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Spotlight

Northern Economics is completing work on the Knik ARM (Alaska Regional Multimodal) Transportation Project for the Matanuska-Susitna Borough (MSB). The project proposes a commuter rail system between the MSB and Anchorage and year-round ferry service between the Port of Anchorage and Port MacKenzie, across Knik Arm.

The Alaska Railroad Corporation envisions the commuter rail service as part of a larger system from Girdwood to Palmer and Wasilla, with service to Anchorage International Airport and the Ship Creek railroad depot.

The ferry service would connect with improved MSB roads in a corridor extending from Port MacKenzie to the George Parks Highway near Big Lake.

The proposed projects would be integrated with other planned improvements in the Ship Creek area and Anchorage.

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Alaska Wage and Benefit Study

State uses streamlined analysis to compare private industry and public sector compensation

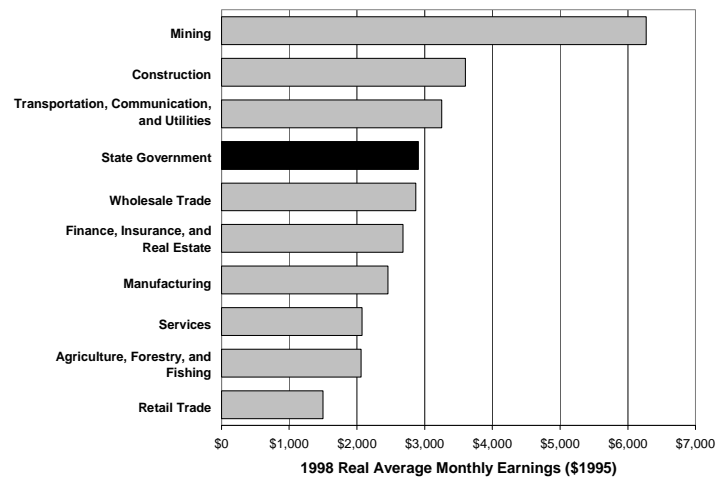
A new wage and benefit study by the State of Alaska Department of Administration (DOA) and Northern Economics was published in January 2000 and is appearing on desks of agencies and businesses around the state.

The purpose of the study was to help the DOA determine whether state compensation packages are sufficient to attract and retain qualified workers, and how state wages have changed over time. These issues are important given concerns about the state budget and the fact that the state must negotiate compensation items with various bargaining units.

Since the early 1990s, state government has had difficulty recruiting and retaining employees in many job classes critical to providing public services. Acquiring accurate information that can be used to alleviate this problem is complicated by the need to address questions that are difficult to quantify. For example:

- How much is an extra day of vacation really worth?
- How do workers value a good benefits package?
- What is the appropriate wage for a division director...or a state trooper?

A 1999 state-commissioned wage and benefit study resulted in a lengthy report. But conspicuously inaccurate data (for example, showing the cost of living as higher in Anchorage than in Unalaska or Homer) cast doubt over other findings in the report.



This graph compares state government employee earnings with the wide range of private sector earnings in Alaska for 1998. Earnings were 4 times higher in the highest-paying industry (mining, which includes petroleum) than in the lowest-paying industry, retail trade. With such wide variation, it is not clear how much the state must pay to attract and retain qualified workers.

Desiring neither continued uncertainty nor large expenditures on a second exhaustive study, the DOA teamed with Northern Economics for a streamlined approach. The study used existing Alaska Department of Labor and Workforce Development (DOLWD) data and resulted in two complementary reports:

1 A comparison of 1999 wages and benefits for state and non-state (private industry, and local and federal government) workers.

2 A report on trends in reported earnings and the consumer price index (CPI) for all sectors. The study period was 1995-1998.

(Continuation and findings on Page 4)



Project Manager HART HODGES, Ph.D., and Economist KRISTEN MAINES collaborated on the worker compensation analysis for the Department of Administration.

Commercial Fishing Employment and Earnings Data



Senior Economist
MARCUS L. HARTLEY focuses primarily on issues involving fisheries and fisheries infrastructure. He is active in the regulatory regime for Alaska fisheries through various projects for North Pacific Fishery Management Council and is considered one of the state's foremost experts in the use of fisheries data.

Agencies launch initiative for regular collection of statistics about self-employed fishers

Northern Economics and other Alaska economists believe it is urgent that communities and businesses that depend on the fishing industry unite to stand up and be counted. While the industry is often cited as one of Alaska's largest employers, we have little statistical information about commercial fishing employment or income.

Most people who earn their living harvesting salmon, crab, and groundfish are not included in state or federal employment or income statistics. The lack of data is taking an economic toll on the state and its people—in 1999 alone, Northern Economics was involved in 25 projects that could have benefited from better information on fish harvesting employment.

These projects ranged from Akutan harbor development to the 20-year Southwest Alaska

...*"We simply have no reliable employment information on fish harvesting for Alaska," said Neil Fried, DOLWD Labor Economist ...*

Transportation Plan and included reports about the effects of the 1997–1998 salmon disasters on the Bristol Bay and Lake and Peninsula boroughs and potential impacts of additional closures in the Area M June salmon fishery for the Aleutians East Borough (*the salmon disaster study is available on the Internet at <http://www.bristolbay.com/~lpboro/>.*)

Conducting these projects required us to use various data sources, surveys, and assumptions to create reasonable

estimates of fishing employment. The lack of reliable employment and income data (*which are readily available for other industries such as oil and gas or manufacturing*) made all of these research projects more expensive for local governments and reduced the reliability of the results.

The lack of credible fishing employment and income data affects government decisions—and because available data indicate that far fewer Alaskans fish than is the case, there is a significant possibility that ill-informed management and funding decisions will harm Alaskans involved in the commercial fishing industry.

The problem is not that state and federal agencies are not doing their jobs—permit holders and crewmembers are self-employed and not required to supply this information.

State and federal regulations
(Continued on page 3)

Once DOLWD completes its initial study of data collection methods, there is no guarantee on funding for ongoing data collection. There are several reasons why now is the time to support funding the collection of fishery employment data—Alaska's Congressional delegates have never had more power in Washington, D.C.; re-authorization of the Magnuson-Stevens Fishery Conservation and Management Act is in progress, and the federal government has record budget surpluses. We urge you to press for action by writing to your Senators and Representatives to ask that the men and women in Alaska's fisheries be counted!

www.senate.gov/~stevens/

<http://www.senate.gov/~murkowski/>

<http://www.house.gov/donyoung/>

in the works ...

PROJECTS

for the Alaska
Dept. of Transportation
& Public Facilities

for the Alaska
Railroad
Corporation

for the United Nations
Food and Agriculture
Organization

- Gravina Access Project: Assessment of alternatives for improving access between Gravina and Revillagigedo islands near Ketchikan; describe socioeconomic factors, create future development scenarios, forecast population and traffic volumes, estimate environmental impacts, develop benefit-cost analysis; with HDR Alaska, Inc.
- Whittier Intermodal Transportation Development Project: Analyze market forces shaping demand for improvements; forecast cruise, day-tour, and freight activities; suggest guidelines for how the ARRC might respond to market forces; with Peratrovich, Nottingham and Drage, Inc., and Livingston Slone
- Reports on the halibut and sablefish Individual Fishing Quota (IFQ) system in Alaska, including allocation methods and effects that IFQs have had on fleet capacity.

Stand up and be counted...

(continued from page 2)

require that employers report the number of persons (on a monthly basis) who earn wages and salaries in their employ. But since nearly all fishers are self-employed or paid on a share basis, little if any employment or income is reported in the regular labor statistic data collection process.

"We simply have no reliable employment information on fish harvesting," said Neil Fried, Alaska Department of Labor and Workforce Development (DOLWD) Labor Economist

Recognizing the problem, state and federal agencies in Alaska are developing an initiative to collect this information. The Alaska Fisheries Information Network (AKFIN), is working with DOLWD to plan a study that will look at different ways in which fishing employment data may be collected.

This study, funded by a short-term federal appropriation to AKFIN, represents an initial step toward a regular, ongoing process to collect fish harvesting employment data.

With a regular process, reliable data will be easily available, reducing costs and time spent on analyses and the decisionmaking process.

	Agriculture, Forestry & Fishing Employment ^a	Permit Holders and Crewmembers ^b
Statewide	1422	23,641
Kodiak Borough	69	1,885
Lake and Peninsula Borough	0	551
Aleutians East Borough	3	597
Aleutians West Census Area	5	340
Bristol Bay Borough	0	400
Dillingham Census Area	1	1,470

^aSource: DOLWD Research and Analysis Internet site at <http://www.labor.state.ak.us/research/research/emp.htm#eee>

^bSource: CFEC. Internet site at <http://www.cfec.state.ak.us/cencp/mnu.htm>.

Analysts and managers will be able to generate better, more in-depth analyses in less time—and bad data will no longer result in incorrect or misleading statements about the industry.

The lack of fisheries employment and earnings data may be surprising—the industry is often cited in radio and print journalism as one of Alaska's largest employers. For example, the lead article in the inaugural issue (January 2000) of *Alaska Coastal Journal* stated, "Fishing is the largest private employer in the state. In 1997 and 1998, 75,000 people in Alaska received all or part of their income from commercial fishing and seafood processing." There are currently no data to document the validity of such statements. With an ongoing data collection process, it will be easier for researchers, journalists, and decision-makers to obtain realistic estimates of the number of Alaskans engaged in the fishing industry.

This table compares 1998 DOLWD employment data for all Agriculture, Forestry, and Fishing industries with the number of persons that held an Alaska commercial fishing permit or Alaska crewmember's license, as estimated by the Alaska Commercial Fishing Entry Commission (CFEC).

The CFEC estimates are a reasonable substitute for fish harvesting employment. However, these data are also problematic to use, particularly in conjunction with DOLWD data for other industries. The greatest obstacle is that CFEC data represent the total number of persons that could participate, and DOLWD data represent the average number of persons that do earn wages and salaries.

The data from the DOLWD Internet site are misleading and inaccurately communicate that very few Alaska residents are involved in fishing.

If uninformed users look to DOLWD data to estimate (for example) the impacts of the 1997 salmon disaster, they may see that even though the value of the harvest fell dramatically, no one from Bristol Bay Borough was employed in fish harvesting. This discrepancy could lead to an erroneous conclusion that Bristol Bay Borough was not affected by the disaster.

The use of the Internet to disseminate information makes it imperative that we collect accurate and realistic information on fishing employment and income.

for the Municipality
of Anchorage

- Ship Creek Multimodal Transportation Plan: analyze existing conditions, forecast passenger and vehicle demand for travel originating from rail, ferry, bus, and cargo transport; conduct benefit-cost analysis; with Kittelson and Associates.

for the Alaska
Dept. of Transportation
& Public Facilities

- Break-even demand analysis for Alaska Marine Highway system ferry alternatives in Lynn Canal, for the Juneau Access Environmental Impact Statement; with the Glostien Associates

for the SRT Group
of Miami, Florida

- Market study for development and commercialization of energy storage and hydrogen production system in Alaska: identify power cost, need for energy storage, and market opportunities.

DOA study (cont'd. from Page 1)

Wages and Benefits

Northern Economics analyzed DOLWD wage and benefit data and information from an expedited survey of 26 key benchmark job classes, including many job classes in the General Government bargaining unit (DOA staff surveyed 288 employers in the Juneau, Anchorage, Fairbanks, Matanuska-Susitna Valley, and Kenai Peninsula areas). The analysis showed that (for employees in the selected job classes and study area):

- On average, wages tend to be higher for federal workers than for state and non-state workers.
- Starting wages tend to be higher for state workers than for non-state workers, but the maximum wage is lower for state employees than for non-state employees.

Reported Earnings and CPI Trends

The analysis of DOLWD earnings data and trends for cost of living and overall earnings in Alaska for 1995-1998 showed that:

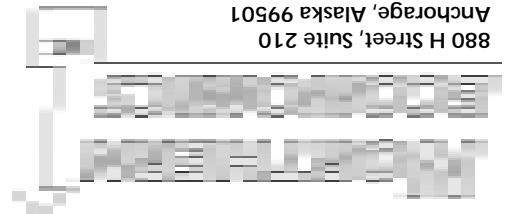
- Average monthly earnings are slightly lower for private sector employees than for state employees. However, this difference does not suggest that state employee earnings are sufficient to attract and retain qualified workers. The generalized finding should be applied only with attention to more detailed findings such as:
 - ⇒ Earnings are significantly higher for high-wage private-sector industries (such as mining and petroleum) than for state workers.
 - ⇒ Earnings are lower in several private-sector industries (such as retail and services) than in state government.
 - ⇒ The large number of workers in lower-wage private-sector jobs drives down average earnings for the private sector as a whole—the overall average is lower for private sector workers than for state workers.
- Industries with higher average monthly earnings have shown little increase in the past 4 years, while lower-wage industry earnings have increased more noticeably.
- Average earnings (in 1995\$)—for all workers in Alaska—were lower in 1998 than in 1995 (with some of the decline caused by changes in reporting procedures). Of particular interest to the state was the steeper decline in earning for state workers:
 - ⇒ The decline in average earnings from 1996 through 1998 was slightly greater for state workers than for workers in the private sector (1995 is not included to avoid problems with reporting changes).
- Although the cost of living is higher in Alaska than in most other states, the gap is becoming smaller. In the past 4 years average prices increased in U.S. cities by 7 percent, and in Anchorage by 5.8 percent.

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