

Nonresidents' role in the recovery

What residency, worker counts can say about the economy

By ROB KREIGER

Nonresident workers have played a large role in the state's recovery from the 2020 pandemic. The most recent data show that as of 2022, resident worker counts hadn't climbed back to pre-pandemic levels but nonresident worker counts had exceeded them.

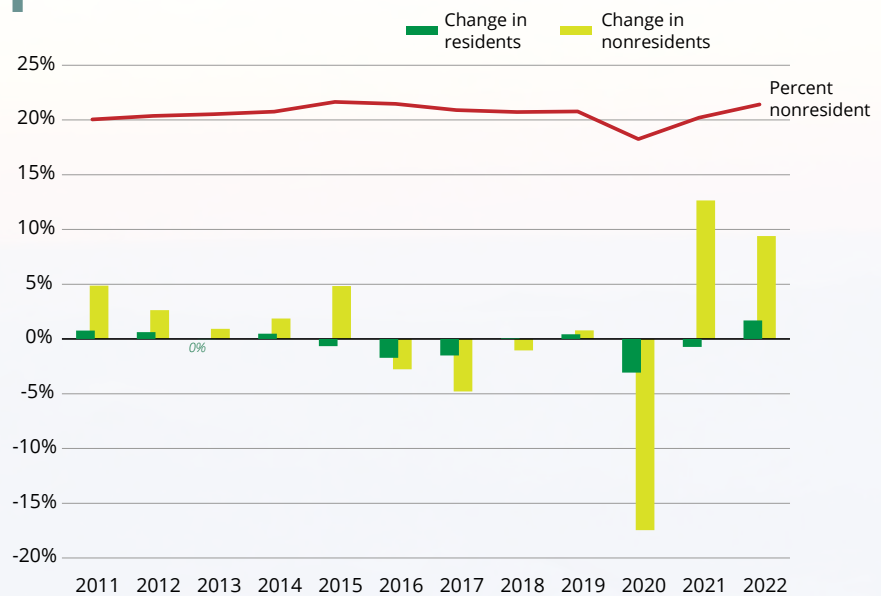
Overall, nonresidents have returned to Alaska's workforce at a far faster pace. In one sense, it's to be expected that nonresident numbers would come roaring back because the industries hardest hit by COVID were those with historically high nonresident numbers and percentages. However, some industries such as health care saw their resident workforces decline over the next couple of years and began to rely more on nonresidents to keep up with demand.

Why does this matter?

Nonresidents have always played a large role in Alaska's economy, and some industries can't function without them. Seafood processing is an example. But as more Alaskans leave the workforce, either through the current wave of retirements or by moving out of state, some sectors will increasingly depend on workers from outside. This includes sectors that haven't historically employed significant numbers of nonresidents, such as health care.

Heavier reliance on nonresidents to fill positions can signal an unmet training need, a loss of residents, or an industry in transition — growing or declining. That's the value of this type of data; it highlights changes in where workers are coming

Bigger loss, bounceback in nonresidents overall



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

from and shows where labor shortages exist or might be developing.

The next section will list a few common worker residency scenarios to show what different combinations suggest about the direction of the economy, then detail the paths three different industries took during the two years after COVID hit in 2020.

What several residency, worker count combinations can signal

The tendency to focus solely on how many or what percentage of workers are not residents can be useful when assessing some labor trends, but looking at nonresident rates in isolation doesn't show what's driving them or whether changes show economic strength or weakness. When interpreting nonresident worker percentages, it's important to factor in the underlying worker counts and movements.

The following scenarios show how similar nonresident rates and changes can mean very different things for an industry or the economy.

1. The numbers of resident and nonresident workers both increase and the nonresident percentage of workers decreases.

This scenario indicates economic growth, ample job opportunities, and a developing resident workforce that may be relying less on nonresidents to fill certain types of jobs.

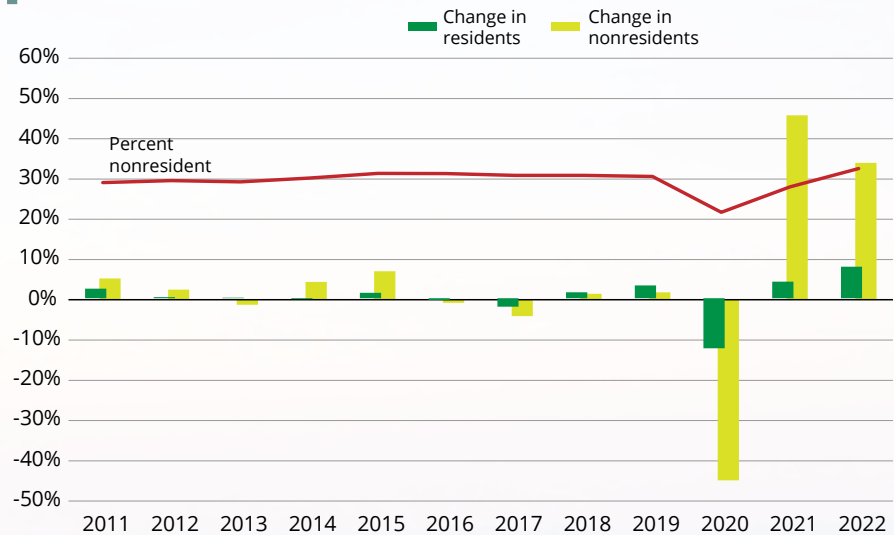
2. The numbers of resident and nonresident workers both increase but the nonresident percentage increases.

This also indicates growth but suggests the resident labor pool doesn't meet the demand for workers. More nonresidents being hired suggests a shortage of residents. This scenario is common when large projects begin and require a significant staffing increase in a short period.

3. The number of resident workers decreases while the number and percentage of nonresident workers increase.

This could signal a workforce in transition, where some event is causing residents to leave the workforce but the demand for labor remains. Unable to hire residents, employers in this scenario are increasingly relying on

Visitor industries' nonresident share rebounds



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

workers from outside the state. Residents retiring or leaving Alaska could put this scenario in motion.

4. Resident workers increase, the number and percentage of nonresident workers decrease, but the total number of workers declines.

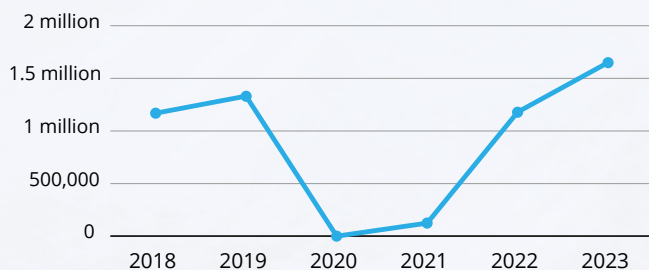
This scenario is difficult to interpret and can be positive or negative. Rising resident worker counts with declining numbers of nonresidents could indicate nonresident hiring is becoming less necessary amid an abundance of residents. However, if the number of nonresident workers drops significantly, it can also mean an industry that relies on them is in decline or transition.

For example: A given industry struggles to find enough workers, and while the industry can hire more residents, it can't operate without some outside labor. Nonresidents in short supply — for example, due to a national labor shortage — could stifle this industry's growth.

5. The numbers of resident and nonresident workers both fall.

This is the clearest sign of economic weakness. The nonresident percentage is less important in this case and can be misleading if viewed without considering the underlying worker movements. This type of scenario occurs during recessions or other economic shocks, such as the 2020 pandemic.

Bust-boom in cruise passengers



Source: Cruise Lines International Association Alaska

A look at three industries' paths

Visitor-related industries

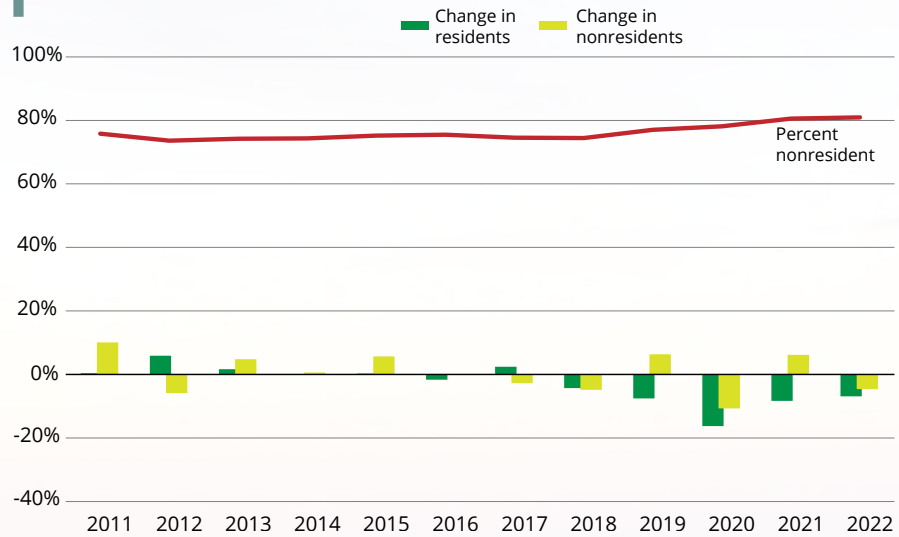
Visitor-related industries¹ absorbed the biggest blow in 2020. As the cruise ship season was canceled, air travel was restricted, and bars and restaurants shut down, these industries lost about 22 percent of their usual workers.

Resident and nonresident worker counts both rose in the two years that followed, but the number of nonresidents working in these industries rose much faster. This suggests tourism is growing but the pool of residents isn't sufficient to fill the jobs.

While residency data are only available through 2022, visitor-related industries have continued to grow since. The number of cruise ship passengers in Alaska hit another record in 2023, and 2024 is projected to reach the same peak.

¹Visitor-related industries are accommodation; bars and restaurants; air transportation; scenic and sightseeing transportation; transportation support; amusement, gambling, and recreation; and performing arts, spectator sports, and related.

Seafood processing loses workers again in 2022

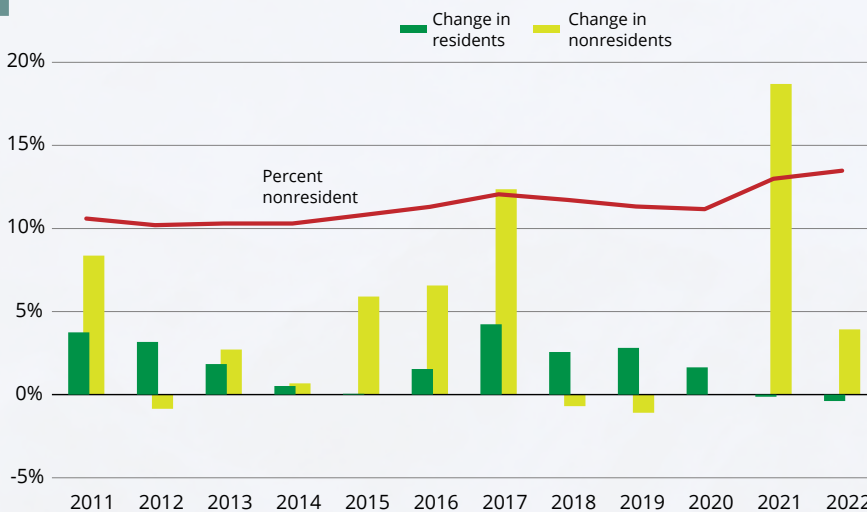


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

More workers will be necessary, but Alaska and the nation are both fighting a labor shortage and it will be challenging for these industries to find enough workers of either type. Alaska's tourism-linked industries will have to compete with other states for nonresident workers as well as attract and keep residents.

Visitor-related industries fit into scenario #2 detailed in the previous section: an industry is growing and relying more on nonresidents as it's able to hire both residents and nonresidents, but residents are in shorter supply.

Health care increasingly relies on nonresidents



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

Seafood processing

Seafood processing has historically filled the largest percentage of its seasonal and often remote jobs with nonresidents. In 2020, the industry shed 12 percent of its total workers. The industry recovered some workers in 2021, and all were nonresidents.

The post-pandemic period has been unusual for seafood processing compared to other industries because, although residents only represent about 20 percent of the processing workforce in a typical year, resident numbers have continued to drop.

In addition, the number of nonresidents dipped back down in 2022, resulting in the lowest total worker count for seafood processing in at least 10 years — even lower than in 2020.

So far, seafood processing's situation doesn't fit squarely into any of the scenarios detailed in the previous section, so what it means for the industry is murky.

The rise in nonresidents hired in 2021 suggests elevated demand for workers with fewer residents available. But the resident and nonresident counts both falling over the next year resembles the economic weakness in scenario #5. Whether the decline repeats in subsequent years will shed more light on the industry's direction.

Before the number of nonresidents dropped in 2022 along with residents, the industry's pattern resembled scenario #3, where some event causes residents to leave an industry but the labor demand remains and the industry relies increasingly on outside labor.

Residents retiring or leaving Alaska can spur this scenario, but it's also possible that more residents are transitioning out of seafood processing and into higher-paying jobs in other industries. Poor salmon runs and low prices for fish in recent years also mean fewer workers are necessary; similarly, plant automation and other efficiencies have lowered the demand for workers.

Health care

Health care had been on a long upward trend for many years before COVID. The number of health care workers rose steadily during the last decade, and that growth was skewed toward residents. At the same time, health care's nonresident worker percentage fell.

The year after the pandemic began, however, the trend reversed. While health care had begun to rely less on nonresidents, starting in 2021, residents began to leave the industry and the number of nonresidents climbed.

While the overall number of residents in

Denali and Skagway: Another way to look at nonresident patterns

Nowhere were the effects of the pandemic on nonresident workers in Alaska more obvious than in the Denali Borough and Skagway, two areas whose seasonal economies rely heavily on outside labor.

Denali and Skagway stand out because the majority of their workers are nonresidents — usually about two-thirds — and summer tourism is their dominant industry.

In 2020, these two areas lost higher percentages of their workers than anywhere else, and most of the lost workers were nonresidents. Since then, both have seen a corresponding jump in workers, also mostly nonresidents, although their recoveries have differed. Skagway has recovered both visitors and workers much slower.

In 2020, the Denali Borough shed more than 64 percent of its usual workforce (a loss of about 2,850 workers, more than 2,500 of whom were nonresidents). That year, Denali National Park only received about 55,000 visitors when it typically gets close to 600,000. In 2021 and 2022, visitor and worker numbers both grew but didn't reach pre-pandemic levels. In 2022, though, Denali's nonresident worker percentage came within its typical range.

Skagway also lost 64 percent of its workers in 2020, with nonresidents accounting for more than 1,000 of the 1,175 drop. Similar to the Denali Borough, Skagway's worker count and cruise ship visitors climbed back up in 2021 but by far fewer. Skagway bounced back stronger in 2022 and its nonresident percentage moved much closer to its usual level.

The biggest difference lies in the types of visitors each place receives. Skagway's visitors are almost all cruise ship passengers, and in 2020, that number was zero after hitting close to 1 million the year before. The ships that returned in 2021 were mostly small, and the visitor count was less than a tenth of what the community would usually anticipate. The relative lack of tourists two years in a row meant far less need for seasonal workers in Skagway. In 2022, the cruise season was closer to normal but still muted.

Denali's visitor numbers, which are usually more than half of Skagway's, didn't fall quite as hard. Denali received some visitors in 2020 because the park sees independent travelers as well as cruise ship passengers who make their way into the interior. Independent travelers made a relatively strong showing in 2021, bringing Denali up to about a third of its usual tourists, and therefore requiring more workers sooner than Skagway.

In 2022, Skagway's visitor count finally surged with the return of large cruise ships. While passenger numbers remained almost 300,000 below 2019, the more-than-tenfold increase over the previous year finally spurred a rebound in Skagway's workforce, mostly in nonresidents.

About the residency data

A person is considered a resident for our annual **report on [Nonresidents Working in Alaska](#)**, on which the articles in this issue are based, if they applied for an Alaska Permanent Fund Dividend in either of the two most recent years. To be eligible for a dividend, someone must live in the state for the full calendar year — a more rigorous criterion for residency than what's required to register to vote or obtain a license to drive, hunt, or fish.

To calculate nonresident employment and wages, we match PFD applicants with quarterly reports Alaska employers file as required by state unemployment insurance laws. They include the employer's industry and the workers' occupations, wages, and place of work. Federal workers, the military, and the self-employed are not part of those wage records because they are not covered by state unemployment insurance laws.

People who are Alaska residents by other definitions — those who have recently moved to Alaska, bought or rented a home, registered to vote, and obtained an Alaska driver's license — will initially be identified as nonresidents in this data set. Nonresident workers in this article are, in other words, a combination of new residents and nonresidents who work in the state but primarily live in another state.

Some of new arrivals won't stay long enough to meet the PFD criteria for residency, but many will. The chart at the top of page 10 shows the percentage of nonresidents in each major industry who became residents the following year, and more detail is available in the full report.

Because the PFD is unique among states and so popular — nearly every eligible person in Alaska applies — Alaska is the only state that can publish such a comprehensive report on working nonresidents. Other states could use driver's licenses or voter registration information to get a partial accounting of nonresidents working in their state, but neither of those sources would be nearly as complete as PFD applications.

health care remains historically high and the total worker count is at a record level, all of the growth since 2020 has come from nonresidents. The demand for health services continues to grow even as the pool of residents shrinks, especially as the needs of an aging population increase.

While something has clearly changed for the health care industry, it's too early to tell whether there's a new trend and if so, what's driving it.

The pandemic shifted hiring patterns in 2020 and 2021 as traveling nurses became a nationwide phenomenon, and federal money ensured hospitals could find and pay outside staff. Wages also went up as providers struggled to fill enough positions, especially as existing staff faced burnout.

What happened to resident health care workers (for example, whether they left the state or simply switched industries) and whether they'll return is a topic we will return to as more years of data become available, especially because the most recent data year was still during the pandemic. Data for 2023 onward will shed light on health care's trajectory after temporary hires and federal pandemic money dwindled.

Complete numbers are available for 2022

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We publish a report each year on worker residency in Alaska, and the most recent edition is available [here](#).

The sidebar on the left explains how we determine residency and arrive at these numbers, and the article that follows will summarize the worker residency findings for 2022.

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