

ALASKA ECONOMIC
TRENDS



FEBRUARY 2021

THE ECONOMY BEFORE COVID-19

ALSO INSIDE

November's long-term
unemployment filers
Nonresident workers

FEBRUARY
2021

Volume 41 Number 2
ISSN 0160-3345

SARA WHITNEY
Editor

DAN ROBINSON
Chief, Research
and Analysis

Design by Sara Whitney

ON THE COVER:

Flying above a winter storm near
Anchorage, photo by
Flickr user DCSL

License:
creativecommons.org/licenses/by-nc/2.0/

ALASKA
DEPARTMENT of LABOR
and WORKFORCE
DEVELOPMENT

Governor
Mike Dunleavy
Commissioner
Dr. Tamika L. Ledbetter

ALASKA ECONOMIC TRENDS

4 THE ECONOMY
BEFORE COVID-19

8 THE LONG-TERM
UNEMPLOYED

12 NONRESIDENTS
WORKING IN AK

14 GAUGING
THE ECONOMY

Trends is a nonpartisan, data-driven magazine
that covers a range of economic topics in Alaska.

If you have questions or comments, contact the authors listed at the end of each article or the editor at sara.whitney@alaska.gov or (907) 465-6561. This material is public information, and with appropriate credit it may be reproduced without permission. To sign up for a free electronic subscription, read past issues, or purchase a print subscription, visit <https://labor.alaska.gov/trends>.

The Economy Before COVID-19

Alaska's pre-pandemic standing and how states compare

By DAN ROBINSON

All 50 states were hit hard by COVID-19, and all will face similar challenges in the months ahead as we get the virus under control and gradually return to more normal business and personal interactions.

One factor in how quickly states' economies will recover, once the pandemic is behind us, is how healthy they were before COVID hit — and in Alaska's case, two specific weak spots had us underperforming most states.

The first was the Alaska oil and gas industry's slow and unsteady recovery from a steep 2015-2018

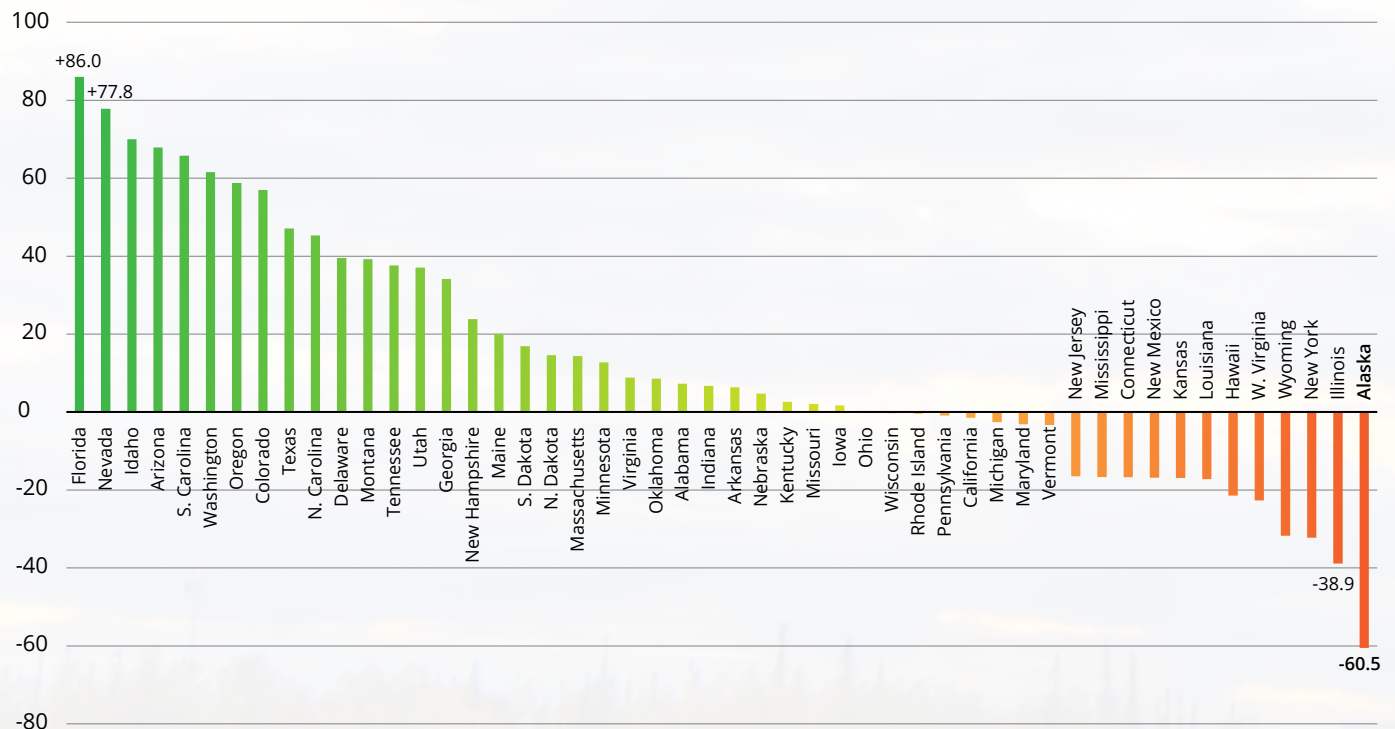
decline. The second was a large structural budget deficit the state was struggling to address.

8 years of net migration losses

Healthy economies tend to bring in more people than they push out, and Alaska's net migration has been negative for eight consecutive years.

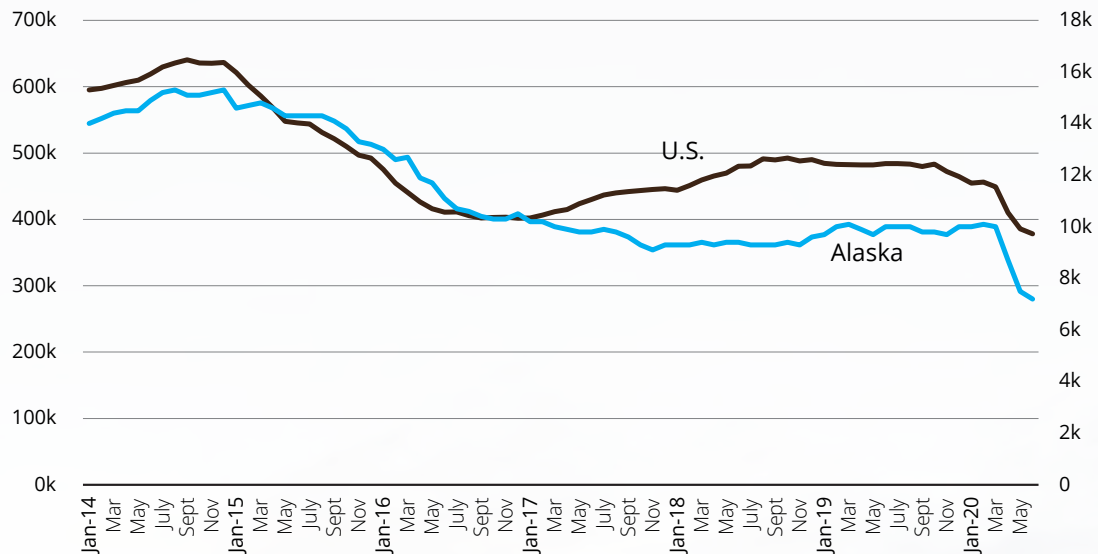
Some annual volatility in net migration — the number of people who move to Alaska minus the number who leave — is normal, and Alaska has long had the nation's highest rate of yearly migration flows. Historically, 40,000 to 45,000 people have moved

Net migration* per 1,000 in population, 2014 to 2019 by state



*Net migration is the number of people who moved in minus the number who moved out.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

National and Alaska oil and gas employment, 2014 to 2019



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

both in and out of Alaska every year, in a state with just 730,000 people. But before this negative streak, Alaska had never recorded more than three consecutive years of negative net migration.

Our losses have come more from fewer people arriving than more people leaving. From 2019 to 2020, 45,000 people left Alaska — a typical number — but just 36,000 moved in. The last time we had positive net migration, 48,000 people arrived and 46,000 left.

People move to a new state for many reasons, but the major factors are job and educational opportunities, family, climate and lifestyle, housing and other costs of living, and health concerns such as cost, quality, and availability of care.

Losing market share to other states

Economically, consistent migration losses are a red flag about the overall attractiveness of living in a state. During the five years leading up to 2020, Alaska lost population to other states at a higher rate than any other. As the chart on the previous page shows, Alaska lost 60.5 people for every 1,000 from 2014 to 2019. Illinois was second at -38.9.

At the other end of the scale, net gains were largest in Florida, Nevada, and Idaho. States with strong net migration over those five years were either warm — Arizona, South Carolina, and Texas were also in the top 10 with Florida and Nevada — or they were Western and Northwestern. Migration gains were big in

Idaho, Washington, Oregon, Colorado, Montana, and Utah. It's no coincidence that five of those six states were also in the top 10 for job growth.

A look at who comes and goes

An article in next month's *Trends* will detail Alaska's migration patterns by age, but we'll note here that the large baby boomer population (those born between 1946 and 1964) has been leaving Alaska at a slightly higher rate than previous generations. The reasons are at least partly speculative, but it's likely connected to the large in-migration in the early 1980s when wages were high and the state's economy boomed as the U.S. economy weathered a recession. Nearly 65,000 people moved to Alaska from 1982 to 1983, easily the largest influx ever. Net migration that year was about 25,000, as just 40,000 left the state.

Because many of those 1980s in-migrants were attracted by high wages, they were less likely to stay at the end of their careers than previous generations attracted by noneconomic factors such as lifestyle.

To get a better sense of who's coming and going, we also looked at working-age migrants to and from the state in recent years. Out-migrants made slightly less money during their time here than in-migrants and nonmigrants, which reinforces that economic opportunity is an important part of the decision to move.

In terms of the jobs that in- and out-migrants worked

Job growth by state, 2014-19

	Total growth	Private sector	State govt	State univ*
Utah	1	1	2	3
Nevada	2	3	4	4
Idaho	3	2	7	9
Florida	4	5	13	10
Arizona	5	4	5	2
Washington	6	6	35	41
Colorado	7	8	1	1
Oregon	8	10	NA	NA
South Carolina	9	7	14	18
California	10	11	3	5
Georgia	11	9	32	28
Montana	12	19	37	32
Tennessee	13	13	25	30
North Carolina	14	12	22	27
Texas	15	14	9	8
Massachusetts	16	16	36	34
Virginia	17	18	28	31
New York	18	17	18	7
Arkansas	19	15	20	13
Alabama	20	20	10	15
Delaware	21	24	21	14
New Hampshire	22	21	27	35
Indiana	23	23	12	19
Michigan	24	28	6	12
New Jersey	25	22	40	33
Minnesota	26	26	33	43
Missouri	27	27	11	NA
Maryland	28	25	26	11
Maine	29	31	39	38
Pennsylvania	30	33	30	29
Ohio	31	35	24	36
Wisconsin	32	32	42	44
New Mexico	33	29	43	45
Rhode Island	34	36	16	25
Kentucky	35	30	48	47
Hawaii	36	34	34	20
Illinois	37	37	31	37
South Dakota	38	39	29	26
Nebraska	39	40	8	6
Mississippi	40	38	38	16
Oklahoma	41	41	47	39
Iowa	42	42	17	17
Kansas	43	43	15	23
Vermont	44	44	19	22
Connecticut	45	45	41	24
Louisiana	46	46	23	21
West Virginia	47	47	44	42
Alaska	48	48	49	48
Wyoming	49	49	46	40
North Dakota	50	50	45	46

*This category is formally named “state education,” but most of its jobs in Alaska and other states are in state universities. Labeling it “state university” avoids confusion with K-12 public schools, which are counted in local government.

Source: U.S. Department of Labor, Bureau of Labor Statistics

from 2014 to 2019, the largest numbers of both were in food serving and preparation (mainly restaurants) and office/administrative support. Those occupations have the most workers overall, so that’s not particularly telling, but more revealing — and perhaps concerning — were the occupational groups with relatively large numbers of out-migrants.

For business/financial and architecture/engineering occupations, 32 percent more workers left Alaska than moved in over those five years. In other words, 1,586 people came here to work as architects or engineers, but 2,333 who held those jobs in Alaska over those same years left.

It’s not clear why people in these positions were much more likely to leave, although oil and gas job losses and uncertainty about the state’s business climate probably played a role.

The only occupational group with more in-migrants than out-migrants was health care practitioners and technicians, a group that’s important to distinguish from health care support occupations that require less training and pay less. Two likely reasons for the net gains in higher-level health care jobs were the industry’s dramatic growth and Alaska’s need to import these workers because of our limited training capacity (we don’t have a medical school, for example).

Other negative net migration states

While state economies are too complex for parallel comparisons, Alaska has clear similarities to several other states with large net migration losses.

Second-place Illinois has struggled for years with state government budget problems and has the nation’s worst bond ratings, which are rating agencies’ assessments of a state’s fiscal soundness and ability to pay back any debts incurred by issuing bonds. According to the *Chicago Tribune*, Illinois has “an underlying structural deficit” that “has not been addressed for years.” Illinois acknowledges the need to make major changes in revenue, expenditures, or both.

Alaska’s bond ratings remain strong, but rating agencies have issued downgrades and warnings in recent years, concerned about the budget and the pace of dealing with current and anticipated imbalances absent structural changes.

After Alaska and Illinois, the states with the next-largest loss rates were New York and Wyoming at -32 per 1,000. The oft-cited reasons for New York’s losses include the high cost of living, poor job growth (especially outside of New York City), high taxes, and harsh winters. That list could also apply to Alaska, aside from taxation. Alaska has the nation’s lowest individual taxes and the third-lowest state and local taxes, according to the Independent Tax Foundation.

Wyoming has two things in common with Alaska: budget troubles and an economy that depends on oil and gas for jobs and tax revenue. Wyoming is one of only two states with a smaller

population than Alaska (Vermont is the other), and it has projected budget deficits in the hundreds of millions of dollars because of its dependence on oil and coal. Oil also plays a major economic role in Louisiana and New Mexico, two other states with net migration losses.

It's been a difficult decade for the oil and gas industry nationwide; job numbers fell from as high as 640,000 in late 2014 to around 400,000 in 2016 before partially rebounding over the next few years, as the graph on page 5 shows.

In Alaska, oil and gas jobs hit a peak of more than 15,000 in late 2014, then plummeted over the next two years and bottomed out around 9,000 before creeping back up to 10,000. COVID made a new mess of things last year, driving jobs down below 7,000, where they remained at the end of 2020.

Job growth tells a similar story

Economists and demographers debate which comes first, people or jobs. Sometimes people move to a place for a job, and sometimes they move just because they want to live there. If they bring money — retirees, for example — then their arrival and spending create jobs. If they come for a job and spend their wages locally, that creates additional jobs. So economists and demographers are both right, and it's hard to talk about migration flows without mentioning jobs.

As the table on the previous page shows, there's substantial overlap between states with strong net migration and those with high rankings for job growth. And the reverse is also true. The three states with the worst overall job numbers in the five years before the pandemic were North Dakota (-4.9 percent), Wyoming (-2.9 percent), and Alaska (-2.6 percent). The common thread is oil, and two other oil states, Louisiana and Oklahoma, weren't far up the list.

Strong job growth states also echo the net migration rankings. Job growth in Utah, Nevada, and Idaho topped 16 percent. Additional rankings for private-sector job growth, state government job growth, and state university job growth highlight that those parts of the economy tend to move together.

Alaska's private-sector job loss of 2.5 percent was substantially smaller than our 12.1 percent drop in state government, which ranked us last among states with available data. Even more extreme was our 18.8 percent drop in state university jobs. Kentucky was the only state whose state government job cuts approached Alaska's over those five years. Kentucky cut its overall state government employment by 8.7 percent and its state university jobs by 16 percent.

The one-two punch for Alaska

For years, oil revenue paid for most of state government while providing billions in seed money for the Alaska Permanent Fund, which was valued at \$72 billion at the end of 2020. As recently as 2012, when oil prices were high, 93 percent of our unrestricted revenue came from oil.

Prices fell hard, though, and Alaska's oil-related revenue plunged from about \$8.9 billion in 2012 to just \$880 million in 2017. Even before then, it was clear that oil revenue couldn't pay the bulk of state government costs indefinitely.

The state dipped into rainy-day savings accounts, reduced Permanent Fund Dividends, and cut spending. We also passed a law that created a new endowment-type revenue stream from the Permanent Fund that will produce at least \$3 billion a year for the foreseeable future without ever eating into the fund's inflation-adjusted principal.

In 2020, that \$3 billion made up two-thirds of the state's \$4.5 billion in unrestricted revenue — but we still have a deficit and more politically difficult work to do before we have a structurally stable budget for the coming years. Our choices are now familiar: 1) Continue to cut state government expenses, 2) generate new revenue (i.e., some form of new taxes), or 3) reduce or eliminate Permanent Fund Dividends. Most likely, the long-term solution will combine elements of all three.

Problems we can and can't fix

There's a limit to what Alaska can do to effect change in global oil markets. We're not powerless, but because many of the dominant forces are outside the state's control, our influence is marginal.

Our budget situation is different, though. As we wrote in 2016 when Alaska entered a three-year recession, "Alaska has substantial economic assets, and there's no reason to think the state's long-term economic future is bleak. But that doesn't mean a recession will be easy, short, or pain-free. ... How and when Alaska deals with issues that are within its control will play a major role in shaping a likely recession and recovery."

The pandemic justifiably shifted attention to short-term mitigation and crisis management, but how Alaska's economy performs once COVID-19 is behind us will depend in part on how and when we resolve our long-term budget issues.

Dan Robinson is chief of the Research and Analysis Section. Reach him in Juneau at (907) 465-6040 or dan.robinson@alaska.gov.

November's long-term unemployed

Filers who ran out of regular benefits as of November

By JENNA LUHRS

Although the pandemic is ongoing, some Alaskans returned to work over the summer after the mandatory shutdowns in March and April. Between early July and late November, the insured unemployment rate, which is the percentage of the eligible workforce receiving unemployment benefits, fell from 15.3 percent to 6.7 percent.

The number of claimants unemployed because of the pandemic peaked at 67,600 in early May, then declined by an average of 8 percent each month between June and September. The decline stopped in September, however, and more than 39,000 people filed unemployment insurance claims for the last week of November.

Among those who received benefits between March and November, about 6,700, or 8 percent, had been unemployed for 26-plus weeks or had otherwise exhausted their regular unemployment benefits and received extended benefits or payments under the new pandemic relief programs.

The U.S. Bureau of Labor Statistics defines the long-term unemployed as those out of work for 26 weeks or longer, but for the analysis of November's long-term claimants later in this article, we

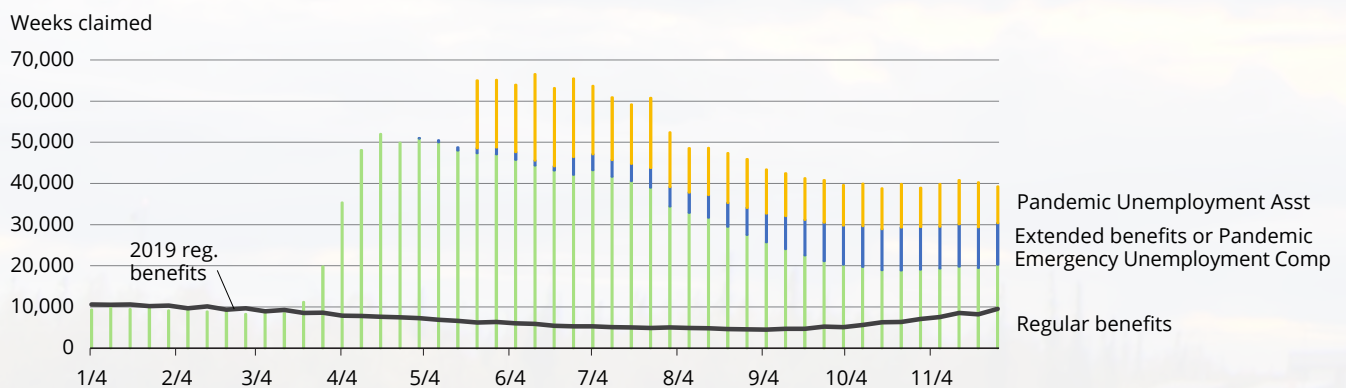
included everyone who maxed out their allowed weeks of regular benefits, regardless of duration. (In Alaska, claimants can collect regular benefits for 16 to 26 weeks.) Expanding that group provided a more comprehensive picture of the unemployed Alaskans who needed additional aid because of the pandemic.

What is long-term unemployment, and what are its consequences?

Those out of work for at least 26 weeks, or about six months, are considered long-term unemployed. The pandemic led to a large number of long-term claimants in Alaska and the United States. As of December, the long-term unemployed represented 2.5 percent of the U.S. labor force, up from 0.7 percent in February. The percentage hadn't been that high since December 2013, when the nation was still recovering from the Great Recession.

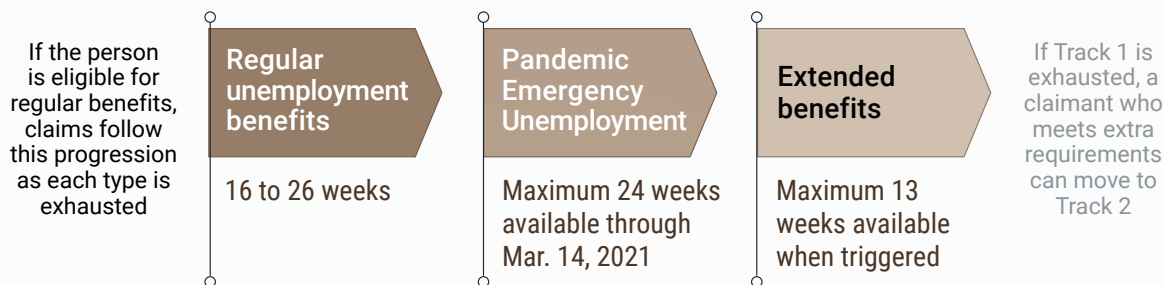
When unemployment lasts longer than a season or otherwise drags on for more than 26 weeks, job seekers can become discouraged. When they stop looking for work, they are no longer considered unemployed and are dropped from the labor force count altogether.

Weekly claims for unemployment insurance benefits, all programs

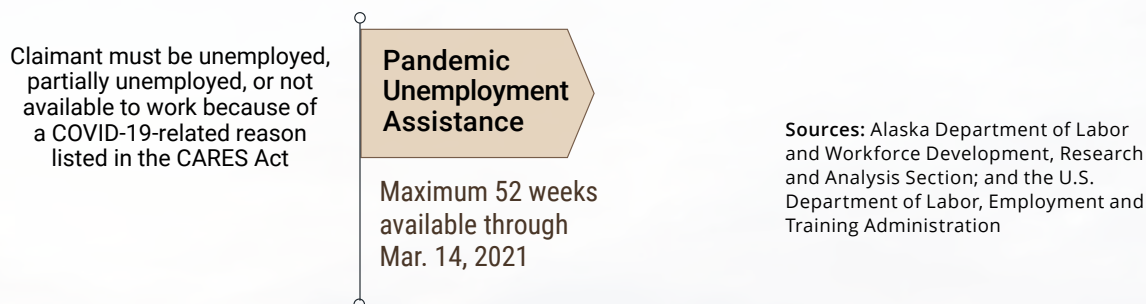


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Track 1: Qualifies for regular unemployment benefits



Track 2: Self-employed, part-time, short work history, or otherwise ineligible for Track 1



For an individual, long-term unemployment is financially disastrous — but the damage it causes often goes further, raising the risk of depression and poor health and reducing future earnings as claimants struggle to reenter the workforce.

Being out of a job for a prolonged period makes it increasingly difficult to return to work, as it can render a person's skills obsolete or undermine work history. Gaps on a resume can make employers hesitant to hire, spurring a cycle where applicants go longer and longer without work. And for some people, business disruptions during the pandemic created an additional obstacle to finding and keeping a job.

New programs helped bridge the gap, were extended in December

The unusual recession caused by COVID-19 prompted the creation of additional unemployment benefit programs designed to inject money into the economy and help displaced workers faster than other types of aid. The relief programs were massive in scope, serving more than 83,000 people in Alaska by November and disbursing more than \$773 million (not including Pandemic Unemployment Assistance).

For all types of claimants, the federal CARES Act included a provision that increased the weekly benefit amount by \$600 from March through July.

In March, Congress also created two new programs for the unemployed who didn't qualify for or had exhausted regular unemployment benefits, and who remained out of work because of COVID-19.

The first, called Pandemic Emergency Unemployment Compensation, authorized an additional 13 weeks of benefits in 2020 for those who surpassed the maximum 26 weeks.

The other, Pandemic Unemployment Assistance, provided a total of 39 weeks of benefits in 2020 to workers who didn't qualify for regular unemployment insurance, extending eligibility to the self-employed, freelancers, and gig workers who otherwise couldn't collect. These claimants are excluded from the next section's detailed data on November's long-term claimants because PUA's atypical coverage doesn't generate the same type of worker data as the other programs.

Between all of these programs, those who were eligible could have received up to 39 weeks of benefit payments before the two new programs expired on Dec. 26.

Both were reauthorized by a second stimulus package that was signed into law in mid-December, which we'll discuss at the end of this article.

Extended benefits switched on again in mid-April 2020

Extended benefits also became available in mid-April after the unemployment rate rose to 13.5 percent. Extended benefits switch on when specific economic conditions are met and typically become available annually in Alaska because of our seasonal economy.

In April, workers became eligible for an additional 13 weeks beyond the exhaustion of Pandemic Unemployment Emergency Compensation, which increased to 20 weeks in July as Alaska entered a high-unemployment period, then was reduced to 13 weeks again on Dec. 12.

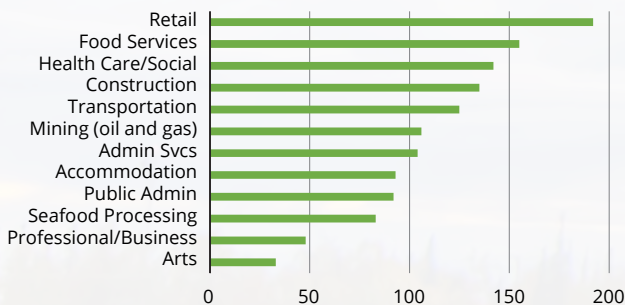
A look at those paid by the extension programs in November

While claims data from the most recent stimulus package aren't yet available, we have detailed information on the claimants who had maxed out their allowed weeks of regular benefits as of November.

Of Alaska's 31,749 total November claimants, 1,502, or 4.8 percent, had exhausted regular benefits or received weekly payments from one of the 2020 extension programs besides PUA.

These claimants were spread across the state but concentrated in the population centers. Anchorage

Retail had the most long-term/extension filers in November



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

Claimants who exhausted regular benefits were:

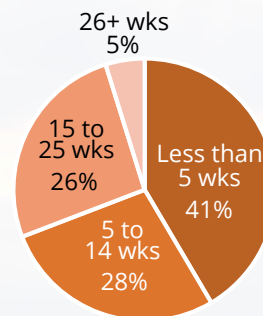
- ◆ Concentrated in urban areas
- ◆ Often from retail or food service
- ◆ Usually not seasonal workers
- ◆ 45% women, 55% men
- ◆ More likely to have dependents
- ◆ Older than short-term filers

had the most at 36 percent, followed by the Matanuska-Susitna Borough at 11 percent and the Kenai Peninsula Borough and Fairbanks, each with 8 percent.

Interstate claimants — those who earned wages in Alaska but filed for benefits from another state — made up 15 percent of the long-term and extension program claimant group. That wasn't unusual, as interstate claimants typically represent 15 percent to 20 percent of all filers. The percentage filing from outside the state was higher in the short-term group: those who claimed fewer than 26 weeks and didn't reach their limit.

The longer-term filers were spread evenly across industries and occupations, with the largest numbers having worked in retail, food service, and health

Most claimants file for less than 26 weeks



Notes: Covers all 31,749 people who filed a UI claim in November. The 26+ weeks category includes all who exhausted their allowed regular benefits, regardless of duration.

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

care and social assistance. The fact that the largest numbers of claimants came from those industries suggests that pandemic-related business closures persisted into the fourth quarter of 2020.

Few long-term claimants came from highly seasonal industries; those industries had larger numbers of people filing for short periods. Just 14 percent of long-term claimants came from seafood processing and construction, for example, while 23 percent of short-term claimants did. On the other hand, long-term claimants represented slightly larger shares of oil and gas and administrative services than short-term claimants did.

By occupation, the largest numbers came from service jobs, followed by sales and clerical occupations and professional, technical, and managerial positions.

Like the rest of the country, Alaska's long-term unemployed population has skewed both male and older during the pandemic.

The largest age group among those filing for a short period was 25 to 34, and just 23 percent of filers were 55 and older. Among long-term filers, 31 percent were aged 55-plus.

Women grew as a percentage of the total unemployed over the year. Compared to the same month in 2019, the percentage of women grew by 8 percent, to 45 percent of all claimants in November.

Men still represented the majority of both short-term and long-term claimants, and the gender ratios of the two groups were similar. There was one age-related exception, though. Women were the majority of long-term claimants in the 25-to-34-year-old group, as the chart on this page shows. Notably, this is the age group most likely to claim dependents.

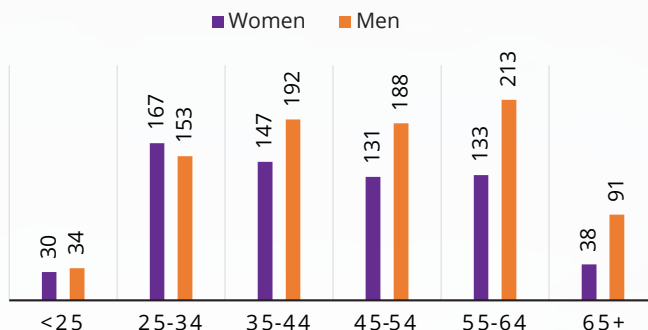
Claimants with dependents have always been eligible for a larger weekly payment, and in March, the state increased its maximum of three dependents to 10 and raised the weekly amount per dependent from \$24 to \$75.

Long-term filers were more likely to claim dependents in November, with 28 percent supporting one or more in contrast to just 22 percent among those unemployed short-term.

New stimulus package took effect in late December

As the year approached its end and the original

Men were the majority of long-term filers in all age categories but one



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

extension programs were set to expire, thousands of unemployed Alaskans faced losing their benefits.

More federal aid became available during the last week of 2020 for claimants who were eligible for remaining weeks of benefits and for others who had stopped collecting but were still eligible.

On Dec. 27, a second pandemic relief package, the Consolidated Appropriations Act, replaced the expiring CARES Act. The new legislation extended the Pandemic Emergency Unemployment Compensation program through March 14 of 2021 and Pandemic Unemployment Assistance, the program that covers some previously ineligible filers, through April 5.

Congress also added \$300 per week in benefits to all programs through March 14, a reduction from the \$600 add-on available from March through July of last year.

Additional provisions provided new compensation for people with mixed income sources and allowed states to waive repayments for any unintentional overpayments they made in 2020 as part of PUA.

The new stimulus package will ease the strain for some of the long-term unemployed, and the gradual vaccine rollout will make it possible for some to return to work this year. As we monitor how many people collect payments under the 2021 extension programs, we'll get a better idea of how much of the labor force was still unemployed one year on as a result of the pandemic.

Jenna Luhrs is an economist in Juneau. Reach her at (907) 465-6038 or jenna.luhrs@alaska.gov.

Nonresidents working in Alaska

The share has consistently hovered around 20 percent

By ROB KREIGER

Tens of thousands of people come to Alaska to work each year, in every industry and every corner of the state. In 2019, 20.8 percent of people who worked in Alaska were not residents, up just a tenth of a percentage point from the year before. These 85,000 nonresident workers received 15.3 percent of total wages, up from 15.0 percent in 2018.

Nonresidents have represented a significant portion of Alaska's workers since we began collecting data in the 1980s, averaging around 20.5 percent of all workers and earning 15 percent of total wages. (See the sidebar at right for more background.)

Pandemic will shift next report's numbers

.....

While the overall nonresident share doesn't change much from year to year, that probably won't be the case next year when we report 2020's data.

Because there's a year-lag in the worker residency data, this article's 2019 numbers don't reflect the effects of COVID-19. However, based on what we know about job losses and unemployment claims since March, the residency statistics for 2020 are likely to move in ways we haven't seen before. The most obvious and immediate shift will be in worker counts, which will be several thousand lower because the 2020 tourism season and other seasonal work didn't materialize.

It's not clear how much the nonresident worker share will change, but it will be lower because the majority of nonresident workers are seasonal. In

Why and how we analyze nonresidents

Alaska has needed large numbers of nonresident workers several times in the past to complete major projects. The Trans-Alaska Oil Pipeline in the 1970s attracted a flood of workers from outside the state, and so did the construction boom that followed in the 1980s, fueled by a jump in oil prices. These influxes were the catalyst for special hire preference legislation.

Facing rising unemployment and a growing population, the Alaska Legislature established resident hire preference in 1986 for construction projects funded by state and local government, then asked the Alaska Department of Labor and Workforce Development to report annually on resident hire status.

To identify resident and nonresident workers, we match quarterly Alaska unemployment insurance wage records — containing the employer-provided industry, occupation, wages, and place of work for each worker — with Alaska Permanent Fund Dividend data. If a worker appears in either of the two most recent years' PFD applicant files, we consider that worker a resident. Workers' industries and occupations are based on where they earned the most money during the year.

A historical analysis of the PFD file shows it's an accurate indicator of residency for people who stay in Alaska longer than a brief period. Although some workers who aren't eligible for a PFD when we generate reports become residents the following year, they represent only about 10 percent of all nonresident workers.

2019, more than half worked in just three industries, all of which took a huge hit from the pandemic in 2020.

In 2019, 57 percent of nonresidents worked in leisure and hospitality, retail trade and transportation, or manufacturing, which in Alaska is mostly seafood processing.

Few work in Alaska year-round

.....

Nonresident seasonality is evident in the quarters they work, compared to residents. People who live in Alaska tend to work here all year, but most nonresidents work in just one or two quarters. This is why industries with the most stable yearly

employment, such as government, have the lowest percentages of nonresidents.

Nonresidents who do work all year are typically in transportation — as commercial pilots, for example — and in oil and gas. In both of these cases, schedules as well as remote or unusual work sites give workers the flexibility to live wherever they want.

The number of people working in the state is lowest in the first quarter of each year and highest in the third. Most nonresidents work in the second and third quarters, which coincides with the most seasonal industries. Summer seafood processing jobs span from late June to early August, and summer tourism runs from April to October.

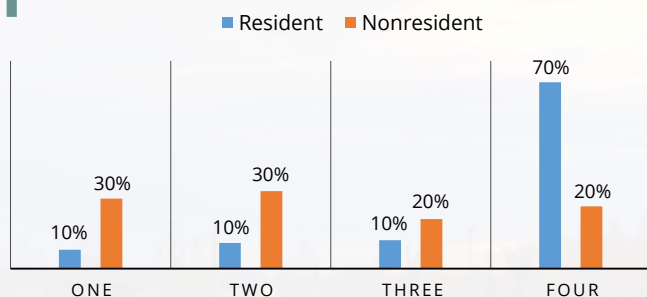
While the data don't tell us how much of a given quarter a person works, we know that many seafood processors work even less than a single quarter — they're here only for parts of June and July, during the salmon season's peak.

Among industries, seafood processing's nonresident hire rate was highest by far, at 77 percent.

Some become residents, and it varies considerably by industry

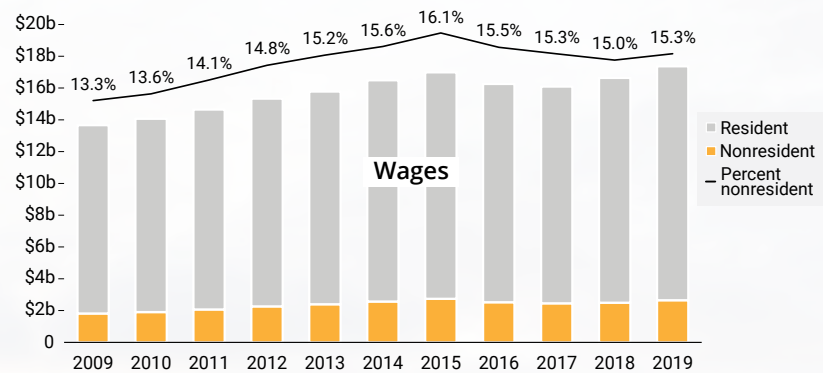
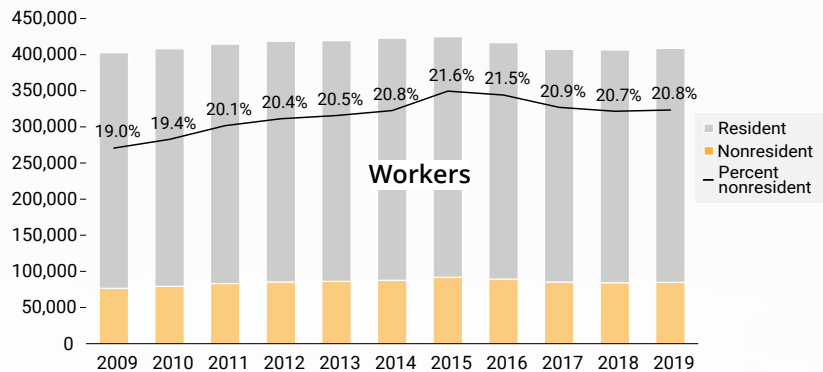
Some people come to Alaska to work for a season, Continued on page 18

Residents work more quarters



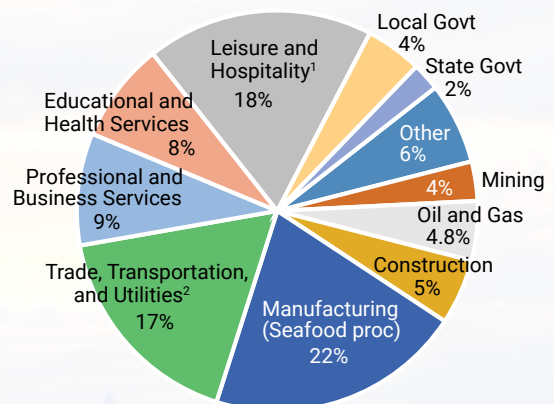
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Nonresident shares of workers, wages in 2019



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

Industries where nonresidents worked in Alaska in 2019



¹Leisure and Hospitality includes Accommodation and Food Services and Arts, Entertainment, and Recreation.

²Trade, Transportation, and Utilities includes Retail and Wholesale Trade as well as Transportation and Warehousing.

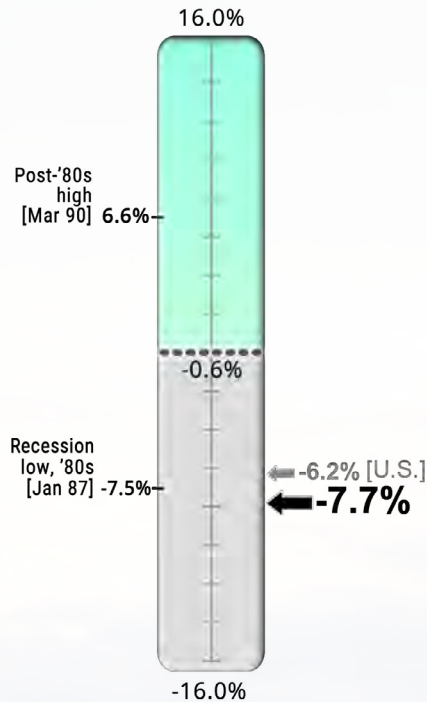
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Gauging The Economy



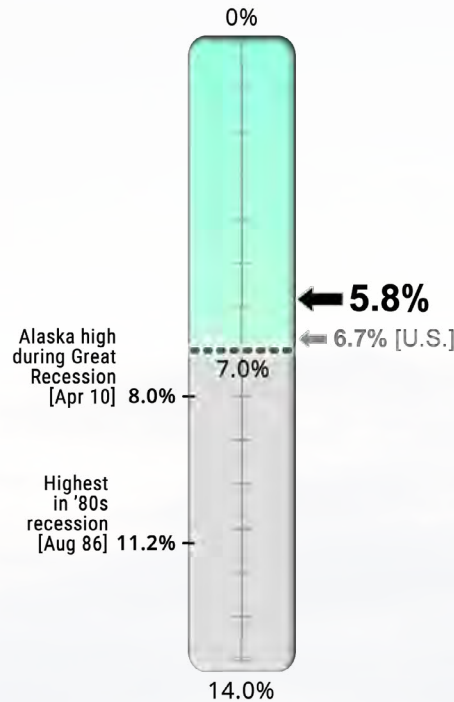
Job Growth

December 2020
Over-the-year percent change



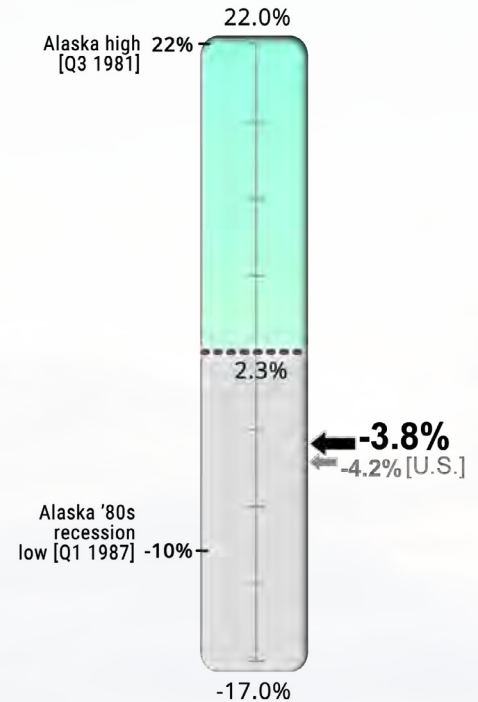
Unemployment Rate

December 2020
Seasonally adjusted



Wage Growth

2nd Quarter 2020
Over-the-year percent change



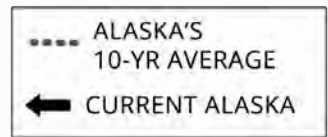
➤ The shutdowns to slow the spread of COVID-19 caused a rapid drop in employment, beginning in April 2020.

➤ Alaska's unemployment rate rose in December and is lower than the U.S. rate, but the lower rates in recent months are due to technical issues with the way the U.S. Bureau of Labor Statistics calculates them and are far less useful than normal for assessing economic health.

➤ After 10 straight quarters of wage growth, Alaska's total wages fell dramatically with the pandemic.

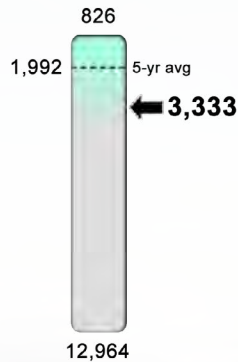
➤ Wage losses have not been as severe as job losses because a disproportionate number of jobs lost were low-wage.

Gauging The Economy



Initial Claims

Unemployment, week ending Jan. 9, 2021**

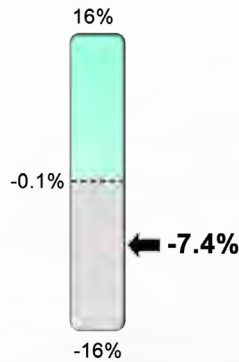


➤ Unemployment claims jumped in the spring with the coronavirus pandemic as many businesses shut down or limited services, and they remain elevated.

**Four-week moving average ending with specified week

GDP Growth

3rd Quarter 2020
Over-the-year percent change*

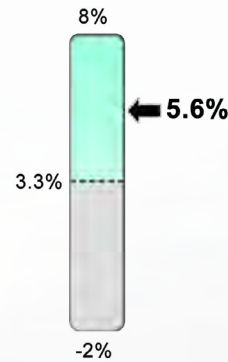


➤ Gross domestic product is the value of the goods and services a state produces. Alaska's GDP dropped significantly when COVID-19 hit.

*In current dollars

Personal Income Growth

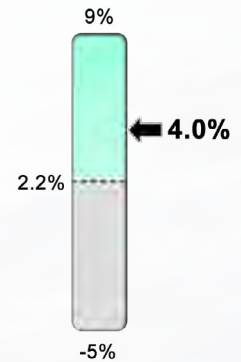
3rd Quarter 2020
Over-the-year percent change



➤ Personal income includes wages as well as transfer payments (such as Social Security, Medicaid, and the PFD) and investment income. Growth slowed in the first quarter of 2020, then jumped with transfer payments in the second and third quarters.

Change in Home Prices

Single-family, percent change from prior year, Q3 2020**

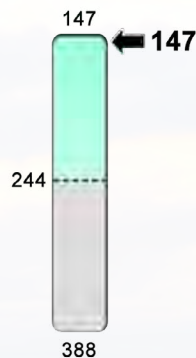


➤ Home prices include only those for which a commercial loan was used. This indicator tends to be volatile from quarter to quarter.

**Four-quarter moving average ending with specified quarter

Foreclosures

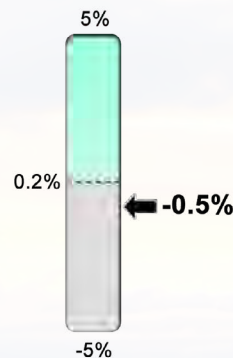
1st Quarter 2020



➤ Foreclosure rates remain very low and were low throughout the recent state recession, highlighting how different it was from the '80s recession when foreclosures exceeded 2,000 in some quarters.

Population Growth

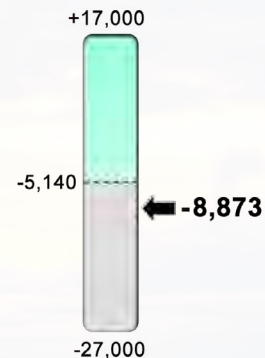
2019 to 2020



➤ This was the fourth straight year of population decline.

Net Migration

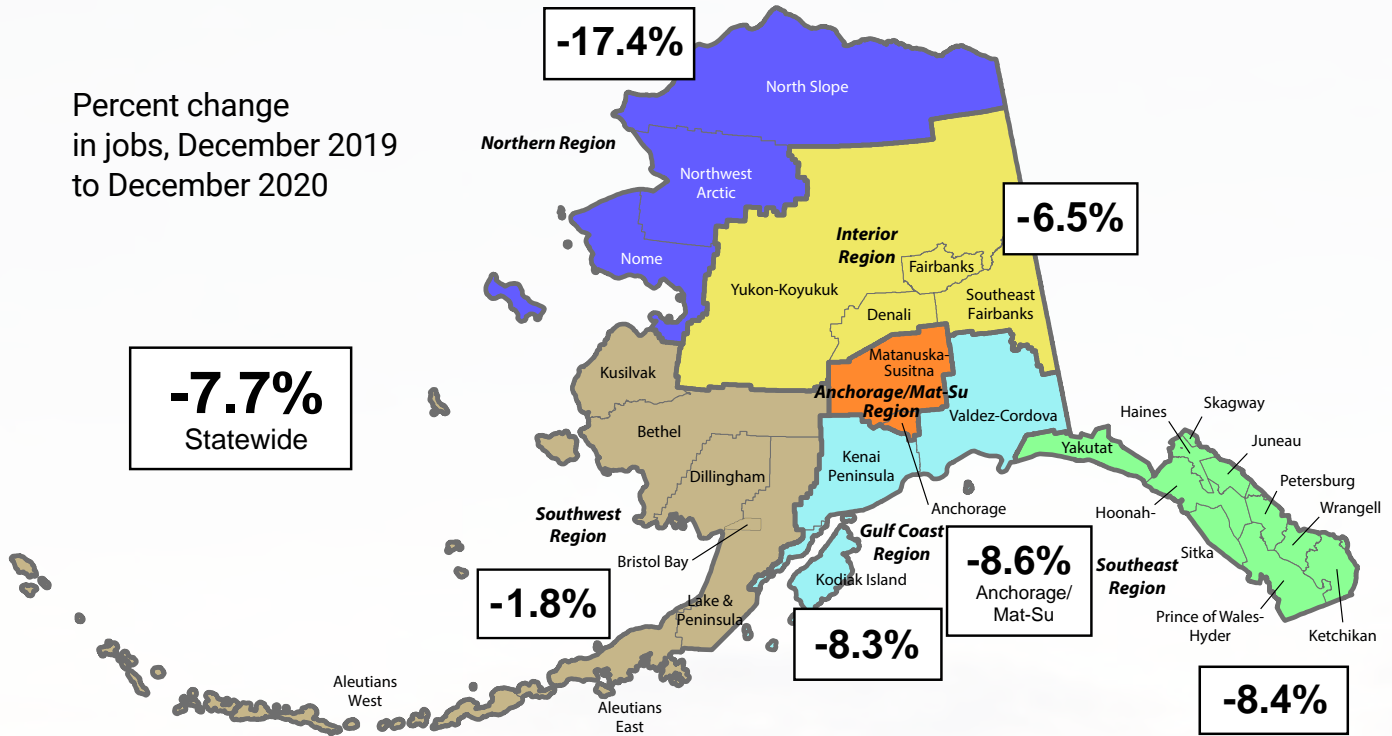
2019 to 2020



➤ The state had net migration losses for the eighth consecutive year in 2020. Net migration is the number who moved to Alaska minus the number who left.

Employment by Region

Percent change
in jobs, December 2019
to December 2020



Seasonally adjusted

	Prelim.	Revised	
	12/20	11/20	12/19
United States	6.7	6.7	3.6
Alaska	5.8	6.3	6.1

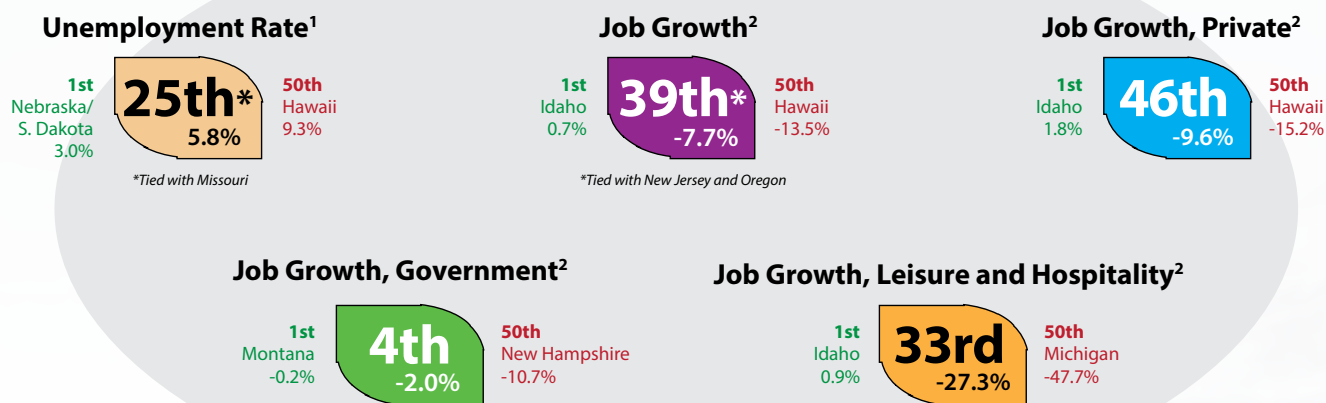
Not seasonally adjusted

	Prelim.	Revised	
	12/20	11/20	12/19
United States	6.5	6.4	3.4
Alaska	6.0	6.4	6.1

Regional, not seasonally adjusted

	Prelim.	Revised			Prelim.	Revised			Prelim.	Revised	
	12/20	11/20	12/19		12/20	11/20	12/19		12/20	11/20	12/19
Interior Region	4.9	5.3	6.0	Southwest Region	9.0	8.5	10.6	Southeast Region	5.8	6.4	6.3
Denali Borough	14.1	14.4	19.8	Aleutians East Borough	8.1	4.2	7.2	Haines Borough	10.5	11.1	14.2
Fairbanks N Star Borough	4.6	5.0	5.3	Aleutians West Census Area	6.8	4.6	6.0	Hoonah-Angoon Census Area	9.9	10.5	14.6
Southeast Fairbanks Census Area	6.2	6.4	9.0	Bethel Census Area	9.3	9.4	11.0	Juneau, City and Borough	4.4	5.1	4.4
Yukon-Koyukuk Census Area	7.5	7.8	11.5	Bristol Bay Borough	8.1	7.9	12.4	Ketchikan Gateway Borough	6.7	7.7	6.6
Northern Region	6.7	7.8	8.9	Dillingham Census Area	6.0	6.8	8.3	Petersburg Borough	7.7	7.0	8.4
Nome Census Area	6.4	7.5	9.0	Kusilvak Census Area	12.8	13.9	16.4	Prince of Wales-Hyder Census Area	6.1	6.9	8.7
North Slope Borough	5.5	6.3	5.7	Lake and Peninsula Borough	7.3	7.3	9.8	Sitka, City and Borough	5.5	5.2	4.6
Yukon-Charley Rivers National Preserve	8.3	9.6	12.6	Gulf Coast Region	7.8	7.9	8.0	Skagway, Municipality	14.4	16.6	19.6
Anchorage/Mat-Su Region	5.7	6.1	5.3	Kenai Peninsula Borough	7.3	8.3	7.4	Wrangell, City and Borough	6.4	6.4	8.4
Anchorage, Municipality	5.5	6.0	4.8	Kodiak Island Borough	10.0	5.9	9.5	Yakutat, City and Borough	7.2	7.5	10.0
Mat-Su Borough	6.0	6.6	6.7	Valdez-Cordova Census Area	7.5	8.3	9.6				

How Alaska Ranks



Note: Government employment includes federal, state, and local government plus public schools and universities.

¹December seasonally adjusted unemployment rates

²December employment, over-the-year percent change

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

Other Economic Indicators

	Current		Year ago	Change
Urban Alaska Consumer Price Index (CPI-U, base yr 1982=100)	227.258	2nd half 2020	228.495	-0.54%
Commodity prices				
Crude oil, Alaska North Slope, * per barrel	\$50.32	Dec 2020	\$66.98	-24.87%
Natural gas, residential, per thousand cubic feet	\$11.10	Oct 2020	\$11.48	-3.31%
Gold, per oz. COMEX	\$1,859.90	1/22/2021	\$1,562.90	+19.00%
Silver, per oz. COMEX	\$25.56	1/22/2021	\$17.83	+43.35%
Copper, per lb. COMEX	\$362.60	1/22/2021	\$276.50	+31.14%
Zinc, per MT	\$2,715.00	1/22/2021	\$2,355.00	+15.29%
Lead, per lb.	\$0.93	1/22/2021	\$0.86	+8.14%
Bankruptcies				
	76	Q3 2020	105	-26.62%
Business	3	Q3 2020	12	-75.00%
Personal	73	Q3 2020	93	-21.51%
Unemployment insurance claims				
Initial filings	18,334	Dec 2020	5,137	+256.90%
Continued filings	84,395	Dec 2020	45,948	+83.68%
Claimant count	21,588	Dec 2020	10,334	+108.90%

*Department of Revenue estimate

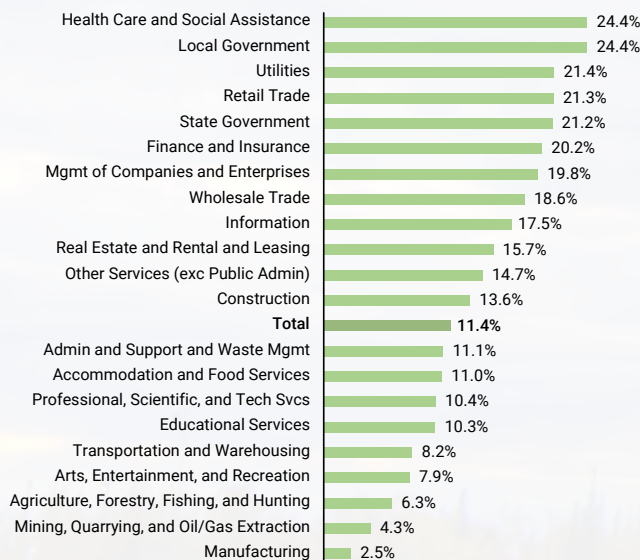
Sources for this page and the preceding three pages include Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis; U.S. Energy Information Administration; Kitco; U.S. Census Bureau; COMEX; Bloomberg; Infomine; Alaska Department of Revenue; and U.S. Courts, 9th Circuit

Nonresident worker numbers and wages by industry, 2019

	Total workers	Total wages (in millions)	Nonresident workers	Percent nonresident	Nonresident wages (millions)	Nonres pct of wages
Agriculture, Forestry, Fishing, Hunting	2,947	\$73.9	1,260	42.8%	\$30.8	41.7%
Mining, Quarrying, Oil/Gas Extraction	16,562	\$1,865.6	6,085	36.7%	\$607.6	32.6%
Oil and Gas Extraction	3,984	\$825.2	1,158	29.1%	\$224.8	27.2%
Oilfield Services	8,137	\$674.8	3,195	39.3%	\$252.8	37.5%
Utilities	2,719	\$223.7	153	5.6%	\$10.5	4.7%
Construction	24,796	\$1,339.2	4,592	18.5%	\$190.5	14.2%
Manufacturing	29,226	\$711.4	19,425	66.5%	\$351.9	49.5%
Seafood Processing	23,976	\$479.0	18,462	77.0%	\$327.1	68.3%
Wholesale Trade	7,674	\$398.7	962	12.5%	\$31.2	7.8%
Retail Trade	45,110	\$1,176.3	6,447	14.3%	\$91.9	7.8%
Transportation and Warehousing	26,347	\$1,393.7	7,054	26.8%	\$359.0	25.8%
Air Transportation	7,639	\$332.5	1,731	22.7%	\$72.4	21.8%
Information	6,106	\$361.7	613	10.0%	\$23.3	6.4%
Finance and Insurance	7,746	\$482.2	583	7.5%	\$19.7	4.1%
Real Estate and Rental and Leasing	6,929	\$243.5	737	10.6%	\$18.1	7.5%
Professional, Scientific, and Technical Services	15,955	\$936.3	3,398	21.3%	\$167.4	17.9%
Mgmt of Companies and Enterprises	2,340	\$199.5	149	6.4%	\$10.4	5.2%
Admin Support/Waste Mgmt and Remediation	16,490	\$572.9	3,615	21.9%	\$103.4	18.1%
Educational Services	3,038	\$84.5	624	20.5%	\$7.8	9.2%
Health Care and Social Assistance	55,605	\$2,736.8	6,053	10.9%	\$253.6	9.3%
Arts, Entertainment, and Recreation	7,650	\$111.2	2,654	34.7%	\$29.7	26.7%
Accommodation and Food Services	43,145	\$745.7	12,939	30.0%	\$160.0	21.5%
Accommodation	13,839	\$167.8	6,515	47.1%	\$86.2	51.4%
Food Services and Drinking Places	28,880	\$413.9	6,303	21.8%	\$73.0	17.6%
Other Services (except Public Administration)	12,175	\$386.4	1,712	14.1%	\$34.3	8.9%
Other/Unknown	953	\$21.0	297	31.2%	\$4.6	21.7%
Local Government	50,234	\$2,015.6	3,714	7.4%	\$93.7	4.7%
State Government	24,859	\$1,286.9	1,829	7.4%	\$50.0	3.9%
Total	408,606	\$17,366.6	84,895	20.8%	\$2,649.7	15.3%

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

2018 nonresident workers who became residents by 2019



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

NONRESIDENTS

Continued from page 13

and others maintain residency in another state and work here every year. Some stay in Alaska, though, and the likelihood of becoming residents depends on the industry, as shown in the bar chart on the left. Overall, 11.4 percent of 2018's nonresident workers had become residents by 2019. (See the sidebar on page 12 for how we determine residency.)

Nonresidents in health care and local government are most likely to become residents, and seafood processors and oil workers are the least likely.

Tourism, fish processing areas have more nonresident workers

Because nonresidents are concentrated in seasonal industries, the areas with the most seasonal

activity also have the most nonresident workers. Larger cities and rural areas without seasonal jobs have mostly local workers.

Bristol Bay, for example, has a small local workforce that can't meet the intense demand for labor in the summer to process salmon. Nearly 82 percent of its workers were nonresidents in 2019. Similarly, the seafood-centered Aleutians East Borough hired 77 percent nonresidents. Workers in Skagway and Denali, areas that depend on tourism, were 67 percent nonresidents.

The rural Kusilvak Census Area in western Alaska was lowest at less than 6 percent, followed by Bethel at 11.4 percent.

Anchorage and the Matanuska-Susitna Borough — the two most populated areas in Alaska — have large numbers of nonresident workers, but nonresidents represent a small percentage of these areas' total workers.

For the full 2019 report, see: <https://live.laborstats.alaska.gov/reshire/>

Rob Kreiger is an economist in Juneau. Reach him at (907) 465-6031 or rob.kreiger@alaska.gov.

2019 nonresident workers by area

Borough or census area	Total workers	Percent nonresident
Bristol Bay Borough	4,738	81.6%
Aleutians East Borough	4,296	77.2%
Skagway, Municipality	1,844	67.2%
Denali Borough	4,440	66.8%
Aleutians West Census Area	4,869	52.5%
Lake and Peninsula Borough	1,793	49.4%
Dillingham Census Area	4,015	42.7%
Valdez-Cordova Census Area	8,401	41.7%
Haines Borough	1,551	38.1%
Petersburg Borough	1,922	34.6%
Sitka, City and Borough	6,039	34.1%
North Slope Borough	17,741	33.8%
Yakutat, City and Borough	475	33.5%
Hoonah-Angoon Census Area	1,284	31.5%
Prince of Wales-Hyder CA	3,237	29.2%
Wrangell, City and Borough	1,171	29.0%
Ketchikan Gateway Borough	9,421	26.5%
Kodiak Island Borough	7,407	25.7%
Southeast Fairbanks CA	3,400	21.7%
Juneau, City and Borough	20,794	20.2%
Kenai Peninsula Borough	26,940	19.9%
Northwest Arctic Borough	4,898	19.1%
Fairbanks North Star Borough	46,486	15.8%
Nome Census Area	5,621	12.2%
Anchorage, Municipality	157,273	12.0%
Yukon-Koyukuk Census Area	3,314	11.9%
Matanuska-Susitna Borough	32,173	11.7%
Bethel Census Area	10,492	11.4%
Kusilvak Census Area	3,711	5.7%

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

EMPLOYER RESOURCES

Alaska minimum wage rose to \$10.34 per hour on Jan. 1

Alaska's minimum wage rose from \$10.19 to \$10.34 effective Jan. 1.

In accordance with Alaska Statutes, the Alaska minimum wage applies to all hours worked in a pay period, regardless of how the employee is paid — by time, piece, commission, or otherwise.

All actual hours worked in a pay period multiplied by the Alaska minimum wage is the very least an employee can be compensated unless the employer can clearly show that a specific exemption exists. Tips do not count toward the minimum wage.

Further, under Alaska law, public school bus driver wages must be no less than twice the current Alaska minimum wage. Certain exempt employees must be paid on a salary basis of not less than twice the current Alaska minimum wage, based on a 40-hour work week, to maintain their exempt status.

Reference: Alaska Statutes 23.10.050 – 23.10.150

Employer Resources is provided by the Employment and Training Services Division of the Alaska Department of Labor and Workforce Development.