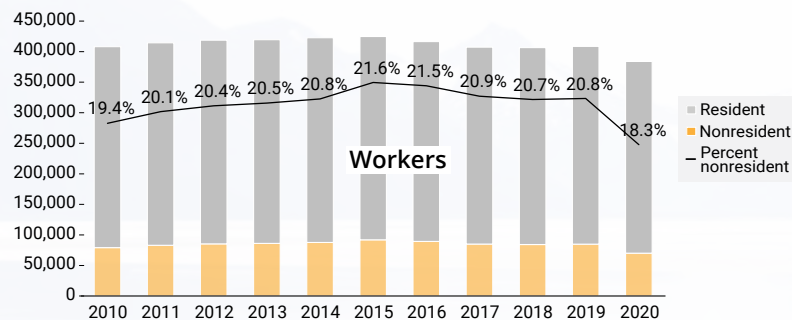


# COVID-19 and worker counts

## Total wages didn't decline as much as worker numbers

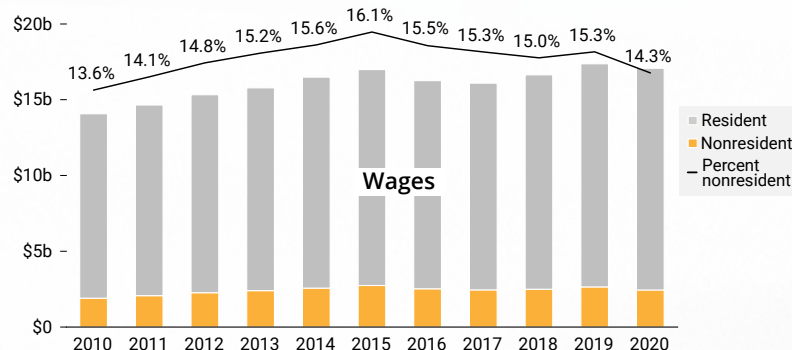
### Resident and nonresident worker counts both dropped in 2020 ...



By ROB KREIGER  
and GUNNAR SCHULTZ

The pandemic shifted worker and wage statistics in ways Alaska has never seen. The number of people working in 2020 dropped by nearly 25,000 from the previous year — 6.1 percent — which was the biggest annual loss in at least the last 30 years. At the same time, total wages paid in 2020 dipped just 1.7 percent.

### ... but total wages dipped less than 2%



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

### Wages held up despite steep drop in workers

It's typically a positive sign when the resident and nonresident worker numbers both rise, and a sign of weakness when both fall. The numbers of working residents and nonresidents both dropped by unprecedented amounts in 2020, reflecting the pandemic's sudden and dramatic shock to the economy.

Although the worker count plunged, total wages decreased

### Why we measure residency

Alaska has long relied on nonresidents to meet the labor demand for large projects, including the Trans-Alaska Oil Pipeline in the 1970s. The oil-fueled construction boom of the 1980s also drew a flood of nonresidents, and that was the catalyst for Alaska's resident hire preference.

With rising unemployment and a growing resident labor force, the Alaska Legislature established resident preference for state and local government-funded

construction projects in 1986, then asked the Alaska Department of Labor and Workforce Development to report annually on resident hire status.

To calculate residency, we match detailed, employer-provided quarterly unemployment insurance wage records with Alaska Permanent Fund Dividend applicant data. When workers show up in more than one industry or occupation in a year, we base the industry and occupation on where they earned the most money.

Workers are residents if they appear in either of the two most recent years' PFD applicant files.

only modestly. While that might seem counterintuitive, it suggests many of the jobs that were cut or didn't materialize in 2020 were low-paying, and people who continued to work made more.

Nearly every industry shed workers, but those linked to tourism lost the most by far because of the almost nonexistent visitor season and lack of cruise ships. The hardest-hit industries tended to have lower-paying, seasonal, and part-time work.

People who remained in the workforce that year earned more for a few reasons. High-paying jobs were less likely to be cut, some people worked more hours, and some employers increased workers' pay.

A handful of industries paid out *more* in 2020 than in 2019 despite losing workers. Finance and insurance is one example. The industry lost 2.8 percent of its workers but increased its payroll by over 6 percent. The wage growth in this industry, which includes most major banks and mortgage companies, probably came from more refinancing and home-buying in the second half of the year.

Health care and social assistance was the only major industry to add workers *and* wages in 2020, which wasn't a surprise given the strain the pandemic put on the health care system. But while its worker count grew by just a fraction of a percentage point, health care paid out nearly 4 percent more in total wages.

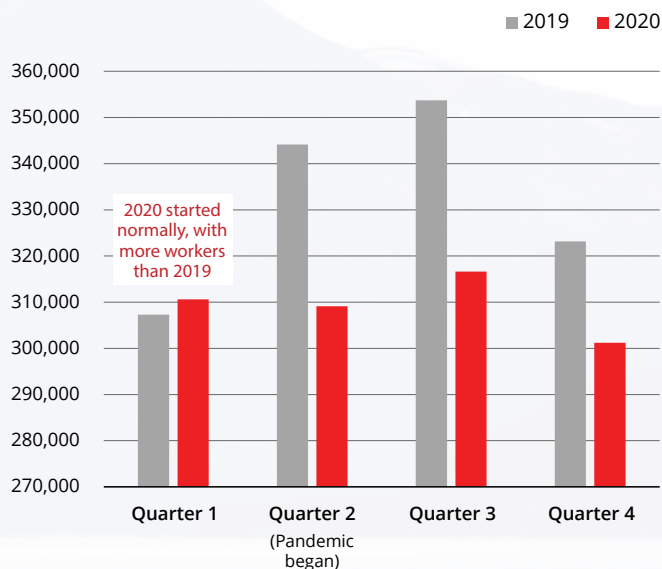
## Positive start to 2020's hiring quickly changed direction

The pandemic interfered with the typical yearly hiring pattern as well. In a normal year, Alaska's worker count rises in the second quarter as hiring ramps up for seasonal work such as seafood processing and tourism — industries that rely on nonresidents to meet their labor needs. Then, worker counts peak in the third quarter before falling in the fourth.

Early 2020 began on a positive note, with more workers than in the first quarter of 2019. When the pandemic arrived in March, the blow was immediate and severe, mainly because nonresidents didn't come to Alaska for summer work as usual. The second quarter had even fewer workers than the first — the only time that's happened since data became available.

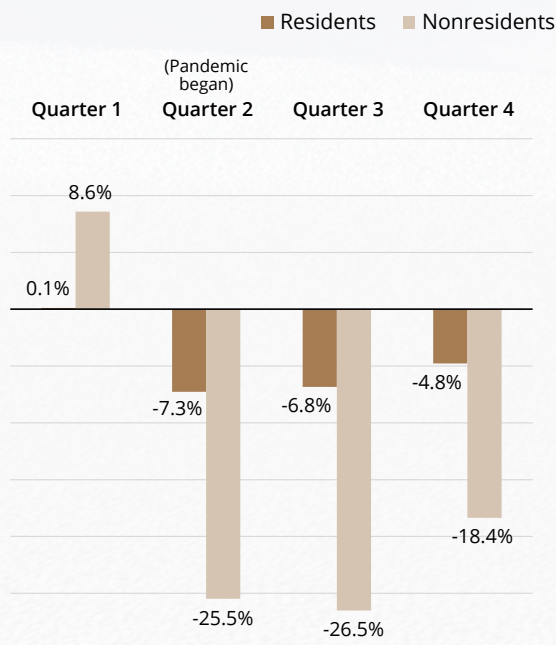
The closures of bars and restaurants exacerbated the job losses from the lack of tourists. The

## Worker counts dropped in the 2nd quarter when the pandemic hit



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

## Drop in nonresident worker numbers much steeper than residents in 2020



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



## How worker counts and total wages paid changed from 2019 to 2020

Industry	Total		Nonresident		Resident	
	Change in workers	Change in total wages	Change in workers	Change in total wages	Change in workers	Change in total wages
Mining, Quarrying, and Oil and Gas Extraction*	-4.6%	-6.5%	-5.4%	-7.6%	-4.0%	-6.0%
Construction	-1.2%	-3.3%	-2.4%	-10.1%	-0.9%	-2.2%
Manufacturing	-10.8%	-5.6%	-11.2%	-9.0%	-10.0%	-2.3%
Seafood Processing	-11.9%	-7.0%	-10.7%	-7.7%	-16.2%	-5.6%
Wholesale Trade	-5.0%	-5.0%	-17.4%	-15.4%	-3.2%	-4.2%
Retail Trade	-0.8%	2.1%	-15.1%	-11.2%	1.6%	3.3%
Transportation and Warehousing	-15.0%	-3.0%	-29.9%	-0.2%	-9.5%	-4.0%
Information	-5.8%	2.1%	-12.1%	0.7%	-5.1%	2.2%
Finance and Insurance	-2.8%	6.1%	-2.7%	29.8%	-2.8%	5.1%
Real Estate and Rental and Leasing	-19.8%	-7.8%	-19.4%	-1.7%	-19.8%	-8.3%
Professional, Scientific, and Technical Services	-1.1%	-2.8%	-1.1%	-7.6%	-1.1%	-1.7%
Admin Support/Waste Mgmt and Remediation	-5.6%	-1.0%	-17.7%	-9.0%	-2.2%	0.7%
Educational Services	-13.9%	-0.4%	-36.1%	6.7%	-8.2%	-1.1%
Health Care and Social Assistance	0.6%	3.9%	0.2%	4.5%	0.6%	3.8%
Arts, Entertainment, and Recreation	-34.1%	-32.6%	-57.6%	-61.0%	-21.7%	-22.2%
Accommodation and Food Services	-19.8%	-26.5%	-43.3%	-47.8%	-9.8%	-20.7%
Local Government	-2.1%	2.6%	-6.5%	9.9%	-1.8%	2.2%
State Government	-1.5%	1.4%	-3.6%	6.9%	-1.3%	1.2%
Total	-6.1%	-1.7%	-17.4%	-7.7%	-3.1%	-0.6%

\*This industry category includes support activities for oil and gas drilling and related operations.

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

visitor-related industries, such as accommodation and food service, had 14,500 fewer workers over the year than in 2019. That 22 percent drop was the largest by far among major industries.

Unlike tourism, which mostly shut down, seafood processing maintained most operations, albeit under challenging circumstances. While the industry did hire in 2020, seafood processing had 23 percent fewer workers in the third quarter than it had in 2019. The third quarter usually requires the most workers because the summer salmon harvest is so labor-intensive.

### Denali and Skagway lost nearly all of their nonresident workers

Every area of the state lost workers in 2020, especially those that rely on visitors. (See the maps on the next page.) The Denali Borough lost over 85 percent of its nonresident workforce with the effective shutdown of Denali National Park. The borough's losses were the largest in both number and percent terms.

Skagway, which is also tourism-based and employs a large seasonal workforce, was a close second with an 84 percent nonresident decline. Large percent drops were common throughout Southeast with the absence of cruise ships.

Dillingham and the Aleutians East Borough also recorded sharp worker declines, especially among nonresidents, with reduced seafood processing. Dillingham has remote sportfishing and hunting lodges that also rely on nonresidents, and those were closed or only open on a limited basis.

Although Anchorage lost as many nonresident workers as Denali, the city's loss was just 13 percent. Anchorage has a diverse economy and relies less on seasonal workers.

[Click here for the complete 2020 report on nonresidents working in Alaska.](#)

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