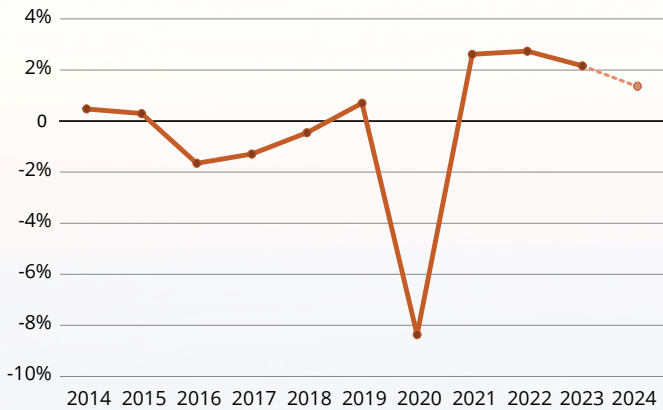


Statewide jobs forecast for 2024

Alaska to add 5,400 jobs as all industries grow or stay flat

Jobs forecasted to increase by 1.7%



Note: 2023 is preliminary.
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

By KARINNE WIEBOLD

This year's forecasted growth of 1.7 percent, or 5,400 jobs, will be widespread as all industries either grow or hold steady, bringing Alaska's total job count and many industries above their pre-pandemic levels. Industries that remain significantly below their 2019 levels have either faced big changes in recent years or were already on long-term declines.

Most post-pandemic recovery is behind us. Unlike the last few years' growth, which came from parts of the economy normalizing after COVID disruptions, big projects will be this year's major catalyst. Federal infrastructure projects will start to materialize in 2024, and mining and oil and gas also have big investments on the horizon.

The outlook for statewide 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	318,800	326,200	7,400	2.3%	331,600	5,400	1.7%
Total Private	241,600	247,800	6,200	2.6%	252,700	4,900	2.0%
Mining and Logging	10,900	11,500	600	5.5%	12,500	1,000	8.7%
Oil and Gas	7,000	7,400	400	5.7%	8,000	600	8.1%
Construction	16,100	16,700	600	3.7%	17,800	1,100	6.6%
Manufacturing	12,100	12,600	500	4.1%	12,600	0	0%
Trade, Transportation, and Utilities	63,800	65,200	1,400	2.2%	66,000	800	1.2%
Wholesale Trade	6,200	6,400	200	3.2%	6,500	100	1.6%
Retail Trade	35,000	35,300	300	0.9%	35,500	200	0.6%
Transportation, Warehousing, and Utilities	22,600	23,500	900	4.0%	24,000	500	2.1%
Information	4,700	4,600	-100	-2.1%	4,600	0	0%
Financial Activities	11,000	10,900	-100	-0.9%	10,900	0	0%
Professional and Business Services	27,300	28,100	800	2.9%	28,600	500	1.8%
Educational (private) and Health Services	50,100	51,300	1,200	2.4%	52,000	700	1.4%
Health Care	38,900	40,000	1,100	2.8%	40,600	600	1.5%
Leisure and Hospitality	34,300	35,600	1,300	3.8%	36,100	500	1.4%
Other Services	11,100	11,400	300	2.7%	11,600	200	1.8%
Total Government	77,200	78,400	1,200	1.6%	78,900	500	0.6%
Federal, except military	15,000	15,400	400	2.7%	15,400	0	0%
State, incl. University of Alaska	22,400	22,800	400	1.8%	23,100	300	1.3%
Local and tribal, incl. public schools	39,800	40,200	400	1.0%	40,400	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

Is it finally time to stop focusing on COVID job recovery?

Alaska has been adding back the jobs lost in 2020 for the last few years, but normalizing after COVID will no longer be the main story in 2024 as capital projects and federal investments take center stage.

We would be remiss not to address the recovery once more, however, as our total employment in 2023 still hadn't regained pre-pandemic levels, but probably for the last time.

COVID was the largest shock our economy has ever absorbed, with steeper losses in a shorter time frame than Alaska has weathered before. Alaska lost 27,600 jobs in 2020 as virus mitigation shuttered industries, governments, and schools across the world.

Since then, the state has recovered jobs each year at a fairly consistent rate. In 2021, the growth of 7,900 jobs came from a combination of reopening and huge infusions of federal money in the form of household stimulus checks, enhanced unemployment benefits, and direct support to businesses and state and local governments.

In 2022, Alaska added another 8,500 jobs through the return of cruise ships and the rise in travel, eating out, and recreation.

Recovery to pre-COVID job levels, by industry

	2019 jobs	2024 forecasted	Difference from 2019	
Total Nonfarm Employment	330,000	331,600	0.5%	1,600
Total Private	250,200	252,700	1.0%	2,500
Mining and Logging	13,400	12,500	-6.7%	-900
Oil and Gas	9,900	8,000	-19.2%	-1,900
Construction	16,400	17,800	8.5%	1,400
Manufacturing	13,100	12,600	-3.8%	-500
Transportation, Trade, and Utilities	64,600	66,000	2.2%	1,400
Wholesale Trade	6,600	6,500	-1.5%	-100
Retail Trade	35,600	35,500	-0.3%	-100
Transp, Warehousing, and Utilities	22,500	24,000	6.7%	1,500
Information	5,400	4,600	-14.8%	-800
Financial Activities	11,600	10,900	-6.0%	-700
Professional and Business Services	27,700	28,600	3.2%	900
Educational (private) and Health Svcs	50,800	52,000	2.4%	1,200
Health Care	38,700	40,500	4.7%	1,800
Leisure and Hospitality	36,200	36,100	-0.3%	-100
Other Services	11,000	11,600	5.5%	600
Total Government	79,900	78,900	-1.3%	-1,000
Federal, except military	14,900	15,400	3.4%	500
State, incl. University of Alaska	23,200	23,100	-0.4%	-100
Local and tribal, incl. public schools	41,800	40,400	-3.3%	-1,400

Note: May not sum because of rounding. Excludes 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

Recovery slowed in 2023 with the easiest gains behind us, although nearly every industry grew at least a little. Growth totaled 7,400 jobs, with general recovery bolstered by a record 1.6 million cruise ship visitors. Most industries remained underwater last year, though, with total employment still 3,800 jobs below 2019 levels, or -1.2 percent.

Positives for growth this year

The federal infrastructure bill and the Inflation Reduction Act will route billions of dollars to the state over the next decade. Funds for roads, bridges, ferries, water and sewer facilities, broadband, and other longstanding priorities will make lasting and sometimes overdue improvements. Many of these projects are still in the planning phase, so we might not see significant job growth this year, but they have begun.

The projects will create jobs, at least in the short term, and the results will lay the foundation for further economic growth. For example, port upgrades

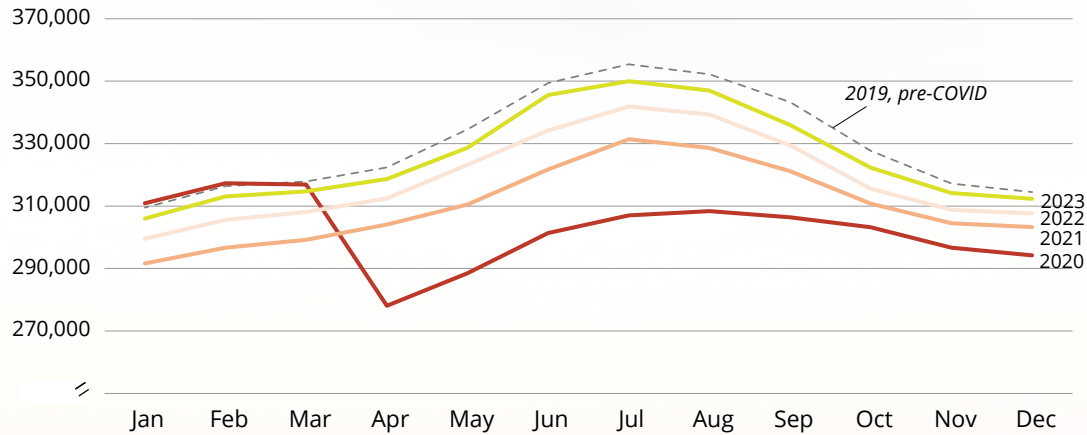
in Anchorage and the development of a far north deep water facility in Nome will raise the state's profile in the global shipping market.

Several large oil and gas projects are anticipated to move forward in 2024, although they won't start producing oil for several more years, even under the most favorable circumstances, and the potential for setbacks will continue until the oil starts to flow.

A new gold mine in the interior is set to begin production this year, spurring new jobs in mining and transportation.

Tourism is an important economic driver for Alaska, and early indicators point to a repeat of last year's

Growth slows each year as Alaska approaches full job recovery



Note: 2023 is preliminary.

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

record visitor season. Alaska's draw is strong, especially for domestic travelers, and trip demand remains high. Cruise visitor numbers are expected to meet or slightly exceed 2023's high water mark of 1.65 million.

The national economy remains strong, with job and wage growth outperforming predictions, although both started to slow in late 2023. While fears of an imminent national recession are receding, some economists are still forecasting a downturn.

What will hold us back in 2024

With pandemic checks over and payment pauses exhausted, people have less income

Households have less disposable income than they had over the last couple of years. Federal stimulus payments have largely been spent, and the Alaska Permanent Dividend was significantly smaller in 2023 than in 2022.

Inflation, which peaked in 2022 at 8.1 percent in Alaska, has slowed but prices remain high, eroding purchasing power. Interest rates shot up in 2022 as the Federal Reserve Board tried to put the brakes on the national economy to curb inflation. Federal student loan repayment, which was paused during the pandemic, resumed in late 2023.

At the same time, wages increased, bolstering some households' ability to withstand higher prices and resumed loan repayments.

Sluggish before COVID; budget woes ongoing

Another factor is hard to quantify, but how Alaska

entered the pandemic will affect how we come out of it, to the degree that the underlying conditions remain the same. Alaska's job growth before COVID was the slowest in the country.

The state continues to struggle with how to pay for services, with the tension between paying out Permanent Fund Dividends and identifying new revenue sources continuing to play out politically and in public opinion. In addition to the state's longstanding budget and revenue problems, the coming years will bring additional pressure for the state to come up with the matching funds required with these recent large federal investments.

Worker shortage is especially acute here, compounded by migration losses, aging

The worker shortage will persist in 2024, particularly for Alaska, and constrain potential growth. We have high job openings and a short supply of workers to fill them; the Bureau of Labor Statistics estimates Alaska has two job openings for every unemployed person seeking work. This makes recruitment and retention a challenge for employers but also gives workers more opportunities than we have seen in decades.

The entire country is grappling with this worker shortage, but Alaska's deficit is stark. In a double blow to worker availability, our population is slightly smaller than it was 10 years ago and is getting older. More Alaskans are aging out of the workforce, and the number in their prime working years (ages 18 to 64) fell by 30,000 from 2013 to 2022.

Alaska has always imported labor, with about 20 percent of our jobs filled by nonresidents in a typical year. Some stay — about 10 percent — but most come to work in our highly seasonal or remote

Statewide Forecast

industries such as seafood processing, tourism, and extraction. With high job openings across the nation, Alaska has less draw for workers, temporary or permanent. Alaska's high wages have given us an edge in the past, but our wage advantage over the rest of the country has narrowed over the last few decades.

Similarly, while Alaska has always seen large numbers of people flowing in and out each year, fewer people have moved here each year over the last decade, and they are not staying as long as they used to. This net migration loss was big enough in several recent years to drive down the population overall.

Movers in both directions tend to be in their 20s and 30s: prime working-age people likely to bring children with them. Losing them and their families, along with the current population aging in place, has exacerbated our labor shortage.

All industries expected to grow or hold steady in 2024

Projects to boost multiple industries, especially oil, construction, linked services

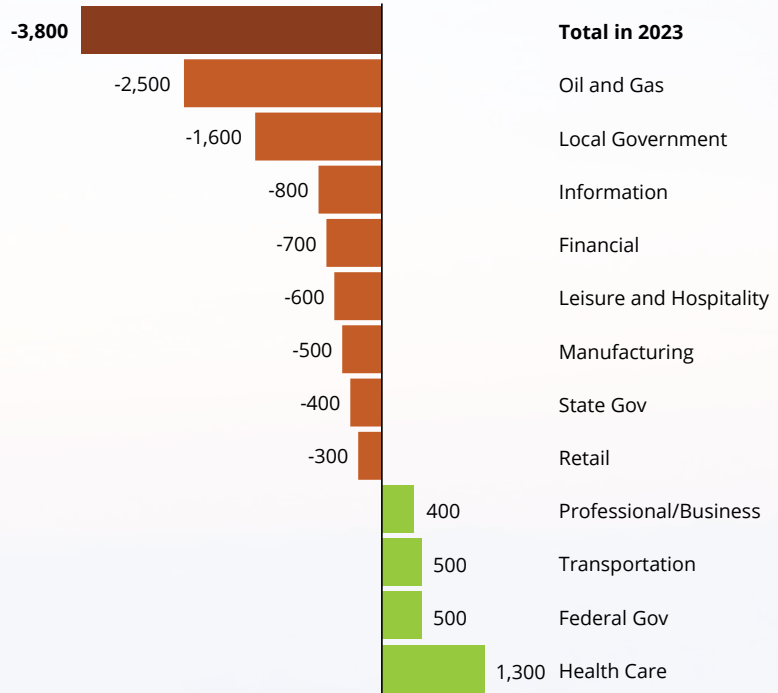
The broader mining sector is forecasted to add 1,000 jobs in 2024, with 600 coming from the oil and gas industry. Hard rock mines tolerated the pandemic downturn well, and their growth this year will come from a new gold mine opening near Tok, about 200 miles southeast of Fairbanks, and small expansions in their workforces across the board.

Oil and gas, on the other hand, was hammered by the pandemic, losing 3,200 jobs in the first two years on top of its declines from the immediately preceding state recession when the industry shed 5,400 jobs.

After those two downturns, oil and gas employment in 2021 was less than half that of 2014. Jobs rebounded somewhat over the last two years, with the industry adding 300 jobs in 2022 and 400 in 2023.

Preparation for the Pikka and Willow projects and

In 2023, many industries were still under water



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

more activity overall will boost oil and gas employment by about 600 this year, although some of the early-phase employment growth will show up in other industries such as construction, transportation, and professional and business services.

Federal infrastructure money will boost construction, although likely by small amounts in 2024 as individual projects take time to fund, bid out, and start. More oil field work, particularly in Willow and Pikka, will also buoy construction.

Construction lost just 600 jobs to COVID and has recovered and grown at an accelerating pace, adding 100 jobs in 2021, 200 in 2022, and 600 in 2023. We expect the industry to add 1,100 jobs in 2024, bringing total employment to 1,400 above 2019's annual average.

Similarly, the professional and business services that support oil and construction work will benefit this year, and we forecast an additional 600 jobs for this industry, pushing it above pre-pandemic levels.

The labor shortage is a big obstacle for the seafood processing industry

Manufacturing lost 1,300 jobs in 2020, mainly in seafood processing, and has added back 800 since. We

Statewide Forecast

don't anticipate job gains this year, and employment will probably remain below pre-pandemic levels.

In late 2023, Trident Seafoods, which has plants across Alaska, announced it plans to sell off several operations including those in Petersburg, Ketchikan, and Kodiak. When those sales take place and who buys will determine the impact in 2024, but this sale will disrupt the processing industry this year.

Finding workers will add an extra obstacle, as most come from outside Alaska and, as mentioned earlier, most of the country will see unusually plentiful job opportunities closer to home.

Manufacturing's job count has been declining over the last decade, although it can be volatile from year to year with wild swings in seafood harvesting around the state and between seasons. Recent years have brought both historically large catches and disaster-level absences. Harvest fluctuations make it hard for processors to anticipate peak labor needs, adding to the difficulty of securing an adequate workforce in remote locations of mainly nonresidents.

Manufacturing covers a variety of other goods, including makers of tents, cookies, boats, alcohol, and cannabis products. Breweries and distilleries have gained traction in recent years, as has the marijuana industry, although data suggest the niche market for cannabis products is approaching its ceiling.

Retail approaches full recovery

Retail lost 2,200 jobs in 2020 as the pandemic prompted closures, shifts in shopping behavior, and a dearth of out-of-state visitors. The industry has regained 1,900 jobs in the years since and we anticipate a small increase of 200 in 2024, bringing retail within 100 jobs of full recovery.

E-commerce continues to eat away at traditional stores' market share, although some of that decrease is simply where the jobs are counted. For example, Amazon is opening a distribution and sorting facility in Anchorage this year, jobs that will be categorized as warehousing rather than retail.

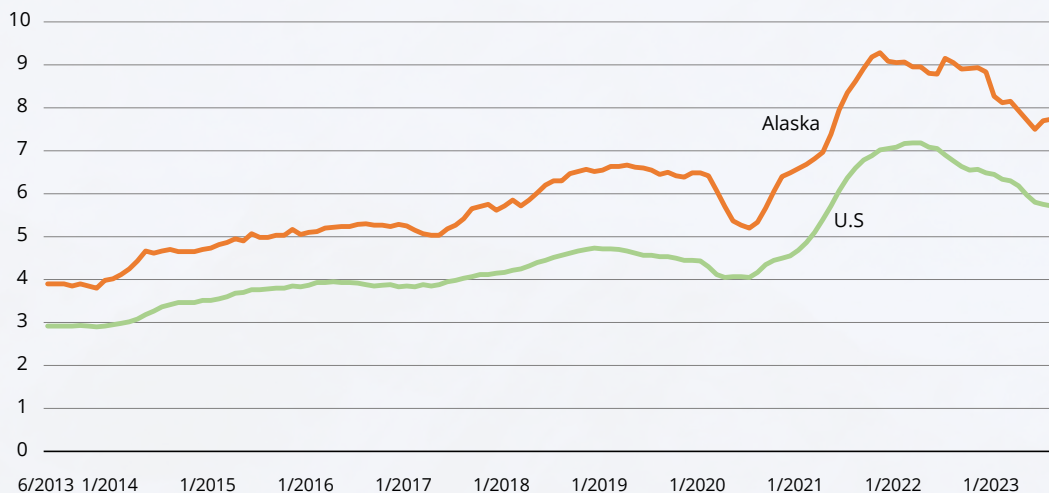
Transportation continues to flourish

Transportation lost 3,400 jobs in 2020 when travel nearly halted, then recovered in the three years that followed with more growth on the horizon in 2024.

According to Alaska Department of Transportation and Public Facilities statistics, international airport passenger numbers for Anchorage and Fairbanks in fiscal year 2023 remained below 2019 levels but cargo numbers soared. Juneau has the state's third-busiest airport, and by late 2023, Juneau's passenger numbers were just 1 percent below its pre-COVID levels.

On the air cargo side, Anchorage moved up a notch in its international ranking to become the third-busiest air cargo airport in the world. The North-Link Aviation project at the Ted Stevens Anchorage

Job opening rates remained high nationwide in 2023



Note: Six-month moving average. Rate is the number of job openings divided by total employment, multiplied by 100.
Source: U.S. Bureau of Labor Statistics

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International Airport, worth \$200 million, will increase the airport's traffic capacity with additional plane parking and a 90,000-square-foot warehouse. Construction began in 2023. The parking areas will be completed in late 2024 and the warehouse will be finished by late 2025.

Two industries continue long-term declines

Information is an example of an industry on a long-term decline, with jobs in newspapers, radio stations, and telecommunications peaking more than 20 years ago. In 2000, information had almost 7,500 jobs in Alaska, and by 2023, it was 4,600. We don't forecast any growth for 2024, although the federal infrastructure investments in broadband may stimulate some expansion in the next few years.

Long-term losses have mainly come through technological changes such as print publications and radio news and music moving online. Outsourcing call centers and other support functions has been another factor.

Financial services have faced similar declines, and for similar reasons, although the losses haven't been as dramatic. Online banking and insurance access and working with out-of-state financial managers have lessened the need for local workers, also leading to a flat forecast this year.

Health care to keep growing after new high

Health care will add about 600 jobs in 2024, continuing the long-term trend spurred by the needs of an aging population. Health care has been a mixed bag over the last three years, with ups and downs in hospitals, outpatient services, and nursing homes. Reclassification of some of those jobs further muddied the numbers. Big picture, health care's trajectory has been up, even amid COVID disruptions, with the industry adding 1,300 jobs since 2019 and hitting a high in 2023.

Private social assistance, which includes child care, suffered big losses during the pandemic and is forecasted to add 100 jobs this year, as it did last year.

Leisure and hospitality gets back to normal

Leisure and hospitality, which is strongly linked to tourism as well as local demand, lost over a quarter

of its jobs in 2020 and recovered proportionally, with big gains in the three years that followed. We forecast moderate growth of 500 jobs in 2024, as most of the pandemic losses have already been regained, especially with last year's flood of visitors.

While cruise numbers in 2024 will resemble the previous year's record, no economic changes are on the horizon that would drive up the job count as we saw over the last few years, and a tight labor market will dampen job growth.

State and local governments still struggle to regain ground, meet service demand

About a quarter of Alaska's jobs are in government, with the largest share in local governments (including public schools and tribal governments). State government is second, including the University of Alaska system, and the federal piece, which has been fairly steady in recent years, is smallest.

State government employment has been falling for a decade, and even with the additional pandemic-related hires a few years ago in public health and unemployment services, state government had about 3,700 fewer jobs in 2023 than it had in 2014, right before the statewide recession.

UA sustained similar losses, with 2022 employment, the most recent available, about 2,100 jobs below 2014, a loss of more than a quarter of its jobs.

We forecast the State of Alaska will add 300 jobs in 2024. Some state agencies reported that staffing levels in 2023 left them unable to provide basic services, some of which are statutorily required. These included public defenders, court-appointed guardians, food stamp and Medicaid offices, ferry services, and even the state's own payroll and hiring functions, which have been hobbled by staffing shortages.

Local governments lost 2,800 jobs in 2020, mainly in schools, and gained 1,200 back over the last three years. However, local government still had about 1,600 fewer jobs in 2023 than before COVID.

We forecast 200 more jobs in 2024 as some school districts continue to normalize, but growth will be tempered by the significant budget deficits districts face across the state as well as falling enrollment.

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