



ALASKA ECONOMIC
TRENDS

JANUARY 2021

**JOBS FORECAST
2021**

FROM THE COMMISSIONER

Getting back on our feet after such a difficult year

By Dr. Tamika L. Ledbetter, Commissioner

Where has the time gone? Another year has passed by quickly, but in many ways, 2020 also seemed to drag on. Many of us will remember 2020 as one of the most economically devastating and emotionally draining years ever. Record unemployment, business closures, telework as the promoted norm, Zoom meetings, reduced gatherings, and ongoing concerns over health and safety have challenged every aspect of our daily lives.

In hard times, it can be difficult to find the good. In truth, I struggle to list successes when so many families, friends, and neighbors are struggling.

I have faith, though, that we will get through this difficult time and emerge more resilient. Alaska is a land of resources, full of individuals with rugged spirit and determination.

This year showcased our everyday heroes, again and again. They are the Alaskans serving the public — nurses and doctors, other front-line health care and emergency workers, state workers getting needed support to struggling families, and grocery store clerks, to name just a few — and they all met daunting new challenges to ensure continuity and stability for our communities. To all of you, thank you.

Despite the upheaval, I am hopeful about the days ahead. It will take enormous effort to help those who have fallen behind because of closures and job losses, but I'm confident the worst is behind us, and I see opportunities ahead. Helping Alaskans get back to work is the answer to reinvigorating the economy and getting Alaska back to normal.



This will be a year to prepare for and pursue new endeavors. Some people may need additional skills to compete for more technical jobs listed on employment sites, and others might require a career change.

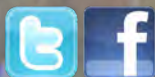
If a different type of work is on your horizon, consider the industries that need

workers. Alaska's vital housing market requires people skilled in the construction trades. The health care industry will continue to need additional workers for the foreseeable future. The transportation industry requires a strong workforce to move essential goods and services across our large state.

Many employers in Alaska have vacancies they need to fill now. If you need to broaden your job search, think about the skills you have that are transferrable to Alaska's available job opportunities. Contacting your local job center is a great first step, especially if you're not sure about your options. Our job counselors are ready to help you assess your qualifications, pursue additional training if needed, and connect you with potential employers. Call (877) 724-2539 to speak with job center staff, or visit jobs.alaska.gov.

I wish you happiness, health, and strength in all your endeavors in 2021.

Contact Dr. Tamika L. Ledbetter, Commissioner, at (907) 465-2700 or commissioner.labor@alaska.gov.



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Packrafting in an ice canyon
on the Matanuska Glacier,
about 100 miles north
of Anchorage, photo by
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TRENDS

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Statewide Forecast for 2021

Slow recovery after pandemic-related loss of 27,200 jobs

By KARINNE WIEBOLD

Alaska shed 27,200 jobs last year, dropping employment to 2003 levels. Before the pandemic, Alaska had weathered a long statewide recession followed by a single year of weak growth. Absent another shock, we'll recover some of the lost jobs this year — we forecast a gain of about 8,600 — but it will likely take several years to regain 2019's job levels.

Government and oil will continue to cut jobs in the short term, but all other industries will hold steady or begin to rebound. The industries likely to grow the most in 2021 will be those that suffered the steepest losses in 2020.

Leisure and hospitality lost more than any other sector in 2020 (-9,600 jobs) because the tourist season never materialized, and it will add about 3,500 jobs this year. Another casualty whose recovery depends on visitors returning is the transportation, warehousing, and utilities sector, which lost 3,600 jobs and might recoup just under half of them this year.

Clouds remain on the horizon as a crippling year

ends. Long-term state budget and revenue problems remain unresolved, and oil prices are forecasted in the mid-\$40s, Alaska's population has been dropping since 2017, and we've lost more movers than we've gained for the last seven years in a row.

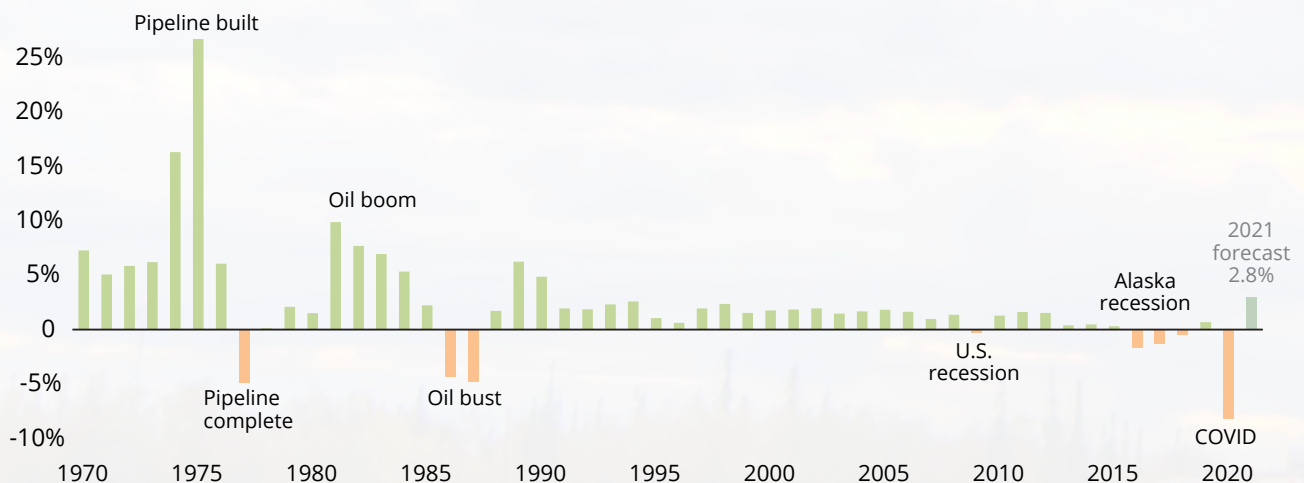
This year's success also hinges on several factors yet to be determined. The pandemic isn't over, and the timing and success of widespread vaccination will be a major determinant of 2021's course. Schools haven't reopened yet, the tourist season is up in the air, especially for cruise ships, and questions linger about people's appetites for traveling and shopping.

Little improvement through Dec.

Last year began normally, but the seeds of crisis germinated early. The first U.S. case of COVID-19 was reported in late January, and Alaska's first recorded case came in early March. By mid-March, measures to curb the virus' spread pulled students from classrooms, suspended indoor dining, and postponed elective medical procedures.

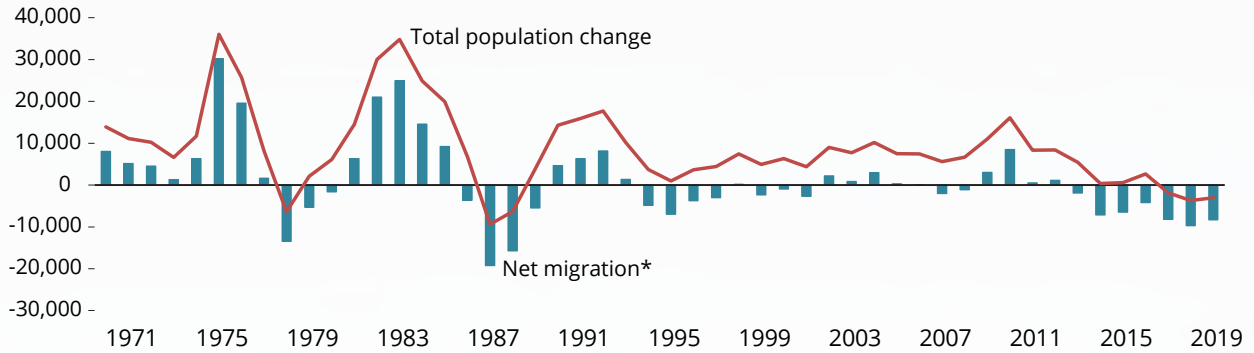
Pandemic disruptions don't show up in first-quarter employment data, but they were obvious by April. In

The pandemic caused a historic drop in total Alaska employment in 2020



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

Population began to decline in 2017 after streak of net migration losses



*The number of people who moved to Alaska that year minus the number who left
 Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

the months that followed, job losses swept the state and left no major industry unscathed.

COVID-19 surged in Alaska later in the year, with total monthly cases more than doubling from October to November. For context, Alaska's first 6,000 cases took nearly seven months to accumulate, but we recorded 6,000 in the first nine days of December. Anchorage entered another "hunker down" phase for the entire month of December.

Broad vaccination — not just FDA approval — will largely determine when life begins to return to normal. Two new COVID-19 vaccines were approved in December and others appear close, but widespread production and distribution are still months away. Public health experts predict vaccines will be available to all adults by June or July after vulnerable populations are vaccinated.

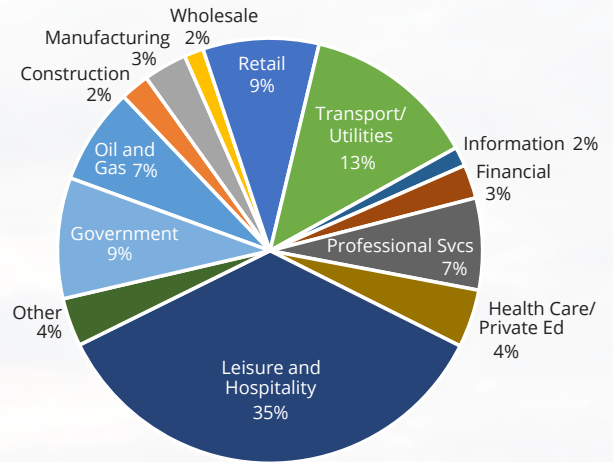
Oil's job recovery will take time

The pandemic took a chunk out of two of Alaska's critical sectors — oil and tourism — and the oil and gas industry especially may take a while to bounce back.

The state had more than 15,000 oil and gas jobs in 2014 before a four-year decline that reduced the job count to as low as 9,300 in mid-2018. That number had gradually climbed to about 10,000 jobs in early 2020 before the pandemic drove oil and gas jobs below 7,000, where they remained at the end of the year.

Aside from the COVID-19 wreckage, BP, a longstanding presence in the state, sold its assets in 2020 to a

Where 2020's losses came from



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

smaller independent producer, Hilcorp, which operates a leaner workforce. Job losses started showing up in the numbers after the sale announcement in late 2019 and continued into 2020.

On the growth side, ConocoPhillips will bring several rigs back online this year, having suspended all drilling in 2020. (For more on the oil industry, see the Anchorage forecast on page 9.)

Monthly jobs will likely trend upward in 2021, but when averaged over the year, 2021's employment is forecasted at around 500 fewer jobs than 2020. That's because 2020's employment was so much higher early in the year before the pandemic disrupted nearly everything.

The outlook for statewide jobs, by industry

	Monthly avg, 2019 ¹	Monthly avg, 2020 ¹	Change, 2019-20	Percent change	JOBS FORECAST		
					Monthly avg, 2021	Change, 2020-21	Percent change
TOTAL NONFARM EMPLOYMENT²	329,900	302,700	-27,200	-8.2%	311,300	8,600	2.8%
Total Private	250,100	225,400	-24,700	-9.9%	234,700	9,300	4.1%
Mining and Logging	13,400	11,400	-2,000	-14.9%	11,000	-400	-3.5%
Oil and Gas	9,900	7,900	-2,000	-20.2%	7,400	-500	-6.3%
Construction	16,400	15,800	-600	-3.7%	16,100	300	1.9%
Manufacturing	13,100	12,200	-900	-6.9%	12,900	700	5.7%
Transportation, Trade, and Utilities	64,600	58,200	-6,400	-9.9%	61,700	3,500	6.0%
Wholesale Trade	6,600	6,200	-400	-6.1%	6,200	0	0.0%
Retail Trade	35,500	33,100	-2,400	-6.8%	34,900	1,800	5.4%
Transportation, Warehousing, and Utilities	22,500	18,900	-3,600	-16.0%	20,600	1,700	9.0%
Information	5,300	4,900	-400	-7.5%	4,900	0	0%
Financial Activities	11,700	11,000	-700	-6.0%	11,200	200	1.8%
Professional and Business Services	27,700	25,800	-1,900	-6.9%	26,400	600	2.3%
Educational (private) and Health Services	50,800	49,600	-1,200	-2.4%	50,200	600	1.2%
Health Care	38,500	38,000	-500	-1.3%	38,400	400	1.1%
Leisure and Hospitality	36,100	26,500	-9,600	-26.6%	30,000	3,500	13.2%
Other Services	11,000	10,000	-1,000	-9.1%	10,300	300	3.0%
Total Government	79,800	77,300	-2,500	-3.1%	76,600	-700	-0.9%
Federal, except military	14,800	15,300	500	3.4%	14,800	-500	-3.3%
State, incl. University of Alaska	23,200	22,400	-800	-3.4%	22,000	-400	-1.8%
Local and tribal, incl. public schools	41,800	39,600	-2,200	-5.3%	39,800	200	0.5%

¹Preliminary and adjusted estimates. ²Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

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

Tourism remains uncertain in 2021

Concerns about the virus and restrictions halted Alaska's 2020 tourism season. Southeast anticipated a record number of cruise ship passengers but ended up with almost none. While some travelers came other ways, the numbers were nothing like we're used to.

Southeast communities bore the brunt of the lost season, as did the Denali Borough in the Interior. The more populated and economically diverse areas — Anchorage, the Kenai Peninsula, and Fairbanks — felt the absence, but to a lesser degree.

Bars, restaurants, and hotels — the biggest slice of the leisure and hospitality sector — lost the most jobs as locals and tourists alike stayed home. The sector as a whole lost about a quarter of its employment last year.

We expect the industry to recover 3,500 jobs in 2021, which would be about 40 percent of what it lost. The question is how many establishments can hold out until the pandemic ends and demand resumes. Tourist-dependent businesses, especially in places with little local demand, will have weathered 18

months without substantial income before the earliest, most optimistic possibility of a visitor season. (See the Southeast forecast on page 14 for more information on the restrictions that will persist in 2021.)

Some industries on a long slide

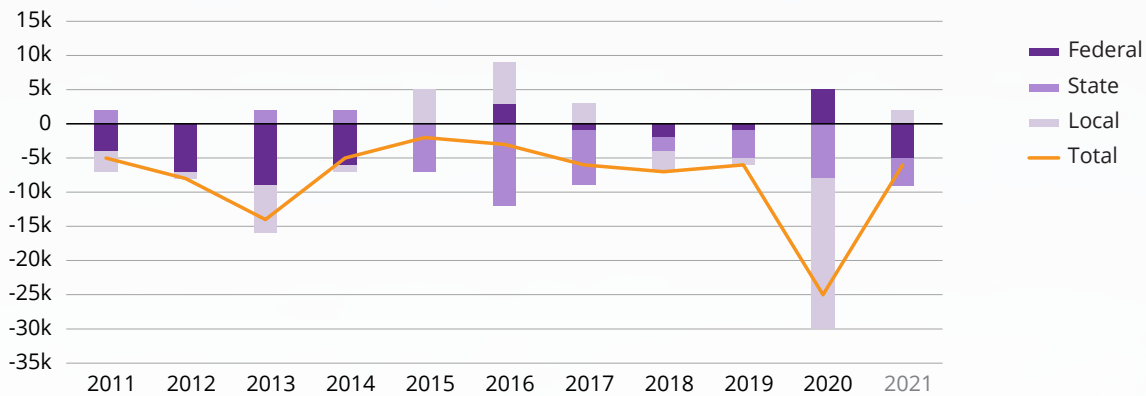
Retail has been shrinking since 2016, in concert with the state recession. The growing popularity of online shopping will continue to compound the losses, and other technological changes, such as self-checkout, will further reduce the need for staff.

Similarly, the ability to do more with less labor has spurred multi-year employment losses in sectors like information and finance — think online banking instead of tellers and digital media rather than print.

State revenue troubles persist

Government has been on a similar multi-year dive, losing jobs every year for a decade, and it will absorb further cuts in 2021. We forecast losses for state and federal government and a gain of 200 jobs

Change in the numbers of government jobs over the last decade



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

for local government — but that would recapture just a fraction of the 2,200 jobs local governments lost in 2020.

First-quarter public school employment will remain well below early-2020 pre-pandemic levels, as distance learning will probably continue early in the year. Broad vaccination would put students back in classrooms at least by fall, which is also a requirement for many parents to return to their workplaces.

The federal government added 500 jobs in 2020, but they were mostly temporary positions for the decennial census that kicked off in Toksook Bay in January. Federal employment will shrink back to pre-census levels this year.

State government lost 800 jobs in 2020, but not all were pandemic-related. State government has been shedding jobs for six years with declining revenues and tighter budgets, but most cuts so far have come through attrition. The drying-up of oil revenues over the past decade has put tremendous pressure on the state, and long-term solutions remain elusive.

The steepest state government losses came from the University of Alaska. In recent years, UA has weathered deep funding cuts and grappled with dwindling enrollment — problems that persist this year.

For decades, most of the state's discretionary revenue came from oil, but low prices and diminishing production have dragged the industry down in recent years. More recently, some large investment banks have stopped providing capital to companies working on the North Slope, in a controversial blend of politics and economics. The outgoing Trump administration's move in late 2020 to quickly open

parts of the Arctic National Wildlife Refuge to drilling amplified the sense of short-term opportunity but also the tumult. Regardless, the trends for oil and gas jobs and revenue paid to the state have been distinctly downward over the last decade.

Parts of the economy are strong

While Alaska faces considerable headwinds, pieces of the economy remain positive. Our resources — mining, oil and gas, tourism, and our strategic location for military operations and transportation — will continue to attract new money to the state. These cash infusions will be vital as we move toward long-term recovery.

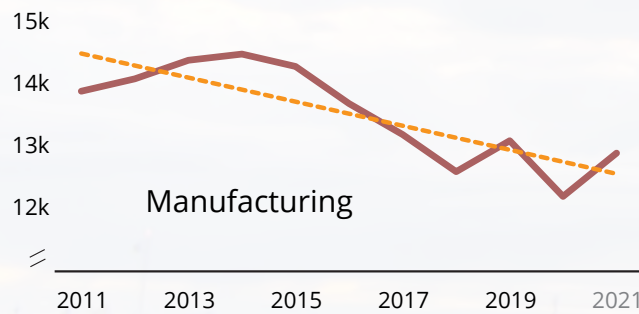
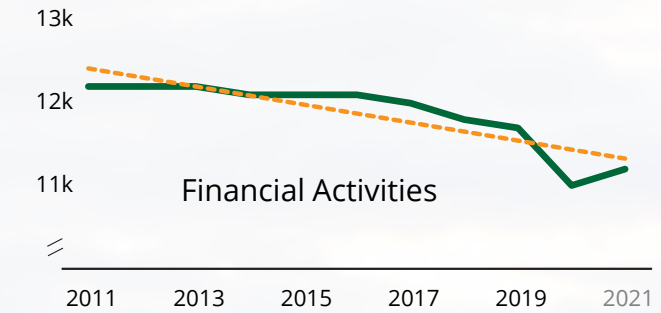
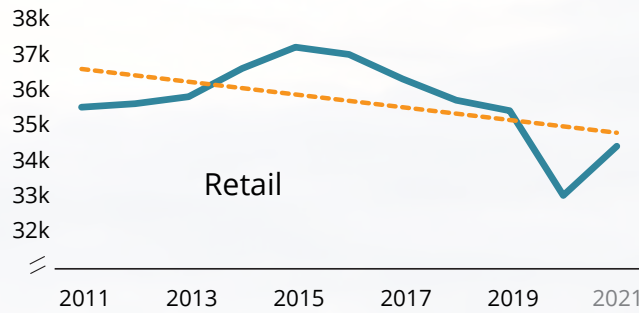
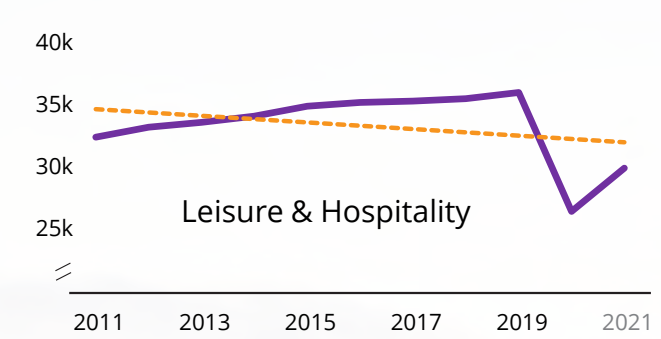
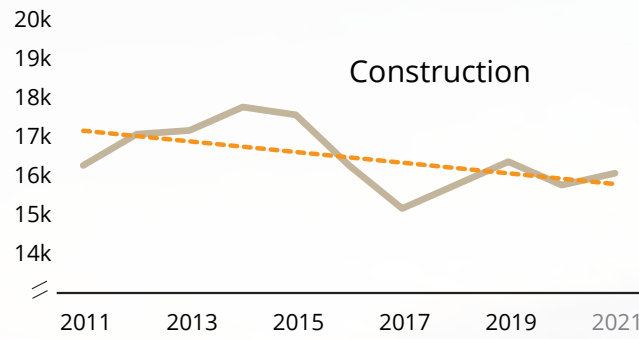
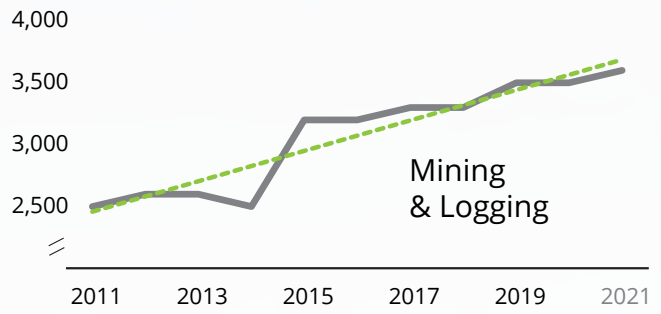
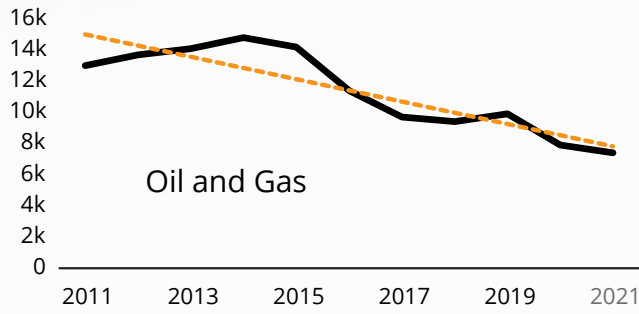
It may take a couple of years for visitor numbers to return to pre-COVID levels, and some tourists' preferences may change, but Alaska will continue to draw visitors. Investments in Juneau, Hoonah, Skagway, and other coastal communities — such as new cruise ship docks — were expected to pay off sooner, but they will eventually bear fruit.

Alaska has an outsized military presence that provides economic ballast and will continue to stabilize many areas with consistent infusions of federal money. (See the Fairbanks forecast on page 12 for more on the military.)

Finally, Alaska's mining opportunities and oil and gas reserves remain abundant. Oil industry jobs and oil-derived revenue are likely to stay depressed by historical standards, but both will continue to contribute significantly to Alaska's economy.

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Long-term employment trajectories of select Alaska industries



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

Anchorage Forecast for 2021

By NEAL FRIED

Anchorage's 2020 job loss was the largest in its history — even bigger than the 1980s bust. The city lost nearly 14,000 jobs in less than 12 months as the pandemic damaged every industry, and some big unknowns persist as we enter 2021.

The biggest questions usually center on the price of oil and a few other key influences on the economy's direction, but these appear simple relative to the new uncertainties this year. Knowing how soon the vaccine will put the pandemic behind us and how it will spread until then would solve a big piece of the puzzle. Consumers are a related wild card, as we don't know when people will resume normal habits, but there's little doubt that pent-up demand will play a role in the recovery.

Anchorage lacked momentum even before the pandemic hit because the city hadn't yet pulled out of the statewide recession. Similarly, 2021 shows no strong catalysts for growth, such as high oil prices, hoards of visitors, or an increase in military spending. Because none of those boosts appear likely, Anchorage's employment gains will come from mending. In other words, Anchorage needs to recapture some of those 14,000 lost jobs, and it will take more than a year to claw back all the losses.

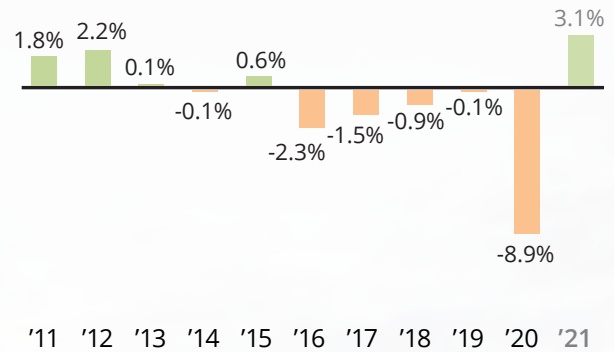
Oil prices and activity both show signs of recovery

The state's oil industry, which headquarters in Anchorage, lost a massive number of jobs during the recession, then began to recover in 2018 and continued adding jobs in 2019. As 2020 began, it looked like a good year. ConocoPhillips, Oil Search, Hilcorp, and other producers planned a busy 2020, but the oil price collapse early in the year deep-sixed those plans, and oil employment statewide plummeted to 1999-2000 levels.

Anchorage also had to contend with the sale of BP to Hilcorp, finalized in June of 2020. Hilcorp's smaller workforce disproportionately removed jobs from headquarters in Anchorage, and because the transfer began in July 2020, the losses will carry into 2021.

Even though oil price expectations remain relatively

Recovery to start after years of loss



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

low, we forecast some rebound for the industry this year. Prices show signs of improvement, and activity is picking up. For example, ConocoPhillips recently announced they would put four of their rigs back to work in 2021. They ceased all drilling after the first quarter of 2020, when oil prices crashed.

Visitors will return, but full recovery not likely in 2021

Because the number of tourists shrunk to almost nothing in 2020, it can only improve in 2021. In June 2020, Anchorage had just 2,095 jobs in hotels, in contrast to 3,834 the prior June. Hotel room revenues fell from \$254 million during the first three quarters of 2019 to \$113 million for the same period in 2020. Car rentals and restaurants followed a similar pattern. According to Opportunity Insights, restaurant and hotel spending was still down 38 percent in Alaska in the first week of November.

With a vaccine on the horizon and demand for travel building, Alaska will receive more visitors in 2021 — but it's too soon to predict whether the number will approach 2019's levels.

Many businesses that profit from tourism will struggle to stay afloat until summer arrives, but there's light at the end of the tunnel for tourism-linked industries such as transportation, lodging, eating and drinking, and local government.

The outlook for jobs in Anchorage, by industry

	Monthly avg, 2019 ¹	Monthly avg, 2020 ¹	Change, 2019-20	Percent change	JOBS FORECAST		
					Monthly avg, 2021	Change, 2020-21	Percent change
TOTAL NONFARM EMPLOYMENT²	151,700	138,200	-13,500	-8.9%	142,600	4,400	3.1%
Total Private	123,600	110,600	-13,000	-10.5%	115,700	5,100	4.4%
Mining and Logging	2,700	2,200	-500	-18.5%	2,200	0	0%
Oil and Gas	2,500	2,100	-400	-16.0%	2,100	0	0%
Construction	7,800	7,200	-600	-7.7%	7,200	0	0%
Manufacturing	2,100	1,800	-300	-14.3%	1,900	100	5.3%
Transportation, Trade, and Utilities	32,800	29,600	-3,200	-9.8%	31,000	1,400	4.5%
Wholesale Trade	4,900	4,700	-200	-4.1%	4,800	100	2.1%
Retail Trade	16,700	15,000	-1,700	-10.2%	15,700	700	4.5%
Transportation, Warehousing, and Utilities	11,200	9,900	-1,300	-11.6%	10,500	600	5.7%
Information	3,300	3,000	-300	-9.1%	2,900	-100	-3.4%
Financial Activities	7,300	6,900	-400	-5.5%	7,000	100	1.4%
Professional and Business Services	17,800	16,400	-1,400	-7.9%	16,600	200	1.2%
Educational (private) and Health Services	26,800	25,600	-1,200	-4.5%	26,400	800	3.0%
Health Care	20,900	20,300	-600	-2.9%	20,900	600	2.9%
Leisure and Hospitality	17,600	13,100	-4,500	-25.6%	15,600	2,500	16.0%
Other Services	5,400	4,800	-600	-11.1%	4,900	100	2.0%
Total Government	28,100	27,600	-500	-1.8%	26,900	-700	-2.6%
Federal, except military	8,400	8,500	100	1.2%	8,400	-100	-1.2%
State, incl. University of Alaska	9,800	9,400	-400	-4.1%	9,100	-300	-3.3%
Local and tribal, incl. public schools	10,000	9,400	-600	-6.0%	9,400	0	0%

¹Preliminary and adjusted estimates. ²Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

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

We forecast Anchorage leisure and hospitality will add 2,500 jobs in 2021, or 16 percent. While this would fall far short of 2019's numbers — the industry lost about 4,500 jobs last year — it's the largest forecasted gain for any part of Anchorage's economy.

Restaurants and bars represent two-thirds of Anchorage's leisure and hospitality employment. Local consumption and tourism both drive demand, and local spending is the bigger stimulus. Still, eating and drinking employment dropped from 11,237 jobs in February 2020 to 6,431 in April, the fewest on record since 1993. The industry typically starts adding jobs in April and peaks in August, but the list of restaurants that have closed permanently is long and growing. Other restaurants are still operating at partial capacity.

The industry will begin its long and arduous recovery whenever the pandemic ends, visitors return, and consumers resume their normal eating-out habits.

Home-building remains healthy but commercial is tenuous

We forecasted construction employment in Anchorage would grow modestly in 2020, but COVID-19 put the brakes on that — mainly through crippling

uncertainty. That was especially true for the commercial segment. Two or three new hotels planned to break ground in 2020 but stalled with the loss of tourism. The dramatic increase in teleworking, fewer visits to bars and restaurants, and the rise of e-commerce put a damper on retail-related and other commercial construction projects.

The outlook for residential housing is positive, though. Anchorage permitted the largest number of new homes in five years through October. A near-repeat performance is likely in 2021.

The rest of the construction industry in Anchorage looks good as well. Significant air cargo projects at the airport and work on the new cement dock at the Port of Anchorage will begin in 2021. Highway construction, which is mostly federally funded, also looks promising. Earthquake repairs and the \$83 million bond package passed for the Anchorage School District boosted the 2020 construction season, and that will continue in 2021.

Air cargo thrived in 2020 but other transportation took a hit

Because so many Anchorage businesses depend on

Anchorage Forecast

transportation, the health of the economy is the best predictor of this industry's future. In 2020 that meant the broader transportation sector lost 11 percent of its jobs, which was more than the 9 percent decline overall.

The biggest losses were tied to air transportation and tourism. Passenger traffic through the Ted Stevens Anchorage International Airport dropped by over 80 percent in March and April and remained over 50 percent lower in October and November. Scenic and sightseeing transportation employment declined from 424 in the second quarter of 2019 to 97 in 2020.

The pandemic didn't hobble all transportation. International air cargo thrived because of increased e-commerce, pandemic-related cargo, and less cargo competition from passenger airlines. The number of landings increased by 40 to 60 percent, which helped companies like FedEx, UPS, and Atlas Air.

We forecast the transportation industry will regain about half of the lost ground this year as the economy begins to rebound and more visitors arrive.

The biggest threat to retail is not the pandemic

Anchorage retail employment shrank every year from 2016 onward as the recession took its toll and e-commerce did even more damage. Specialized stores and department stores suffered the most. In just the last few years, Anchorage lost Nordstrom, Pier 1 Imports, Forever 21, one Jo-Ann Fabrics location, and Sears, to name just a few.

COVID-19 meant even fewer people were willing to shop in stores, which accelerated the switch to e-commerce. By the end of 2020, total retail employment had fallen to levels last seen in the 1990s.

Some retailers flourished last year. Grocers such as Costco, Walmart, Fred Meyer, and Safeway benefited as eating at restaurants dropped off, and they will remain strong in 2021. Home improvement stores followed a similar path, and so did marijuana retailers. Marijuana sales in Anchorage grew from \$6.8 million in September of 2019 to \$9.1 million in September 2020. These three types of retailers are also largely shielded from e-commerce competition.

We predict consumers will shop more as 2021 goes

on, and retailers will recover some of 2020's losses. However, the rapid increase in online purchasing will make it almost impossible for retail employment to ever recover fully.

The financial sector escaped most of the negatives

One part of the city's economy that weathered 2020 with relatively modest losses and is forecasted to grow slightly in 2021 is the financial sector, which covers real estate and all the businesses connected to it. These include mortgage brokers, title companies, banking and credit unions, insurance agents, and property managers.

Anchorage home sales were up slightly through September 2020 (3,055, an increase from 2,797 in 2019). Average prices rose last year and refinancing skyrocketed with record-low interest rates. Foreclosures show no sign of increasing.

Near-full recovery forecasted for Anchorage health care

Health care is Anchorage's largest private-sector employer, and Anchorage is home to over half of the state's health care jobs. Health care commonly generates the largest number of new jobs each year, and it has for a long time.

Last year broke that expansion streak, counter to expectations that the pandemic would fuel demand for services. Doctors' offices and outpatient surgery facilities lost the most through closures and Alaskans delaying elective procedures and checkups.

This "ambulatory" employment fell by 906 jobs in May from the previous year, and employment in hospitals dipped slightly, but jobs began to return as the year progressed. We forecast that as the pandemic subsides and vaccine coverage grows, regular and delayed demand will push health care to a near-full recovery by the end of 2021.

School district faces enrollment decline, and state cuts continue

Federal employment grew modestly during the 2020 Census, but with this small temporary stimulus gone,

Continued on page 22

Fairbanks Forecast for 2021

By SARA TEEL

Fairbanks lost jobs across multiple industries in 2020, with employment dropping 7.9 percent after two years of modest growth. But even though Fairbanks lost about 3,000 jobs last year, it fared better than most areas.

As a regional hub, Fairbanks is home to many businesses that remained open during the mandated shutdown in early 2020 to provide goods and services to surrounding communities. Other parts of the economy regained their 2019 employment levels by mid-summer. Another buffer for Fairbanks going into 2021 is the ongoing installation of 54 F-35A Lightning II fighter jets at Eielson Air Force Base.

Still, 2021 will be more about recovery than growth, especially for industries that rely on tourism. We forecast the Fairbanks North Star Borough will regain about a third of the jobs it lost last year.

Military population growth will boost local economy

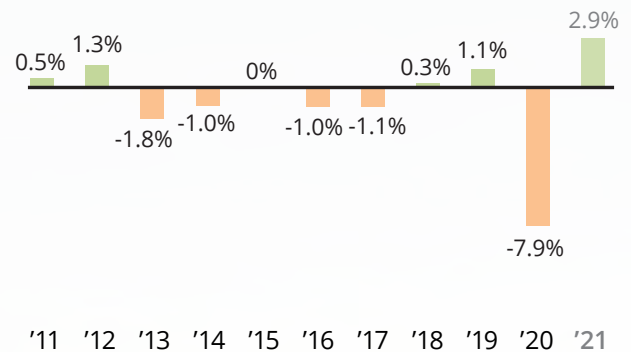
Unlike Anchorage and Juneau, Fairbanks' total population shrunk over the last decade. It also had some of the largest migration losses, mainly from students and retirees but also from small military movements. Now, the military is growing.

In 2019, about 40 percent of Alaska's active-duty personnel were stationed in Fairbanks, and they and their families made up around 9 percent of the Fairbanks North Star Borough's population. Then in 2020, the military population jumped 6.7 percent, and it will increase again this year.

Air Force personnel connected to the F-35s began to arrive in April, and all 54 jets are scheduled to arrive by the end of 2021, bringing in 3,500 new airmen, contractors, and family members. Eielson's population grew 27 percent in the first half of 2020 as nearly 950 people moved in during the first quarter alone.

The jump in population will give the local economy a needed boost in 2021. Rising demand for homes will increase sales and prices, and an associated

Fairbanks' job trend will change



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

tightening of rental vacancies will likely raise rents. Demand for goods and services will grow, which will be good news for grocery stores, car dealerships, and restaurants. Construction and engineering will also continue to benefit. New homes were built or refurbished in anticipation of new residents, and the Air Force invested \$500 million in 41 construction projects around Eielson, at least 28 of which are complete. These projects include new hangars, a flight simulator, and a new school.

Tourism-related industries to recover some losses this year

Although Fairbanks isn't as tourism-centered as other parts of the state, it still has a robust visitor industry, in part because it's close to Denali National Park. Cruise ship tourists travel to Fairbanks from Anchorage and Southeast by bus, air, and rail.

Many tourism-related jobs are in the leisure and hospitality sector, which sustained 40 percent of Fairbanks' total job loss in 2020. One out of every four of these jobs disappeared last year (-1,200) as the economy began to shut down with the rise of COVID-19 cases. These included jobs in hotels, restaurants, and recreational places such as bowling alleys and museums.

Some jobs resumed when the statewide shutdown

The outlook for jobs in Fairbanks, by industry

	Monthly avg, 2019 ¹	Monthly avg, 2020 ¹	Change, 2019-20	Percent change	JOBS FORECAST		
					Monthly avg, 2021	Change, 2020-21	Percent change
TOTAL NONFARM EMPLOYMENT²	38,000	35,000	-3,000	-7.9%	36,000	1,000	2.9%
Total Private	27,400	24,800	-2,600	-9.5%	26,100	1,300	5.2%
Mining and Logging	800	800	0	0%	900	100	12.5%
Construction	2,700	2,600	-100	-3.7%	2,600	0	0%
Manufacturing	600	500	-100	-16.7%	500	0	0%
Transportation, Trade, and Utilities	7,700	7,100	-600	-7.8%	7,500	400	5.6%
Wholesale Trade	600	600	0	0%	600	0	0%
Retail Trade	4,700	4,400	-300	-6.4%	4,600	200	4.5%
Transportation, Warehousing, and Utilities	2,400	2,100	-300	-12.5%	2,300	200	9.5%
Information	400	300	-100	-25.0%	300	0	0%
Financial Activities	1,200	1,200	0	0%	1,200	0	0%
Professional and Business Services	2,800	2,500	-300	-10.7%	2,600	100	4.0%
Educational (private) and Health Services	5,600	5,400	-200	-3.6%	5,500	100	1.9%
Health Care	4,200	4,100	-100	-2.4%	4,200	100	2.4%
Leisure and Hospitality	4,600	3,400	-1,200	-26.1%	4,000	600	17.6%
Other Services	1,000	1,000	0	0%	1,000	0	0%
Total Government	10,600	10,200	-400	-3.8%	9,900	-300	-2.9%
Federal, except military	3,100	3,200	100	3.2%	3,100	-100	-3.1%
State, incl. University of Alaska	4,600	4,300	-300	-6.5%	4,100	-200	-4.7%
Local and tribal, incl. public schools	2,900	2,700	-200	-6.9%	2,700	0	0%

¹Preliminary and adjusted estimates. ²Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

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

mandate expired in April, mostly in bars and restaurants. Although these places cater to tourists, the local population is large enough to sustain a significant number of these jobs — albeit fewer than the previous year. On the other hand, hotels and other lodging rely on travelers, and these jobs dwindled during the summer.

We anticipate Fairbanks leisure and hospitality will rebound as visitors return in 2021 and as the population grows, although not to pre-pandemic levels. We forecast a recovery of about half of the lost jobs, or around 600.

Retail was remarkably resilient during 2020. While some retail jobs are seasonal or tourism-dependent, COVID-19 affected the industry less in Fairbanks than elsewhere, mainly because Fairbanks is a regional hub. Retail represents roughly the same number of total jobs in the borough as leisure and hospitality, but it only lost about 300 last year (-6.4 percent). Many stores added employees in 2020 to support the needs of new residents, and with more on the horizon, we forecast retail will recover about 200 jobs in 2021.

Fairbanks lost about 300 transportation jobs last year (-12.5 percent), mainly those linked to tourism.

These included jobs in air travel, taxis, private buses, and scenic and sightseeing tours. Passenger traffic into Fairbanks International Airport fell by over 90 percent in April, 87 percent in May, and 79 percent in June. By September, it was still down 61 percent. Employment in scheduled flights has been stable for the last five years, but one out of every four of those jobs disappeared when COVID-19 hit. Scenic and sighting transportation, which is highly seasonal, lost four out of every five jobs.

With a partial resurgence of tourism in 2021 and growing local demand for transportation, we forecast the transportation sector will regain about 200 of the 300 jobs it lost.

Mining was unscathed last year and will continue to grow

Mining and logging is one of the few sectors that didn't lose jobs in 2020, and we forecast robust growth of 12.5 percent in 2021.

Fort Knox Mine reported a 30 percent increase in gold production and a drop in costs as 2020 ended. The mine also noted that it suffered no measurable

Fairbanks Forecast

harm from the pandemic overall.

The Gilmore expansion, an extension of Fort Knox, broke ground in 2018 and began producing gold in 2020. Gilmore will provide an estimated 1.5 million ounces of gold and extend Fort Knox's life another nine years, to 2030.

Kinross, the owner of Fort Knox, also reinstated its dividend in 2020, suggesting the company anticipates a successful year. Kinross also acquired 70 percent interest in the high-grade, low-cost Peak project, located near Tetlin. The ore will be processed at the Fort Knox mill, with production expected to begin in 2024.

Government losses will again hit UAF the hardest

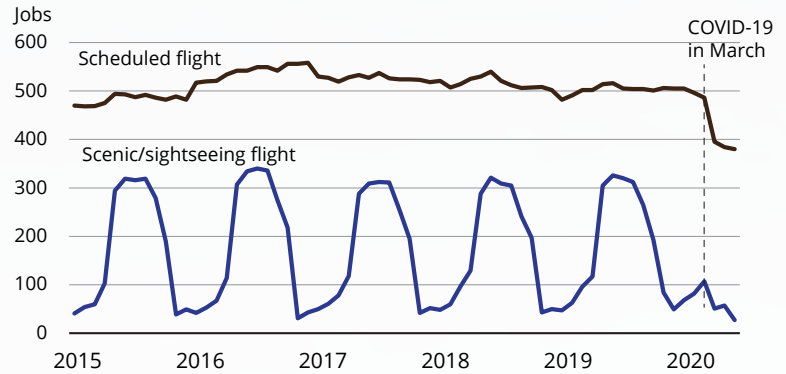
Government employment in Fairbanks peaked in 2011 at more than 12,000 but has since declined by almost 2 percent per year. Most of the cuts have been federal and state jobs, but local government has also lost jobs since 2011.

Federal job losses have mostly been military or defense. State government declines have been tied to long-term budget instability and started long before the pandemic. The spread of COVID-19 further tightened budgets, however, and the cuts continue to trickle down to local governments.

In 2020, the borough lost 400 total government jobs. Two hundred came from local government, mainly public schools. Remote learning reduced the need for staff such as bus drivers, cafeteria workers, and substitute teachers. With vaccines on the near horizon, schools will probably hold in-person classes for at least half of 2021. This will generate some jobs, but Fairbanks continues to grapple with its own budget problems. The local government forecast is flat for 2021 because municipal losses will likely offset any gains in the schools.

Local governments have been cutting services for several years, and the pandemic has further drained revenues. Second-quarter bed tax revenue was over 69 percent lower — a \$12 million loss — and third-quarter revenue dropped 66 percent

Fairbanks' air transportation dropped in 2020



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

(-\$20 million).

Fairbanks lost 300 state government jobs in 2020, mainly from the University of Alaska Fairbanks. The UA system is in the midst of a three-year, \$70 million cut, and the cuts to its largest campus have been substantial. Last summer, the UAF Board of Regents voted to eliminate or reduce more than 40 programs. UAF enrollment also fell 2.9 percent during the 2018-2019 school year and 7.3 percent in 2019-2020. For 2021, we forecast a loss of another 200 state jobs, again mostly from the university.

The federal government was the only part of the local economy to add jobs in 2020 (100), although they were temporary. With the 2020 Census complete, federal employment is forecasted to return to its pre-census level.

Health care will likely regain all of its lost ground in 2021

Health care added jobs during the first quarter of 2020, in line with the national trend. The industry was up 100 jobs from the same quarter the year before. Many facilities closed with the mandatory shutdowns in the spring, leading to a loss of several hundred jobs, but employment mostly rebounded. The result was a net loss of 100 jobs in 2020.

With several vaccines in the pipeline and health care growing nationwide, we forecast Fairbanks will regain its minor 2020 loss in 2021.

Sara Teel is an economist in Juneau. Reach her at (907) 465-6027 or sara.teel@alaska.gov.

Southeast Forecast for 2021

By SARA TEEL

By the end of 2019, Southeast had a few years of slight job growth under its belt following a four-year streak of losses earlier in the decade. The region's employment grew 0.8 percent in 2019, and that growth was expected to continue into the next year.

Initially, 2020 was on par. But COVID-19 hit Southeast harder than any other region in March because tourism and fishing are central to its economy. The region shed a staggering 15.4 percent of its jobs in 2020, or about 5,700.

The transportation and leisure and hospitality sectors, which are tied to tourism, represented 72 percent of the loss. No industry grew last year, and just three held steady: construction, finance, and the federal government.

We forecast the region will recover about a third of the lost jobs in 2021, which would be around 5.1 percent growth. Most industries will recoup only some of their losses, although we expect construction and mining, which have been robust in recent years, to bounce back to their pre-pandemic levels.

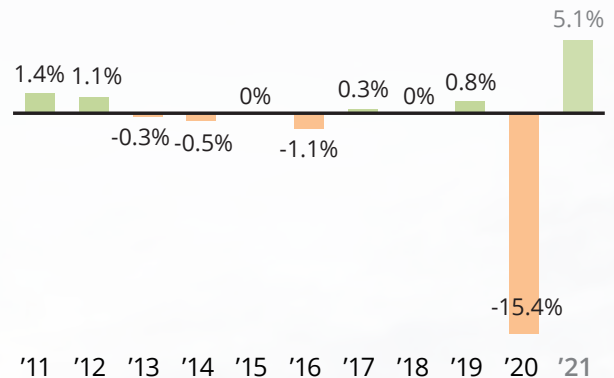
Southeast faces an expanding list of obstacles this year. The pandemic hasn't ended, and the uncertainty adds another layer of difficulty to ongoing state government cuts, further ferry service reductions, and fisheries volatility. On the plus side, cruise ship tourists are likely to return in the latter part of 2021.

COVID-19 hobbled tourism, and some restrictions will continue

Tourism, which comes mostly from cruise ships, helped many Southeast communities weather the past decade's three-year statewide recession, as visitor numbers continued to grow. Alaska anticipated a record 1.4 million cruise ship visitors in 2020, but the cruise industry was one of the first to buckle when the pandemic reached the United States.

The U.K.-registered Diamond Princess reported an outbreak in early February, and the U.S. Centers for Disease Control and Prevention issued a No Sail

A partial job recovery likely this year



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

Order that was effective from March 14 to Oct. 29. Canada also banned passengers from their waters until March 2021, and because the Jones Act requires foreign-flagged cruise ships sailing from the Lower 48 to stop in Canada, almost no ships sailed to Southeast last year.

Because Alaska's cruise ship season didn't materialize, leisure and hospitality lost almost 42 percent of its jobs, and some towns lost nearly all of them. Skagway lost over 80 percent of its industry's employment and Haines shed nearly three-quarters.

The cruise ship industry remains under a Conditional Sailing Order through November of 2021. The order will require ships to take health and safety measures and stage mock voyages to mitigate virus transmission risk. One possible tactic is "tourist bubbles," which would limit the number of businesses passengers could patronize when in port. While tourist bubbles would slow the spread of COVID-19, they would also hamper recovery for some tourism-focused Southeast businesses.

The CDC also recommends cruises last no longer than seven days this year, although that won't affect Alaska as much as some places. At the end of 2020, Carnival, Holland America, and Princess were booking their 2021 and 2022 itineraries for Southeast Alaska, and Norwegian Cruise Lines was planning a new dock for Juneau. Because of these developments, we forecast a gain of about 600 jobs in 2021 for Southeast's

The outlook for jobs in Southeast, by industry

	Monthly avg, 2019 ¹	Monthly avg, 2020 ¹	Change, 2019-20	Percent change	JOBS FORECAST		
					Monthly avg, 2021	Change, 2020-21	Percent change
TOTAL NONFARM EMPLOYMENT²	37,000	31,300	-5,700	-15.4%	32,900	1,600	5.1%
Total Private	24,500	19,400	-5,100	-20.8%	21,300	1,900	9.8%
Mining and Logging	1,100	1,000	-100	-9.1%	1,100	100	10.0%
Construction	1,300	1,300	0	0%	1,400	100	7.7%
Manufacturing	1,800	1,600	-200	-11.1%	1,700	100	6.3%
Transportation, Trade, and Utilities	7,500	5,200	-2,300	-30.7%	6,000	800	15.4%
Retail Trade	4,200	3,300	-900	-21.4%	3,600	300	9.1%
Information	500	400	-100	-20.0%	400	0	0%
Financial Activities	1,000	1,000	0	0%	1,000	0	0%
Professional and Business Services	1,600	1,400	-200	-12.5%	1,500	100	7.1%
Educational (private) and Health Services	4,200	4,000	-200	-4.8%	4,100	100	2.5%
Leisure and Hospitality	4,300	2,500	-1,800	-41.9%	3,100	600	24.0%
Other Services	1,200	1,000	-200	-16.7%	1,000	0	0%
Total Government	12,500	11,900	-600	-4.8%	11,600	-300	-2.5%
Federal, except military	1,400	1,400	0	0%	1,400	0	0%
State, incl. University of Alaska	4,700	4,400	-300	-6.4%	4,100	-300	-6.8%
Local and tribal, incl. public schools	6,400	6,100	-300	-4.7%	6,100	0	0%

¹Preliminary and adjusted estimates. ²Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

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

leisure and hospitality industry, or a third of the jobs it lost last year.

Retail is also tied to tourism, and it spikes in the summer in Southeast. Retail suffered a 21.4 percent loss of about 900 jobs in 2020 and is set to recover about a third of those jobs in 2021.

Transportation employment has grown in Southeast in recent years, but the cancellation of 2020's tourism season spurred a 30.7 percent job loss. Nearly half of the industry's jobs are in scenic and sightseeing transportation, such as fishing charters and bus, helicopter, tramway, and floatplane tours. In the first six months of 2020, these types of businesses took a 57 percent hit compared to the same period the year before.

The forecasted recovery for the broader transportation sector is about 800 of the 2,300 lost jobs.

It was a bad year for seafood, aside from the pandemic

The pandemic introduced a new set of obstacles for seafood processing in 2020, a shock even for an industry used to volatility. Thousands of people come from outside Alaska to work in the industry each year, and they live and work in close quarters. Businesses

spent tens of millions of dollars to mitigate the COVID-19 risk, which added higher operating costs to the lost profits that resulted from the global drop in demand for seafood, especially at restaurants. (For a detailed look at seafood processing in 2020, see the November 2020 issue of *Trends*.)

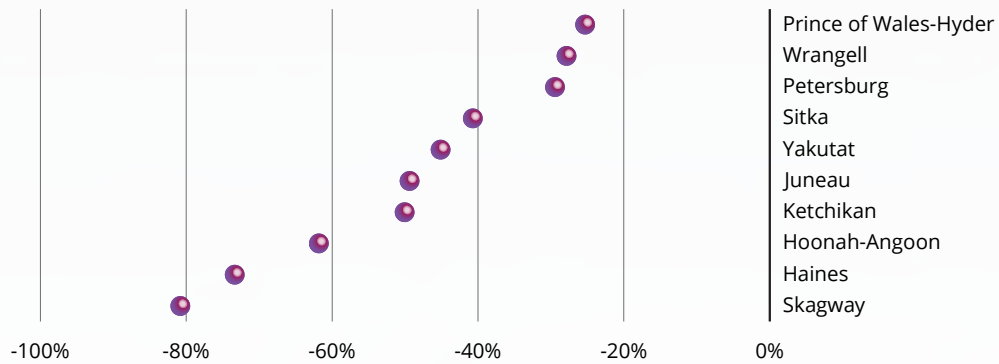
Tariffs with China further dented demand, although tariff relief programs softened the blow for some Alaska seafood businesses. In a typical year, China would buy a little over half of Alaska's seafood exports, and the U.S. would be China's second-largest supplier. That dropped to fourth this year.

Even if it weren't for COVID-19 and global political pressures, Southeast's seafood industry would have had a tough year. Salmon is the region's major fishery, and the 2020 season was the worst in more than 40 years. Permit prices dropped and several Southeast communities declared a disaster, including Petersburg, Ketchikan, and Sitka.

In total, 2020's catch was about 14.3 million fish, down from 32.2 million the year before. The total value dropped from \$101.8 million to just over \$50 million.

The Alaska Department of Fish and Game recently released the 2021 forecast for pink salmon, which make up about 59 percent of Southeast's salmon harvest. The forecasted run would be just below the 10-year average, at a harvest of around 28 million fish. Pinks

Southeast's leisure/hospitality loss in the first half of 2020*



*Percent change from the first six months of 2019

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

spawn every two years, and 2019's harvest was poor.

We forecast the industry will recover a little over half of the jobs it lost last year. Manufacturing, which in Alaska is mostly seafood processing, is set to recover about 100 jobs, which would be roughly half of what it lost in 2020.

Commercial fishermen are mainly self-employed, so they aren't covered by these job numbers. Their outlook is tied to that of seafood processing and the conditions they both face this year, such as lower global demand. (For more on commercial fishing employment, see the November 2020 issue.)

State government to continue its 10-year downward trend

Government is a major driver in Southeast, representing about one in three jobs in 2019. That proportion increased to 38 percent in 2020, but only because the private sector lost proportionally more jobs.

Government shed about 600 jobs last year, or 4.8 percent, with all of the losses coming from state and local government. Federal employment held steady at about 1,400 jobs in 2019 and 2020 and is forecasted to stay at that level in 2021.

State government has been shrinking since 2011. Multiple departments had absorbed large budget cuts even before COVID-19, and the pandemic will likely exacerbate the continual drops in funding.

State government cut 300 jobs in Southeast in 2020 (-6.4 percent), and we forecast it will cut another 300 jobs in 2021 (-6.8 percent). About a third of the 2020

losses were from the University of Alaska Southeast, where enrollment fell 7 percent during the last school year.

Local governments lost 300 jobs in 2020 (-4.7 percent). Tourism-centered areas took in far less revenue from sales, bed, and head taxes and moorage fees. Skagway's annual sales tax revenue dropped 95 percent while Ketchikan lost an estimated 36 percent and Juneau's fell 25 percent.

Some communities, including Juneau, joined a remote sales tax program for items purchased online from other states. This program will mitigate some revenue loss in 2021, especially with online sales rising during the pandemic.

Many local governments will rely on reserves to fund services in 2021. School will likely resume in-person for at least half of 2021, which will bump up employment but probably won't counter losses elsewhere, resulting in a flat forecast for local government.

Overall, we forecast Southeast's government employment will continue its downward trend with a loss of another 300 jobs this year (-2.5 percent) — all from state government.

2020's damage to mining employment won't last

Southeast's mining and logging sector grew steadily over most of the last decade and will likely add jobs this year after a dip in 2020. Greens Creek Mine near Juneau is developing waste storage capacity

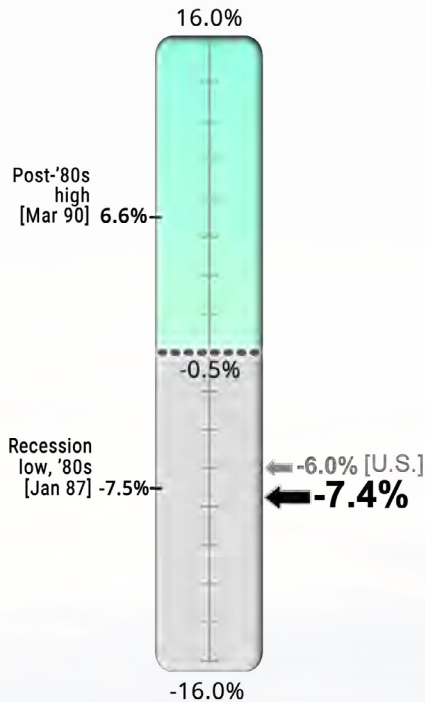
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Gauging The Economy



Job Growth

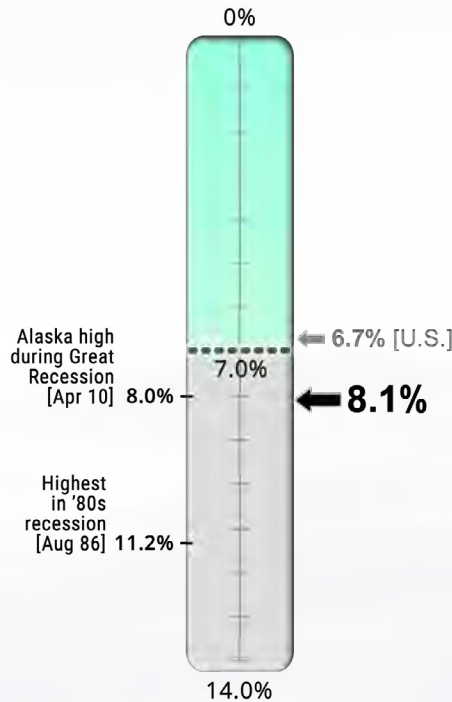
November 2020
Over-the-year percent change



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

Unemployment Rate

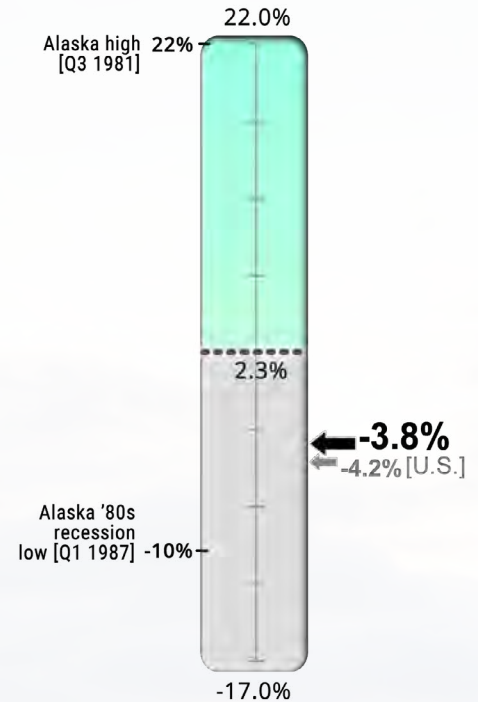
November 2020
Seasonally adjusted



➤ Alaska's unemployment rate rose slightly in November, 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 less useful than normal for assessing economic health.

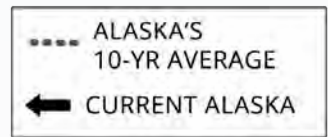
Wage Growth

2nd Quarter 2020
Over-the-year percent change



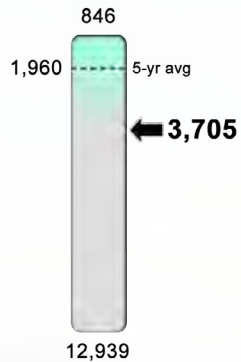
➤ After 10 straight quarters of wage growth, Alaska's total wages fell dramatically with the pandemic.
➤ Wage losses have not been as severe as job losses because a disproportionate number of jobs lost were low-wage.

Gauging The Economy



Initial Claims

Unemployment, week ending Dec. 12, 2020**

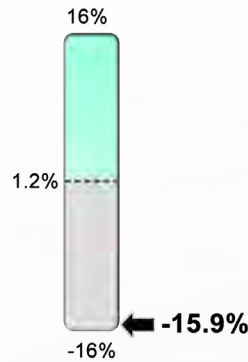


➤ Unemployment claims jumped in the spring with the coronavirus pandemic as many businesses shut down or limited services, and they remain elevated.

**Four-week moving average ending with specified week

GDP Growth

2nd Quarter 2020
Over-the-year percent change*

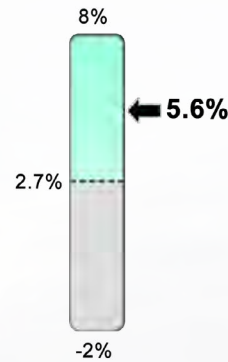


➤ Gross domestic product is the value of the goods and services a state produces. This GDP decline was the first over-the-year loss since the third quarter of 2016.

*In current dollars

Personal Income Growth

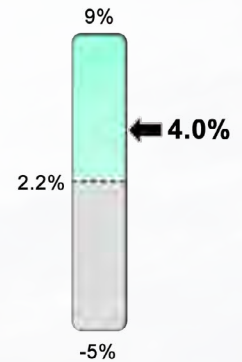
3rd Quarter 2020
Over-the-year percent change



➤ Personal income includes wages as well as transfer payments (such as Social Security, Medicaid, and the PFD) and investment income. After five quarters well above the 10-year average, growth slowed in the first quarter of 2020, then jumped with transfer payments.

Change in Home Prices

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

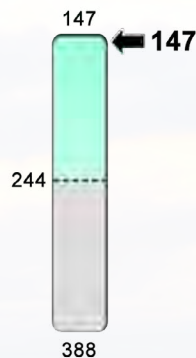


➤ Home prices include only those for which a commercial loan was used. This indicator tends to be volatile from quarter to quarter.

**Four-quarter moving average ending with specified quarter

Foreclosures

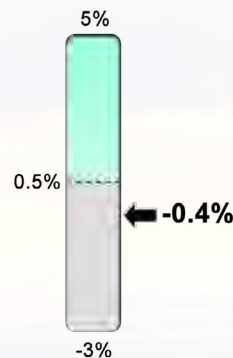
1st Quarter 2020



➤ 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

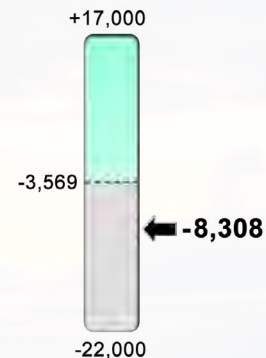
2018 to 2019



➤ This was the third straight year of population decline.

Net Migration

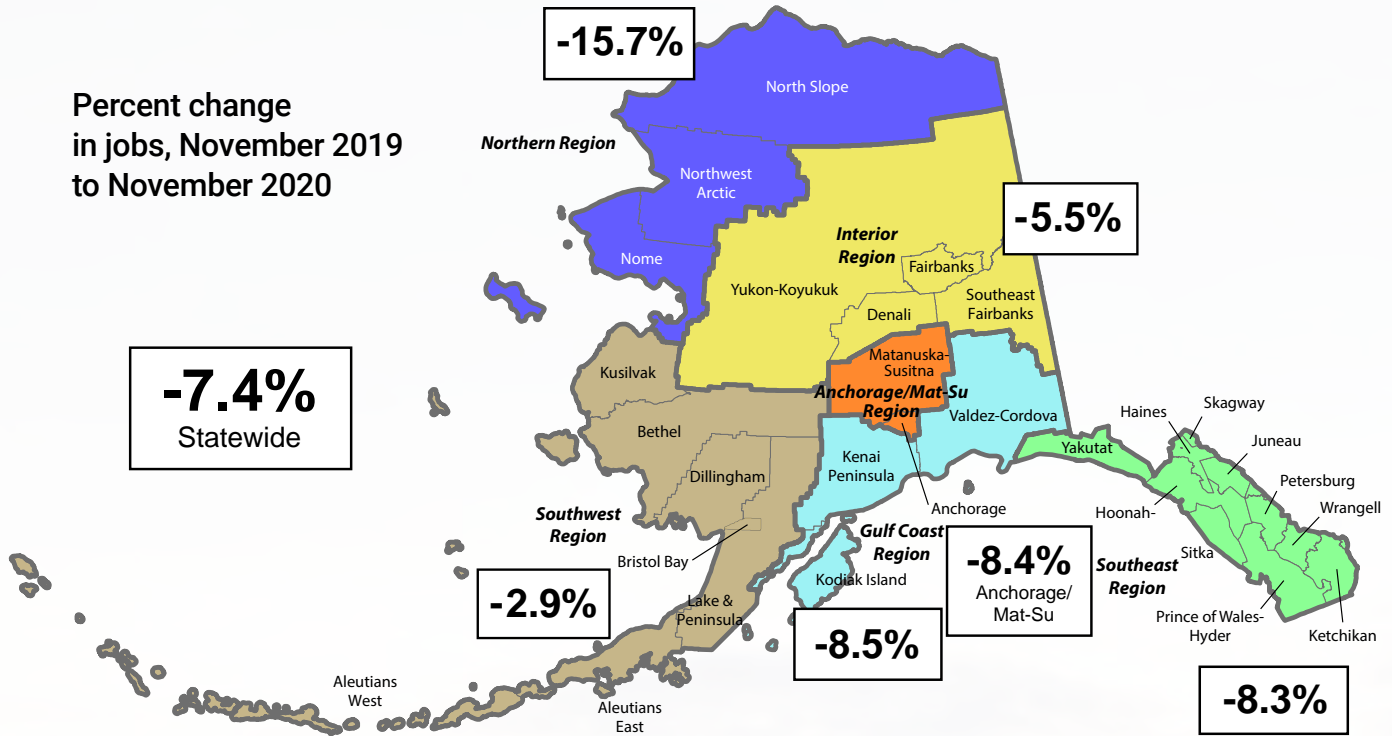
2018 to 2019



➤ The state had net migration losses for the seventh consecutive year in 2019. Net migration is the number who moved to Alaska minus the number who left.

Employment by Region

Percent change
in jobs, November 2019
to November 2020



Seasonally adjusted

	Prelim.	Revised	
	11/20	10/20	11/19
United States	6.7	6.9	3.5
Alaska	8.1	5.9	6.1

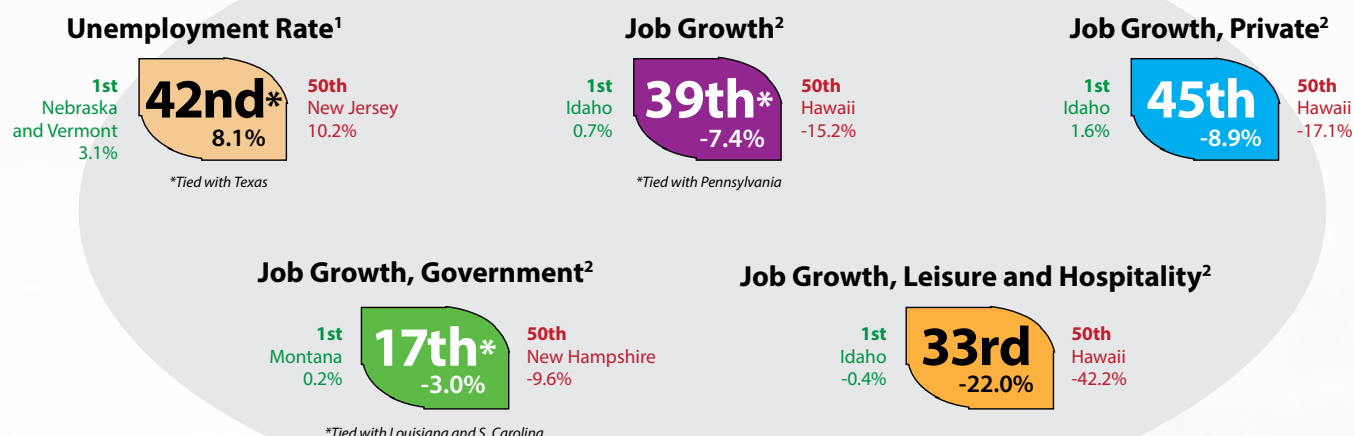
Not seasonally adjusted

	Prelim.	Revised	
	11/20	10/20	11/19
United States	6.4	6.6	3.3
Alaska	8.1	5.4	6.1

Regional, not seasonally adjusted

	Prelim.	Revised			Prelim.	Revised			Prelim.	Revised	
	11/20	10/20	11/19		11/20	10/20	11/19		11/20	10/20	11/19
Interior Region	6.8	4.5	6.0	Southwest Region	10.8	6.3	10.1	Southeast Region	8.1	5.5	6.4
Denali Borough	17.9	8.5	16.4	Aleutians East Borough	5.5	1.7	5.1	Haines Borough	13.8	8.9	13.5
Fairbanks N Star Borough	6.4	4.3	5.3	Aleutians West Census Area	5.9	2.5	5.2	Hoonah-Angoon Census Area	13.1	9.3	14.2
Southeast Fairbanks Census Area	8.1	5.0	8.3	Bethel Census Area	11.8	8.3	11.3	Juneau, City and Borough	6.5	4.7	4.4
Yukon-Koyukuk Census Area	9.9	6.5	12.3	Bristol Bay Borough	10.4	6.5	12.1	Ketchikan Gateway Borough	9.7	6.4	6.9
Northern Region	9.9	6.8	9.7	Dillingham Census Area	8.8	5.6	7.9	Petersburg Borough	8.8	5.6	9.1
Nome Census Area	9.5	6.6	9.4	Kusilvak Census Area	17.4	11.1	16.1	Prince of Wales-Hyder Census Area	8.8	5.9	8.9
North Slope Borough	8.0	5.6	6.4	Lake and Peninsula Borough	9.3	6.1	8.9	Sitka, City and Borough	6.6	4.6	4.6
Yukon-Charley Rivers National Preserve	12.2	8.1	13.7	Gulf Coast Region	9.9	6.2	7.3	Skagway, Municipality	20.3	10.9	19.4
Anchorage/Mat-Su Region	7.8	5.3	5.3	Kenai Peninsula Borough	10.0	6.8	7.2	Wrangell, City and Borough	8.1	5.0	8.0
Anchorage, Municipality	7.6	5.3	4.9	Kodiak Island Borough	7.1	3.6	5.7	Yakutat, City and Borough	9.5	6.8	7.9
Mat-Su Borough	8.4	5.5	6.6	Valdez-Cordova Census Area	14.8	6.3	10.1				

How Alaska Ranks



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

¹November seasonally adjusted unemployment rates

²November 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)	225.049	1st half 2020	228.858	-1.66%
Commodity prices				
Crude oil, Alaska North Slope, * per barrel	\$42.91	Nov 2020	\$64.97	-33.95%
Natural gas, residential, per thousand cubic feet	\$12.27	Sep 2020	\$12.62	-2.77%
Gold, per oz. COMEX	\$1,899.40	12/28/2020	\$1,518.60	+25.08%
Silver, per oz. COMEX	\$26.51	12/28/2020	\$18.00	+47.28%
Copper, per lb. COMEX	\$359.10	12/28/2020	\$283.35	+26.73%
Zinc, per MT	\$2,842.50	12/28/2020	\$2,306.00	+23.27%
Lead, per lb.	\$0.89	12/28/2020	\$0.88	+1.71%
Bankruptcies				
Business	76	Q3 2020	105	-26.62%
Personal	3	Q3 2020	12	-75.00%
Personal	73	Q3 2020	93	-21.51%
Unemployment insurance claims				
Initial filings	21,629	Nov 2020	6,241	+246.56%
Continued filings	93,375	Nov 2020	33,021	+182.77%
Claimant count	21,842	Nov 2020	9,872	+121.25%

*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

ANCHORAGE

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we forecast flat employment for 2021.

State government, which includes the University of Alaska Anchorage, will continue to lose jobs in 2021. UAA employment fell by 15 percent, or 344 jobs, during the first half of 2020 because of deep budget cuts. Because 2021 is part of the three-year planned reduction, it will likely spur similar job losses.

General state government also faces continued budget constraints brought on by low oil prices and the spending-down of the constitutional budget reserve.

In 2020, all local government losses came from the Anchorage School District, which represents nearly three-quarters of local government employment. Its 2021 picture is murky. School employment fell 7 percent during the first half of 2020, which was a loss

of about 500 jobs, and the loss grew to 1,100 by the end of the year. The shift to remote learning required fewer staff, and it isn't clear whether the district will remain online or begin a mixture of online and in-person learning for the rest of this school year.

A return to normal schooling next year is probable, and this will boost employment. However, enrollment fell by nearly 4,000 last year, and decreased funding will follow if numbers remain depressed. Because decisions on delivery and funding are pending, we held the public education forecast at last year's levels.

The Municipality of Anchorage represents the balance of local government. Job levels were stable in 2020 and that scenario remains likely for 2021. The sale of Municipal Light and Power didn't cause a net loss, but it privatized some city jobs. The city ran ML&P until October 2020, when 200 city employees transferred to Chugach Electric.

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SOUTHEAST

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on Admiralty Island to extend its life to at least 2031. Kensington Mine will also expand waste storage facilities to extend its life another 10 years. The Niblack Project on Prince of Wales Island — a potential copper, gold, silver, and zinc mine — halted exploration in 2016 but will resume this year. The industry is also considering Skagway's docks for Yukon mining activity, a throwback to Skagway's past.

Mining wasn't unscathed by COVID-19, but 2020's damage appears temporary. The sector lost 100 jobs, a drop of 9.1 percent, but is forecasted to rebound to its 2019 employment level this year.

Additional funding sources will further boost construction

State and federal funding tend to steer construction trends in Southeast, and future stimulus packages might include additional infrastructure funding that will boost jobs this year. For now, the federal CARES Act has also waived some requirements for cities to

add matching funds. For example, Juneau anticipates winning a \$15 million FAA grant this year for its ongoing airport terminal reconstruction project.

Southeast construction has been remarkably resilient throughout the pandemic. Employment fell during the initial shutdown but rebounded to its prior levels within just a few months. After a flat 2020, we forecast 7.7 percent growth this year: a gain of 100 jobs.

Health care probably won't recover completely

Southeast health care took a hit in 2020, with the broader sector shedding 200 jobs (-4.8 percent) at the pandemic's onset. As in the rest of the state, the losses were mainly in doctors' and dentists' offices and other outpatient facilities that closed temporarily. Nursing homes and social assistance providers also lost some jobs.

Employment rebounded somewhat as services resumed, but it didn't recover completely. The industry will likely recover about half of its losses in 2021.

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EMPLOYER RESOURCES

Incumbent worker training available for Alaska employers

The Department of Labor and Workforce Development has funds available for incumbent worker training, designed to make your business more competitive by ensuring your current employees have the necessary skills to keep a job or advance.

For employers, this training also increases productivity and profits, helps grow your company, prevents layoffs, and reduces turnover. It benefits your workers as well, as it provides advancement opportunities, industry-recognized credentials, and transferable skills.

Incumbent worker training is flexible depending on your workforce development needs. For example, Alaska employers have recently sought training in aviation, health care, construction, and fighting

substance abuse. Because of the pandemic, many training providers have adapted their courses for online delivery.

Employers contribute to the incumbent worker training program based on their number of employees. An employer with 50 or fewer workers would contribute just 10 percent of the training costs, for example, but wages paid during training would count toward that contribution.

Employers can contact dol.iwt@alaska.gov for more information or visit <https://labor.alaska.gov/dets/iwtp>.

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

SAFETY MINUTE

The future of employment in the health and safety industry

To understand where safety industry employment is headed, we have to know where we've come from. In 1970, the OSHA Act was enacted to ensure employees have safe and healthful working conditions. In the years since, the focus has shifted from detecting hazards and mitigating risk to preventing hazards by promoting training and educating workers. The idea is to identify potential problems and correct them before anyone gets hurt.

The current emphasis is on consistent and repetitive safety training for employees. More and more companies are investing in annual and recurring training to keep workers up to date and to focus on specific topics and skills. This means businesses are expanding staff to include safety professionals,

safety coordinators, and directors.

The U.S. Bureau of Labor Statistics predicts the number of occupational safety and health specialists will grow 4 percent in the next 10 years, which would be about average growth, and the number of safety technicians will increase by about 5 percent. These projections predate the pandemic.

For more on training programs in Alaska, visit <https://labor.alaska.gov/lss/oshhome.htm>.

This Safety Minute was written by Ashley Conley, training coordinator for the Alaska Occupational Safety and Health Consultation and Training Section of the Department of Labor and Workforce Development.