

Recovery for restaurants, bars

Sector's job numbers creeping closer to pre-COVID levels

By NEAL FRIED

Bars and restaurants absorbed the hardest blow when COVID-19 came in spring 2020. Thousands of jobs disappeared almost instantly in Alaska, and the sector continued to bleed jobs in 2020 amid shutdowns, occupancy limits, cautious consumers, a lack of tourists, and recurring waves of the virus.

The early shutdowns slashed Alaska restaurant and bar employment by 44 percent in April 2020, a loss of 9,279 jobs from the previous April.

On a month-to-month basis, eating and drinking employment dropped from 19,800 in March to 11,800 in April. That was the worst of it, but the percent losses relative to the same months in 2019 remained in the double digits for the rest of 2020 and most of 2021.

By late 2021 and early 2022, percent losses had shrunk to single digits. By June of 2022, industry employment was 4.1 percent below June 2019 (-992) — still down but within striking distance of recovery.

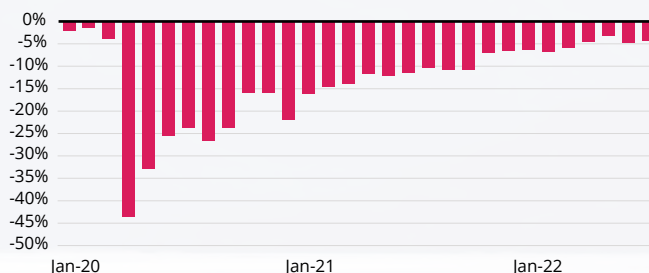
While June 2022's numbers are the most recent complete data at the state level, the months since will probably show further signs of recovery.

Some types of eateries have recovered more

Type	1st half 2019 jobs	1st half 2022 jobs	Change	Percent change
Full-service restaurants	9,092	8,257	-835	-9.2%
Limited-svc (mostly fast food)	6,883	6,758	-125	-1.8%
Snack/nonalcoholic (coffee shop)	1,941	2,159	218	11.2%
Food service contactors	1,812	1,521	-291	-16.1%
Bars, alcoholic	1,345	1,271	-74	-5.5%
Mobile food svcs (food cart/truck)	223	305	82	36.8%
Cafeterias, grill buffets/buffets	91	89	-2	-2.2%
Caterers	96	117	21	21.9%
Total eating and drinking	21,482	20,476	-1,006	-4.7%

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

Monthly restaurant, bar jobs in Alaska compared to 2019



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

At the national level, where job recovery has been far stronger than in Alaska, overall employment has fully recovered to pre-pandemic levels but eating and drinking was still not back to pre-pandemic levels as of August.

Job recovery looks different depending on the eatery type

Job recovery has varied depending on the type of eating and drinking business. (See the table.) The pandemic was much harder on full-service restaurants, for example, than on food carts and trucks.

Food carts have performed particularly well over the last three years, hitting record job levels in 2022. Consumers who were nervous about or unable to eat indoors at restaurants sought other ways to eat out, such as takeout from food carts and coffee shops.

Snack and nonalcoholic bars, which are mainly coffee shops, also hit record employment in early 2022. Even before the pandemic, though, these types of businesses were on the rise

Continued on page 13

contrasts over that period. Between 2016 and 2019, the nation's economy prospered as Alaska weathered a state-wide recession and a brief, weak recovery before COVID-19. The pandemic-led recession that followed hit everyone, but Alaska's recovery has lagged behind the nation's.

The big question is how much upward pressure the current, persistent labor shortage will put on average wages everywhere. The hourly wage increases in 2020 and 2021 were the largest in a decade for Alaska as well as the U.S.

Decade gains smaller when inflation-adjusted

Adjusting for inflation adds further context to Alaska's decade gains. In 2010, our average was \$24.21 an hour, but topping \$30 by 2021 isn't as big of a jump as it appears. Adjusting to 2021 dollars shows the real gain was from \$29.43 to \$30.52. The national increase was slightly higher, with inflation-adjusted wages rising from \$26.53 to \$28.01 an hour.

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The average hourly wage by state in 2021

State	Average		
1 Massachusetts	\$35.07	24 North Dakota	\$25.67
2 New York	\$33.87	25 Utah	\$25.67
3 Washington	\$33.05	26 Maine	\$25.59
4 California	\$32.94	27 Ohio	\$25.56
5 New Jersey	\$32.27	28 Wisconsin	\$25.54
6 Connecticut	\$31.79	29 North Carolina	\$25.53
7 Maryland	\$31.68	30 Nebraska	\$25.05
8 Alaska	\$30.52	31 Wyoming	\$25.05
9 Colorado	\$30.24	32 Florida	\$24.98
10 Virginia	\$29.97	33 New Mexico	\$24.93
11 Rhode Island	\$29.87	34 Missouri	\$24.71
12 Minnesota	\$29.08	35 Iowa	\$24.59
13 Delaware	\$28.76	36 Nevada	\$24.56
14 Hawaii	\$28.73	37 Indiana	\$24.25
15 Illinois	\$28.68	38 Kansas	\$23.88
16 New Hampshire	\$28.50	39 Montana	\$23.72
17 Oregon	\$28.40	40 Tennessee	\$23.72
U.S. average	\$28.01	41 Oklahoma	\$23.25
18 Pennsylvania	\$26.68	42 Kentucky	\$23.16
19 Vermont	\$26.66	43 Alabama	\$23.13
20 Arizona	\$26.53	44 Idaho	\$23.05
21 Michigan	\$26.52	45 Louisiana	\$22.95
22 Texas	\$26.07	46 South Carolina	\$22.83
23 Georgia	\$25.93	47 South Dakota	\$22.50
		48 Arkansas	\$22.36
		49 West Virginia	\$22.35
		50 Mississippi	\$20.53

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

EATING AND DRINKING

Continued from page 11

— it was the industry's fastest-growing category between 2010 and 2019.

Limited-service restaurants, which are mostly fast food places, have also performed better than average and approached full recovery by the first half of 2022. Fast food restaurants quickly adapted to pandemic limitations, as they were better set up for takeout and, in some cases, delivery.

Full-service restaurants are the most labor-intensive, so they continue to grapple with the nationwide worker shortage. Some consumers remain reluctant

to return to dine-in restaurants, too, and others have shifted their tastes over the last few years.

Alaska has fewer full-service restaurants than before COVID, and their annual employment remains well below 2019 levels. Annual jobs fell from 9,300 to 6,700 in 2020, then ticked back up to 7,800 in 2021.

Bars are also lagging, and their employment had been on a long decline even before COVID. Consumers are still going out for drinks but are increasingly patronizing breweries, distilleries, tasting rooms, and places that serve food as well as alcohol. ([For more on the rise of breweries in Alaska, see the June 2021 issue.](#))

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