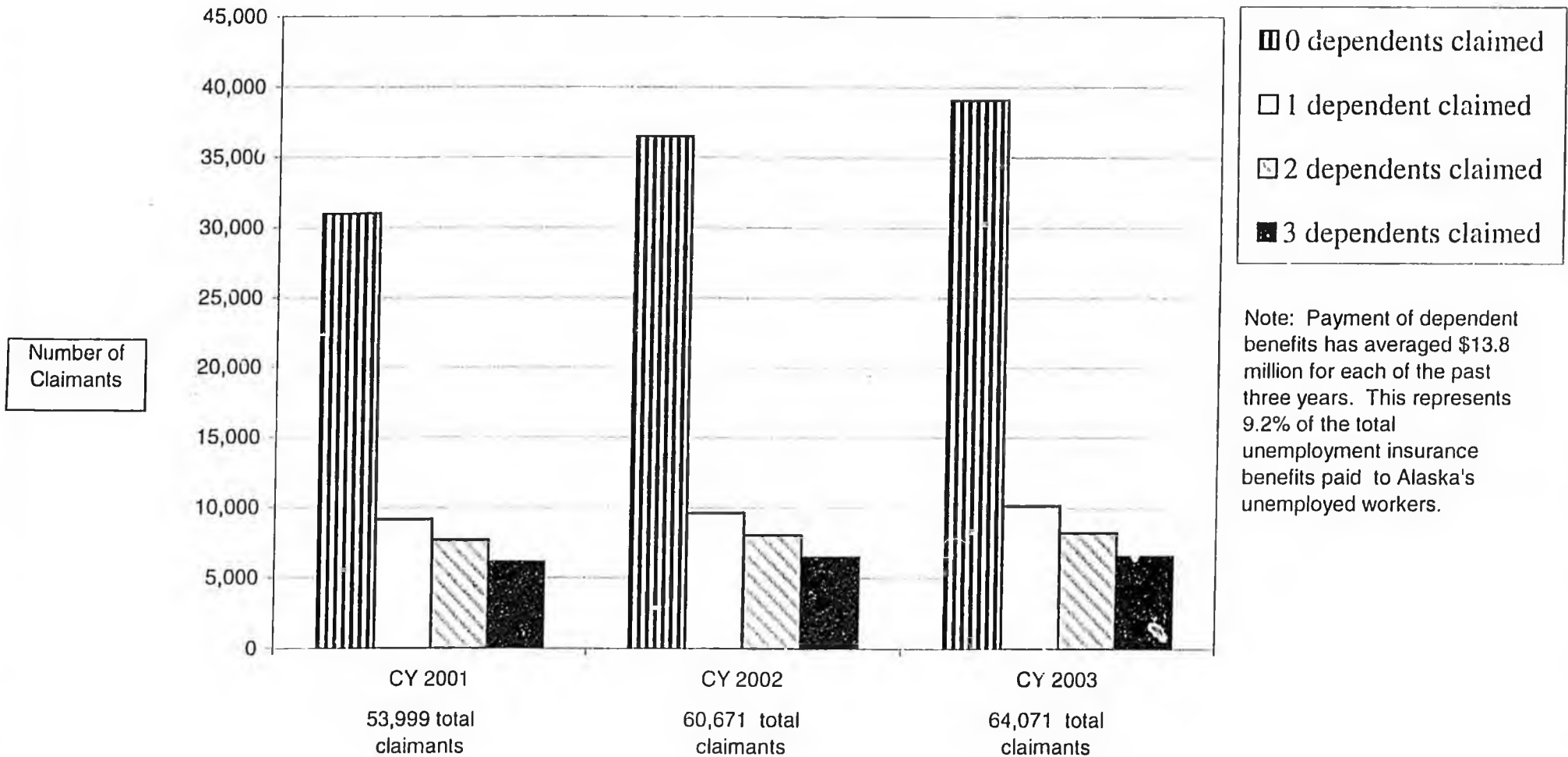
Maximum Yearly Employer Contribution for Each Employee

1	\$244	\$242	\$241	\$245	\$248	\$255	\$260	\$267	\$287
2	244	254	243	245	248	255	260	267	312
3	244	283	270	245	265	265	260	267	339
4	271	310	299	267	293	291	286	272	363
5	298	339	325	294	320	319	312	296	390
6	327	368	352	319	345	344	335	320	415
7	356	394	378	345	372	370	361	344	442
8	415	453	434	399	424	423	413	395	493
9	473	508	487	451	479	477	465	443	542
10	529	564	542	505	531	530	517	494	593
11	529	564	542	505	531	530	517	494	593
12	588	620	595	559	585	581	569	542	645
13	647	678	648	610	637	635	621	593	696
14	705	733	704	664	692	689	673	641	748
15	734	762	730	691	717	714	699	665	775
16	761	789	757	715	744	742	725	692	799
17	791	818	786	742	771	768	751	716	827
18	820	847	812	769	796	793	777	740	851
19	849	874	839	796	823	821	803	764	878
20	878	903	865	823	851	847	829	790	902
21	1,318	1,307	1,301	1,323	1,339	1,377	1,404	1,442	1,463

**Alaska Department of Labor and Workforce Development, Unemployment Insurance Program  
3 Year History of Separation Disqualifications For Calendar Year (CY) 2001, 2002 and 2003**



**Alaska Department Of Labor and Workforce Development, Unemployment Insurance Program  
3 year History of Dependents Claimed For Calendar Year (CY) 2001, 2002 and 2003**



✓

**Separation Disqualification Provisions for states in which employees potentially share the cost of Unemployment Insurance (UI)**

There are three states that have provisions for employees sharing the cost of UI benefits; Alaska, New Jersey, and Pennsylvania. Following is an explanation of the employee tax provision for each state and a table showing the separation disqualification provisions for each state.

- **Alaska** currently assesses Alaska employees a UI tax of .50% of the taxable wage base (\$27,100). This equates to \$135.50 UI tax paid by each employee each year.
- **New Jersey** currently assesses New Jersey employees a UI tax of .20% of taxable wages, not to exceed \$44.20 per year.
- **Pennsylvania** has provisions for assessing a UI tax to employees. The tax is equal to .20% of total wages. However, the assessment of the tax is connected to their trust fund balance and a trigger mechanism. Because of this, Pennsylvania has not actually assessed and collected the tax for the past several years.

<b>Separation Disqualification Provisions</b>			
	Voluntary Leaving without good cause	Discharge for Misconduct	Suitable Work Refusal
Alaska	Benefits denied the first week of unemployment and the next five weeks AND maximum potential benefits are reduced by 3 times weekly benefit amount.	Benefits denied the first week of unemployment and the next five weeks AND maximum potential benefits are reduced by 3 times weekly benefit amount.	Benefits denied the week of refusal and the next five weeks AND maximum potential benefits are reduced by 3 times weekly benefit amount.
New Jersey	Benefits denied for the duration of unemployment AND until claimant returns to work for 4 weeks and earns 6 times their weekly benefit amount.	Benefits denied for the week of the discharge and the next 5 weeks.	Benefits denied for the week of the refusal and the next 3 weeks.
Pennsylvania	Benefits denied for the duration of unemployment AND until claimant returns to work and earns 6 times their weekly benefit amount.	Benefits denied for the duration of unemployment AND until claimant returns to work and earns 6 times their weekly benefit amount.	Benefits denied until subsequent employment is obtained.

**Maximum Weekly Benefit Amount (MWBA) by State for  
Calendar Year 2002 as proposed by draft SCS HB 305 (L&C)**

<u>Rank</u>	<u>State</u>	<u>Maximum WBA</u>	
1	MA	\$507.00 (1)	
2	WA	\$496.00	
3	NJ	\$482.00 (1) (2)	
4	MN	\$467.00	
5	PA	\$451.00 (1) (2)	
6	RI	\$427.00 (1)	
7	CT	\$411.00 (1)	
8	NC	\$408.00	
9	HI	\$407.00	
10	OR	\$405.00	
11	NY	\$405.00	
12	UT	\$373.00	
13	NH	\$372.00	
14	CA	\$370.00	
15	MI	\$362.00 (1)	
16	CO	\$362.00	
17	VT	\$351.00	
18	WV	\$351.00	
19	AR	\$345.00	
20	KS	\$345.00	
21	KY	\$341.00	
22	IN	\$336.00	
23	IL	\$331.00 (1)	
24	DE	\$330.00	
25	WI	\$329.00	
26	TX	\$328.00	
27	VA	\$318.00	
28	ID	\$316.00	
29	OH	\$315.00 (1)	
30	AK	\$312.00 (1) (2)	Placement after final increase in 2007
30	MD	\$310.00 (1)	
31	NV	\$309.00	
32	DC	\$309.00	
33	OK	\$303.00	
34	MT	\$297.00	
35	WY	\$296.00	
36	GA	\$295.00	
37	IA	\$292.00 (1)	
38	ND	\$290.00	
39	NM	\$286.00	
40	ME	\$283.00 (1)	
41	FL	\$279.00	
42	SC	\$278.00	
43	TN	\$275.00	
44	NE	\$270.00	
45	LA	\$258.00	
46	MO	\$250.00	
47	AK	\$248.00 (1) (2)	Current
48	SD	\$241.00	
49	AL	\$210.00	
50	MS	\$210.00	
51	AZ	\$205.00	

(1) Denotes states which provide for a dependent allowance  
 · In CY 2002 only 10.7% of Alaska claimants received the maximum dependent's allowance. If maximum dependent allowance (\$72.00) were added to Alaska's MWBA, Alaska's rank would move up to 27.  
 · The average dependent allowance for CY 2002 was \$19.30. This amount when added to Alaska's MWBA would move Alaska from 47th to 45th.

(2) Denotes states in which employees may pay a portion of the tax contribution.  
 · Of states in which employees pay a portion of the UI tax contribution, Alaska's MWBA is the lowest.

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: HB305SCS-DOLWD-UI-04-29-04  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor and Workforce Development  
Title: Unemployment Compensation Benefits RDU: Employment Security  
Component: Unemployment Insurance  
Sponsor: House L&C  
Requester: Senate L&C Component Number: 2276

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

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: None  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

The committee substitute increases the maximum weekly benefit amount and changes the separation disqualification period for Unemployment Insurance benefits. Costs of implementing the changes include: regulation changes, software upgrades, public notification, publication printing, and staff training. These costs are estimated to be \$53.8 and would be absorbed by the existing federal grant funding.

Prepared by: Thomas W. Nelson, Director Phone 465-2712  
Division: Division of Employment Security Date/Time 4/29/04 9:04 AM  
Approved by: Greg O'Claray, Commissioner Date 4/29/2004  
Agency: Department of Labor and Workforce Development

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: HB305-DOLWD-UI-02-02-04  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_  
Title: Unemployment Compensation Benefits  
Sponsor: House L&C  
Requester: Senate L&C

Department: Labor and Workforce Development  
RDU: Employment Security  
Component: Unemployment Insurance  
Component Number: 2276

**Expenditures/Revenues** (Thousands of Dollars)  
Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: None  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
  
There is no anticipated fiscal impact to the department as a result of this legislation.

Prepared by: Thomas W. Nelson, Director Phone 465-2712  
Division: Division of Employment Security Date/Time 2/2/04 1:31 PM  
Approved by: Greg O'Claray, Commissioner Date 2/2/2004  
Agency: Department of Labor and Workforce Development

# FISCAL NOTE

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

Fiscal Note Number: 1  
 Bill Version: HB 305  
 (H) Publish Date: 5/10/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor and Workforce Development  
 Title: Unemployment Compensation Benefits BRU: Employment Security  
 Component: Unemployment Insurance  
 Sponsor: House L&C  
 Requester: House L&C Component Number: 2276

**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						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2003) cost: None

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This legislation increases the maximum unemployment compensation weekly benefit amount (WBA) over a period of three years, from \$248.00 to \$308.00, and increases the qualifying wages in the existing statutory table. In calendar year 2004, the maximum WBA increases from \$248 to \$272. In calendar year 2005, the maximum WBA increases from \$272 to \$296. In calendar year 2006, the maximum WBA increases from \$296 to \$308.

Costs associated with implementing increases to the maximum WBA would be absorbed through routine resources. There is no fiscal impact to the department as a result of this legislation.

Prepared by: Thomas Nelson, Director Phone: 465-2712  
 Division: Employment Security Division Date/Time: 5/7/03 1:59 PM  
 Approved by: Grag O'Claray, Commissioner Date: 05/07/03  
 Agency: Department of Labor and Workforce Development

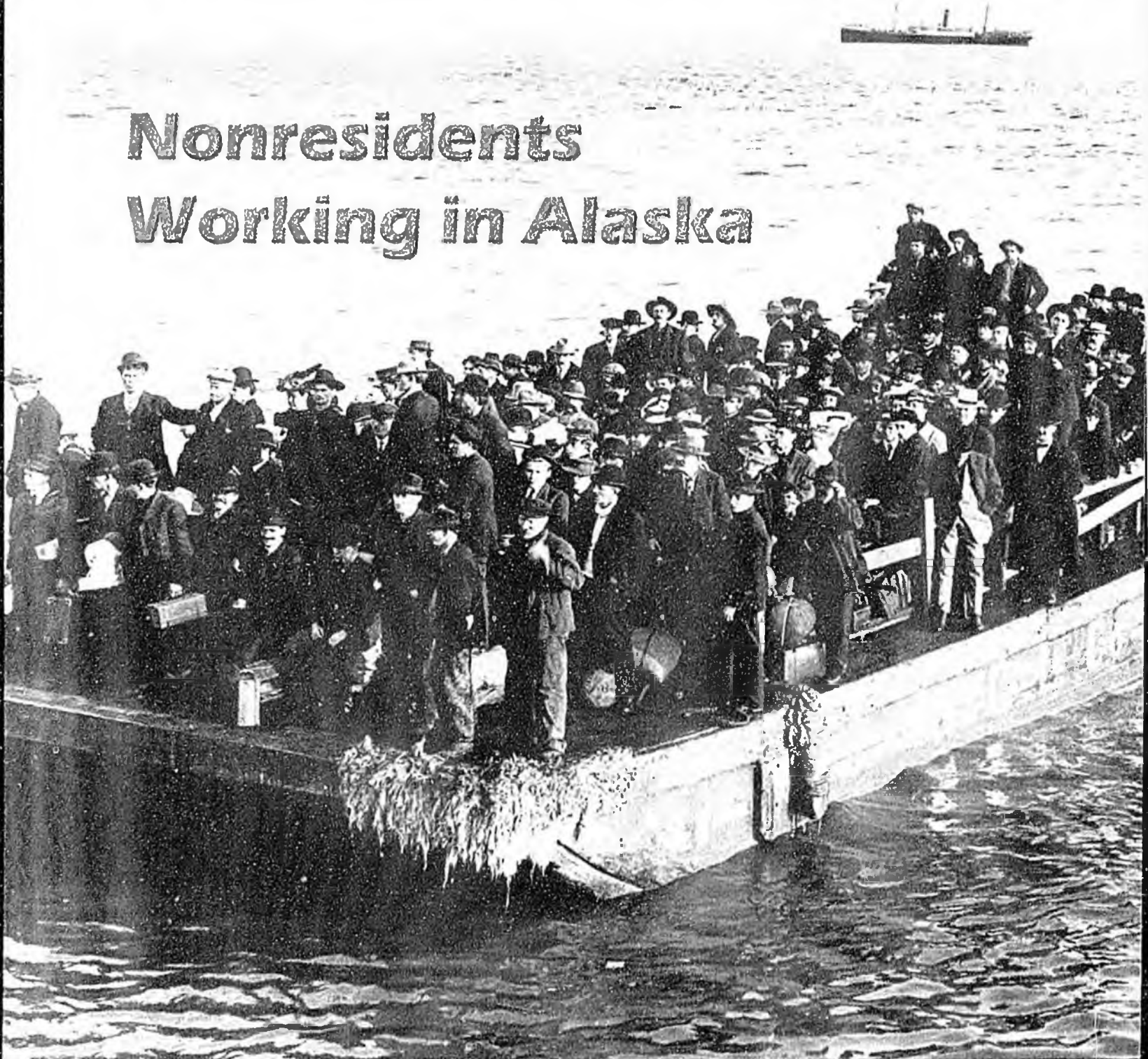
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ALASKA ECONOMIC

# TRENDS

February 2004

## Nonresidents Working in Alaska



Alaska Department of Labor  
and Workforce Development

Frank H. Murkowski  
Governor of Alaska

# ALASKA ECONOMIC TRENDS

February 2004  
Volume 24  
Number 2

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**Frank H. Murkowski, Governor of Alaska**  
**Greg O'Claray, Commissioner of Labor**  
**and Workforce Development**

*Joanna Erskine, Editor*

*Cover design by Sam Dapcevich*

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February *Trends* authors are staff with the Research and Analysis Section, Administrative Services Division, Department of Labor and Workforce Development.

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(907) 465-4500

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Nonresidents are 18.2 percent of workers, taking jobs Alaskans could fill, and sending earnings out of the Alaska economy

***Employment Scene*** 22  
Employment Grows for Another Year  
Growth streak approaches a record sixteen years

# Nonresidents Working in Alaska—2002

by  
Jeff Hadland  
Economist

## Nonresidents make up 18.2 percent of Alaska workers, taking jobs Alaskans could fill, and sending earnings out of the Alaska economy

**T**hroughout its history, Alaska has had a large number of nonresident workers employed in the state. These workers were required to meet the seasonal demands of resource based industries or to meet the needs associated with major project development. The fast paced growth of the early 1980s, particularly in the construction industry, served as a magnet for a large number of nonresident workers, but also served as an impetus for special Alaska resident hire preference legislation.

In response to Alaska's rising unemployment rate and growing resident labor force, the Alaska legislature in 1986 established resident hire preference for public funded construction projects and asked the Department of Labor to report annually on the status of resident hire in the state. Using unique administrative data, including unemployment insurance (UI) wage records, worker occupation and place of work information, Alaska Permanent Fund Dividend (PFD) information, and other data series, Alaska can monitor the resident hire status of particular employers, industries, occupations, and regions in a way not available to any other state. These data can be used to identify nonresident "hot spots."

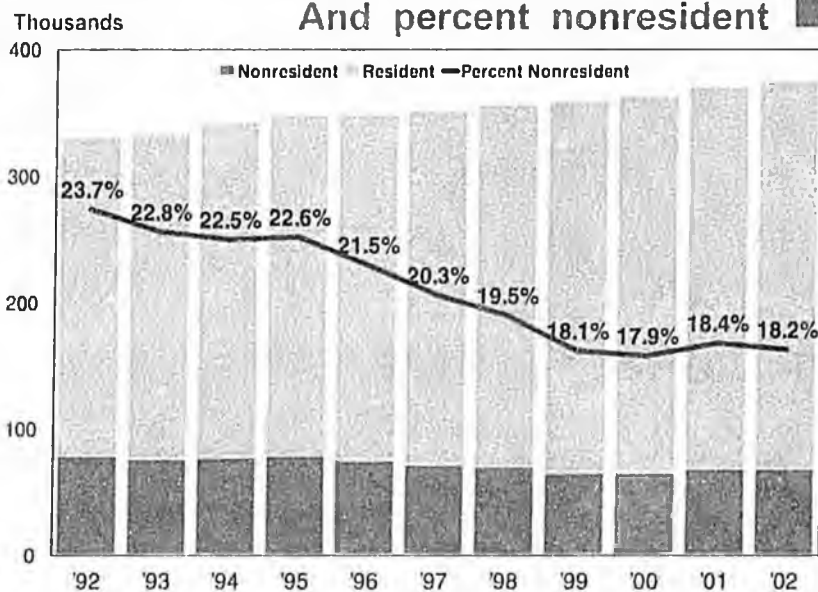
The data generally show that a significant number of high paying jobs are taken by nonresidents for which Alaskans are available or can be trained. Many of these jobs are year-round, rather than one-time, short-term or seasonal employment. Alaska also has many workers that commute from out-of-state on a regular basis to their jobs in Alaska. In the fourth quarter of 2002 (October-December) there were approximately 49,000 newly hired workers in Alaska wage and salary employment. New hires are workers that had not

been employed by that firm at any time in the previous four calendar quarters. About 11,000 of these new hires were nonresidents of Alaska.

Maximizing resident hire may require a variety of solutions, including improved training, industry education, and regulatory enforcement, depending upon the industry or occupation group. Incentives and recognition of industries that succeed in improving their resident hire rates can also have a positive impact.

The Alaska Workforce Investment Board and the University of Alaska use this information to identify unmet training needs. They allocate resources to training programs targeted at industries and occupations with relatively high pay and good potential for advancement and a high percentage of nonresident workers.

## Resident and Nonresident Workers And percent nonresident



Note: Includes private sector, state and local government workers.

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

# Highlights

- Resident hire in Alaska in 2002 showed improvement over 2001. In 2002, 18.2% of all workers were nonresidents, a slight decrease from the 18.4% that were nonresidents in 2001.
- While the number of resident wage and salary workers employed in Alaska grew by 4,640 (1.5%) from 2001 to 2002, the number of nonresident workers remained virtually unchanged between those two years.
- Total wage and salary earnings in private sector, state and local government jobs totaled \$9.7 billion in 2002. Nonresidents earned about 11.2% of the total (or \$1.1 billion), a slight increase from the 10.9% of total wages paid to nonresidents in 2001.
- Despite virtually no increase in the number of nonresident workers, total nonresident earnings in Alaska increased by 7.3%, or over \$74 million, from 2001 to 2002. Resident earnings increased 4.2% or \$346 million during the same time period.
- In the oil industry, nonresidents made up 25.6% of all workers in 2002. Total nonresident workers decreased by nearly 22 percent from 4,068 to 3,198. Total earnings paid to nonresidents working in the oil industry decreased from \$239 million in 2001 to \$234 million in 2002. The percent of total earnings paid to nonresident oil workers was 25.9% in 2002, nearly twice the statewide private sector average.
- Alaska's construction industry paid approximately \$709 million to residents in 2002, an increase of \$70 million from 2001. Nonresidents were paid \$111 million, up about \$24.8 million from the 2001 nonresident earnings of \$85.8 million, or an increase of 28.9%. Nearly 13.5% of total earnings in the construction industry was paid to nonresidents, slightly less than the private sector average of 13.6%.
- Alaska's seafood processing industry employed the highest percentage of nonresident workers of any industry sector, 71.0%. Nonresident seafood processing workers earned \$130.8 of the \$217 million paid to seafood processing workers in 2002. More than 12 percent of total wages paid to nonresident workers in Alaska in 2002 were paid to workers in the seafood processing industry.
- Nearly 30 percent of workers employed in the lumber and wood products industry were nonresidents in 2002.
- Alaska industries affected by visitor expenditures have relatively high nonresident hire rates. The hotel industry has a nonresident hire rate about twice that of the total private sector and government average. Nearly 23 percent of all earnings in the hotel/lodging industry went to nonresidents in 2002.
- The highest percentage of nonresident workers is found in the Southwest Region, primarily the Aleutians East, Lake and Peninsula, and Bristol Bay boroughs and Aleutians West census areas. These workers were engaged primarily in seafood processing employment. Other areas with a high percentage of nonresident workers include Denali and Haines boroughs, and Skagway-Hoonah-Angoon and Wrangell-Petersburg census areas.
- Relatively high paying occupations with the largest number of nonresident workers include: general construction workers, carpenters, nurses, operating engineers, pilots, sailors and electricians.

Based upon this information, the department also identifies particular craft occupations that are eligible for a 90 percent resident employment preference based upon provisions and procedures outlined in Alaska statutes and regulations.

### Measuring residency

To calculate residency, quarterly Alaska unemployment insurance wage records (which contain industry, occupation, earnings and place of work) for each worker are matched with Alaska PFD data to identify resident and nonresident workers. The two most recent years' PFD data are used to determine residency. Historical analysis of the PFD file shows that this information is an excellent indicator of residency. Although some workers not eligible for a PFD at the time residency reports are generated become residents in the following year, the most recent data show that these workers represent only about 14 percent of total nonresident workers.

### Number of nonresident workers stable, resident hire percentage improves

A total of 67,972 nonresident<sup>1</sup> wage and salary workers<sup>2</sup> were employed during one or more calendar quarters in Alaska in 2002. This number remained virtually unchanged from 2001, increasing by only 9 nonresident workers, despite a significant increase in the total number of workers employed in the state. Resident workers employed in Alaska in 2002 increased by 4,640 workers to 306,521, a 1.5% increase over 2001.

In 2002, nonresident workers comprised 18.2% of all workers employed during the year, a slight improvement from the 18.4% nonresident workers reported in 2001.

During the last four years, the percent nonresident workers employed in Alaska has ranged from 17.9% to 18.4%. The years with significant oil and construction industry employment growth were the years more nonresident workers were drawn to the state.

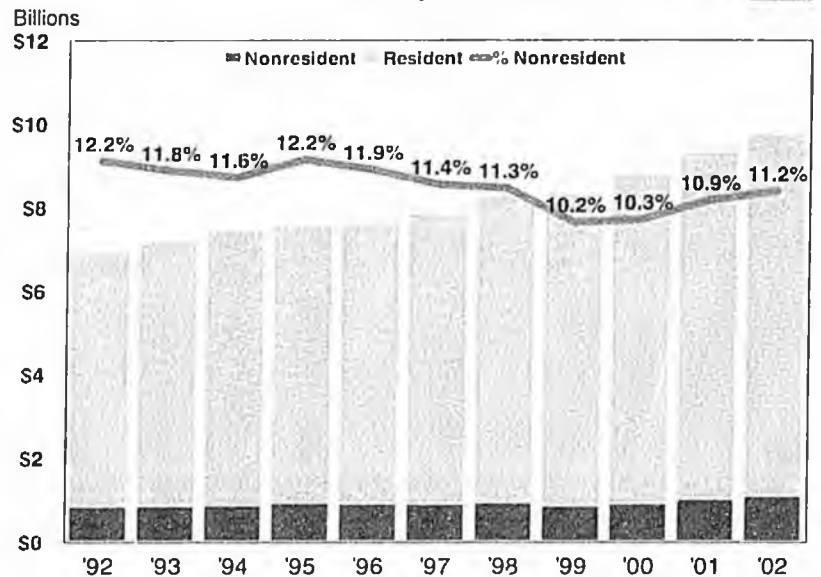
The industries with the largest increase in the number of nonresident workers were construction

and services, while the mining industry (including oil and gas) showed a significant decline in total and nonresident worker employment.

Total wage and salary earnings in private sector, state and local government jobs totaled \$9.7

## Resident and Nonresident Wages 2

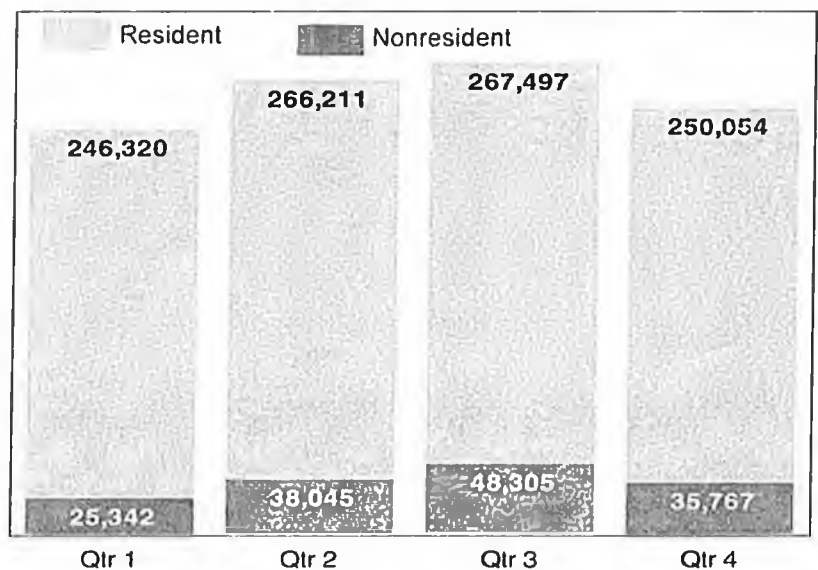
And percent nonresident



Note: Includes private sector, state and local government workers.  
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## Alaska Workers by Quarter 3

Resident and nonresident



Note: Includes private sector, state and local government workers.  
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## 4 Private Sector Industries with Highest percent nonresident workers

Food and kindred products	89.8%
Hotels	34.7%
Lumber and wood products	29.7%
Amusement/recreation svcs.	28.9%
Water transportation	27.3%
Oil and gas extraction	25.6%
Transportation services	24.2%
Eating & drinking places	23.3%
Local/suburban transit	23.1%
Business services	22.7%
Special trade contractors	22.0%
Agricultural services	21.0%
Metal mining	21.2%
Motion pictures	20.9%
Heavy construction	20.1%

Note: Industries with 1,000 or more workers  
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

billion in 2002. Nonresidents earned about 11.2% of the total (\$1.09 billion), a modest increase from the 10.9% of total wages paid to nonresidents in 2001. Total resident earnings increased by 4.2% over 2001, growing by \$346 million. Nonresident earnings increased at a slightly quicker pace, but from a much lower base, increasing by 7.3% or \$74 million.

With some significant exceptions, nonresidents typically do not work all four quarters of the year, often working only one or two calendar quarters. Many nonresident workers are employed only during the summer months or in short term or seasonal jobs, including those in the seafood processing and visitor related industry sectors. In 2002, residents earned an annual average of \$28,157 while nonresidents earned about 57 percent as much at \$16,007. Total earnings per quarter worked for nonresidents was \$7,400 in 2002, about 88 percent as much as paid to resident workers (\$8,394).

## Nonresident hire rates and earnings by industry

While 18.2% of workers employed in the private sector in Alaska in 2002 were nonresidents of the state, the nonresident employment rate varied

## 5 Workers and Wages Total and nonresident, by selected industries

Alaska 2002	Total Workers	Total Wages (\$Millions)	Nonres. Workers	Nonres. Percent	Nonres. Wages (\$Millions)	Nonres. Percent
Mining	14,696	\$1,006.30	3,609	24.6	\$250.30	24.9
Metal Mining	1,496	\$78.90	314	21.0	\$15.00	19.0
Oil	3,331	\$401.50	696	20.9	\$100.80	25.1
Oilfield Services	9,184	\$501.60	2,504	27.3	\$132.90	26.5
Construction	27,864	\$819.20	5,682	20.4	\$110.60	13.5
Manufacturing	25,300	\$416.60	14,311	56.6	\$148.40	35.6
Seafood Processing	18,675	\$217.20	13,180	70.6	\$130.80	60.2
Lumber/Logging	1,524	\$36.50	453	29.7	\$9.00	24.5
Trans/Comm/Utilities	34,753	\$1,269.00	5,636	16.2	\$166.40	13.1
Transportation	24,402	\$735.30	4,877	20.0	\$141.70	19.3
Wholesale Trade	10,130	\$295.20	1,423	14.0	\$17.70	6.0
Retail Trade	74,630	\$1,089.70	13,350	17.9	\$92.80	8.5
Finance/Insur/Real Estate	14,336	\$449.00	1,241	8.7	\$19.00	4.0
Services	95,134	\$2,152.00	17,095	18.0	\$209.30	9.7
Hotels	11,879	\$135.70	4,124	34.7	\$30.70	22.6
Health Services	24,268	\$804.10	2,581	10.6	\$56.10	7.0
Leisure & Hospitality*	40,895	\$436.50	10,870	26.6	\$72.10	16.5
Local Government	48,336	\$1,288.10	3,082	6.4	\$37.40	2.9
State Government	26,139	\$885.60	1,667	6.4	\$26.40	3.0
Total	374,493	\$9,692.30	67,972	18.2	\$1,061.60	11.0

\* This is a NAICS based industry category that includes hotels, eating and drinking and related sectors

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

significantly by industry. Nearly three quarters of Alaska workers in 2002 were employed in industries where more than 10 percent of the workers were nonresidents.

Nonresident mining workers were paid \$250 million, and nonresident services workers \$209 million in 2002. The mining industry paid about 23 percent of all nonresident earnings in Alaska in 2002, but this was a smaller total amount than paid in 2001, due to overall declines in the industry. The construction, services, and retail trade industries experienced the largest percentage increase in nonresident earnings when comparing 2001 to 2002.

The highest ratios of nonresident to total workers are found in industries with a large number of seasonal jobs (often relatively low paying), industries with faster than average growth, industries with jobs requiring special skills, and industries where the workers may be employed in remote worksites or camps and can commute outside the state to their homes.

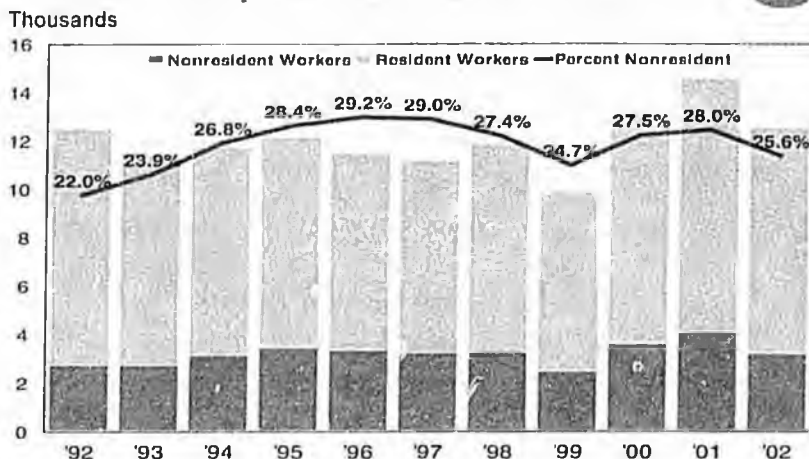
In 2002 these industries included seafood processing, hotels, lumber & wood products, amusement & recreation services, water transportation, oil & gas extraction, and transportation services. The Leisure & Hospitality sector, along with other visitor industry categories, has a very high percentage of nonresident workers. Although some of these industries exhibit a highly seasonal employment pattern, others have high nonresident hire rates for other reasons. These same industries have appeared on the top nonresident industry list for the last several years, with most industries showing change in tandem with the overall nonresident hire rate. In terms of total earnings for the major industry sectors, seafood processing, oil/oilfield services, lumber & wood products, and hotels have nonresident earning rates that exceed 20 percent.

### Oil industry hires fewer nonresident workers

Alaska's oil industry employed 12,512 workers in 2002, a significant decrease from the 2001 total of 14,548 workers. The sharp decline in total workers went hand-in-hand with a significant

## Oil Industry 6

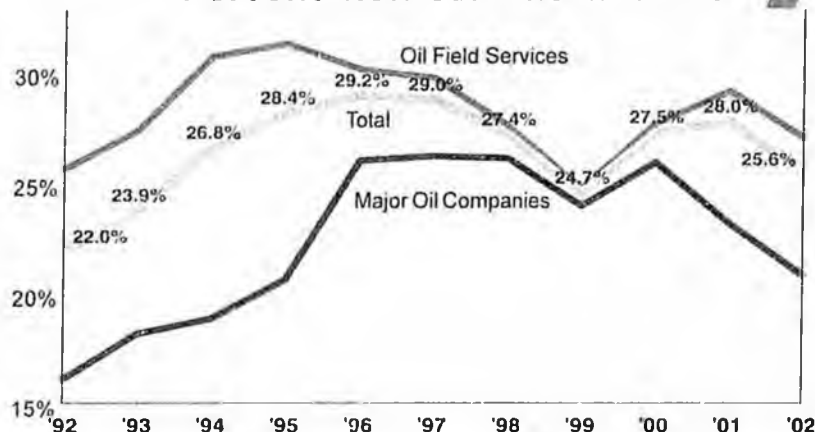
### Number and percent nonresident workers



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

## Oil Industry 7

### Percent nonresident workers



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

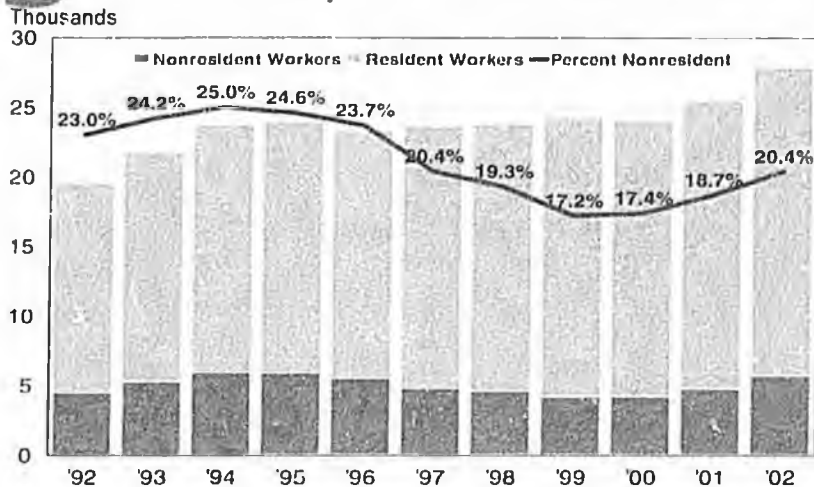
## Oil Industry 8

### Top employers of nonresident workers

Alaska 2002	Total Workers	Nonresident Workers	Percent Nonresident
BP Exploration Alaska Inc.	1,832	516	28.2
Alaska Petroleum Contractors Inc.	1,852	515	27.8
VECO Alaska Inc.	1,923	471	24.5
Peak Oilfield Services Co.	1,311	309	23.6
Nabors Alaska Drilling Inc.	896	292	32.6
Schlumberger Technology Corp.	448	139	31.0
Phillips Petroleum Co.	1,028	130	12.6
Halliburton Energy Svcs. Inc.	447	108	24.2
Houston/NANA JV	691	87	12.6
Norton Inc.	390	77	19.7

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

## 9 Construction Industry Number and percent nonresident workers



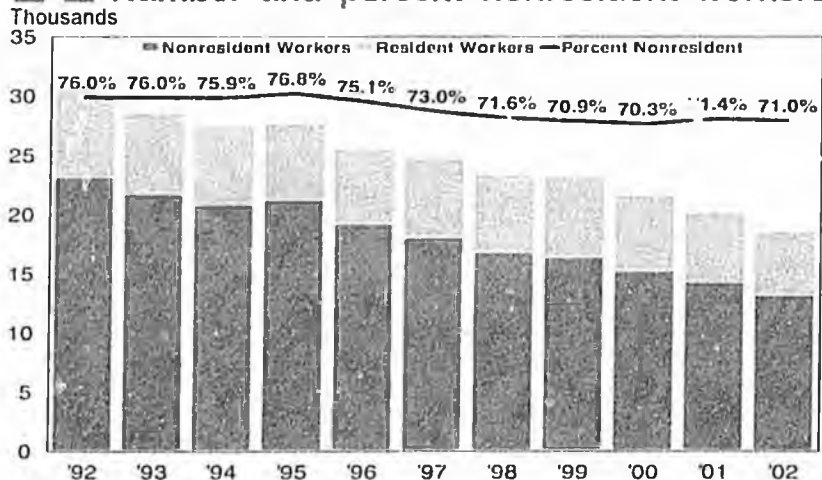
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

## 10 Construction Industry Top employers of nonresident workers

Alaska 2002	Total Workers	Nonresident Workers	Percent Nonresident
Conam Construction Co.	366	181	49.5
Udelhoven Oilfield System Svc.	580	158	27.2
Altair Strickland West Inc.	143	137	95.8
Osborne Construction Co.	698	116	16.6
Houston Contracting Co.	543	87	16.0
Alaska Interstate Construction	490	75	15.3
Kiewit Construction Co.	343	74	21.6
Colaska Inc.	589	72	12.2
Alaska Mechanical Inc.	320	60	18.8
Fluor Federal Services Inc.	73	60	82.2
GBC LLC Contractors	180	53	29.4
Wilder Construction Co.	499	52	10.4
Harpoon Construction Group Inc.	543	50	9.2

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

## 11 Seafood Processing Number and percent nonresident workers



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

improvement in resident hire performance—less oilfield service and construction activity meant fewer new hires and fewer nonresident workers. Total nonresident workers decreased by 870 workers, or more than 21 percent between 2001 and 2002. Nonresident workers made up 25.6% of total oil industry workers in 2002, a 2.4% decrease from 2001.

Total earnings paid to nonresidents working in the oil industry decreased from \$239 million in 2001 to \$234 million in 2002; however the percent of total earnings paid to nonresidents increased, rising from 25.5% in 2001 to 25.9% in 2002. The oil industry paid nonresidents significantly more than residents on a quarterly basis, with residents earning an average of \$19,248 per quarter, while nonresidents earned \$22,634 per quarter.

Major oil companies showed a significant decline in percent nonresident workers over 2001, dropping from 23.3% to 20.9%. The share of wages paid to nonresidents by the major oil companies increased slightly from 24.0% in 2001 to 25.1% in 2002.

Oilfield service companies showed a decline in the percent nonresident workers employed in 2002 over 2001, moving from 29.4% to 27.3%. Oilfield service companies' share of wages paid to nonresidents remained virtually unchanged with 26.5% of wages going to nonresident workers.

### Construction industry nonresident workers and earnings increase

Alaska's construction industry paid approximately \$708.5 million to residents in 2002, an increase of \$70 million from 2001. Nonresidents were paid \$110.6 million, up about \$24.8 million from 2001. Nearly 14 percent of total earnings were paid to nonresidents, slightly higher than the private sector average. The number of resident construction workers increased by 1,531 in 2002 over 2001, while nonresident construction workers increased by 925. A total of 20.4% of all construction workers were nonresident in 2002, a small increase from 2001, but still a large drop from the 1994 peak when 25 percent of all construction workers were nonresident.

## Seafood processing

In 2002, Alaska's seafood processing industry employed the highest percentage of nonresident workers of any industry sector, 71.0%. Nonresident seafood processing workers earned \$130.5 million of the \$217 million paid to seafood processing workers in 2002. Twelve percent of total wages paid to nonresident workers in Alaska in 2002 was paid to workers in the seafood processing industry.

The number of nonresident workers decreased by 1,041 workers between 2001 and 2002. Resident workers increased by only three workers during this same time period, resulting in an overall improvement in resident hire performance. Resident earnings decreased by 4.7% or about \$4.2 million and nonresident earnings decreased by 2.5% or about \$3.3 million. The seafood processing industry is relatively low paying, with nonresident workers earning on average \$4,698 in each quarter that they worked in 2002, an increase of \$18 from 2001. The

## Seafood Processing 12 Top employers of nonresident workers

Alaska 2002	Total Workers	Nonresident Workers	Percent Nonresident
Trident Seafoods Corp.	3,478	2,895	83.2
Icicle Seafoods Inc.	1,588	1,287	81.0
Unisea Inc.	1,446	1,110	76.8
Peter Pan Seafoods Inc.	1,299	1,082	83.3
Wards Cove Packing Co. Inc.	1,418	996	70.2
Norquest Seafoods Inc.	1,091	811	74.3
Westward Seafood Inc.	954	762	79.9
Ocean Beauty Seafoods Inc.	1,351	752	55.7
North Pacific Processors Inc.	1,213	415	34.2
Alyeska Seafoods Inc.	498	410	82.3

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

## Seafood Processing 13 Workers and wages by area

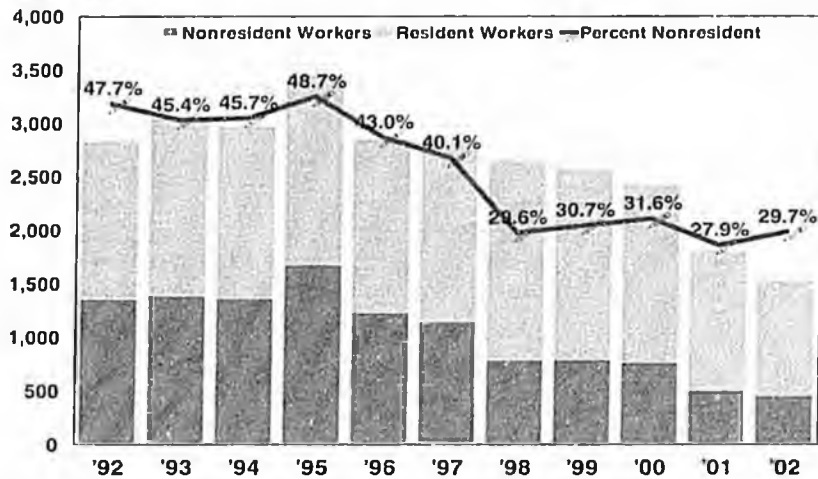
Alaska 2002	Total Workers	Total Wages	Nonresident Workers	Nonresident Percent	Nonresident Wages	Nonresident Percent
Aleutians East	4,583	\$53,706,935	3,970	86.6	\$42,273,574	78.7
Aleutians West	3,055	48,981,639	2,414	79.0	30,907,213	63.1
Anchorage	377	5,218,096	52	13.8	828,542	15.9
Bristol Bay	1,335	12,015,192	1,021	76.5	7,473,304	62.2
Fairbanks	13	ND	3	23.1	ND	ND
Haines	11	36,662	7	63.6	25,036	68.3
Juneau	175	ND	53	30.3	ND	ND
Kenai	1,095	6,090,934	429	39.2	1,693,362	27.8
Ketchikan	1,426	12,583,473	1,131	79.3	8,079,640	64.2
Kodiak	2,290	32,282,854	1,331	58.1	16,369,031	50.7
Lake and Peninsula	230	1,834,010	221	96.1	1,748,850	95.4
Nome	32	295,421	5	15.6	97,225	32.9
Prince of Wales-Outer Ketchikan	212	1,247,424	40	18.9	280,019	22.4
Sitka	166	1,987,458	80	48.2	490,131	24.7
Skagway-Hoonah-Angoon	83	ND	30	36.1	ND	ND
Unknown in Alaska	232	1,797,634	229	98.7	1,775,618	98.8
Valdez-Cordova	1,375	14,940,868	655	47.6	4,307,835	28.8
Wade Hampton	23	ND	9	39.1	ND	ND
Wrangell-Petersburg	1,953	21,540,940	1,496	76.6	13,833,296	64.2
Yakutat	9	206,624	4	44.4	112,218	54.3
<b>Total</b>	<b>18,675</b>	<b>217,187,314</b>	<b>13,180</b>	<b>70.6</b>	<b>130,781,906</b>	<b>60.2</b>

ND: Nondisclosable

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

# 14 Lumber and Wood Products

## Number and percent nonresident workers



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

# 15 Lumber and Wood Products

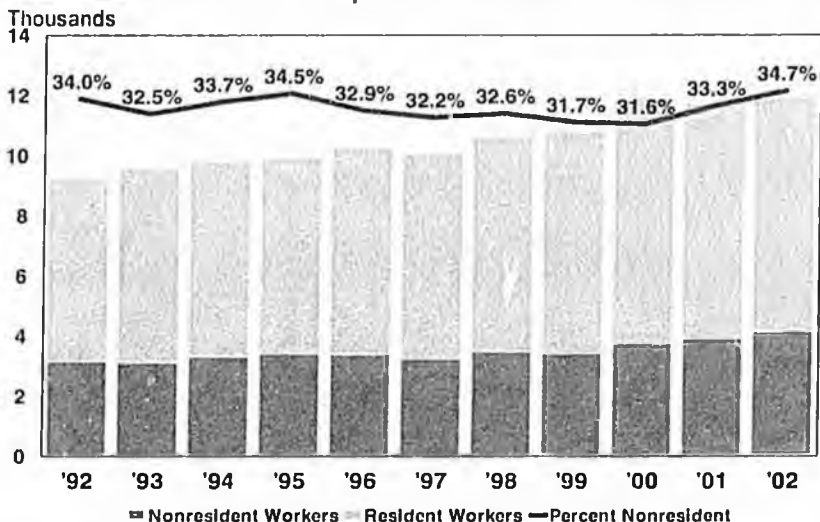
## Top employers of nonresidents

Alaska 2002	Total Workers	Nonresident Workers	Percent Nonresident
Browning Timber of Alaska Inc.	262	120	45.8
Silver Bay Logging Inc.	247	74	30.0
Phoenix Logging Co.	156	67	42.9
Ben A. Thomas Inc. Alaska Div.	111	52	46.8
Whitstone Logging Inc.	194	40	20.6
Columbia Helicopters Inc.	70	34	48.6
Kake Tribal Logging & Timber	132	28	21.2
Alaska Pacific Logging Inc.	75	15	20.0
Northland Wood Products Inc.	76	14	18.4

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

# 16 Hotels and Lodging Places

## Number and percent nonresident workers



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

seafood processing industry has declined in total employment from 29,894 workers in 1992 to 18,522 in 2002. (Fish harvesting workers are generally not covered by unemployment insurance and are not included in these numbers.)

Aleutians East and Aleutians West had the largest number of workers and the most wages paid. In both urban and rural areas of the state the percentage of nonresident workers was very high.

### Lumber and wood products

Nearly 30 percent of workers employed in the lumber and wood products industry were nonresidents in 2002. This rate is comparable to rates seen in the last few years, and actually somewhat less than the 36 percent nonresident worker rates seen in the early 1990s when Alaska's pulp mills were still operating and timber industry (lumber and pulp) payrolls were 3.5 times current levels.

Nonresident workers in lumber & wood products earned nearly \$9 million in Alaska in 2002.

### Visitor related industries

Although there is no "visitor industry" in the federal industry classification system, several industry sectors in Alaska are significantly impacted by visitor expenditures. These include hotels, air transportation, local and suburban transportation, and eating and drinking places. Exhibit 19 shows the nonresident hire performance of these visitor related industries, as well as the newly defined Leisure & Hospitality industry category which includes hotels and eating and drinking establishments.

Air transportation and hotels were the primary employers of nonresident workers in the visitor industry. \$135 million in wages were paid to nonresident workers in these two industries in 2002 alone.

The air transportation industry sector experienced a slight decrease in the percent nonresident workers, decreasing from 19.2% in 2001 to 18.6%

in 2002. More than 40 percent of the workers in the airline pilots, copilots & flight engineers, and commercial pilots occupational groups were nonresident workers, and they earned 43.2% of the total \$137.1 million paid to the pilots occupational group in Alaska in 2002.

The hotel industry has a nonresident hire rate about twice that of the total private sector and government industry average. Nearly 23 percent of all earnings in the hotel/lodging industry went to nonresidents in 2002. The percent nonresident workers employed in this industry sector has remained fairly constant over the last ten years, with more than 31 percent nonresident workers in each of those years.

### Other industry sectors

The Finance, Insurance, and Real Estate sector has a very low percentage of nonresidents. State and local government continues to have among the lowest percent nonresident workers and wages, with less than 6.4% of workers and 2.9% of wages nonresident. Both state and local government experienced a slight increase in nonresident workers over 2001.

### Nonresidents work in jobs that Alaskans can fill

Based upon monthly unemployment estimates, between 16,400 and 26,400 Alaska residents were officially unemployed in 2002. During 2002 the number of nonresident workers employed during each quarter varied from more

## Selected Visitor Related Employers **17**

### Nonresident workers

Alaska 2002	Total Workers	Nonresident Workers	Percent Nonresident
Northwest Airlines Inc.	669	432	64.6
CIRI Alaska Tourism Corp.	727	253	34.8
Royal Highway Tours Inc.	838	249	29.7
Westours Motorcoaches	612	211	34.5
Alaska Airlines Inc.	2,204	133	6.0
Alaska Travel Adventures Inc.	246	121	49.2
Holland America Line	284	106	37.3
ERA Aviation Inc.	826	99	12.0
Tour Alaska	217	89	41.0

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

## Hotel Industry **18**

### Top employers of nonresident workers

Alaska 2002	Total Workers	Nonresident Workers	Percent Nonresident
Alaska Hotel Properties	1,157	600	51.9
Westmark Hotels	1,020	270	26.5
Alyeska Resort	1,061	232	21.9
Glacier Bay Park Concessions	212	179	84.4
Grande Denali Lodge	197	171	86.8
Waterfall Group Ltd.	94	71	75.5
Fountainhead Development	588	71	12.1
Columbia Sussex Corp.	419	66	15.8

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

## Visitor Related Industries **19**

### Workers and wages

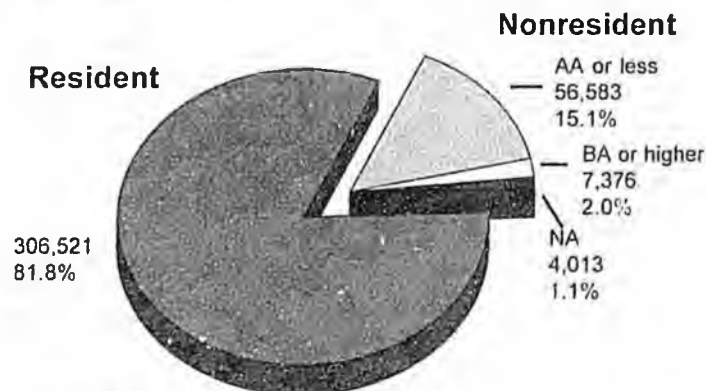
Alaska 2002	Total		Nonresident			
	Workers	Wages (Millions)	Workers	Percent	Wages (Millions)	Percent
Transportation	24,402	\$735.30	4,877	20.0	\$141.70	19.3
Air Transportation	11,741	\$439.60	2,179	18.6	\$104.20	23.7
Transportation Services	1,944	\$33.00	470	24.2	\$4.30	11.5
Local/Suburban Transportation	3,193	\$41.20	739	23.1	\$6.40	15.4
Eating and Drinking Places	28,986	\$301.70	6,744	23.3	\$41.40	13.8
Hotels	11,879	\$135.70	4,124	34.7	\$30.70	22.6
Leisure & Hospitality*	40,895	\$436.50	10,870	26.6	\$72.10	16.5

\* This is a NAICS based industry category that includes hotels, eating and drinking and related industry sectors.

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

## 20 Nonresident Workers

By education required for occupation



Note: Private Sector only

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

## 21 Nonresidents in Occupations

With known educational requirement

Alaska 2002

	Education Required	Nonresident Workers	Total Nonresident Wages	Avg. Nonres. Wages
<b>Anchorage/Mat-Su Region</b>				
Anchorage	AA or less	17,379	\$229,049,768	\$13,180
Anchorage	BA or higher	2,908	\$141,406,018	\$48,627
Mat-Su	AA or Less	2,147	\$16,969,594	\$7,904
Mat-Su	BA or higher	343	\$4,855,770	\$14,157
<b>Gulf Coast Region</b>				
Kenai	AA or less	4,192	\$37,369,050	\$8,914
Kenai	BA or higher	391	\$7,586,237	\$19,402
Kodiak	AA or less	1,054	\$11,345,426	\$10,764
Kodiak	BA or higher	119	\$2,182,175	\$18,338
Valdez-Cordova	AA or less	1,865	\$19,719,746	\$10,574
Valdez-Cordova	BA or higher	100	\$2,786,532	\$27,865
<b>Interior Region</b>				
Denali Borough	AA or less	682	\$5,272,130	\$7,730
Denali Borough	BA or higher	25	\$530,078	\$21,203
Fairbanks	AA or less	5,016	\$54,315,155	\$10,828
Fairbanks	BA or higher	956	\$16,986,123	\$17,768
Southeast Fairbanks	AA or less	287	\$3,578,830	\$12,470
Southeast Fairbanks	BA or higher	89	\$3,149,325	\$35,386
Yukon-Koyukuk	AA or less	397	\$5,046,507	\$12,712
Yukon-Koyukuk	BA or higher	82	\$2,060,260	\$25,125
<b>Northern Region</b>				
Nome	AA or less	398	\$4,929,588	\$12,386
Nome	BA or higher	176	\$3,698,409	\$21,014
North Slope Borough	AA or less	2,654	\$125,756,469	\$47,384
North Slope Borough	BA or higher	350	\$19,681,434	\$56,233
Northwest Arctic Borough	AA or less	417	\$12,195,694	\$29,246
Northwest Arctic Borough	BA or higher	145	\$5,098,488	\$35,162

(continued next page)

than 25,000 to more than 48,000. Although nonresident workers may take jobs that many in the Alaska labor force may be unwilling, unable or unqualified to fill, the data suggest that there are a significant number of unemployed Alaskans that could be employed if given an opportunity, additional training or better information.

In addition, Alaska has underemployed workers—workers that involuntarily worked less than full-time, or workers that had higher skill levels than those required for the position in which they were working. Other workers live where there are few employment opportunities and so have not looked for work, a requirement to be considered unemployed.

In 2002, many nonresident workers filled good paying jobs that require relatively modest education or training. Based upon an analysis of Alaska occupational wage records and occupational information provided by employers, more than 80 percent of all nonresident workers employed in the private sector were employed in jobs requiring education less than or equal to an associate's degree (approximately two years of postsecondary education).

In 2002, nonresident workers were employed throughout the state, many in jobs with relatively high average earnings requiring less than a four-year degree. The North Slope Borough in particular had a large number of nonresident workers earning a significant amount of money (approximately \$125 million) in occupations that required less than a four-year degree.

### Nonresident occupations

Employers provide the department occupational information on workers on a quarterly basis. For this report, workers were assigned an occupation code based upon the occupation in which they earned the most money in 2002. Nonresident workers were found in large numbers in a wide variety of occupations, especially in occupations related to seafood processing, hotels, eating and drinking places, oil, and construction. Many occupations with large numbers of nonresident

workers have relatively high pay, and although they may require significant training or education, represent an opportunity for training programs in Alaska or a career path for an unemployed Alaskan. Exhibit 24 lists the top nonresident occupations that had average quarterly earnings in excess of \$5,746 in 2002, the median quarterly earnings for those reporting occupational information.

Exhibit 25 shows occupations with the largest number of nonresident workers, irrespective of earnings. Many of these occupations represent an entry-level employment opportunity for unemployed Alaska workers with less work experience or fewer skills. Top nonresident occupations include seafood processing workers, retail sales workers, food service workers, waiters/waitresses, general laborers, and cashiers.

### Nonresident occupations by industry

Although the total number of nonresident workers in an occupation or industry provides a good understanding of where employment and training opportunities exist, training providers and industry groups often want to know where training dollars should be directed within an industry. Exhibit 29 shows the top nonresident occupations for several major Alaska industry sectors with a large number of nonresident workers.

### Resident hire percentages differ by geographic area

The highest percent nonresident workers is found in the Southwest Region, primarily the Aleutians East, Bristol Bay and Lake and Peninsula boroughs, and Aleutians West census area. These workers were engaged primarily in seafood processing. Other areas with a high percentage of nonresident workers include Yakutat, Denali, and Kodiak Island boroughs, and Skagway-Hoonah-Angoon census area.

The areas with the lowest percent nonresident workers include northern and western rural areas of Alaska (excluding the North Slope Borough). These areas are not a magnet for nonresident

workers. The areas that are most urban, economically diverse and offer the most year-around jobs have a moderate or "average" number of nonresident workers. Anchorage/Mat-Su, Fairbanks and Juneau fall into this category.

## Nonresidents in Occupations With Known Educational Requirement

# 21

(continued)

Alaska 2002	Education Required	Nonresident Workers	Total Nonresident Wages	Avg. Nonres. Wages
<b><u>Southeast Region</u></b>				
Haines	AA or less	510	\$3,896,075	\$7,639
Haines	BA or higher	24	\$473,825	\$19,743
Juneau	AA or less	2,354	\$26,376,579	\$11,205
Juneau	BA or higher	414	\$7,360,533	\$17,779
Ketchikan	AA or less	2,062	\$20,166,551	\$9,780
Ketchikan	BA or higher	84	\$1,742,752	\$20,747
POW-Outer Ketchikan	AA or less	543	\$5,417,401	\$9,977
POW-Outer Ketchikan	BA or higher	66	\$1,073,079	\$16,259
Sitka	AA or less	1,010	\$9,236,581	\$9,145
Sitka	BA or higher	132	\$2,027,615	\$15,361
Skagway-Hoonah-Angoon	AA or Less	986	\$8,650,800	\$8,774
Skagway-Hoonah-Angoon	BA or higher	44	\$1,026,703	\$23,334
Wrangell-Petersburg	AA or Less	1,157	\$8,996,072	\$7,775
Wrangell-Petersburg	BA or higher	38	\$777,272	\$20,455
Yakutat	AA or Less	96	\$1,020,179	\$10,627
Yakutat	BA or higher	12	\$365,362	\$30,447
<b><u>Southwest Region</u></b>				
Aleutians East	AA or Less	2,435	\$29,118,762	\$11,958
Aleutians East	BA or higher	49	\$1,316,605	\$26,869
Aleutians West	AA or less	2,715	\$39,050,840	\$14,383
Aleutians West	BA or higher	65	\$2,212,428	\$34,037
Bethel	AA or less	644	\$8,352,321	\$12,969
Bethel	BA or higher	256	\$6,342,200	\$24,774
Bristol Bay	AA or less	1,283	\$9,420,145	\$7,342
Bristol Bay	BA or higher	30	\$631,709	\$21,057
Dillingham	AA or less	386	\$3,504,730	\$9,080
Dillingham	BA or higher	72	\$1,849,643	\$25,689
Lake and Peninsula	AA or less	638	\$5,664,160	\$8,878
Lake and Peninsula	BA or higher	27	\$330,118	\$12,227
Wade Hampton	AA or less	159	\$3,061,865	\$19,257
Wade Hampton	BA or higher	84	\$2,179,051	\$25,941

Note: Private sector only

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

## Geographic distribution of local and non-local Alaska residents and nonresidents

For many areas, filling jobs with local residents is a high priority. Worker employment records showing place of work information are matched

with Permanent Fund Dividend applicant address information to determine the number of local residents, non-local Alaska residents and nonresidents working in each Alaska borough or census area<sup>1</sup>. Overall, 70 percent of workers were local residents of the area where they worked in 2002, while about 13 percent were residents of Alaska, but did not live in the borough or census area in which they worked. (See Exhibit 28.)

## 22 Employed and Unemployed Residents and nonresidents

Alaska 2002	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Total Resident Workers*	246,320	266,211	267,497	250,054
Total Nonresident Workers*	25,342	38,045	48,305	35,767
Est. Avg. AK Unemployed**	27,202	23,970	22,920	25,756

\*Includes all workers employed in private sector, state and local government.

\*\*Derived from monthly Alaska labor force estimates

Note: Data is derived from series that are not directly comparable due to differing definitions.

The Aleutians East Borough, with its large number of nonresident seafood processing workers, had the lowest percent local resident private sector workers in 2002. The North Slope Borough also had a very significant number of non-local private sector workers, due to the large number of oil industry workers employed on a rotating basis at work sites in the Prudhoe Bay area. Other areas with low percent local resident workers include those with large seasonal seafood processing industries. Rural areas with relatively few job opportunities have the highest level of local resident employment.

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

## 23 Alaska Resident and Nonresident Workers and Wages 2001 and 2002

	Resident Workers			Nonresident Workers			Resident Wages			Nonresident Wages		
	2001	2002	% Change	2001	2002	% Change	2001	2002	% Change	2001	2002	% Change
Ag/Forestry/Fishing	2,095	2,108	0.6	675	774	14.7	\$32,609,546	\$33,660,797	3.2	\$7,770,578	\$9,423,871	21.3
Mining	12,258	11,087	-9.6	4,446	3,609	-18.8	788,651,677	755,945,143	-4.1	255,377,658	250,347,968	-2.0
Construction	20,651	22,182	7.4	4,757	5,682	19.4	638,510,745	708,549,795	11.0	85,849,698	110,626,025	28.9
Manufacturing	10,920	10,989	0.6	15,410	14,311	-7.1	266,565,153	268,174,174	0.6	152,694,249	148,422,426	-2.8
Trans/Comm/Util	29,661	29,117	-1.8	5,704	5,636	-1.2	1,101,685,737	1,102,686,015	0.1	159,594,475	166,362,720	4.2
Wholesale Trade	9,334	8,707	-6.7	1,593	1,423	-10.7	279,217,658	277,500,775	-0.6	17,080,342	17,723,184	3.8
Retail Trade	60,722	61,280	0.9	13,249	13,350	0.8	950,256,808	996,914,841	4.9	81,640,950	92,830,462	13.7
Finance/Ins/R.E.	13,381	13,095	-2.1	1,224	1,241	1.4	420,137,945	430,985,124	2.6	16,451,527	18,021,101	9.5
Services	76,437	78,039	2.1	16,478	17,095	3.7	1,810,014,544	1,942,699,312	7.3	183,134,132	209,310,257	14.3
Public Admin.	45	115	155.6	5	12	140.0	617,617	1,888,838	205.8	39,187	114,361	191.8
Nonclassifiable	302	76	-74.8	81	90	11.1	5,321,833	1,826,424	-65.6	873,583	1,002,897	14.8
Total Private	235,761	236,795	0.4	63,617	63,223	-0.6	6,292,971,646	6,520,833,239	3.6	960,467,192	1,024,185,274	6.6
Local Government	42,517	45,254	6.4	2,750	3,082	12.1	1,174,686,541	1,250,652,282	6.5	29,671,163	\$37,427,333	26.1
State Government	23,603	24,472	3.7	1,596	1,667	4.4	816,561,054	859,189,301	5.2	23,698,021	\$26,397,970	11.4
Total	301,881	306,521	1.5	67,963	67,972	0.0	8,284,219,241	8,630,674,821	4.2	1,013,836,376	1,088,010,577	4.7

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

## Economic and social impact of nonresident workers

Nonresident workers can negatively affect the Alaska economy in many ways, including:

- Depriving an Alaska resident of a job and income

- Taking their nonresident income outside the state, resulting in significant income leakage and reduced multiplier effect
- Increasing the likelihood that an unemployed Alaska resident will remain on unemployment insurance longer than would otherwise be the case
- The receipt and spending outside the state of

## Private Sector Occupations with the Most Nonresidents Paid more than the all-occupations median

# 24

Alaska 2002 Occupation	Nonresident Workers	Average Earnings per Qtr
Construction Laborers	1,155	\$6,394
Carpenters	927	7,345
Registered Nurses	747	9,852
Operating Engineers & other Construction Equipment Operators	641	14,400
Airline Pilots, Copilots, and Flight Engineers	585	28,388
Sailors and Marine Oilers	479	7,519
Electricians	459	13,158
Fishermen and Related Fishing Workers *	424	8,386
Maintenance and Repair Workers, General	409	6,183
Truck Drivers, Heavy and Tractor-Trailer	407	10,100
Commercial Pilots	387	11,629
General and Operations Managers	386	13,448
Roustabouts, Oil and Gas	380	12,136
Security Guards	373	5,894
Captains, Mates, and Pilots of Water Vessels	319	12,776
Managers, All Other	318	25,540
1st-Line Supv/Mgr of Construction Trades & Extraction Workers	314	19,364
Service Unit Operators, Oil, Gas, and Mining	298	25,548
Plumbers, Pipefitters, and Steamfitters	291	12,076
Office and Administrative Support Workers, All Other	283	6,866
Truck Drivers, Light or Delivery Services	265	6,834
Welders, Cutters, Solderers, and Brazers	253	12,257
Automotive Service Technicians and Mechanics	248	6,587
Engineers, All Other	216	36,080
Aircraft Mechanics and Service Technicians	211	9,772
Material Moving Workers, All Other	190	6,051
Helpers—Installation, Maintenance, and Repair Workers	182	7,151
Installation, Maintenance, & Repair Workers, All Other	175	13,185
Cooks, Institution and Cafeteria	165	6,073
Chefs and Head Cooks	161	7,329
1st-Line Supv/Mgr of Seafood Processing Workers	154	8,792

Median earnings: \$5,746 per quarter worked

\* Most seafood harvesters are self-employed, and are excluded from these data and analyses.

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

unemployment insurance benefits derived from Alaska employment. In 2002, \$21.5 million was paid in regular UI benefit payments to interstate claimants.

In addition, the increase in unemployment and loss of income to Alaskans can lead to a variety of

social ills including drug abuse, domestic violence and a variety of negative health effects. These social ills are documented in an annual review of resident hire conditions used as part of the determination process to identify construction craft occupations eligible for a 90 percent employment preference on construction projects funded by state or local government.

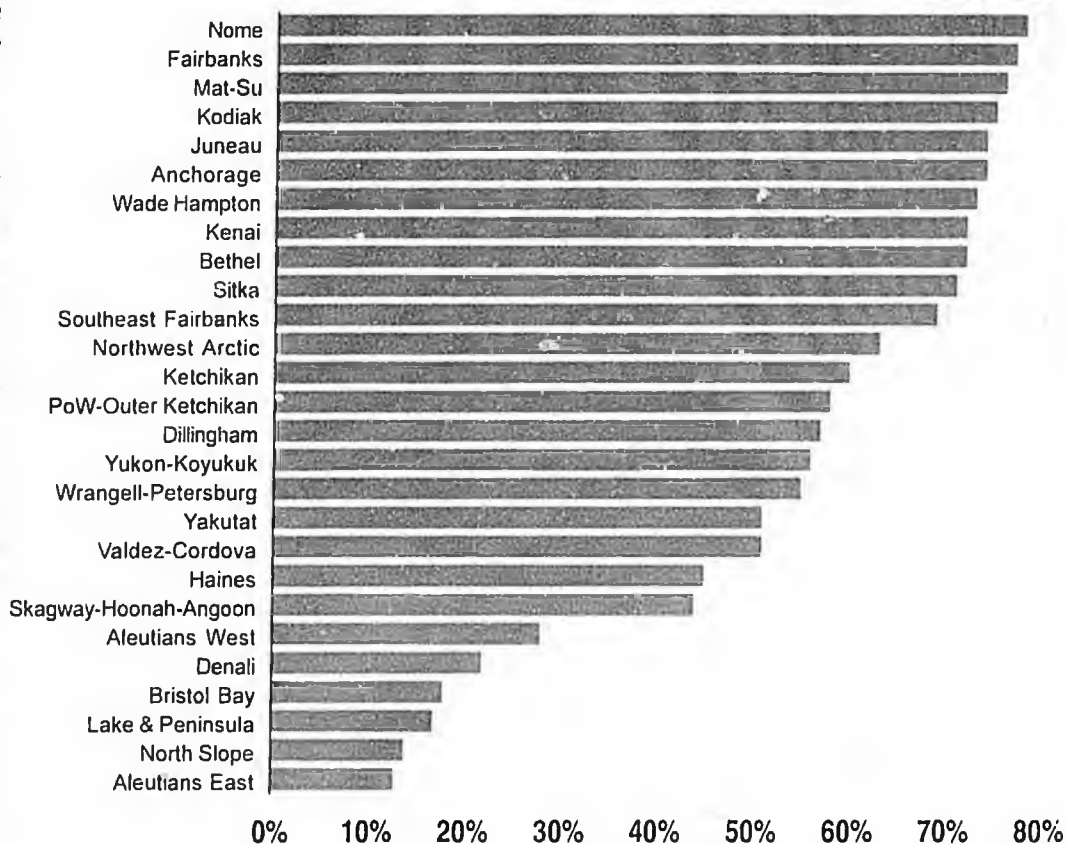
## 25 Private Sector Occupations With the largest number of nonresidents

Alaska 2002	Resident Workers	Nonres. Workers	Nonres. Percent	Resident Earnings	Nonres. Earnings	Nonres. Percent
Seafood Processing Workers, exc. Surimi & Fish Roe	3,453	10,123	74.6	\$38,091,430	\$81,107,950	68.0
Retail Salespersons	12,552	2,422	16.2	193,645,707	16,362,642	7.8
Combined Food Prep. & Serving Wkrs, incl. Fast Food	5,892	1,515	20.5	35,520,089	5,794,361	14.0
Waiters and Waitresses	4,008	1,461	26.7	40,775,159	7,689,879	15.9
Laborers & Freight, Stock, & Material Movers, Hand	4,745	1,177	19.9	74,942,375	10,820,520	12.6
Cashiers	6,027	1,162	16.2	59,814,397	5,941,451	9.0
Construction Laborers	5,276	1,155	18.0	113,937,693	14,418,055	11.2
Maids and Housekeeping Cleaners	3,317	956	22.4	36,961,157	6,077,801	14.1
Carpenters	4,186	927	18.1	107,373,778	13,507,071	11.2
Tour Guides and Escorts	708	896	55.9	6,296,053	6,544,937	51.0
Office Clerks, General	5,554	853	13.3	116,454,916	9,531,733	7.6
Cooks, Restaurant	1,847	807	30.4	27,862,422	6,390,776	18.7
Registered Nurses	2,849	747	20.8	130,370,159	16,649,541	11.3
Janitors & Cleaners, exc. Maids & Housekeeping Cleaners	3,624	690	16.0	46,717,471	4,346,549	8.5
Operating Engineers & Other Construction Equipm't Oper.	2,403	641	21.1	105,438,064	24,148,565	18.6
Dishwashers	1,523	617	28.8	10,324,401	2,974,509	22.4
Airline Pilots, Copilots, and Flight Engineers	803	585	42.1	45,728,633	48,884,257	51.7
Customer Service Representatives	3,257	497	13.2	66,304,164	5,402,790	7.5
Sailors and Marine Oilers	500	479	48.9	11,520,684	7,406,367	39.1
Food Preparation Workers	1,802	468	20.6	22,725,461	3,583,613	13.6
Electricians	1,780	459	20.5	78,393,679	14,683,910	15.8
Sales and Related Workers, All Other	2,175	449	17.1	40,419,928	3,307,924	7.6
Fishers and Related Fishing Workers	295	424	59.0	3,056,455	7,127,722	70.0
Child Care Workers	1,729	414	19.3	16,141,044	1,581,029	8.9
Maintenance and Repair Workers, General	2,014	409	16.9	53,708,166	5,459,987	9.2
Receptionists and Information Clerks	2,872	408	12.4	46,620,011	2,970,514	6.0
Truck Drivers, Heavy and Tractor-Trailer	2,341	407	14.8	87,507,335	10,686,252	10.9
Commercial Pilots	633	387	37.9	38,638,630	12,083,001	23.8
General and Operations Managers	3,297	386	10.5	172,935,499	13,528,307	7.3
Roustabouts, Oil and Gas	987	380	27.8	41,680,477	14,296,654	25.5
Security Guards	1,634	373	18.6	41,368,187	5,157,591	11.1
Stock Clerks and Order Fillers	2,177	371	14.6	32,164,740	2,764,018	7.9
Bartenders	1,716	369	17.7	21,902,987	2,453,986	10.1
Counter Attendants, Cafeteria/Food Concession/Coffee Shop	1,864	337	15.3	22,372,233	1,521,173	6.4
Bookkeeping, Accounting, and Auditing Clerks	3,448	336	8.9	87,268,402	3,903,143	4.3

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

## Percent of Private Sector Workers who are local residents **26**

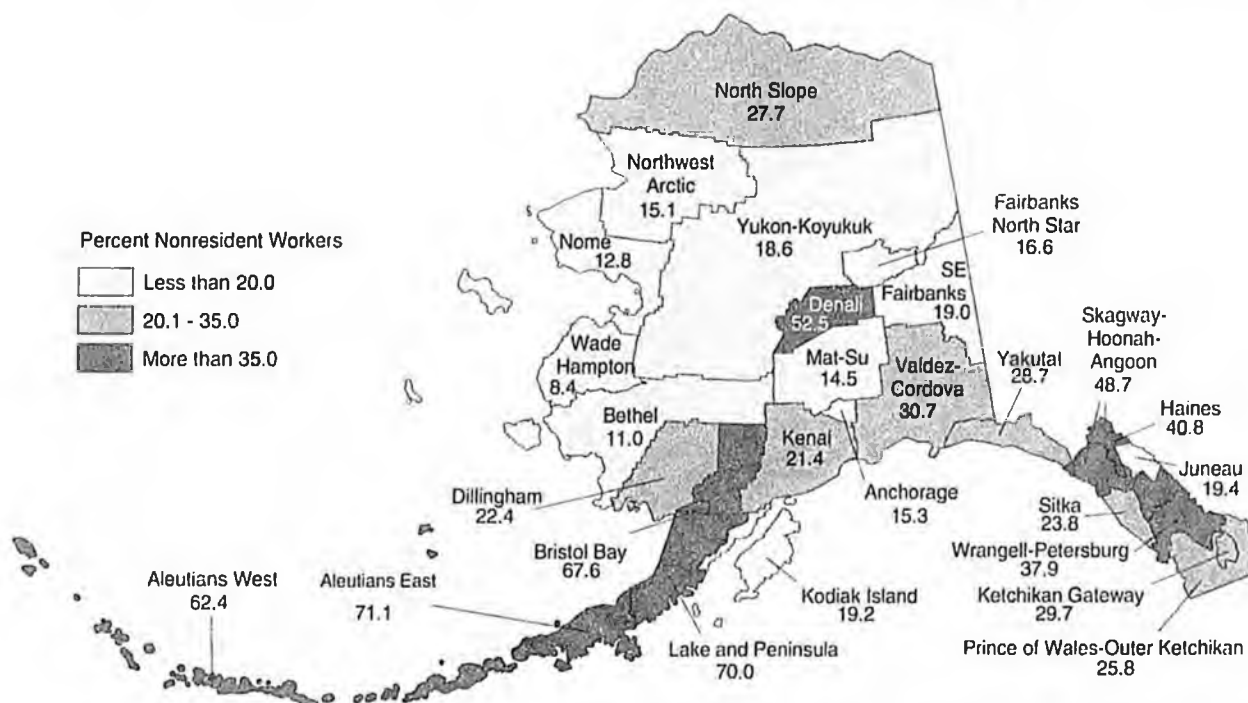
Workers generally spend the bulk of their earnings where they reside. On average, non-residents take a significant portion of their earnings to their home state, depriving Alaska of the full economic benefits of the employment created in the Alaska economy. This has a direct impact on the total growth rate and income of Alaska. This leakage of income out-of-state results in smaller indirect income and employment than would occur if workers lived in Alaska. Many nonresidents work a relatively short time in Alaska (often for just a quarter or two) and generally do not live, own homes or consume the bulk of their earnings in Alaska. They keep the overall economy, including retail sales, services and housing construction at a level less than would otherwise



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

(continued page 21)

## Nonresident Private Sector Workers By place of work **27**



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

# 28 Workers and Earnings by Place of Work & Alaska Residence

## Residents and nonresidents

Alaska 2002		Resident Workers Local	Resident Workers Non-local	Non- resident Workers	Pct. Non- resident Workers	Wages Local Resident	Wages Non-local AK Resident	Non- resident Wages	Pct. Non- resident Wages
<b><u>Anchorage/Mat-Su Region</u></b>									
Anchorage	State Govt	8,419	1,064	440	4.4	\$308,117,387	\$38,831,394	\$6,801,102	1.9
Anchorage	Local Govt	10,831	719	551	4.6	387,120,370	25,506,659	7,080,549	1.7
Anchorage	Private Sector	100,064	17,616	21,334	15.3	3,005,570,776	508,042,840	397,194,619	10.2
Mat-Su	State Govt	879	129	24	2.3	28,703,185	4,053,274	317,890	1.0
Mat-Su	Local Govt	2,646	140	93	3.2	75,137,606	4,313,295	917,006	1.1
Mat-Su	Private Sector	12,410	1,781	2,402	14.5	241,150,206	39,407,493	20,892,786	6.9
<b><u>Gulf Coast Region</u></b>									
Kenai	State Govt	1,084	128	63	4.9	35,392,410	4,105,269	1,025,687	2.5
Kenai	Local Govt	3,402	77	189	5.2	104,523,943	1,815,546	2,750,766	2.5
Kenai	Private Sector	14,608	1,567	4,404	21.4	340,857,804	47,091,104	44,491,760	10.3
Kodiak	State Govt	273	26	22	6.9	9,724,847	469,498	426,379	4.0
Kodiak	Local Govt	810	48	103	10.7	21,455,486	877,753	930,814	4.0
Kodiak	Private Sector	4,170	362	1,074	19.2	88,520,832	6,158,004	12,345,903	11.5
Valdez-Cordova	State Govt	287	79	26	6.6	9,623,706	2,501,936	416,540	3.3
Valdez-Cordova	Local Govt	931	95	83	7.5	24,003,826	1,912,988	1,068,509	4.0
Valdez-Cordova	Private Sector	3,262	1,107	1,938	30.7	105,661,384	38,431,666	21,349,889	12.9
<b><u>Interior Region</u></b>									
Denali Borough	State Govt	24	4	1	3.4	1,155,659	107,345	12,281	1.0
Denali Borough	Local Govt	81	54	7	4.9	2,053,804	1,079,801	27,390	0.9
Denali Borough	Private Sector	464	719	1,310	52.5	15,332,103	17,497,713	10,774,640	24.7
Fairbanks	State Govt	4,632	274	557	10.2	157,549,090	4,694,295	7,931,801	4.7
Fairbanks	Local Govt	3,541	100	177	4.6	101,567,211	1,169,262	1,307,593	1.3
Fairbanks	Private Sector	24,626	2,747	5,464	16.6	629,219,636	65,387,245	63,263,122	8.3
Southeast Fairbanks	State Govt	139	11	22	12.8	4,805,961	227,945	310,518	5.8
Southeast Fairbanks	Local Govt	417	28	24	5.1	8,130,217	395,999	212,908	2.4
Southeast Fairbanks	Private Sector	1,155	266	334	19	19,127,248	7,913,796	6,230,680	18.7
Yukon-Koyukuk	State Govt	71	60	9	6.4	2,695,770	3,015,697	169,746	2.9
Yukon-Koyukuk	Local Govt	1,398	321	141	7.6	22,504,984	7,650,859	1,585,341	5.0
Yukon-Koyukuk	Private Sector	1,017	442	334	18.6	16,893,555	13,361,710	5,402,488	15.2
<b><u>Northern Region</u></b>									
Nome	State Govt	219	28	7	2.8	9,787,793	1,190,280	134,914	1.2
Nome	Local Govt	1,637	142	196	9.9	28,070,812	2,284,019	2,344,691	7.2
Nome	Private Sector	2,247	337	379	12.8	54,176,449	8,643,301	6,183,577	9.0
North Slope Borough	State Govt	19	22	2	4.7	929,819	1,174,227	18,728	0.9
North Slope Borough	Local Govt	2,182	188	167	6.6	70,607,328	6,672,126	2,999,921	3.7
North Slope Borough	Private Sector	1,420	6,081	2,869	27.7	42,118,359	321,801,778	143,258,669	28.2
Northwest Arctic Bor.	State Govt	61	9	3	4.1	2,415,294	298,523	35,780	1.3
Northwest Arctic Bor.	Local Govt	1,273	131	185	11.6	23,709,023	3,446,195	2,196,105	7.5
Northwest Arctic Bor.	Private Sector	1,734	557	406	15.1	50,502,022	28,767,047	15,630,716	16.5

(continued next page)

# Workers and Earnings by Place of Work & Alaska Residence

## Residents and nonresidents (continued)

# 28

Alaska 2002		Resident Workers	Resident Workers	Non- resident Workers	Pct. Non- resident Workers	Wages Local Resident	Wages Non-local AK Resident	Non- resident Wages	Pct. Non- resident Wages
<b>Southeast Region</b>									
Haines	State Govt	48	9	8	12.3	1,406,302	136,270	71,453	4.4
Haines	Local Govt	180	11	12	5.9	3,808,919	390,880	136,839	3.2
Haines	Private Sector	654	97	518	40.8	10,211,357	1,736,317	4,172,635	25.9
Juneau	State Govt	4,287	352	299	6.1	156,133,013	9,360,152	5,236,849	3.1
Juneau	Local Govt	2,174	112	202	8.1	75,341,357	2,132,961	2,387,933	3.0
Juneau	Private Sector	8,767	854	2,312	19.4	212,071,421	19,565,764	26,497,663	10.3
Ketchikan	State Govt	569	78	61	8.6	19,157,697	2,272,569	1,515,567	6.6
Ketchikan	Local Govt	1,143	28	90	7.1	37,590,405	700,915	875,972	2.2
Ketchikan	Private Sector	4,573	479	2,130	29.7	102,394,470	7,282,168	20,086,876	15.5
PoW-Outer Ketchikan	State Govt	33	4	0	0	1,093,429	99,362	0	0.0
PoW-Outer Ketchikan	Local Govt	978	102	115	9.6	18,594,827	2,031,376	1,175,634	5.4
PoW-Outer Ketchikan	Private Sector	1,216	222	500	25.8	23,276,041	4,771,351	5,348,776	16.0
Sitka	State Govt	360	26	45	10.4	10,597,314	502,384	410,089	3.6
Sitka	Local Govt	646	49	72	9.4	20,026,325	530,595	764,903	3.6
Sitka	Private Sector	2,956	335	1,030	23.8	69,552,714	5,848,119	10,115,004	11.8
Skagway-Hoonah-Angoon	State Govt	28	3	0	0	726,761	32,146	0	0.0
Skagway-Hoonah-Angoon	Local Govt	340	42	35	8.4	6,831,486	878,108	364,581	4.5
Skagway-Hoonah-Angoon	Private Sector	834	224	1,005	48.7	14,392,091	3,445,634	9,354,899	34.4
Wrangell-Petersburg	State Govt	82	6	2	2.2	2,418,456	97,848	29,916	1.2
Wrangell-Petersburg	Local Govt	705	27	46	5.9	20,239,783	664,257	736,465	3.4
Wrangell-Petersburg	Private Sector	1,699	182	1,148	37.9	28,885,055	2,513,800	9,012,183	22.3
Yakutat	State Govt	11	2	1	7.1	383,226	34,147	7,250	1.7
Yakutat	Local Govt	104	19	14	10.2	1,688,777	314,720	134,087	6.3
Yakutat	Private Sector	189	54	98	28.7	3,837,786	920,594	1,266,534	21.0
<b>Southwest Region</b>									
Aleutians East	State Govt	14	10	3	11.1	295,617	114,359	33,906	7.6
Aleutians East	Local Govt	237	29	26	8.9	5,000,267	792,832	238,310	4.0
Aleutians East	Private Sector	460	554	2,498	71.1	10,092,500	11,334,375	30,387,374	58.6
Aleutians West	State Govt	35	8	3	6.5	1,279,154	255,976	61,049	3.8
Aleutians West	Local Govt	383	36	31	6.9	14,350,955	1,028,764	456,449	2.9
Aleutians West	Private Sector	1,333	486	3,019	62.4	41,185,800	14,303,834	42,561,160	43.4
Bethel	State Govt	303	47	28	7.4	13,558,528	1,618,876	460,715	2.9
Bethel	Local Govt	3,099	231	250	7	50,711,166	4,502,292	2,953,975	5.1
Bethel	Private Sector	4,099	1,046	634	11	78,076,674	21,350,501	11,352,984	10.2
Bristol Bay Borough	State Govt	24	13	11	22.9	1,097,008	159,713	77,514	5.8
Bristol Bay Borough	Local Govt	119	19	11	7.4	3,441,915	343,032	68,382	1.8
Bristol Bay Borough	Private Sector	322	306	1,308	67.6	8,293,313	4,692,784	9,951,043	43.4
Dillingham	State Govt	81	27	4	3.6	2,965,311	524,539	56,559	1.6
Dillingham	Local Govt	920	90	72	6.7	16,549,415	2,088,322	1,116,478	5.7
Dillingham	Private Sector	1,036	295	385	22.4	25,456,127	7,031,250	4,189,603	11.4
Lake and Peninsula	State Govt	6	6	2	14.3	246,984	74,833	34,720	9.7
Lake and Peninsula	Local Govt	514	130	60	8.5	6,848,645	3,203,773	632,420	5.9
Lake and Peninsula	Private Sector	122	145	622	70	1,881,729	3,090,005	5,606,042	53.0
Wade Hampton	State Govt	42	15	1	1.7	637,619	293,798	7,761	0.8
Wade Hampton	Local Govt	1,464	131	129	7.5	21,297,310	2,718,788	1,906,592	7.4
Wade Hampton	Private Sector	997	272	117	8.4	13,792,010	9,346,216	3,331,045	12.6
Other/Unknown		0	1,250	3,675	74.9	0	48,612,675	84,782,581	63.6
Total		260,619	45,902	67,972	18.2	7,206,632,967	1,424,041,854	1,088,010,577	11.2

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

# 29 Largest Nonresident Occupations In selected industries

Alaska 2002

		Resident	Non-	Percent	Resident	Non-	Percent
Occupational Title		Workers	res.	Non-	Wages	resident	Non-
			Wkrs	resident		Wages	resident
Metal mining	Mining Machine Operators, All Other	230	49	17.6	\$9,553,157	\$970,884	9.2
Metal mining	Millwrights	84	26	23.6	5,386,326	1,970,801	26.8
Metal mining	Loading Machine Operators, Underground Mining	82	26	24.1	5,465,651	1,849,268	25.3
Metal mining	Mobile Heavy Equipment Mechanics, Except Engines	63	11	14.9	4,417,190	566,210	11.4
Metal mining	Crushing/Grinding/Polishing Machine Setters, Oper, Tenders	69	7	9.2	2,944,003	293,433	9.1
Oil and gas extraction	Roustabouts, Oil and Gas	955	370	27.9	40,716,327	14,214,983	25.9
Oil and gas extraction	Service Unit Operators, Oil, Gas, and Mining	727	298	29.1	68,518,687	28,256,363	29.2
Oil and gas extraction	Operating Engineers & Other Construction Equipment Oper	445	177	28.5	24,380,421	9,280,189	27.6
Oil and gas extraction	Engineers, All Other	430	116	21.2	47,826,850	19,063,109	28.5
Oil and gas extraction	Welders, Cutters, Solderers, and Brazers	219	103	32.0	12,635,626	4,634,621	26.8
Building construction	Carpenters	2,344	474	16.8	67,257,551	7,243,135	9.7
Building construction	Construction Laborers	1,921	403	17.3	36,015,825	3,468,742	8.8
Building construction	Operating Engineers & Other Construction Equip Operators	270	60	18.2	10,362,519	1,773,803	14.6
Building construction	1st-Line Supvr/Mgr Construction Trades & Extraction Wkrs	231	44	16.0	15,441,125	1,691,774	9.9
Building construction	Construction Managers	168	40	19.2	13,242,666	2,234,128	14.4
Heavy construction	Operating Engineers & Other Construction Equip Operators	943	245	20.6	43,791,330	9,002,272	17.1
Heavy construction	Construction Laborers	1,022	166	14.0	25,628,495	2,710,562	9.6
Heavy construction	Truck Drivers, Heavy and Tractor-Trailer	295	45	13.2	10,843,294	1,276,265	10.5
Heavy construction	Carpenters	135	27	16.7	3,566,156	593,253	14.3
Heavy construction	Office Clerks, General	126	19	13.1	2,682,108	134,913	4.8
Special trade contractors	Construction Laborers	1,164	360	23.6	21,309,292	3,824,959	15.2
Special trade contractors	Carpenters	749	277	27.0	16,417,454	3,482,683	17.5
Special trade contractors	Electricians	1,310	259	16.5	53,726,208	5,492,505	9.3
Special trade contractors	Painters, Construction and Maintenance	451	170	27.4	8,312,715	1,717,715	17.1
Special trade contractors	Plumbers, Pipefitters, and Steamfitters	904	138	13.2	39,142,565	2,800,117	6.7
Food and kindred products	Seafood Processing Workers, Exc Surimi & Fish Roe	3,343	9,962	74.9	37,218,945	80,216,903	68.3
Food and kindred products	Surimi Technicians	12	309	96.3	325,503	4,589,564	93.4
Food and kindred products	1st-line Supvr/Mgr of Seafood Processing Workers	110	150	57.7	3,754,748	4,156,427	52.5
Food and kindred products	Packaging and Filling Machine Operators and Tenders	142	130	47.8	1,453,786	681,664	31.9
Food and kindred products	Meat, Poultry, and Fish Cutters and Trimmers	109	113	50.9	811,406	568,418	41.2
Lumber and wood products	Fallers	90	84	48.3	2,612,887	1,361,470	34.3
Lumber and wood products	Logging Equipment Operators	85	48	36.1	2,468,240	990,885	28.6
Lumber and wood products	Choker Setters and Chasers	49	48	49.5	714,401	590,577	45.3
Lumber and wood products	Logging Workers, All Other	48	42	46.7	1,299,988	681,085	34.4
Lumber and wood products	Sawing Machine Setters, Operators, and Tenders, Wood	86	15	14.9	1,582,161	84,692	5.1
Water transportation	Sailors and Marine Oilers	311	157	33.5	9,570,191	3,577,528	27.2
Water transportation	Captains, Mates, and Pilots of Water Vessels	246	152	38.2	9,531,500	5,375,944	36.1
Water transportation	Material Moving Workers, All Other	126	78	38.2	4,207,695	708,172	14.4
Water transportation	Laborers and Freight, Stock, and Material Movers, Hand	344	75	17.9	5,243,791	939,344	15.2
Water transportation	Tank Car, Truck, and Ship Loaders	115	3	2.5	6,777,010	136,375	2.0
Transportation by air	Airline Pilots, Copilots, and Flight Engineers	761	572	42.9	41,544,353	48,471,494	53.8
Transportation by air	Commercial Pilots	564	335	37.3	36,261,284	10,781,076	22.9
Transportation by air	Aircraft Mechanics and Service Technicians	966	171	15.0	41,000,553	4,333,627	9.6
Transportation by air	Reservation & Trans Ticket Agents and Travel Clerks	992	85	7.9	20,555,650	936,782	4.4
Transportation by air	Air Transportation Workers, All Other	415	65	13.5	8,085,105	1,359,613	14.4
Transportation services	Tour Guides and Escorts	86	76	46.9	807,226	576,180	41.6
Transportation services	Travel Agents	368	35	8.7	8,332,845	347,502	4.0
Transportation services	Customer Service Representatives	64	26	28.9	798,905	142,065	15.1
Transportation services	General and Operations Managers	67	10	13.0	2,269,347	128,513	5.4
Transportation services	Laborers and Freight, Stock, and Material Movers, Hand	53	11	17.2	868,285	55,084	6.0
Eating & drinking places	Combined Food Prep & Serving Workers, incl Fast Food	5,256	1,342	20.3	29,098,382	4,716,668	13.9
Eating & drinking places	Waiters and Waitresses	3,093	1,050	25.3	30,347,955	5,142,865	14.5
Eating & drinking places	Cooks, Restaurant	1,412	570	28.8	20,579,620	4,371,844	17.5
Eating & drinking places	Dishwashers	1,032	423	29.1	6,227,116	1,981,186	24.1
Eating & drinking places	Food Preparation Workers	1,154	281	19.6	13,031,050	1,813,519	12.2
Hotels, other lodging places	Maids and Housekeeping Cleaners	1,837	605	24.8	16,660,185	2,994,388	15.2
Hotels, other lodging places	Waiters and Waitresses	648	309	32.3	7,611,649	1,834,218	19.4
Hotels, other lodging places	Hotel, Motel, and Resort Desk Clerks	765	245	24.3	9,371,160	1,744,777	15.7
Hotels, other lodging places	Cooks, Restaurant	354	199	36.0	6,160,779	1,678,153	21.4
Hotels, other lodging places	Dishwashers	259	112	30.2	2,500,549	582,041	18.9
Health services	Registered Nurses	2,687	480	15.2	124,261,275	12,004,512	8.8
Health services	Receptionists and Information Clerks	1,030	133	11.4	20,292,539	1,193,009	5.6
Health services	Nursing Aides, Orderlies, and Attendants	1,175	106	8.3	26,067,799	1,067,580	3.9
Health services	Dental Assistants	806	92	10.2	18,603,910	940,382	4.8
Health services	Healthcare Support Workers, All Other	910	63	6.5	23,678,053	637,129	2.6

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

be the case. When nonresidents take jobs that Alaskans could fill, unemployed Alaskans draw upon unemployment insurance and other financial aid programs.

Not only is there a direct job loss and a direct loss of the income those jobs provide, the indirect effects associated with the re-spending of those dollars is lost as well. The U.S. Bureau of Economic Analysis estimates that Alaska has an economic multiplier of 1.4 to 1.9, depending on the industry<sup>4</sup>. This means that the \$1.1 billion in nonresident worker earnings in 2002 would generate an additional \$440 to \$990 million if those dollars were spent and respent in Alaska.

Because nonresidents spend the greater portion of their earnings outside Alaska, a significant portion of the direct and indirect income amounting to hundreds of millions of dollars and thousands of jobs is lost from the Alaska economy. Typically, only about 14 percent of nonresident workers in private sector, state and local government jobs become eligible for a PFD in the year following this report, showing that most nonresidents do not remain in the state.

#### Endnotes

1 Nonresident workers are defined as those workers who did not receive a Permanent Fund Dividend (PFD) in 2002 or apply for a PFD in 2003. The methodology section of this report provides complete information on workers identified as nonresidents.

2 The Alaska Department of Labor and Workforce Development unemployment insurance wage file includes only those workers covered by Alaska unemployment insurance. Therefore, all references to resident and nonresident workers exclude self-employed and federal government workers in Alaska.

3 Workers were assigned to a geographic area based upon the place of work where they earned the most money in 2002. If employers did not provide specific place of work information for the worker, the census area of the primary business location was used to determine the place of work. Place of residence for Alaska residents was derived from the zip code of the most recent PFD mailing address. Even though workers may move during the course of a year and employers may not provide complete and accurate information in all cases, the data provide a good indication of those areas that have a stable, local resident employment base.

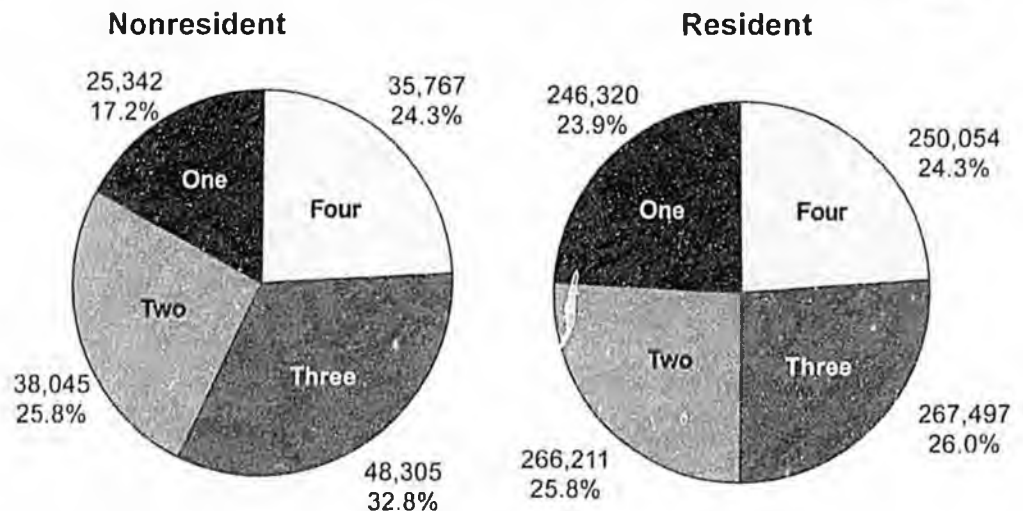
4 A User Handbook for the Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, March 1997.

## Impact of Earnings **30** Flowing out to nonresidents

Nonresident Earnings in Alaska—2002	\$1.1 billion
Alaska Total Income if earnings stay in Alaska	\$1.44 billion to \$1.99 billion
Income lost to Alaska if half of Nonresident earnings are spent outside the state	\$720 million to \$995 million

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

## Workers by Number of Quarters Worked **31** Residents and nonresidents



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

# Employment Grows for Another Year

Growth streak approaches a record sixteen years

Alaska  
Employment  
Scene  
by  
Neal Fried  
Labor Economist

**N**earing the end of 2003 there was something besides the holiday season and the coming new year to celebrate—Alaska's sixteenth consecutive year of employment growth, a new post-statehood record. The longest previous streak of growth took place in the fifteen years beginning in 1962 and ending in 1976.

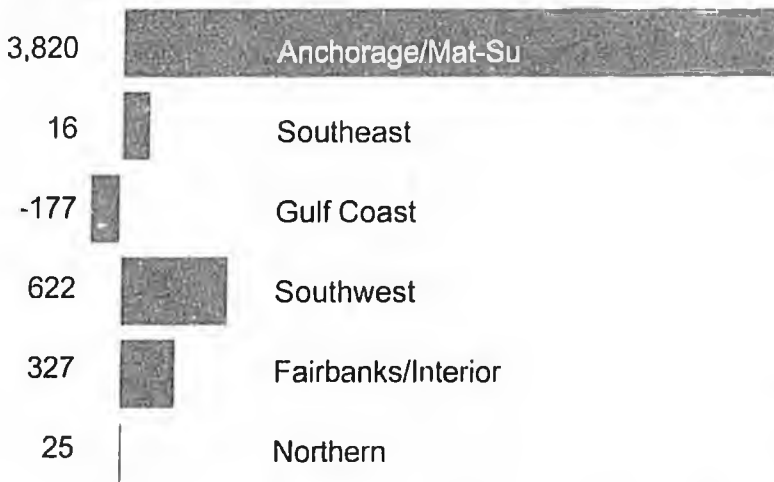
The current expansion is different, however. Although growth has been consistent over the period, in other decades the state added jobs with considerably more gusto. The highest annual

growth rate during the last sixteen years was 4.8 percent in 1994, while the low was 0.6 percent in 1996. For most of this sixteen-year period, the range of annual growth rates has been tight. Outside of 1994 and 1990, annual growth rates did not exceed 2.8 percent. At the low end they have rarely fallen below one percent. This presents quite a contrast with the historic volatility of Alaska's economy. During the turbulent 1980s, for example, employment grew by 9.5 percent in 1981 and declined by 4.8 percent in 1987.

**Moderate growth remains the best description of the economy**

## 1 Jobs Grow in Most Regions November 2002 to 2003

Employment growth



Preliminary numbers suggest that the employment growth rate for 2003 was 1.2 percent, which was less robust than 2002's 2.2 percent and below the decade average of 1.7 percent. In the aggregate, there were no big losses in 2003 and the gains tended to be small in most industries. Oil industry employment continued to slide in 2003, but its losses moderated as the year progressed. Nearly every other industry either moved little from 2002 levels or produced moderate gains. The one big exception was health care, an industry that now seems to be the perennial star performer. Over a third of the growth in 2003 came from health care. The state also added government and construction jobs and saw healthy growth in two of the new NAICS (North American Industry Classification System) categories: Leisure & Hospitality and Professional & Business Services.

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

Manufacturing employment remained largely unchanged in 2003, which might sound unremarkable, were it not for the fact that this industry has lost ground during nearly every year since 1995. This year's numbers do not, however, herald the end of the Alaska manufacturing industry's struggles. The seafood and timber industries, the state's two largest manufacturing employers, are by no means out of trouble. Additional fish processing plants closed or were consolidated this year, but without net employment losses. Strong salmon and ground fish harvests in 2003 and small increases in timber activity kept employment slightly positive. Given the recent history of these two industries, this year's numbers might provide a glimmer of hope or at least a bit of good news in what otherwise has been a string of relentlessly declining numbers.

### A mixed picture around the state

November's employment estimates continue 2003's trend of contrasting economic pictures among regions. (See Exhibit 1.) Five out of the six regions in the state show over-the-year growth, but with sizeable differences in growth rates. The leader was Anchorage/Mat-Su, which represents more than half (55 percent) of all jobs in the state. Stronger than average growth in Anchorage (1.8 percent) and growth rates in the range of 7 to 8 percent in the Mat-Su Borough are keeping that region's economy out front. The service sector is generating most of this region's growth, followed by the construction industry. Health care remains the most muscular industry, but others such as hotels and restaurants, financial services, and even retail trade were all running firmly in the black in November.

The Interior region's November over-the-year increase in employment numbers was less than one percent; for most months in 2003 the year-ago comparisons have shown considerably stronger growth. A significant number of new jobs have come from the construction activity on Eielson Air Force Base and Fort Wainwright in

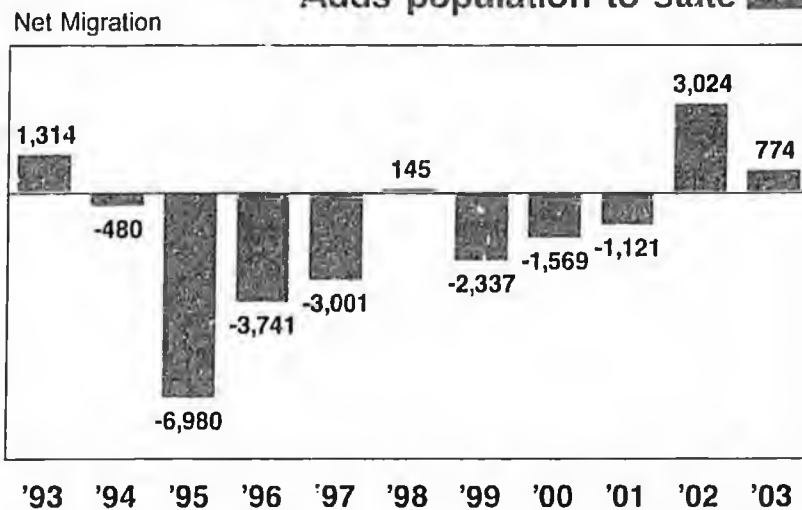
Fairbanks and the missile defense work at Fort Greely near Delta Junction. Health care, government, construction, and even positive fish processing numbers kept the Southwest region's employment numbers in the black. The Southeast and Northern regions barely produced positive over-the-year comparisons in November. While Southeast has been plagued by timber and fishing woes, the Northern region has seen lower employment in the oil industry. Lower employment in the oil industry also helps explain the weakness in the Gulf Coast region's employment picture.

### Labor market shows little change; in-migration cooled in 2003

November's unemployment rate was 7.3 percent. Generally speaking 2003's labor market did not look dramatically different from 2002. Less robust employment growth in 2003 may have been offset by less net migration to the state. (See Exhibit 2.) According to figures recently released by the U.S. Census Bureau, net migration to Alaska was less in 2003 than in 2002. The 2001-

*(continued on page 26)*

## Last Two Years' Net Migration **2** Adds population to state



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

# 3 Nonfarm Wage and Salary Employment

## By place of work

Alaska	preliminary		Changes from:			Municipality of Anchorage	preliminary		Changes from:		
	11/03	10/03	11/02	10/03	11/02		11/03	10/03	11/02	10/03	11/02
Total Nonfarm Wage & Salary <sup>1</sup>	294,900	303,500	289,600	-8,600	5,300	Total Nonfarm Wage & Salary <sup>1</sup>	147,100	147,900	144,500	-800	2,600
Goods Producing	33,000	38,400	32,900	-5,400	100	Goods Producing	12,100	13,600	12,200	-1,500	-100
Services Providing	261,900	265,100	256,700	-3,200	5,200	Services Providing	135,000	134,400	132,300	600	2,700
Natural Resources & Mining	9,600	10,000	10,300	-400	-700	Natural Resources & Mining	2,300	2,400	2,700	-100	-400
Logging	600	700	600	-100	0	Mining	2,100	2,300	2,600	-200	-500
Mining	9,200	9,400	9,900	-200	-700	Oil & Gas	2,000	2,100	2,500	-100	-500
Oil & Gas	7,700	7,800	8,400	-100	-700	Construction	7,900	9,200	7,600	-1,300	300
Construction	16,000	18,200	15,500	-2,200	500	Manufacturing	1,900	2,000	2,000	-100	-100
Manufacturing	7,400	10,100	7,000	-2,700	400	Trade, Transportation, Utilities	33,500	33,000	33,200	500	300
Wood Products Manufacturing	300	300	400	0	-100	Wholesale Trade	4,700	4,700	4,700	0	0
Seafood Processing	3,500	6,300	3,400	-2,800	100	Retail Trade	18,200	17,700	17,900	500	300
Trade, Transportation, Utilities	60,500	61,300	59,800	-800	700	Food & Beverage Stores	2,400	2,400	2,300	0	100
Wholesale Trade	6,300	6,300	6,200	0	100	General Merchandise Stores	4,600	4,400	4,600	200	0
Retail Trade	34,500	34,400	34,100	100	400	Trans/Warehousing/Utilities	10,600	10,600	10,600	0	0
Food & Beverage Stores	5,900	6,000	5,700	-100	200	Air Transportation	3,200	3,300	3,200	-100	0
General Merchandise Stores	9,300	9,200	9,800	100	-500	Information	4,700	4,700	4,700	0	0
Trans/Warehousing/Utilities	19,700	20,700	19,500	-1,000	200	Telecommunications	2,700	2,700	2,700	0	0
Air Transportation	5,800	5,900	5,600	-100	200	Financial Activities	8,700	8,700	8,300	0	400
Truck Transportation	2,700	2,800	2,600	-100	100	Professional & Business Svcs	17,800	18,200	17,400	-400	400
Information	7,300	7,200	7,300	100	0	Educational & Health Services	17,800	17,700	16,700	100	1,100
Telecommunications	4,300	4,300	4,200	0	100	Health Care/Social Assistance	16,300	16,200	15,200	100	1,100
Financial Activities	14,000	14,300	13,400	-300	600	Ambulatory Health Care	6,900	7,100	6,400	-200	500
Professional & Business Svcs	23,600	24,700	22,800	-1,100	800	Hospitals	4,900	4,800	4,700	100	200
Educational & Health Services	32,700	32,800	30,700	-100	2,000	Leisure & Hospitality	15,000	15,000	14,500	0	500
Health Care/Social Assistance	30,600	30,700	28,500	-100	2,100	Accommodation	2,800	3,000	2,700	-200	100
Ambulatory Health Care	13,000	13,000	12,200	0	800	Food Svcs & Drinking Places	10,200	10,200	10,000	0	200
Hospitals	8,200	8,200	7,600	0	600	Other Services	6,300	6,300	6,300	0	0
Leisure & Hospitality	27,200	28,500	27,200	-1,300	0	Government <sup>2</sup>	31,100	30,800	31,200	300	-100
Accommodation	6,100	7,000	5,900	-900	200	Federal Government <sup>3</sup>	9,900	9,600	9,900	300	0
Food Svcs & Drinking Places	17,300	17,400	16,700	-100	600	State Government	9,900	9,900	9,900	0	0
Other Services	12,700	12,700	12,300	0	400	Local Government	11,400	11,300	11,400	100	0
Government <sup>2</sup>	83,900	83,500	83,300	400	600	Tribal Government	300	300	300	0	0
Federal Government <sup>3</sup>	17,200	17,100	17,200	100	0						
State Government	24,500	24,500	24,200	0	300						
Local Government	42,200	42,000	41,900	200	300						
Tribal Government	3,700	3,800	3,600	-100	100						

Notes to Exhibits 3, 4, 5, & 7—<sup>1</sup>Nonfarm excludes self-employed workers, fishermen, domestics, and unpaid family workers as well as agricultural workers. <sup>2</sup>Includes employees of public school systems and the University of Alaska. <sup>3</sup>Excludes uniformed military. 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

# 4 Hours and Earnings

## For selected industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	preliminary 11/03	revised 10/03	revised 11/02	preliminary 11/03	revised 10/03	revised 11/02	preliminary 11/03	revised 10/03	revised 11/02
Mining	1,379.95	1,298.71	\$1,245.27	44.5	42.4	41.9	\$31.01	\$30.63	\$29.72
Construction	1,094.43	1,269.05	1,030.66	38.2	43.7	38.4	28.65	29.04	26.84
Manufacturing	567.59	489.24	437.76	41.4	40.4	29.8	13.71	12.11	14.69
Seafood Processing	377.34	402.99	308.02	38.0	43.1	27.6	9.93	9.35	11.16
Trade, Transportation, Utilities	529.91	528.05	527.39	34.1	34.2	33.4	15.54	15.44	15.79
Retail Trade	436.92	447.89	461.82	33.0	33.6	32.8	13.24	13.33	14.08
Financial Activities	702.90	723.84	670.20	35.5	34.7	34.6	19.80	20.86	19.37

Average hours and earnings estimates are based on data for full-time and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing). Averages are based on 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

# 5 Nonfarm Wage and Salary Employment

By place of work

	preliminary		Changes from:		
	11/03	10/03	11/02	10/03	11/02
<b>Fairbanks</b>					
<b>North Star Borough</b>					
<b>Total Nonfarm Wage &amp; Salary<sup>1</sup></b>	34,550	35,650	34,350	-1,100	200
Goods Producing	3,550	4,250	3,450	-700	100
Services Providing	31,000	31,400	30,850	-400	150
<b>Natural Resources &amp; Mining</b>	900	900	850	0	50
Mining	900	900	950	0	-50
<b>Construction</b>	2,150	2,800	2,100	-650	50
<b>Manufacturing</b>	500	550	550	-50	-50
<b>Trade, Transportation, Utilities</b>	6,650	6,800	6,850	-150	-200
Retail Trade	4,050	4,000	4,150	50	-100
General Merchandise Stores	1,000	1,000	1,150	0	-150
Trans/Warehousing/Utilities	2,100	2,200	2,200	-100	-100
Air Transportation	850	850	850	0	0
<b>Information</b>	600	600	550	0	50
<b>Financial Activities</b>	1,250	1,300	1,300	-50	-50
<b>Professional &amp; Business Svcs</b>	1,700	1,800	1,700	-100	0
<b>Educational &amp; Health Services</b>	3,600	3,650	3,500	-50	100
Health Care/Social Assistance	3,400	3,450	3,300	-50	100
<b>Leisure &amp; Hospitality</b>	3,550	3,700	3,550	-150	0
Accommodation	850	900	850	-50	0
Food Svcs & Drinking Places	2,300	2,300	2,250	0	50
<b>Other Services</b>	1,900	1,950	2,000	-50	-100
<b>Government<sup>2</sup></b>	11,750	11,650	11,450	100	300
Federal Government <sup>3</sup>	3,250	3,250	3,250	0	0
State Government	5,300	5,250	4,900	50	400
Local Government	3,200	3,150	3,250	50	-50
Tribal Government	0	0	0	0	0

## Southeast Region

<b>Total Nonfarm Wage &amp; Salary<sup>1</sup></b>	33,850	35,550	33,650	-1,700	200
Goods Producing	3,450	4,150	3,400	-700	50
Services Providing	30,400	31,450	30,300	-1,050	100
<b>Natural Resources &amp; Mining</b>	700	800	600	-100	100
Logging	350	500	300	-150	50
Mining	300	300	300	0	0
<b>Construction</b>	1,500	1,800	1,500	-300	0
<b>Manufacturing</b>	1,250	1,550	1,250	-300	0
Wood Products Mfg.	150	150	200	0	-50
Seafood Processing	850	1,100	850	-250	0
<b>Trade, Transportation, Utilities</b>	6,250	6,550	6,250	-300	0
Retail Trade	3,950	4,150	3,950	-200	0
Trans/Warehousing/Utilities	1,850	1,950	1,850	-100	0
<b>Information</b>	500	500	500	0	0
<b>Financial Activities</b>	1,200	1,300	1,200	-100	0
<b>Professional &amp; Business Svcs</b>	1,350	1,450	1,350	-100	0
<b>Educational &amp; Health Services</b>	3,600	3,550	3,500	50	100
Health Care/Social Assistance	3,400	3,350	3,250	50	150
<b>Leisure &amp; Hospitality</b>	2,750	3,300	2,750	-550	0
Accommodation	950	950	950	0	0
Food Svcs & Drinking Places	1,450	1,550	1,450	-100	0
<b>Other Services</b>	1,150	1,150	1,150	0	0
<b>Government<sup>2</sup></b>	13,650	13,650	13,600	0	50
Federal Government <sup>3</sup>	2,000	2,000	1,900	0	100
State Government	5,550	5,600	5,550	-50	0
Local Government	6,100	6,050	6,150	50	-50
Tribal Government	550	550	550	0	0

	preliminary		Changes from:		
	11/03	10/03	11/02	10/03	11/02
<b>Interior Region</b>					
<b>Total Nonfarm Wage &amp; Salary<sup>1</sup></b>	40,000	42,250	39,700	-2,250	300
Goods Producing	3,850	4,600	3,700	-750	150
Services Providing	36,150	37,650	35,950	-1,500	200
<b>Natural Resources &amp; Mining</b>	1,050	1,050	950	0	100
Mining	1,000	1,000	950	0	50
<b>Construction</b>	2,250	2,950	2,200	-700	50
<b>Manufacturing</b>	550	600	600	-50	-50
<b>Trade, Transportation, Utilities</b>	7,450	8,250	7,550	-800	-100
<b>Information</b>	800	900	750	-100	50
<b>Financial Activities</b>	1,300	1,400	1,350	-100	-50
<b>Professional &amp; Business Svcs</b>	1,900	2,050	1,700	-150	200
<b>Educational &amp; Health Services</b>	3,750	3,800	3,650	-50	100
<b>Leisure &amp; Hospitality</b>	4,100	4,500	4,050	-400	50
Accommodation	1,050	1,400	1,000	-350	50
Food Svcs & Drinking Places	2,650	2,700	2,600	-50	50
<b>Other Services</b>	2,200	2,250	2,200	-50	0
<b>Government<sup>2</sup></b>	14,650	14,600	14,650	50	0
Federal Government <sup>3</sup>	3,850	3,850	3,950	0	-100
State Government	5,550	5,500	5,400	50	150
Local Government	5,300	5,250	5,300	50	0
Tribal Government	300	250	250	50	50

## Anchorage/Mat-Su Region

<b>Total Nonfarm Wage &amp; Salary<sup>1</sup></b>	163,050	164,300	159,200	-1,250	3,850
Goods Producing	13,900	15,400	13,750	-1,500	150
Services Providing	149,150	148,850	145,450	300	3,700
<b>Natural Resources &amp; Mining</b>	2,400	2,450	2,700	-50	-300
Construction	9,350	10,700	8,900	-1,350	450
Manufacturing	2,150	2,250	2,150	-100	0
<b>Trade, Transportation, Utilities</b>	37,500	37,150	36,950	350	550
<b>Information</b>	5,150	5,150	5,150	0	0
<b>Financial Activities</b>	9,400	9,400	8,800	0	600
<b>Professional &amp; Business Svcs</b>	18,650	19,100	18,200	-450	450
<b>Educational &amp; Health Services</b>	19,900	19,750	18,550	150	1,350
<b>Leisure &amp; Hospitality</b>	16,500	16,550	16,150	-50	350
<b>Other Services</b>	7,150	7,100	6,700	50	450
<b>Government<sup>2</sup></b>	34,900	34,650	34,900	250	0
Federal Government <sup>3</sup>	10,050	9,750	10,050	300	0
State Government	10,800	10,800	10,850	0	-50
Local Government	14,050	14,100	14,000	-50	50
Tribal Government	350	350	350	0	0

## Gulf Coast Region

<b>Total Nonfarm Wage &amp; Salary<sup>1</sup></b>	25,550	27,150	25,700	-1,600	-150
Goods Producing	4,400	5,550	4,650	-1,150	-250
Services Providing	21,100	21,600	21,100	-500	0
<b>Natural Resources &amp; Mining</b>	1,150	1,200	1,400	-50	-250
Oil & Gas Extraction	1,050	1,050	1,300	0	-250
<b>Construction</b>	1,500	1,750	1,550	-250	-50
<b>Manufacturing</b>	1,800	2,600	1,650	-800	150
Seafood Processing	1,150	1,850	1,000	-700	150
<b>Trade, Transportation, Utilities</b>	5,050	5,200	5,100	-150	-50
Retail Trade	3,100	3,100	3,200	0	-100
Trans/Warehousing/Utilities	1,700	1,800	1,650	-100	50
<b>Information</b>	450	450	450	0	0
<b>Financial Activities</b>	800	850	850	-50	-50
<b>Professional &amp; Business Svcs</b>	1,300	1,250	1,350	50	-50
<b>Educational &amp; Health Services</b>	1,950	1,950	1,850	0	100
Health Care/Social Assistance	1,850	1,850	1,800	0	50
<b>Leisure &amp; Hospitality</b>	2,850	3,100	2,700	-250	150
Accommodation	950	1,150	900	-200	50
Food Svcs & Drinking Places	1,600	1,700	1,550	-100	50
<b>Other Services</b>	1,300	1,350	1,350	-50	-50
<b>Government<sup>2</sup></b>	7,450	7,450	7,400	0	50
Federal Government <sup>3</sup>	800	850	750	-50	50
State Government	1,700	1,750	1,650	-50	50
Local Government	4,950	4,900	5,000	50	-50
Tribal Government	350	400	350	-50	0

# 6 Unemployment Rates

## By region and census area

Not Seasonally Adjusted	preliminary	revised	11/02
	11/03	10/03	
<b>United States</b>	5.6	5.6	5.6
<b>Alaska Statewide</b>	7.3	6.8	7.9
<b>Anchorage/Mat-Su Region</b>	5.6	5.3	6.1
Municipality of Anchorage	5.0	4.9	5.4
Mat-Su Borough	7.8	7.0	9.2
<b>Gulf Coast Region</b>	12.5	10.4	12.8
Kenai Peninsula Borough	11.8	10.9	13.3
Kodiak Island Borough	15.5	8.3	9.9
Valdez-Cordova	11.4	10.9	14.2
<b>Interior Region</b>	7.3	6.5	8.3
Denali Borough	15.5	16.1	17.3
Fairbanks North Star Borough	6.4	5.7	7.2
Southeast Fairbanks	11.8	9.7	13.8
Yukon-Koyukuk	15.5	14.1	17.3
<b>Northern Region</b>	14.2	14.8	14.0
Nome	13.6	13.8	12.7
North Slope Borough	14.0	14.8	12.8
Northwest Arctic Borough	15.6	16.4	17.6
<b>Southeast Region</b>	8.1	7.4	8.3
Haines Borough	12.9	11.3	14.7
Juneau Borough	6.4	5.7	6.0
Ketchikan Gateway Borough	8.4	8.0	10.1
Prince of Wales-Outer Ketchikan	12.0	10.3	11.6
Sitka Borough	7.0	6.0	6.5
Skagway Hoonah-Angoon	12.9	12.6	14.1
Wrangell-St. Elias Borough	9.6	8.9	8.6
Yakutat Borough	12.5	9.8	13.0
<b>Southwest Region</b>	13.7	12.5	13.7
Aleutians East Borough	4.9	4.3	6.5
Aleutians West	10.7	8.3	12.4
Bethel	14.8	14.0	13.9
Bristol Bay Borough	12.3	8.9	11.1
Dillingham	12.4	10.8	13.1
Lake & Peninsula Borough	15.5	12.5	13.6
Wade Hampton	21.8	21.4	21.3
<b>Seasonally Adjusted</b>			
United States	5.9	6.0	5.9
Alaska Statewide	7.5	7.3	8.2

### 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 23)

2002 U.S. recession may have been the cause of 2002's highest net migration to Alaska in over a decade. By 2003 the effects of the national recession eased and net migration to Alaska slowed but remained positive.

## Alaska population reaches 648,818

According to the same U.S. Census Bureau data, Alaska's population reached 648,818 in 2003, an increase of 7,336. Alaska's population grew by 1.1 percent in 2003, ranking Alaska 14th among states in percent population change. The gains came from a combination of natural increase (births minus deaths) of 6,622 and positive net migration of 747. Alaska's population now ranks 47th in the nation. The states with fewer residents than Alaska are Vermont, North Dakota and Wyoming.

# 7 Nonfarm Wage/Salary Employment

## By place of work

Northern Region	preliminary	revised	Changes from:		
	11/03	10/03	11/02	10/03	11/02
<b>Total Nonfarm Wage &amp; Salary<sup>1</sup></b>	15,750	15,850	15,750	-100	0
Goods Producing	4,900	4,900	5,250	0	-350
Services Providing	10,850	10,950	10,500	-100	350
Oil & Gas Extraction	4,100	4,100	4,250	0	-150
<b>Government<sup>2</sup></b>	5,350	5,400	5,150	-50	200
Federal Government <sup>3</sup>	150	150	150	0	0
State Government	350	350	350	0	0
Local Government	4,800	4,900	4,650	-100	150
Tribal Government	550	600	500	-50	50
<b>Southwest Region</b>					
<b>Total Nonfarm Wage &amp; Salary<sup>1</sup></b>	16,450	18,500	15,800	-2,050	650
Goods Producing	1,900	3,550	1,650	-1,650	250
Services Providing	14,600	14,950	14,150	-350	450
Seafood Processing	1,650	3,250	1,500	-1,600	150
<b>Government<sup>2</sup></b>	7,700	7,750	7,600	-50	100
Federal Government <sup>3</sup>	400	350	350	50	50
State Government	550	550	500	0	50
Local Government	6,800	6,850	6,750	-50	50
Tribal Government	1,450	1,450	1,550	0	-100

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

# Employer Resources

The Employment Security Tax Section is responsible for providing assistance and information to employers concerning the Unemployment Insurance (UI) tax program and for the collection of UI taxes. The ES Tax page shows office locations, tax rates, laws and cases, forms, etc. to assist you in handling your business tax records more efficiently. From the employer web page of <http://www.labor.state.ak.us/employer/employer.htm>, click on "Employment Security Tax".

The image shows two overlapping browser windows from Microsoft Internet Explorer. The top window displays the 'Links for Employers' page, which lists various resources such as 'Alaska Business Handbook', 'Alaska Job Center Network', and 'Alaska UI Tax Calculation Cookbook'. A white arrow points from the 'Employment Security Tax' link in this menu to the bottom window. The bottom window shows the 'Employment Security Tax' page, featuring the name of Pat Shier, Chief, and a 'NEW! "ONLINE" Employer Quarterly Contribution Reporting' section. It also includes contact information for the Alaska Department of Labor and Workforce Development, including phone numbers and a mailing address. A 'Quick Links...' sidebar on the right lists items like 'Tax Rates', 'Office Locations', and 'Forms/Publications'.

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

# Alaska State Legislature

## House of Representatives



Official Business

State Capitol  
Juneau, AK 99801-1182

### SPONSOR STATEMENT FOR HB 305 BY: Representative Tom Anderson House Labor & Commerce Committee Chair

**TITLE:** "An Act relating to the calculation and payment of unemployment compensation benefits; and providing for an effective date."

House Bill 305 provides an 8.2% increase the maximum weekly unemployment benefit amount. This increase, phased in over a three-year period, minimizes the impact to employers, employees, and the UI Trust Fund. Alaska currently ranks 47<sup>th</sup> in the nation with a maximum weekly benefit of \$248. Alaska will rank and estimated 28<sup>th</sup> in the nation when the maximum weekly benefit is fully increased to \$308 in 2006. The fully increased maximum benefit amount would be available to claimants earning \$34,250 or more per year.

The full impact of the increase in benefit costs will not be reflected in employer tax rates until 2010. When the cumulative impact of the increased benefit costs is included in the tax rate calculation by 2010, the average employer tax rate will increase by 0.17% and the average employee tax rate will only increase by 0.04%.

Alaska's unemployment benefits assist Alaskans who find themselves temporarily without work. The benefits are distributed back into the local economy, which in turn maintains economic stability for communities, business, and workers. HB 305 enables Alaskan workers to weather periods of economic downturn and alleviates skill shortages by keeping trained workers in Alaska.

I urge your support of HB 305.

# Alaska State Legislature

## House of Representatives



Official Business

State Capitol  
Juneau, AK 99801-1182

### SECTIONAL ANALYSIS FOR HB 305 BY: Representative Tom Anderson House Labor & Commerce Committee Chair

**Section 1:** AS 23.20.350(d) - Amends the benefit schedule, effective 01/01/04, by increasing qualifying wage requirements from \$26,750 to \$29,750. The benefit schedule is extended in \$250 increments to reach the new qualifying amounts. Amends the maximum benefit amount from \$248 to \$272. The benefit schedule is extended in \$2 increments to reach the new maximum benefit amount.

**Section 2:** AS 23.20.350(d) - Amends the benefit schedule, effective 01/01/05, by increasing qualifying wage requirements from \$29,750 to \$32,750. The benefit schedule is extended in \$250 increments to reach the new qualifying amounts. Amends the maximum benefit amount from \$272 to \$296. The benefit schedule is extended in \$2 increments to reach the new maximum benefit amount.

**Section 3:** AS 23.20.350(d) - Amends the benefit schedule effective 01/01/06, by increasing qualifying wage requirements from \$32,750 to \$34,250. The benefit schedule is extended in \$250 increments to reach the new qualifying amounts. Amends the maximum benefit amount from \$296 to \$308. The benefit schedule is extended in \$2 increments to reach the new maximum benefit amount.

**Section 4:** Section 1 takes effect 01/01/2004.

**Section 5:** Section 2 takes effect 01/01/2005.

**Section 6:** Section 3 takes effect 01/01/2006.

#### Constituent Group(s) affected by bill: Financial Impact

The estimated increase in employer tax is calculated by adding approximately 0.02 to the average employer tax rate for each \$1 million of net increase in benefit cost.

The estimated cost increase in UI benefits paid resulting from increasing the maximum WBA from \$248 to \$272 is \$4.0 million. The estimated cost increase in UI benefits paid resulting from increasing the maximum WBA from \$272 to \$296 is \$3.2 million. The estimated cost in UI benefits paid resulting from increasing the maximum WBA from \$296 to \$308 is \$1.4 million.

There would not be an impact to employer taxes during 2004. The estimated average employer tax rate would increase from 2.08 to 2.09 in 2005, from 2.09 to 2.13 in 2006, from 2.13 to 2.18 in 2007, from 2.18 to 2.22 in 2008, from 2.22 to 2.24 in 2009 and from 2.24 to 2.25 in 2010

There would not be an impact to the employee portion of the tax during 2004 and 2005. The estimated employee portion of the tax would increase from 0.52% to 0.53% of the first \$25,500 taxable wages in 2006, from 0.53% to 0.54% in 2007, from 0.54% to 0.56% in 2008. The estimated employee portion of the tax would remain at 0.57% in 2009 and 2010.

## Comparison of Weekly Benefit Amount (WBA) Proposals

	2003 Proposal	HB 58 (FIN) (2002)
<p><b>Brief Synopsis:</b> The major difference in the 2003 WBA proposal and the 2002 WBA bill is that section 3 of the 2003 proposal caps the maximum WBA at \$308 instead of \$320. In addition, sections 4, 5, and 6 of the 2003 proposal provide for extended effective dates.</p>		
Purpose	3-phase increase of the maximum unemployment insurance weekly benefit amount	3-phase increase of the maximum unemployment insurance weekly benefit amount
Section 1	Increase maximum weekly benefit amount to \$272; increase qualifying wage requirement from \$26,750 to \$29,750.	Increase maximum weekly benefit amount to \$272; increase qualifying wage requirement from \$26,750 to \$29,750.
Section 2	Increase maximum weekly benefit amount to \$296; increase the qualifying wage requirement from \$29,750 to \$32,750.	Increase maximum weekly benefit amount to \$296; increase the qualifying wage requirement from \$29,750 to \$32,750.
Section 3	Increase maximum weekly benefit amount to \$308; increase the qualifying wage requirement from \$32,750 to \$34,250.	Increase maximum weekly benefit amount to \$320; increase the qualifying wage requirement from \$32,750 to \$35,750.
Section 4	Section 1 effective 01/01/04.	Section 1 effective 07/01/02.
Section 5	Section 2 effective 01/01/05.	Section 2 effective 01/01/03.
Section 6	Section 3 effective 01/01/06.	Section 3 effective 01/01/04.

## 2003 Weekly Benefit Amount (WBA) proposal

### History

- ◆ Alaska's maximum weekly benefit amount has increased only 4 times in the last 20 years. In 1997 the maximum weekly benefit amount increased by \$36.00.
- ◆ The maximum weekly unemployment insurance benefit paid to the Alaskan worker is 23% less than the 2001 poverty-level guidelines.
  - ✓ In 1997 the Alaska Poverty Guidelines for a family of three was \$351.73.
  - ✓ Alaska median family size is three.
- ◆ Alaska ranks 47<sup>th</sup> nationally in terms of the maximum weekly benefit amount available to claimants. With this proposal implemented, effective January 1, 2006, Alaska would rank approximately 28<sup>th</sup>.

### The Proposal

- ◆ The 2003 WBA proposal seeks to raise the maximum weekly benefit amount in three phases. The proposal offers a three-phase increase to minimize the impact to employers, employees, and the UI Trust Fund.

Phase	Benefit Amount	WBA Increase	Effective Date
Year 1	\$248 to \$272	\$24	January 1, 2004
Year 2	\$272 to \$296	\$24	January 1, 2005
Year 3	\$296 to \$308	\$12	January 1, 2006

- ◆ The advantages of the 2003 WBA proposal are:
  - ✓ Unemployment benefits are distributed back into the local economy, maintaining economic stability for communities, businesses and workers.
  - ✓ Enables Alaskan workers to weather periods of economic downturn.
  - ✓ Alleviates skill shortages by keeping trained workers in Alaska.

### The Impact

- ◆ The cost for each increment of the 3-phase increase is estimated to be approximately \$4.0, \$3.2 and \$1.4 million respectively for a total cost of \$8.6 million. This represents an 8.2% increase in benefit costs.
- ◆ The full impact of the increase in benefit costs will not be reflected in employer tax rates until 2010.
- ◆ When the cumulative impact (8.2%) of the increased benefit costs is included in the tax rate calculation (by 2010), the average employer tax rate will increase from 2.08% to 2.25%; the average employee tax rate will increase from 0.52% to 0.56%.

# Unemployment Insurance - Estimated Impact on Employer Contributions 2004-2010

## HB 305

### Employer Annual Tax Rates

RATE CLASS*	Estimated CY 2004	Estimated CY 2005	Estimated CY 2006	Estimated CY 2007	Estimated CY 2008	Estimated CY 2009	Estimated CY 2010
1	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
2	1.00	1.00	1.00	1.00	1.00	1.01	1.01
3	1.04	1.04	1.06	1.09	1.11	1.12	1.12
4	1.14	1.15	1.17	1.20	1.22	1.23	1.24
5	1.25	1.25	1.28	1.31	1.33	1.35	1.35
6	1.35	1.36	1.38	1.42	1.45	1.46	1.46
7	1.45	1.46	1.49	1.53	1.56	1.57	1.57
8	1.66	1.67	1.70	1.74	1.78	1.80	1.80
9	1.87	1.88	1.91	1.96	2.00	2.02	2.02
10 Average	2.08	2.09	2.13	2.18	2.22	2.24	2.25
11 Average	2.08	2.09	2.13	2.18	2.22	2.24	2.25
12	2.28	2.30	2.34	2.40	2.45	2.47	2.47
13	2.49	2.51	2.55	2.62	2.67	2.69	2.70
14	2.70	2.72	2.76	2.83	2.89	2.92	2.92
15	2.80	2.82	2.87	2.94	3.00	3.03	3.04
16	2.91	2.92	2.98	3.05	3.11	3.14	3.15
17	3.01	3.03	3.08	3.16	3.23	3.25	3.26
18	3.11	3.13	3.19	3.27	3.34	3.37	3.37
19	3.22	3.24	3.30	3.38	3.45	3.48	3.49
20	3.32	3.34	3.40	3.49	3.56	3.59	3.60
21	5.40	5.40	5.40	5.40	5.40	5.40	5.40

### Employee Annual Tax Rates

0.52	0.52	0.53	0.54	0.56	0.56	0.56
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\*RATE CLASS: Each employer is assigned one of the 21 rate classes depending on circumstances peculiar to each employer. Rate Class 21 is a PENALTY rate class for delinquencies. An employer may change rate class from year to year.

# Unemployment Insurance - Estimated Impact on Employer Contributions 2004-2010

## HB 305

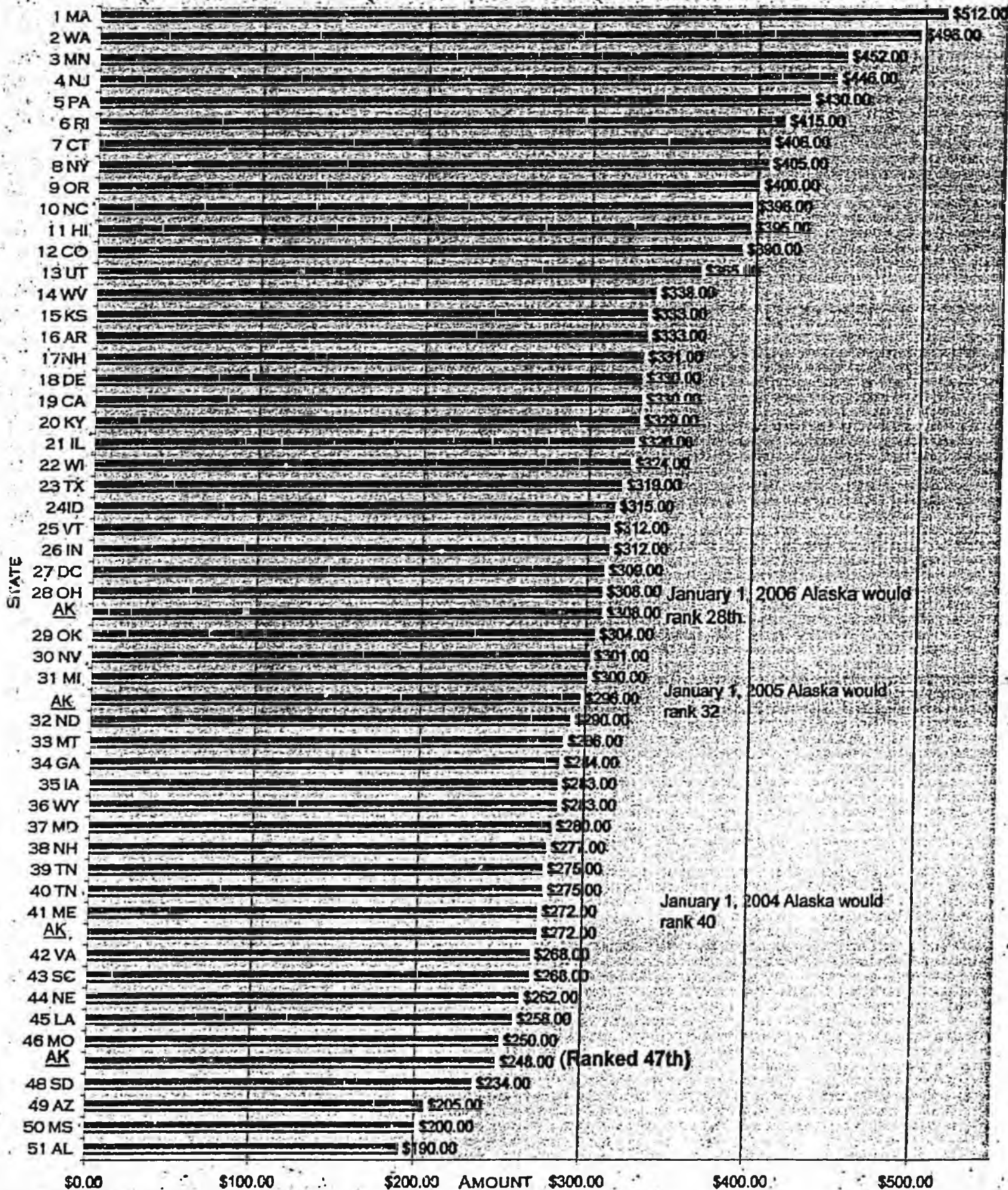
Estimated Annual Maximum Contribution and Annual Increase Per Employee Over Prior Year(s)

YEAR	CY:	2004	2005	2006	2007	2008	2009	2010					
		Est. Max Per Empl. Per Yr.	Est. Max Per Empl. Per Yr.	Est. Max Per Empl. Per Yr.	Est. Max Per Empl. Per Yr.	Est. Max Per Empl. Per Yr.	Est. Max Per Empl. Per Yr.	Est. Max Per Empl. Per Yr.	Est. Max Per Empl. Per Yr.	Est. Max Per Empl. Per Yr.	Est. Max Per Empl. Per Yr.	Est. Max Per Empl. Per Yr.	Cumulative Increase
			Est. Incr. over prior year	Est. Incr. over prior year	Est. Incr. over prior year	Est. Incr. over prior year	Est. Incr. over prior year	Est. Incr. over prior year	Est. Incr. over prior year	Est. Incr. over prior year	Est. Incr. over prior year	Est. Incr. over prior year	
<b>RATE CLASS*</b>													
1		\$ 267	\$ 267	\$ 267	\$ 0	\$ 267	\$ 0	\$ 267	\$ 0	\$ 267	\$ 0	\$ 267	\$ 0
2		267	267	267	0	267	0	267	0	270	3	270	3
3		278	278	283	5	291	8	296	5	299	3	299	21
4		304	307	312	5	320	8	326	5	328	3	331	27
5		334	334	342	8	350	8	355	5	360	5	360	27
6		360	363	368	5	379	11	387	8	390	3	390	29
7		387	390	398	8	409	11	417	8	419	3	419	32
8		443	446	454	8	465	11	475	11	481	5	481	37
9		499	502	510	8	523	13	534	11	539	5	539	40
10	Average	555	558	569	11	582	13	593	11	598	5	601	45
11	Average	555	558	569	11	582	13	593	11	598	5	601	45
12		609	614	625	11	641	16	654	13	659	5	659	51
13		665	670	681	11	700	19	713	13	718	5	721	56
14		721	726	737	11	756	19	772	16	780	8	780	59
15		748	753	766	13	785	19	801	16	809	8	812	64
16		777	780	796	16	814	19	830	16	838	8	841	64
17		804	809	822	13	844	21	862	19	868	5	870	67
18		830	836	852	16	873	21	892	19	900	8	900	69
19		860	865	881	16	902	21	921	19	929	8	932	72
20		886	892	908	16	932	24	951	19	959	8	961	75
21		1,442	1,442	1,442	0	1,442	0	1,442	0	1,442	0	1,442	0

\*RATE CLASS: Each employer is assigned one of the 21 rate classes depending on circumstances peculiar to each employer. Rate Class 21 is a PENALTY rate class for delinquencies. An employer may change Rate Class from year to year.

Example: An employer in Rate Class 10 in 2006 could pay UI contributions of up to \$569 per full time employee, \$11 more than in 2005, and \$14 more than 2004. All estimates based on \$26,700 (wage base for 2003) per year - wages over the taxable wage base are not taxable.

# MAXIMUM WEEKLY BENEFIT AMOUNT BY STATE



Note: Data includes 50 states and District of Columbia  
 Source: US Department of Labor, Significant Provisions of UI Law January 2002  
 Prepared by: Alaska Department of Labor and Workforce Development, Employment Security Division  
 April 26, 2003

## Amount of UI Benefit Payments by Census Area, CY 2002

Census Areas	Total \$
Aleutians East Borough	325,721
Aleutians West	849,586
Anchorage Municipality	40,042,117
Bethel	3,508,736
Bristol Bay Borough	340,973
Denali Borough	705,109
Dillingham	924,134
Fairbanks N Star Borough	13,719,440
Haines Borough	830,247
Juneau Borough	4,366,051
Kenai Peninsula Borough	13,417,366
Ketchikan Gateway Borough	3,738,791
Kodiak island Borough	3,786,638
Lake & Peninsula Borough	354,609
Matanuska-Susitna Borough	14,850,934
Nome	1,889,690
North Slope Borough	1,821,966
Northwest Arctic Borough	2,271,728
Prince of Wales	2,161,323
Sitka Borough	1,194,071
Skagway-Hoonah-Angoon	1,211,850
Southeast Fairbanks	1,829,668
Valdez - Cordova	2,991,080
Wade Hampton	2,394,407
Wrangell - Petersburg	1,779,164
Yakutat Borough	246,018
Yukon - Koyukuk	1,955,611
Area Unknown	3,230,295
<b>In-State Totals</b>	<b>\$126,737,323</b>
<b>Out-of-State Totals</b>	<b>\$28,474,117</b>
<b>Totals All Areas</b>	<b>\$155,211,440</b>

### Ten-Year Historical Data Series for Census Area Totals (\$)

Calendar Year	\$ Total
1992	175,832,126
1993	180,188,366
1994	150,010,059
1995	126,843,010
1996	125,553,553
1997	118,474,227
1998	118,996,689
1999	129,234,098
2000	114,331,726
2001	117,515,002
2002	155,211,440
<b>Total 1992-2002</b>	<b>\$1,512,190,296</b>

MAXIMUM WEEKLY BENEFIT  
for Calendar Year 2001

<u>Rank</u>	<u>State</u>	<u>Max WBA</u>
1*	MA	\$768.00
2*	RI	\$528.00
3*	NJ	\$513.00
4	WA	\$496.00
5*	CT	\$481.00
6	MN	\$452.00
7*	PA	\$438.00
8*	IL	\$431.00
9*	OH	\$414.00
10*	ME	\$408.00
11	NY	\$405.00
12	OR	\$400.00
13	NC	\$396.00
14	HI	\$395.00
15	CO	\$390.00
16	UT	\$365.00
17*	IA	\$358.00
18	WV	\$338.00
19	AR	\$333.00
20	KS	\$333.00
21	NH	\$331.00
22	CA	\$330.00
23	DE	\$330.00
24*	MI	\$330.00
25	KY	\$329.00
26	WI	\$324.00
<b>27*</b>	<b>AK</b>	<b>\$320.00</b>
28	TX	\$319.00
29	ID	\$315.00
30	IN	\$312.00
31	VT	\$312.00
32*	MD	\$310.00
33	DC	\$309.00
34	OK	\$304.00
35	NV	\$301.00
36	ND	\$290.00
37	MT	\$286.00
38	GA	\$284.00
39	WY	\$283.00
40	NM	\$277.00
41	FL	\$275.00
42	TN	\$275.00
43	SC	\$268.00
44	VA	\$268.00
45	NE	\$262.00
46	LA	\$258.00
47	MO	\$250.00
48	SD	\$234.00
49	AZ	\$205.00
50	MS	\$200.00
51	AL	\$190.00

Notes: In CY 2001, 3.28% or 1,773 of UI claimants received the maximum weekly benefit amount of \$320.

In CY 2001 there were 53,999 UI claimants, 30,995 (57.4%) claimants did not receive dependent allowance. 6,156 (11.4%) claimants received the maximum number of dependent allowance.

In CY 2001, Alaska paid \$117,515,002 in UI benefits. Of the total benefits paid, \$12,523,440 or 10.65% was for dependent allowance.

Alaska's dependent allowance is \$24 per dependent, limit of 3 dependents.

\* Includes dependent allowance.

**Calendar Year 2001  
Average Weekly Benefit Amount by State**

<u>Rank</u>	<u>State</u>	<u>Average WBA</u>
1*+	MA	\$334.72
2+	WA	\$311.27
3*+	NJ	\$308.91
4+	MN	\$306.73
5+	HI	\$296.97
6+	CO	\$291.47
7*+	RI	\$289.12
8*+	PA	\$281.52
9*+	CT	\$277.09
10	NY	\$268.99
11*+	IL	\$268.68
12+	DC	\$261.56
13+	KS	\$260.89
14*	MI	\$260.73
15+	OR	\$255.97
16+	UT	\$252.84
17*+	IA	\$249.57
18+	NC	\$248.00
19*+	OH	\$247.55
20	IN	\$243.98
21	WI	\$241.71
22	TX	\$241.35
23	NH	\$240.59
24*	MD	\$235.27
25	VA	\$234.63
26+	KY	\$234.32
27+	VT	\$232.93
28+	NV	\$228.46
29	GA	\$228.42
30+	OK	\$227.88
31+	ID	\$223.46
32	FL	\$223.24
33	DE	\$220.17
34+	AR	\$220.10
35+	ND	\$218.17
36*+	ME	\$215.83
37+	WY	\$215.31
38+	SC	\$205.88
39+	NE	\$204.80
40+	WV	\$202.14
41	MO	\$200.49
42	TN	\$197.81
43+	MT	\$194.19
44+	LA	\$193.94
45+	NM	\$193.23
46*	AK	\$193.01
47+	SD	\$189.91
48	AZ	\$172.74
49	CA	\$172.01
50	AL	\$164.17
51	MS	\$162.99

Alaska's average weekly benefit amount calculations consider the following:

In CY 2001 there were 53,999 UI claimants, 30,995 (57.4%) claimants did not receive dependent allowance. 6,156 (11.4%) claimants received the maximum number of dependent allowance.

In CY 2001, Alaska paid \$117,515,002 in UI benefits. Of the total benefits paid, \$12,523,440 or 10.65% was for dependent allowance.

Alaska's dependent allowance is \$24 per dependent, limit of 3 dependents.

\* Includes dependent allowance.

+States that index their maximum weekly benefit amount as a percentage (50%-70%) of the statewide average weekly wage.

**HB**

**313**

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# SENATE COMMITTEE REPORT

E: 5/14/03

FURTHER:

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

for and Commerce Committee considered HOUSE BILL NO. 313

## HB 313 STATE PROCUREMENT PILOT PROGRAM

Act authorizing a pilot program relating to state procurement and the use of electronic commerce tools; and providing for an effective date."

Committee recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**

same title

new title

**House Bill:**

same title

technical title

new: SCR # \_\_\_\_\_

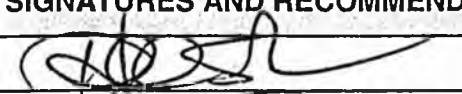
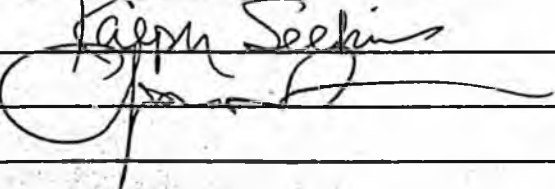
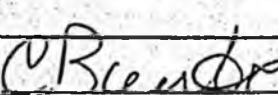
**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
			X	
Raym Seebin	✓			
			X	
CHAIR: 	✓			

# Alaska State Legislature

Session:  
State Capitol  
Juneau, A.K. 99801  
Phone: (907) 465-2995  
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Interim:  
716 W 4<sup>th</sup> Avenue, Suite 300  
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## Representative Lesil McGuire

Chair, Judiciary Committee

### Sponsor Statement for HB 313

*"An Act authorizing a pilot program relating to state procurement and the use of electronic commerce tools; and providing for an effective date"*

A Pilot E-commerce Procurement and Supply Chain Management Program

In our current fiscal situation, the Alaska Legislature has a duty to seek out cost savings and efficiencies in government. Especially important are savings in the *overhead costs of government* — i.e., "back office" functions. These functions can and should be streamlined, leaving more funds available for core government services such as education, public safety, and transportation.

The costs of procurement and supply chain management represent a substantial portion of the state's back office overhead. With only a few exceptions, the state performs these functions using outdated business processes and systems that do not take full advantage of electronic commerce opportunities and other strategies like the use of third party specialists.

Many Alaskans share a desire to become world leaders in modern logistics and supply chain management. Here in Alaska we have companies that are quickly becoming leaders in Internet e-commerce, procurement and related fields. Utilizing this specialized expertise will not only reduce the cost of government, but also strengthen Alaska's competitive position.

A controlled pilot program is a responsible approach to this opportunity. It will let the Alaska Legislature monitor progress, validate the cost savings and review other benefits (and drawbacks) before making a full commitment. It is a gradual approach that minimizes the risk of failure and provides tremendous potential for reducing the size and cost of government.

It is important that the pilot program be sufficient to justify technological and operational transition costs. The Commissioner of Administration will select a maximum of two departments plus two state enterprises for the pilot.

To be effective, a private sector specialist will need delegated authority to represent the state in performing electronic commerce, procurement and vendor performance management, hence the need for enabling legislation and temporary exemption from AS 36.30 (State Procurement Code). The Commissioner of Administration will be responsible for establishing controls and procurement procedures for the pilot program. This pilot will provide the Alaska Legislature with valuable information with which to evaluate the future modernization of AS 36.30.

# Alaska State Legislature

Session:  
State Capitol  
Juneau, AK 9980.  
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## Representative Lesil McGuire

Chair, Judiciary Committee

### Sectional Analysis

#### HB 313

*"An Act authorizing a pilot program relating to state procurement and the use of electronic commerce tools; and providing for an effective date"*

A Pilot E-commerce Procurement and Supply Chain Management Program

**Section 1** – Amends the uncodified law of Alaska by adding a new section of Legislative Findings which include among other things that:

- The fiscal condition of the state requires any opportunity to reduced state costs in a way that does not directly reduce program delivery must be actively explored;
- The costs associated with procurement and supply management are significant areas of the state's administrative cost and represent potentially substantial cost savings; and
- Procurement and supply management represent appropriate opportunities for achieving cost savings through the use of process management specialists in the private sector.

**Section 2** – Amends the uncodified law of Alaska by adding a new section that authorizes the Department of Administration to enter into a pilot program under which the department contracts with a person from the private sector to provide for the delivery of procurement services and electronic commerce tools. Further, Section 2 stipulates that this pilot program may not apply to more than two state departments and two other agencies or political subdivisions of the state, and that the program may not exceed three (3) years in length. Lastly, this section provides that procurement conducted under the pilot program is not subject to AS 36.30, the State Procurement Code.

**Section 3** – Provides a sunset date for the pilot program of July 1, 2006.

**Section 4** – Provides an effective date for the Act of July 1, 2003.

# FISCAL NOTE

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

Fiscal Note Number: 1  
 Bill Version: HB 313  
 (H) Publish Date: 5/14/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Administration  
 Title An Act authorizing a pilot program relating to state procurement ...and providing an effective date. BRU Centralized Administrative Services  
 Component Purchasing  
 Sponsor Representative McGuire  
 Requester (H)Finance Component No. 60

**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						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
 The bill would authorize a pilot program related to state procurement and use of electronic commerce tools.  
 The cost of the pilot program is undetermined. The bill will not require an additional appropriation.

Prepared by: Vern Jones, Chief Procurement Officer Phone (907)465-5684  
 Division General Services Date/Time 5/10/03 2:30 PM  
 Approved by: Mike Miller, Commissioner Date 5/10/2003  
 Agency Administration

# Virginia Revolutionizes Virtual Sphere of Procurement

With the dawn of eVA, a comprehensive, Internet-based tool for buyers and sellers, the Commonwealth of Virginia surges ahead online

By Kristin M. Atwater, Managing Editor

**O**n March 1, 2001, the Commonwealth of Virginia launched a new, government-to-business Web site that promises to march forward in saving time, money, and paperwork.

Called eVA, the site harnesses the power of the Internet to unite public purchasers throughout the state with vendors. Purchasing professionals from all Virginia state agencies and higher-education institutions will receive eVA training, followed by a chance for local governments and school districts to tap into the portal.

The project is said to be the first of its kind to integrate all aspects of electronic procurement—from posting online catalogs of vendors, to handling bids, facilitating payments, and providing contract data.

Plans to create eVA stemmed from the vision of James S. Gilmore III, Governor of Virginia. In an Executive Order issued on May 24, 2000, Gilmore outlined an e-government initiative, designed to catapult the Commonwealth into America's forefront of electronic government. The goal of automating and streamlining procurement, via eVA, was a prime part of the master plan.

"My vision for a Digital Dominion will empower state agencies to improve operations," Governor Gilmore said. "eVA procurement is just one example of how the Commonwealth will increase efficiency across the state government."

Although eVA may be equated with "electronic Virginia," the name was selected for its stand-alone ability, rather than representing an abbreviation.

"We wanted a name that people would remem-



ber," states Donald C. Williams, Director of Virginia's Department of General Services. "We talked about some very descriptive, longer names, but eVA captured us." He adds that the visual aspect of the eVA logo adds to its impact on the Web site.

Most Virginia state purchasers will access eVA from desktop PCs, but the technology runs on any computer or other equipment outfitted with a Java-based Web browser. No additional hardware or software is needed.

The Web site includes free procurement information for public access, as well as password-protected sites for registered agencies and vendors. Checks and balances are also built into eVA to assure that only authorized individuals approve purchases.

Just log onto <http://www.eva.state.va.us> to enter the virtual, dynamic world that means business for Virginia purchasers and suppliers.

## DESIGN, DELIVERY, AND DOLLARS

Even before receiving Governor Gilmore's Executive Order relating to electronic procurement, Virginia's Department of General Services (DGS) held meetings with vendors. Goals were to select the best supplier to help develop eVA, as well as design a system that met vendors' needs.

To begin the vendor selection process, the DGS launched an Internet Forum, in which the agency invited comments and suggestions from vendors who design and build electronic procurement systems. Then, DGS hosted a pre-solicitation conference, attended by vendors interested in bidding on a chance to develop the eVA Web site.

In addition, DGS sponsored focus groups across the state, in which vendors offered feedback about electronic procurement. These vendors, who produced everything from widgets to paper, ranged from large to small, and from novices to experts in the field of electronic procurement.

Based on vendor feedback, DGS issued a solicitation for eVA's design in June 2000, just one month after the Governor's Executive Order. By the middle of August, the State received about a dozen solicitations from e-procurement vendors.

After a series of evaluations and negotiations, DGS awarded a five-year contract, coupled with optional extensions, to American Management Systems (AMS), an information-technology consulting firm based in Fairfax, VA.

Although the Commonwealth owns all data associated with eVA, AMS helped design the technology and will host the Web site on the company's hardware. To provide eVA's comprehensive e-procurement functions, AMS integrates hardware and software from partner vendors, in addition to providing ongoing support and training.

On October 30, 2000, DGS introduced eVA and its new technology partner, AMS, to more than 450 state purchasing officials and vendors at the Virginia Public Procurement Forum in Roanoke, VA.

Under contract terms, the Commonwealth pays no up-front costs to AMS, and no governmental agency pays any fees to access eVA. Instead, eVA is funded by fees charged to participating vendors.

To join eVA, vendors select from a Basic Service

that costs \$25 a year, or a Premium Service for \$200 a year. Among services offered are:

- Online vendor registration;
- Electronic submission of bids and proposals;
- Posting of vendor catalogs;
- Electronic order receipt.

The Premium Service also provides "Push Technology," in which vendors receive e-mail notices of solicitations initiated by all agencies throughout Virginia. "Premium" vendors obtain the ability to research historical procurement data, as well.

Before accepting eVA transactions, each vendor signs a Trading Partner Agreement (TPA), which outlines the fees assessed. Vendors pay a one-percent transaction fee for all orders received through eVA. This fee is capped at \$500 for each order.

Williams explains that a sliding scale initially

provides AMS more revenue than the Commonwealth, because AMS has not received any funds thus far for eVA development. As more dollars are received from vendor fees, the state then realizes a greater profit.

In all, keeping fees at a low, affordable rate for vendors is a top priority of eVA.

"We do not want to use eVA merely as a

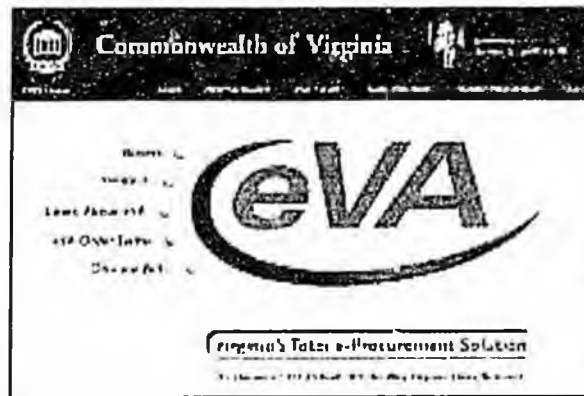
revenue source for the Commonwealth," Williams notes. "Some states may be projecting huge dollar returns, but we want eVA to be about business. We want lower prices and more efficient operations for our agencies. We're not looking at eVA as an opportunity to milk a cash cow."

Williams adds that in a recent periodical, a representative from another state commented that "Virginia's fees are so low, they may not even be worth charging." According to Williams, "that's the greatest endorsement I've gotten yet."

## SYSTEM STATUS

To date, six Virginia agencies are using eVA: the Department of General Services, the Treasury Department, the Department of Accounts, the State Police, the Department of Health, and central offices of the Virginia Community College System.

User agencies currently can tap into about 200 catalogs that fill an e-Mall of online shopping. As of May 17, 2001, 1,220 vendors have registered to join



Visit eVA on the Internet at:  
<http://www.eva.state.va.us>

eVA, and 341 vendors have signed the contractual Trading Partner Agreements that apply to orders.

The Department of General Services is currently providing eVA training to 138 agencies, and hopes to have 168 agencies trained by July 1. However, the process of training agencies and posting online catalogs used by purchasers goes hand-in-hand.

According to Williams, eVA's success hinges on signing up vendors and posting online catalogs for a specific agency. For instance, "We could bring the Virginia Department of Transportation online tomorrow," he notes, "but unless we have all of the catalogs the agency needs from vendors, and those vendors are all online, the agency wouldn't have enough 'stock on the shelves' yet."

Version one of eVA is now underway, with additional enhancements and functions slated for July 1 and December 1, 2001. July additions include Interface Templates, in which a specific agency's procurement system, such as PeopleSoft or Oracle modules, will be adapted to "plug-and-play" with eVA.

Williams emphasizes that with eVA, "One size does not fit all. We believe that agencies have unique missions and unique needs . . . eVA will be used at different levels by different agencies."

The July 1 roll-out will also feature a Data Warehouse, which will capture information about products purchased by each state agency. DGS can consult this data to pinpoint across-the-board products purchased, and in turn initiate statewide contracts to procure these products at lower prices for agencies. Vendors at the "Premium" level can also access reports about products purchased.

December 1 enhancements include a full-fledged, virtual purchasing system, which integrates everything from solicitations to contracts.

"The virtual purchasing system," Williams says, "will allow us to literally put a solicitation out in the public domain, and through a series of secured sites, we can receive responses from vendors, evaluate them using electronic tools, and award the contract over the Internet."

Online, reverse auctions will also accompany the December 1 additions. With reverse auctions, a vendor offers a lower price than a previously posted bid for

a specific commodity. Vendors initially remain anonymous, and the bid is awarded to the vendor offering the lowest price as of a specified deadline.

December 1 will also greet enhanced capabilities for electronic receiving and invoicing. In addition, a new Knowledge Center will provide ongoing training, in-house and online, for agencies and vendors.

Williams explains that the Knowledge Center "will be Virginia's commitment that no vendor will be left behind. We will have a team of people who will go out in the field and continue to train people [such as] vendor personnel. We'll make sure that no matter how large or how small this company is, that they will have access to all of the information they need to do business with Virginia."

Continual feedback from agencies and vendors will help determine further refinements to eVA.

### AGENCY ADVANTAGES

Through eVA, agencies can tap into a single source of product and procurement information to streamline purchasing workflow. Because eVA automates everything from solicitations to invoicing, purchasers can track the entire procurement process.

According to Williams, eVA can reduce time-consuming jobs such as phone calling and faxing to obtain products. "They [purchasers] will be able to buy a product and pay for it all at once, and that will greatly enhance their procurement life," he notes.



Ron Bell (seated), Director of the Division of Purchases and Supply for Virginia's Department of General Services, processes eVA's first purchase in March 2001 from a desktop computer. Sharing in the monumental event are members of the eVA development staff (left to right): Linwood Spindle, Jan Fatouros, Dale Kress, Rebecca Barnett, Peggy Maulin, Marion Lancaster, Linda Hardwicke, and Bryan Wagner.

In addition, eVA expedites small-purchase procedures. For purchases between \$1 and \$5,000, Virginia agencies only need one quote. Purchasers can access eVA's search engine, type in the name of a commodity, and the screen will instantly display all online catalogs for that commodity. Buyers can then pay for the item electronically, using an American Express purchasing card.

"Even on a single-quote purchase, [buyers] will be able to do some very quick shopping to make sure they're getting the best deal," Williams notes.

For purchases of \$5,000 to \$50,000, where more than one quote is required by agencies, eVA allows fast access to various vendors for price comparisons.

In addition, all state agencies in Virginia can buy products from about 350 contracts currently in place. By accessing eVA, the applicable contract instantly appears on-screen, and purchasers can receive the contracted, lower price. Virginia municipalities, counties, and school districts are also eligible to purchase off statewide contracts.

#### VENDOR VIEWPOINT

Because the Commonwealth of Virginia spends more than \$5 billion a year on goods and services, vendors who join eVA can optimize their chances of reaching this lucrative, government market. Through eVA, vendors receive a round-the-clock venue to tap into the state's purchasing power, as well as 24-hour access to solicitations and award notices.

A vendor need only sign up at eVA's central, on-line registration to access statewide, government business. In addition, because Virginia has no in-state preference law for purchasing commodities, any vendor throughout the U.S. has a chance to obtain business from the Commonwealth.

For vendors, eVA also reduces time-consuming administrative tasks associated with the bidding process, and allows faster response time to bids. To access government business, all a vendor needs is an Internet-based computer.

"Electronic procurement is a great way to level the playing field," Williams says. He notes that by adding eVA to computers, "every company, small or large, women- or minority-owned, in any demographic, can have total access to state business."

#### OVERALL OBJECTIVES

Williams likens eVA to "a fire hose of information, flowing back and forth. From the vendors, we have their catalogs, and we have statewide contracts that we can buy off of. To the vendor, we're also pushing out solicitations and a notification of solicitations. It's that back-and-forth exchange of information that's providing us with a lot of power."

When fully implemented, the Commonwealth expects to have tens of thousands of suppliers, close to 200 state agencies and universities online, and a chance for local governments to log on to the savings. Over the next five years, eVA expects to save

the Commonwealth millions of dollars, via more statewide contracts, lower prices for commodities, and reduced administrative costs.

"We don't expect the numbers to grow overnight," Williams says. He predicts that by late Fall 2001, the Commonwealth will see substantial sales through eVA. If eVA captures 20 percent of state business over the next few years, which equates to \$1 billion, "we're going to hit huge home runs," he believes.

Williams concludes, "Electronic procurement, electronic governance, is no longer the wave of the future. It is today. I think officials in every state are looking at ways to use new tools to improve the way they deliver services. We believe in Virginia that e-procurement, through our eVA project, is improving the way we deliver procurement services." □



Donald C. Williams, Director of Virginia's Department of General Services, often hosts presentations about eVA. He can be reached via e-mail at: [Dwilliams@dgs.state.va.us](mailto:Dwilliams@dgs.state.va.us).

"ELECTRONIC PROCUREMENT IS NOT ABOUT THE TECHNOLOGY, AND IT'S NOT EVEN ABOUT THE PROCUREMENT. IT'S ABOUT DOING BUSINESS, AND YOU HAVE TO LOOK AT THE BIG PICTURE OF DOING BUSINESS . . . IT'S ALL ABOUT BUILDING A SOLUTION THAT WORKS FOR YOU, FOR YOUR AGENCIES, AND FOR YOUR VENDORS."

*Donald C. Williams,  
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