

Seasonal employment and COVID-19

How virus-related disruptions could affect summer economy

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Seasonal employment swings in Alaska are more dramatic than in any other state, with activity typically peaking in July or August.

Restrictions to prevent the spread of COVID-19 began during this year's spring ramp-up, when many employers were preparing to hire and train summer workers.

Cruise ship travel, a major part of our busiest season, has been halted until at least July, and several large companies have canceled all sailings in 2020. According to McDowell Group, approximately 86 percent of visitors to Alaska come in the summer, and the majority arrive on cruise ships.

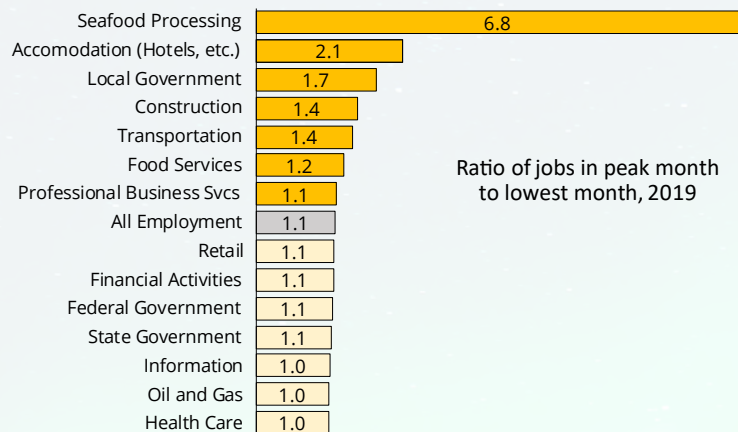
These developments have changed the outlook since January, when we forecasted slight job growth for Alaska in 2020. And while mitigating a pandemic would strain a state any time of year, the timing will hit parts of Alaska's economy especially hard.

Looking at our typical seasonal patterns can shed light on the types and volume of job losses we face, but it's important to remember that some of what will look like losses will be jobs that never happened rather than layoffs. For example, about 1,000 tour guides worked in Alaska at the height of summer last year. While we'll have fewer this year, most won't be hired in the first place, and a significant number would have come from out of state.

Many seasonal workers are not Alaska residents

Alaska stands out for the numbers of nonresidents we hire, especially in the summer. The state

Range in seasonality of Alaska industries



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

depends on nonresidents to meet the fast and dramatic hiring needs for summer tourism, seafood processing, and to a lesser degree construction. Nearly 21 percent of the state's annual workforce is nonresident, and that percentage is much higher in some seasonal industries and during summer.

Business closures and restrictions will reduce employment in the coming months, and travel restrictions will create further challenges. In addition to decimating the number of visitors, the measures will prevent some out-of-state workers from getting here — something the oil and seafood processing industries were already grappling with in early spring.

A small silver lining amid the tumult will be more opportunities for Alaskans who recently lost their jobs to find work in seasonal industries that still need workers.

The most seasonal industries

The charts above and on pages 11 and 12 show

how seasonal some of Alaska's industries, from their lowest employment month to their peak. They are all connected to tourism, fishing, or construction. All of them peak in the summer and hit their employment nadir in January or December.

Visitor industries often defined by summer season

Jobs created by Alaska's "tourism industry" are scattered in a number of categories, including accommodation, air transportation, scenic and sightseeing transportation, and food service and drinking places. Nonresident percentages and wages vary widely within each, but nearly a third of their combined workers come from out of state.

Jobs in hotels and other accommodations more than double from winter to summer, and employment in bars and restaurants, which serve both locals and tourists, is 23 percent higher at the summer peak. In 2019, that was an increase of nearly 4,700 jobs in bars and restaurants from the winter low.

While construction and fishing operate at lower levels throughout the year, some visitor-related industries are defined by a summer season that could approach a total loss in 2020.

Processing is most seasonal, depends on nonresidents

Seafood processing's seasonal employment swings are off the charts compared to all other industries. From the peak month, usually July or August, to the low point in December, the difference in seafood processing employment is nearly sevenfold. Salmon fishing last July pushed 2019 seafood processing employment over the 20,000 mark, and by December it was under 3,000.

Processing has an acute need for nonresidents due to remote processing facilities, relatively low pay, and short seasons with high labor demands. Nearly three-quarters of its workers are nonresidents — the highest among Alaska industries.

The employment patterns for fish harvesting look a lot like processing, although less data are available for fishermen because they're considered self-employed. In 2018, the most recent estimates available, peak harvesting employment exceeded 23,000 in July and fell to around 800 in December. Just 30 percent were nonresidents, but they took in two-thirds of harvesting earnings.

Assembling this army of processors and harvesting crew will be especially difficult this summer because so many come from the Lower 48 and other countries, and if the current travel restrictions continue into summer, the industry will struggle to find enough workers.

Spending a concern for construction

Construction employment increases substantially in the summer. In 2019, it bottomed out in January at around 13,400 jobs, then grew to more than 19,200 in August. Nearly all components of the construction industry grow in the summer, with the largest swing in heavy

Alaska is the most seasonal state, 2019

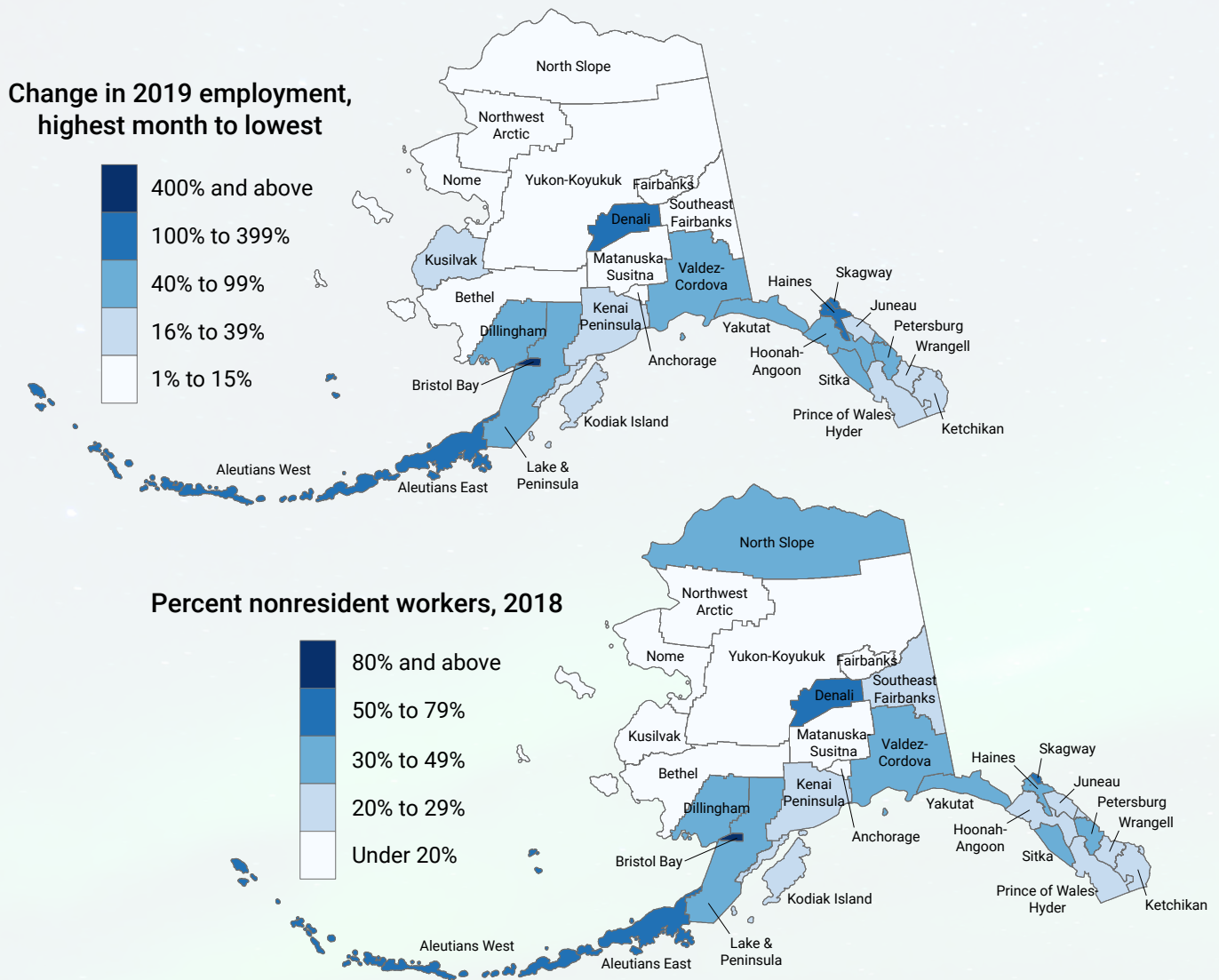
Ratio of jobs in peak month to lowest month

	Ratio of jobs in peak month to lowest month
Alaska	1.15
Wyoming	1.06
Maine	1.06
Montana	1.05
South Dakota	1.05
Idaho	1.05
Utah	1.05
U.S. average	1.04
Arizona	1.04
Rhode Island	1.04
Massachusetts	1.04
New Jersey	1.04
Tennessee	1.04
Colorado	1.04
Texas	1.04
Washington	1.04
North Dakota	1.04
North Carolina	1.04
New York	1.04
Wisconsin	1.04
Delaware	1.04
South Carolina	1.03
Florida	1.03
Nevada	1.03
Hawaii	1.03
Minnesota	1.03
Pennsylvania	1.03
Virginia	1.03
California	1.03
New Hampshire	1.03
Illinois	1.03
Maryland	1.03
New Mexico	1.03
Connecticut	1.03
Michigan	1.03
Iowa	1.03
Vermont	1.03
Kansas	1.03
Oregon	1.03
Georgia	1.03
Missouri	1.03
Nebraska	1.03
Oklahoma	1.03
Alabama	1.03
Kentucky	1.03
Ohio	1.03
Indiana	1.03
Mississippi	1.02
Arkansas	1.02
West Virginia	1.02
Louisiana	1.02

Note: States experience seasonal peaks and valleys at different times.

Source: U.S. Department of Labor, Bureau of Labor Statistics

Seasonality and percent nonresident workers by Alaska area



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

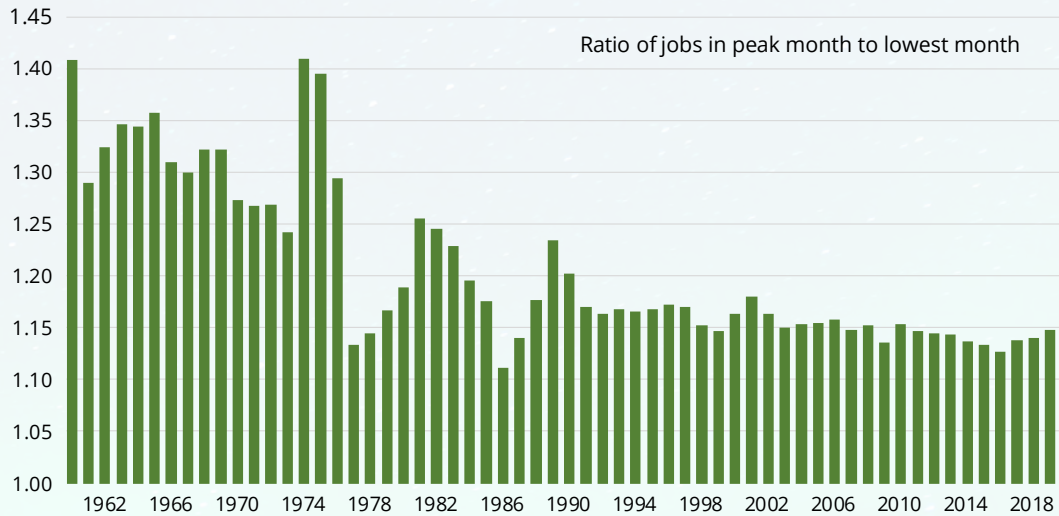
and civil engineering construction, which includes builders of roads, bridges, and other public infrastructure.

The industry doesn't depend as much on nonresidents, as its share of 20 percent is below the state's average, and much of this year's construction could still take place. However, emerging concerns about oil and gas investment and economic uncertainty will put the brakes on some projects. Even before the arrival of COVID-19, this year's total construction spending had been forecasted at 8 percent lower than last year.

Some industries are less seasonal but not necessarily unaffected

Oil and gas, health care, government, and information maintain stable employment throughout the year. While health care's stability is intuitive — we need medical care year-round — it might be a surprise that the oil and gas industry isn't very seasonal overall. In 2019, extraction, drilling, and support services employment remained fairly consistent from month to month. That's because work that can

Alaska economy has become less seasonal over time



Source: U.S. Department of Labor, Bureau of Labor Statistics

only be done in the winter roughly offsets summer seasonal activity.

Though not highly seasonal, oil and gas relies on workers from outside Alaska. About a third of the industry's workers are nonresidents, and travel restrictions, quarantines, and the possibility of virus outbreaks in remote camps may compound trouble in an industry already hammered by low oil prices.

For retail, the large influx of visitors and seasonal workers brings in a considerable amount of extra business, but retail's overall seasonal pattern is less pronounced because locals shop all year. Still, Alaska's retail workforce peaks in summer while most states peak around Christmas, and Alaska retail will feel the steep decline in summer tourism this year.

How seasonality varies by area

Seasonality is strongest in areas that depend on tourism or fishing, or both. The map on the previous page shows how much employment changes seasonally in different parts of Alaska and what percentages of their workforces are nonresidents.

Bristol Bay, home to the largest salmon fishery in the world, is an extreme example of an area defined by a single seasonal industry. In 2019, Bristol Bay's total wage and salary employment peaked near 4,300 in July and hit a low of just over 500 in

January. For perspective, the borough's entire resident population that year was around 900.

Most of this radical seasonal swing is seafood processing, where employment ranged from about 50 in January to 3,300 in July last year. Tourism contributes to the area's fluctuations as well, but to a much lesser degree.

The Denali Borough, home to the national park and preserve carrying its name, is the next most seasonal area because it depends on tourism. Employment increases nearly fivefold from the low to the high as summer visitors flood the area. Denali's unemployment rate mirrors its employment pattern: January 2019's unemployment rate was 21.6 percent, the highest in the state. The rate dropped to 3.3 percent in August, one of the lowest.

Kodiak is an outlier because it's home to one of the state's biggest fisheries, but its employment is less seasonal than any other major fishing area. Kodiak's fishery is one of the most diverse in the state, and its year-round activity means it has a large resident seafood processing workforce. In 2018, 62 percent of Kodiak's processing workers were residents versus 26 percent for the industry statewide. That will be an asset for Kodiak this year when nonresident workers are harder to come by.

Larger, more urban areas such as Anchorage, the Matanuska-Susitna Borough, Fairbanks, and Juneau have more diverse economies that have smaller

seasonal employment swings.

Rural parts of the state such as the Northwest Arctic Borough and the Nome Census Area are also less seasonal, but in their case it's because tourism, fishing, and construction play minor roles.

We remain the most seasonal, but that has declined with time

While Alaska's economy remains the most seasonal in the nation, we've become far less seasonal over time, as the chart on the previous page shows.

Alaska's economy was extremely seasonal in the 1960s and '70s, with summer employment peaks 35 percent to 40 percent higher than the winter lows. Even into the 1980s, certain years' swings were historically high. That began to abate in the 1990s as the population grew, the economy diversified, and some seasonal industries' roles diminished while less volatile industries such as government, retail, health care, and professional services grew.

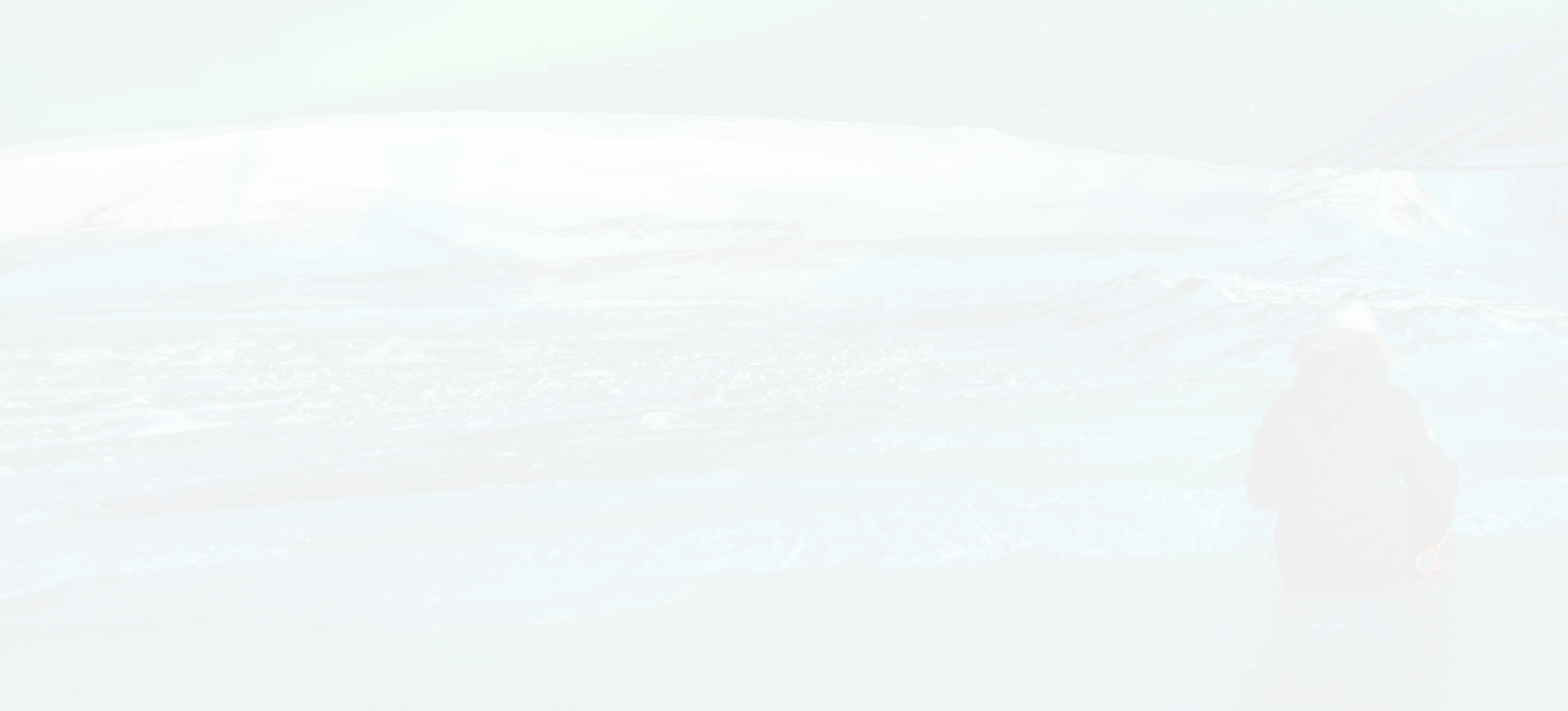
For example, in the 1960s, construction represented 8 to 9 percent of Alaska's wage and salary jobs, which jumped during pipeline construction in the 1970s and the construction boom in the first half of the 1980s, reaching a high of 10 percent in 1983.

Since the economic bust that followed in the late 1980s, construction's percentage has remained below 6 percent, and it's stayed closer to 5 percent, on average.

Tourism's role has grown rather than declined, although its presence and growth haven't been large enough to reverse the overall trend of declining seasonality. Alaska's visitor industry has grown as a percentage of the total economy over the last two decades with increasing numbers of visitors. The number of cruise ship passengers to Alaska climbed from 480,000 in 1996 to nearly 1.4 million in 2019.

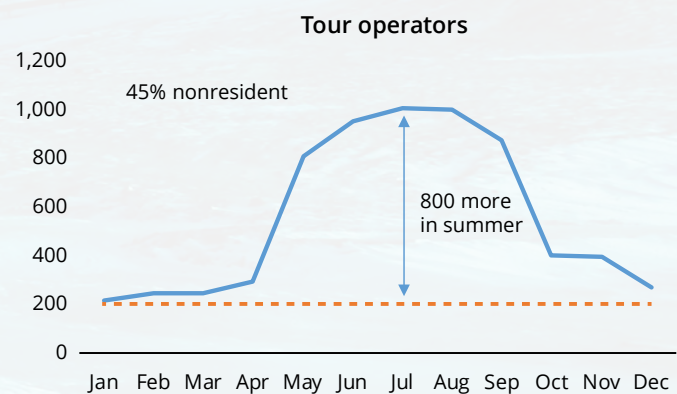
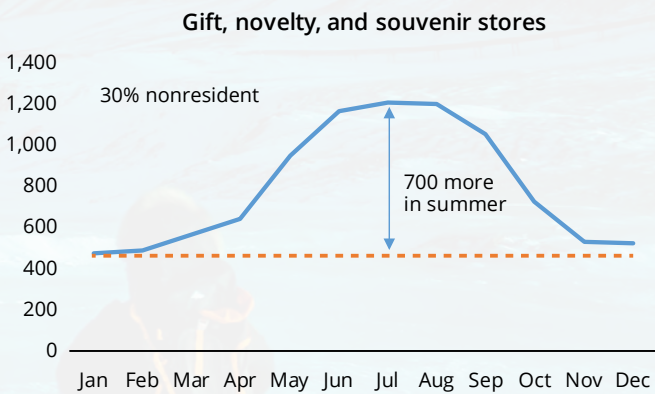
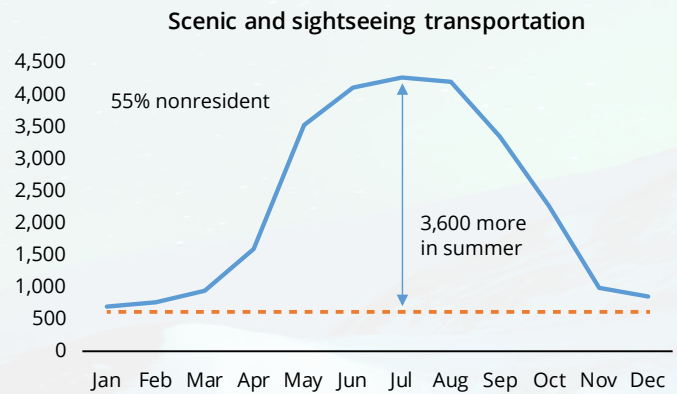
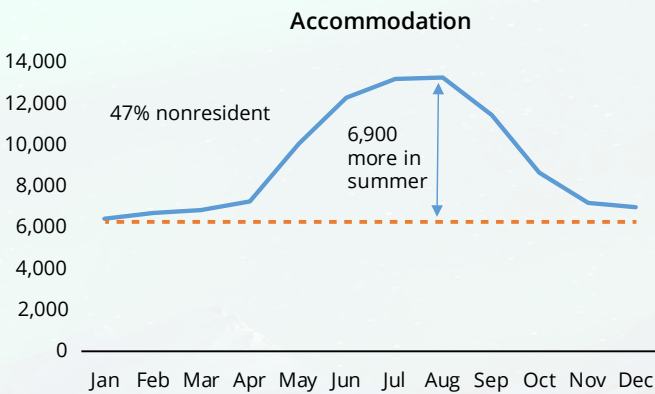
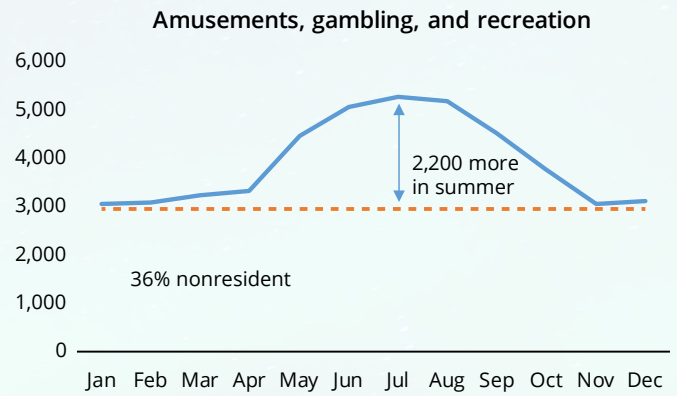
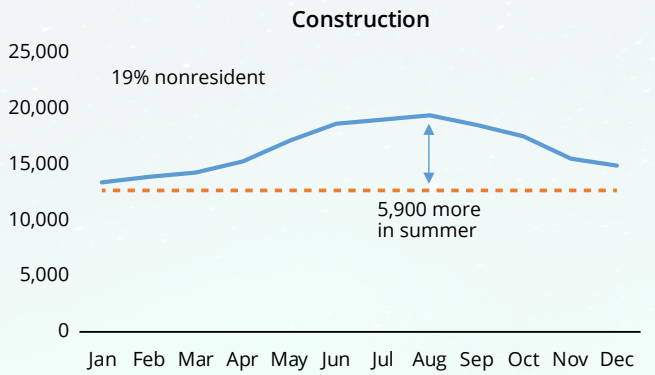
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Seasonal change in employment for select industries

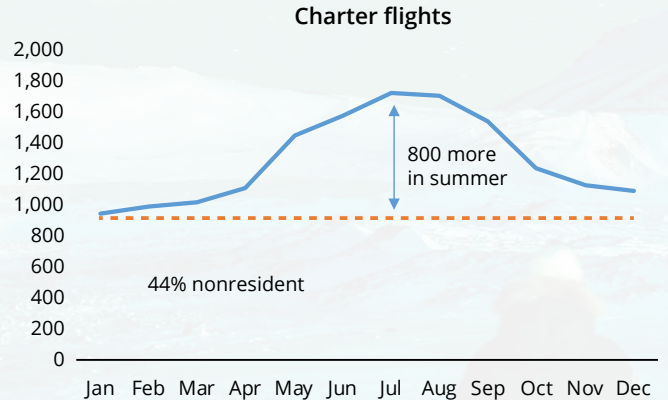
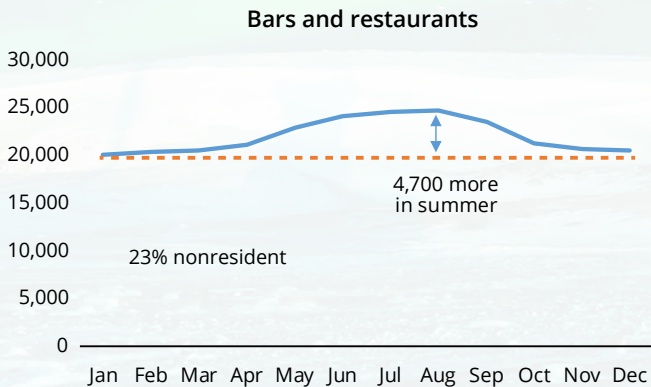
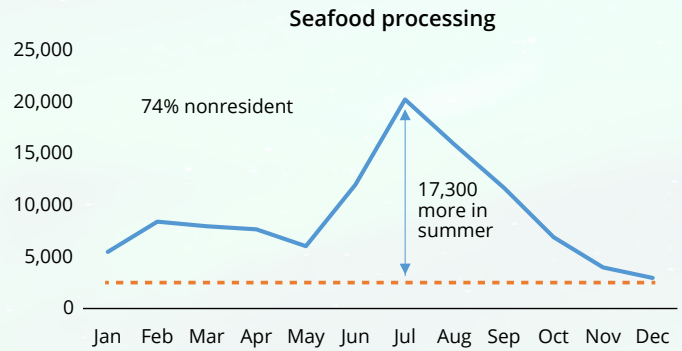
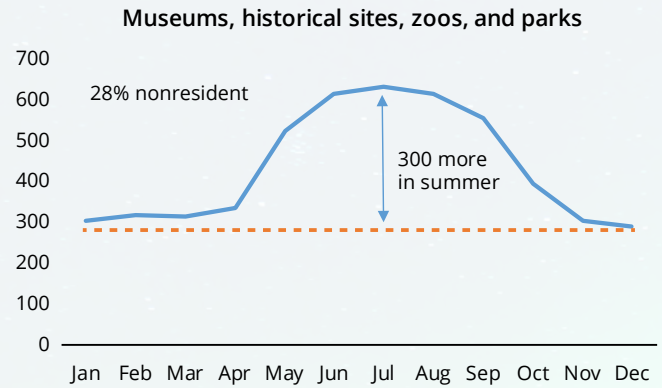
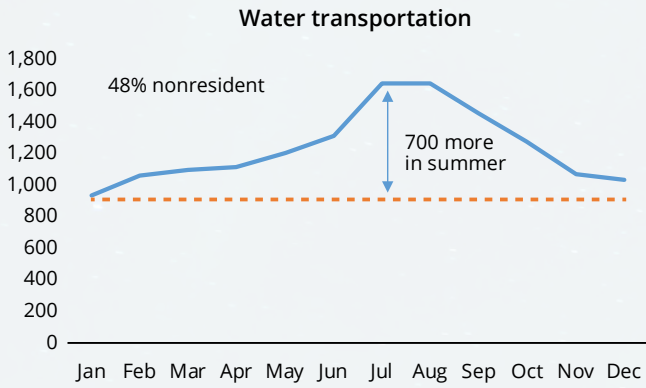
— Monthly jobs in 2019 - - - Level of lowest month in 2019, for comparison



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

Seasonal change in employment for select industries, cont.

— Monthly jobs in 2019 - - - Level of lowest month in 2019, for comparison



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