

Fairbanks jobs forecast for 2024

Area's milder recovery follows less extreme job losses

By WALTER PROVENZANO

Most of Alaska has been adding jobs at a pace well above pre-pandemic rates, which shows we're still recovering, but that type of growth naturally slows as we approach normalcy.

This is especially true in Fairbanks, where the initial decline caused by the pandemic was less extreme. Fairbanks saw fewer COVID losses because it was more insulated from the types of shocks that hit the rest of Alaska.

The military and the University of Alaska buoy Fairbanks' population and employment. The military especially is a powerful driver, as it creates jobs not just on the bases but through hiring of contractors for special construction projects and by generating secondary activity such as demand for goods and services by service members and their families.

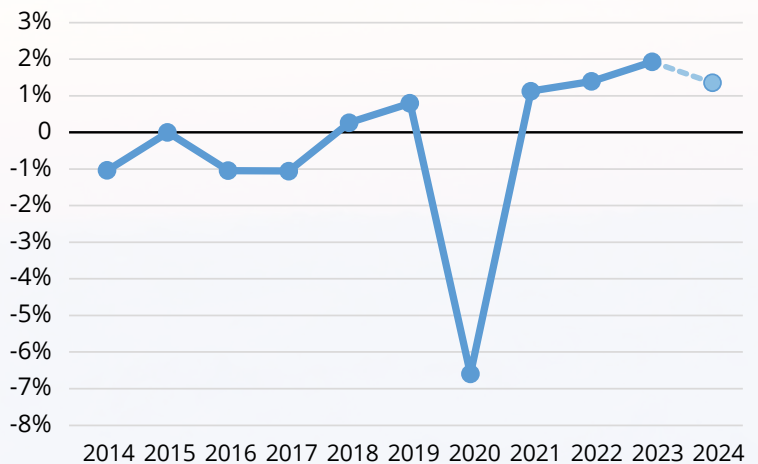
Also, more businesses in Fairbanks were considered essential early in the pandemic and stayed open, and those that did shut down reopened quickly.

These factors protected Fairbanks from steeper pandemic losses, making the corresponding recovery bump smaller — there's been less to recover from. The state lost 8.4 percent of its employment in 2020 while Fairbanks lost 6.6 percent. For 2024, we forecast total job growth of 1.4 percent for Fairbanks, or around 500 jobs, slightly slower growth than the state as a whole.

Mine, federal funds will boost jobs, but labor shortage continues

A handful of new developments will boost the borough's job growth in 2024. The two big ones are the opening of the Manh Choh gold mine near Tok and money from the Infrastructure Investment and

Growth slows as Fairbanks reaches recovery



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

Jobs Act beginning to flow in. We don't yet know what the exact effects will be, but we expect most of the new jobs to be in construction and transportation.

One of the largest constraints on Fairbanks' economy is the broad labor shortage; it doesn't matter how many new jobs open or how much money could be injected into the economy if employers can't find people to fill positions. Fairbanks' labor force has regained ground since 2020 but is significantly smaller than it was in the early 2010s, the result of population loss and aging.

After enjoying a couple of years of population growth in 2020 and 2021 with the installation of the F-35s at Eielson Air Force Base, Fairbanks returned to its long-term trend of population decline in 2022.

A smaller population also puts downward pressure on the economy in that it reduces demand for goods and services, and therefore demand for workers. For 2023 and 2024, however, it appears COVID recovery is still overpowering those effects, so we don't anticipate job loss from those population changes this year.

The outlook for Fairbanks North Star Borough jobs, by industry

	Monthly avg, 2022 ¹	Monthly avg, 2023 ¹	Change, 2022-23	Percent change	JOBS FORECAST		
					Monthly avg, 2024	Change, 2023-24	Percent change
Total Nonfarm Employment²	36,300	37,000	700	1.9%	37,500	500	1.4%
Total Private	26,000	26,700	700	2.7%	27,200	500	1.9%
Mining and Logging	900	900	0	0%	1,000	100	11.1%
Construction	2,500	2,600	100	4.0%	2,800	200	7.7%
Manufacturing	600	600	0	0%	600	0	0%
Trade, Transportation, and Utilities	7,100	7,200	100	1.4%	7,300	100	1.4%
Wholesale Trade	600	600	0	0%	600	0	0%
Retail Trade	4,600	4,600	0	0%	4,600	0	0%
Transportation, Warehousing, and Utilities	2,000	2,000	0	0%	2,100	100	5.0%
Information	300	300	0	0%	300	0	0%
Financial Activities	1,100	1,100	0	0%	1,100	0	0%
Professional and Business Services	2,600	2,500	-100	-3.8%	2,600	100	4.0%
Educational (private) and Health Services	5,400	5,500	100	1.9%	5,600	100	1.8%
Health Care	4,200	4,300	100	2.4%	4,400	100	2.3%
Leisure and Hospitality	4,500	4,500	0	0%	4,600	100	2.2%
Other Services	1,200	1,300	100	8.3%	1,300	0	0%
Total Government	10,300	10,300	0	0%	10,300	0	0%
Federal, except military	3,200	3,300	100	3.1%	3,300	0	0%
State, incl. University of Alaska	4,300	4,400	100	2.3%	4,400	0	0%
Local and tribal, incl. public schools	2,800	2,600	-200	-7.1%	2,600	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

Construction, health care, and mining lead for growth

With the influx of new federal infrastructure money, we forecast gains for construction of about 200 jobs, or a 7.7 percent increase, in 2024. Construction is one of the few sectors that will regain and surpass its 2019 employment level this year, ending up about 100 jobs above its pre-pandemic level.

According to Sen. Lisa Murkowski’s website, Alaska will receive more than \$6 billion for various infrastructure projects over the next five years, including roads, runways, and broadband internet for rural areas. The growth for 2024 will depend on how much of that money we actually see this year. One of those projects is the Johnson River bridge replacement, with construction anticipated to begin late this year.

Health care is another growing sector in Fairbanks, and it has trended upward for two decades. For 2024, we forecast 100 new jobs, or 2.3 percent growth. This would also put health care over its pre-pandemic levels, by about 200 jobs. As Fairbanks’ population continues to age like the rest of the state, the local demand for health care will grow.

Mining and transportation will also grow this year with the opening of the Manh Choh Mine. To ensure smooth operations, Kinross will need people to operate the mine and drivers to transport the ore back to Fort Knox for processing. By the end of the year when production reaches its full swing, with 60 round trips per day, the mine will support about 700 jobs, 500 in mining and 200 in transportation.

State, federal government and other services to hold steady

Fairbanks’ federal employment has stabilized at around 3,300 jobs after a long decline that began in 2012. Normal federal spending is generally stable, so federal employment will likely remain flat in 2024.

State government is a similar story. Although Fairbanks saw some job growth in state government in 2023, it was out of the ordinary given the long-term downward trend for state government and the flattening-out since 2020. Without any changes in state government spending, its employment in Fairbanks will likely hold steady this year.

The hodgepodge of personal and laundry services,

Fairbanks Forecast

religious organizations, and funeral homes — found in the data as “other services” — lost jobs over the last 20 years, falling from 1,400 in 2004 to 1,000 in 2013 and staying there until the pandemic. These employers have been growing since 2020, with much of the growth in automotive repair and maintenance. We expect that will level out in 2024, leading to a flat forecast.

Leisure and hospitality to recover fully; travel may become bigger

The leisure and hospitality sector suffered the largest pandemic-related drop in employment, and it has also gained the most since businesses reopened and travel picked up. By the end of 2024, leisure and hospitality will add an estimated 100 jobs (2.2 percent), putting it back at its pre-pandemic level.

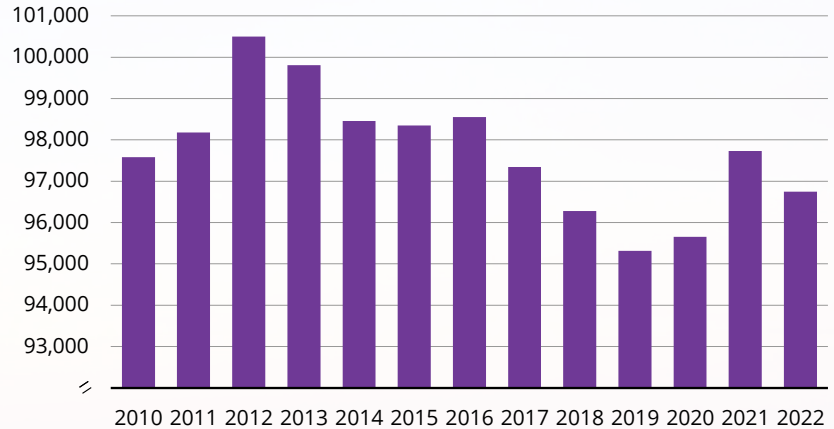
Local demand will drive most of that growth, but some evidence points to travel becoming bigger for Fairbanks. Specifically, bed tax collections are the highest they’ve been since 2018, rising 12.2 percent in 2023. While some of that increase came from high inflation, it’s still a significant jump in revenue.

On the other hand, flights in and out of Fairbanks have only recently reached pre-pandemic levels. No large movement in the number of 2024 flights suggests the sector probably won’t grow much this year.

Local government expected to stay flat after steep declines

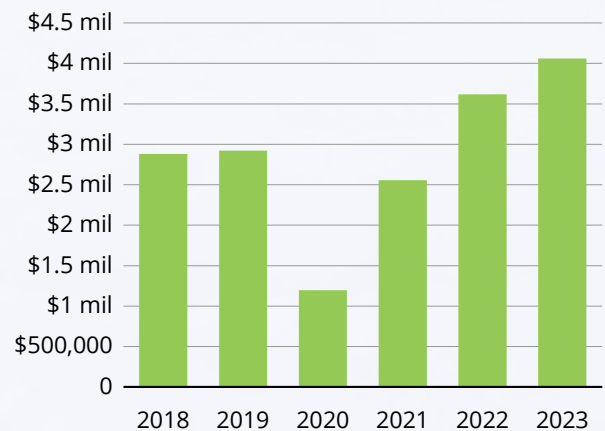
Local governments had a tough year in 2023, and we forecast employment will stay flat in 2024. Most of 2023’s losses were from education, and its challenges remain. Primary school enrollment still trails behind pre-COVID numbers, and recovery in those enrollment numbers has slowed, with the 2022-2023

Eielson build-up briefly broke population loss trend



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

Bed taxes jump, partly with inflation



Note: Reflects the first nine months of the year, to allow comparison with 2023

Source: City of Fairbanks sales tax information

school year’s enrollment increasing just 3.1 percent after jumping 8.8 percent the previous year.

Enrollment appears unlikely to reach its 2019 level any time soon, as it’s been declining since 2012 with population loss and aging. These trends will continue for a while, and if enrollment resumes its downward trend, that will put further pressure on local government jobs, especially in schools.

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